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Confidential Draft Submission No. 1 submitted with the Securities and Exchange Commission on April 29, 2014. This draft registration statement has not been filed publicly with the Securities and Exchange Commission and all information contained herein remains confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

OCULAR THERAPEUTIX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**20-5560161**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

36 Crosby Drive, Suite 101
Bedford, MA 01730
(781) 357-4000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Amarpreet Sawhney, Ph.D.
President and Chief Executive Officer
Ocular Therapeutix, Inc.
36 Crosby Drive, Suite 101
Bedford, MA 01730
(781) 357-4000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David E. Redlick, Esq.
Brian A. Johnson, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
(617) 526-6000

Patrick O'Brien, Esq.
Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, Massachusetts 02199
(617) 951-7527

Approximate date of commencement of proposed sale to 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 ☒	Smaller reporting company ☐

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(2)**
Common Stock, $0.0001 par value per share	$	$

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued , 2014

SHARES

COMMON STOCK

Ocular Therapeutix, Inc. is offering shares of its common stock. This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between $ and $ per share.

We expect to list the common stock on the NASDAQ Global Market under the symbol "OCUL".

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 the common stock involves risks. See "Risk Factors" beginning on page 12.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Company(1)
Per share	*$*	*$*	*$*
Total	*$*	*$*	*$*

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses. See "Underwriters."

We have granted the underwriters the right to purchase up to an additional shares of common stock to cover over-allotments at the initial public offering price less the underwriting discount.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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

MORGAN STANLEY *COWEN AND COMPANY* *RBC CAPITAL MARKETS*

OPPENHEIMER & Co.

, 2014

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We are responsible for the information contained in this prospectus. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this 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 sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements and Industry Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes appearing at the end of this prospectus, before making an investment decision.

Overview of Ocular Therapeutix

We are a biopharmaceutical company focused on the development and commercialization of innovative therapies for diseases and conditions of the eye using our proprietary hydrogel platform technology. Our bioresorbable hydrogel based product candidates are designed to provide sustained delivery of therapeutic agents to the eye. The product candidates in our development pipeline have the potential to overcome many of the significant limitations of existing eye drop based therapies for ophthalmic diseases and conditions by replacing the current standard of care regimen of weeks or months of eye drop dosing with as little as a single product application. Our lead product candidates are OTX-DP and OTX-TP. OTX-DP is in Phase 3 clinical development for post-surgical ocular inflammation and pain. OTX-TP is in Phase 2 clinical development for glaucoma and ocular hypertension. These product candidates combine our hydrogel technology with U.S. Food and Drug Administration, or FDA, approved therapeutic agents with the goal of providing sustained delivery of drug to the eye. By focusing on the development of products based on previously approved therapeutic agents, we believe that we can advance our product candidates efficiently and predictably through the development cycle based on well-defined clinical and regulatory approval pathways. In addition to our ongoing product development, we have recently launched our first commercial product, ReSure Sealant, a hydrogel based ophthalmic wound sealant approved by the FDA in January 2014 to close corneal incisions following cataract surgery. Our marketed product and product candidates target large and growing markets. Transparency Market Research, a provider of business information reports and services, estimates that the annual worldwide market for ophthalmic medications was $16 billion as of 2012 and is expected to increase to $21.6 billion by 2018.

Poor patient compliance with eye drop regimens and the need for frequent administration of eye drops can create challenges in the successful management of ocular diseases and conditions. For example, poor patient compliance can lead to diminished efficacy and disease progression. We are developing therapies to replace standard of care eye drop regimens with our innovative drug eluting punctum plugs. Our plugs are sustained release drug delivery depots that are inserted into a natural opening called the punctum located in the inner portion of the eyelid near the nose. The plugs are designed to release a therapeutic agent to the surface of the eye over an extended period. Our goal for our punctum plug product candidates is to change the management of many front of the eye diseases and conditions from frequent, pulsed eye drop therapy, characterized by significant variations in drug concentration over time, to longer term, sustained delivery of therapeutic agents to improve patient outcomes.

Our most advanced product candidate, OTX-DP, incorporates the steroid dexamethasone as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 3 clinical development for the treatment of ocular inflammation and pain following cataract surgery. We expect to report results from our Phase 3 clinical program during the first quarter of 2015 and, if the results are favorable, to submit a new drug application, or NDA, to the FDA for OTX-DP in the second quarter of 2015. We also recently initiated a Phase 2 clinical trial of OTX-DP for the treatment of chronic allergic conjunctivitis. Our second product candidate, OTX-TP, incorporates the prostaglandin analog travoprost as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 2a clinical development for the treatment of glaucoma and ocular hypertension. We plan to initiate a Phase 2b clinical trial of OTX-TP for glaucoma and ocular

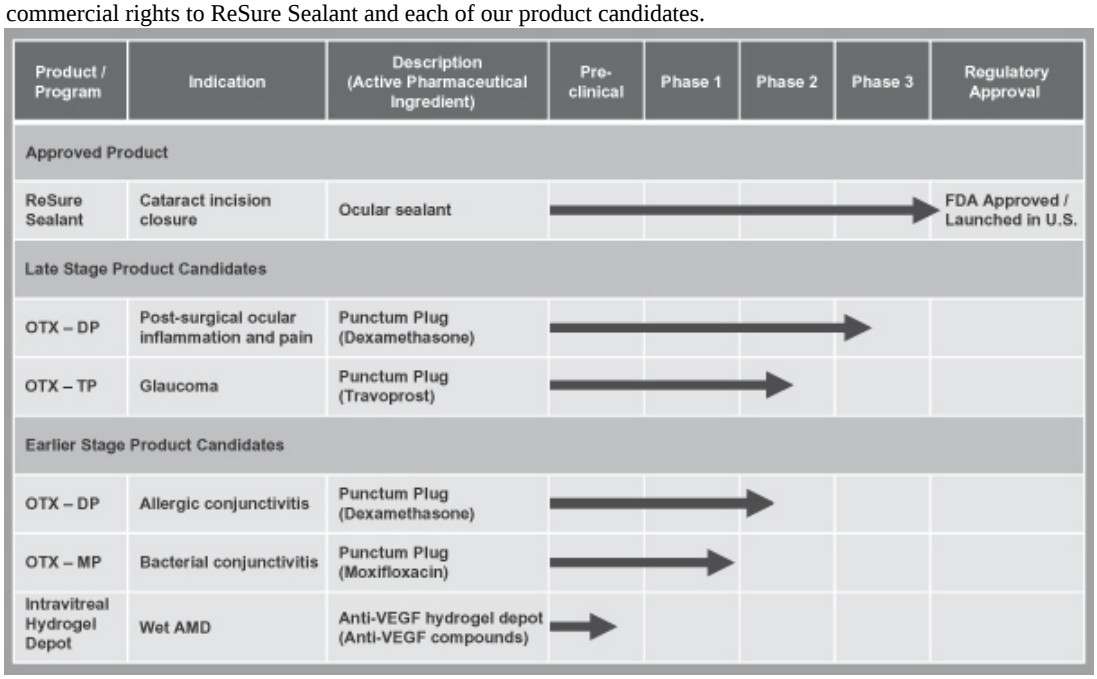
hypertension in mid-2014. In addition to OTX-DP and OTX-TP, we have a pipeline of earlier stage punctum plug product candidates, including OTX-MP which has completed a Phase 1 clinical trial for the treatment of bacterial conjunctivitis, as well as a preclinical intravitreal hydrogel based drug delivery depot. Our intravitreal hydrogel depot is designed to release therapeutic agents, such as antibodies to vascular endothelial growth factor, or VEGF, over a sustained period following administration by an intravitreal injection for the treatment of diseases and conditions of the back of the eye, including wet age related macular degeneration, or wet AMD.

We recently received FDA approval for ReSure Sealant and in February 2014 commercially launched this product in the United States through a network of ophthalmology focused distributors. ReSure Sealant is approved to close corneal incisions following cataract surgery and is the first and only surgical sealant to be approved by the FDA for ophthalmic use. In the pivotal clinical trials that formed the basis for FDA approval, ReSure Sealant provided superior wound closure and a better safety profile than sutured closure. Cataract surgery is the most commonly performed surgical procedure in the United States. According to Market Scope, a publisher of research and analysis on the ophthalmic market, approximately 3.65 million cataract extractions are expected to be performed in the United States in 2014. We plan to use revenue from sales of ReSure Sealant to contribute to the funding of our product development pipeline and commercialization efforts.

Our marketed and pipeline products are based on a proprietary bioresorbable hydrogel technology platform that uses poly-ethylene glycol, or PEG, as a key component. Bioresorbable materials gradually break down in the body into non-toxic, water soluble compounds that are cleared by normal biological processes. PEG is used in many pharmaceutical products and is widely considered to be safe and biocompatible. Our technology platform allows us to tailor the physical properties, drug release profiles and bioresorption rates of our hydrogels to meet specific applications. We have used this platform to engineer each of our punctum plug product candidates, ReSure Sealant and our intravitreal hydrogel depot. Our technical capabilities include a deep understanding of the polymer chemistry of PEG based hydrogels and the design of the specialized manufacturing processes required to achieve a reliable, preservative free and pure product.

Our founders and management team have significant experience in developing and commercializing medical products for other companies using bioresorbable hydrogel technology, including FDA approved and currently marketed medical products such as DuraSeal Dural Sealant® (marketed by Integra Lifesciences, Inc.), a sealant for cranial and spine surgery, and Mynx® (marketed by AccessClosure, Inc.), a sealant for femoral artery punctures after angiography and angioplasty. Amar Sawhney, our president and chief executive officer, was the technology founder of AccessClosure Inc., which had annual sales of more than $80 million in 2013 and was acquired by Cardinal Health, Inc. in April 2014.

The following table summarizes important information about our marketed product, ReSure Sealant, and our key product development programs. We hold worldwide commercial rights to ReSure Sealant and each of our product candidates.



Anticipated Benefits of Our Punctum Plug Technology

Our punctum plug product candidates are intended to replace existing eye drop based therapies for management of front of the eye diseases and conditions. Eye drops are widely used to deliver medications directly to the ocular surface and to intraocular tissue in the front of the eye. Eye drops are administrable by the patient, inexpensive to produce and treat the local tissue. However, eye drops have significant limitations, especially when used for chronic diseases or when requiring frequent administration, including:

- lack of patient compliance leading to diminished efficacy and disease progression;
- difficulty in administration leading to poor compliance and bacterial contamination;
- need for frequent administration at high drug concentrations due to the rapid wash out of eye drops by tears which can result in side effects such as spikes in intraocular pressure;
- side effects caused by antimicrobial preservatives included in eye drops.

As a result of these limitations, eye drops are often suboptimal for the treatment of many diseases and conditions of the front of the eye. We believe our punctum plugs may offer a range of favorable attributes as compared to eye drops, including:

- *Improved patient compliance*. Our punctum plugs are inserted by a healthcare professional and are designed to provide sustained release of drug to the ocular surface. Because patients are not responsible for self-administration of the drug and the punctum plugs dissipate over time and do not require removal, we believe our punctum plugs address the problem of patient compliance.
- *Ease of administration*. We have designed our punctum plugs to provide the entire course of medication with a single administration by a healthcare professional for acute conditions or for several

months for chronic conditions. We believe this avoids the need for frequent administration and the potential complications that could result if doses are missed.

- *Sustained delivery of drug*. We have designed our punctum plugs to deliver drug in a sustained fashion to the surface of the eye in order to avoid the significant variations in drug concentration and related side effects and spikes in intraocular pressure associated with eye drops. We also believe sustained dosing may improve the therapeutic profile of the active pharmaceutical ingredient because it eliminates periods of little or no drug presence between eye drop administrations. Further, we are designing our product candidates so that their drug release profiles can be tailored to match the treatment needs of the disease.
- *Avoidance of preservative side effects.* Our punctum plugs do not involve the use of preservatives which have been linked to side effects including burning, stinging, hyperemia, irritation, eye dryness and, less frequently, conjunctivitis or corneal damage.

Overview of Our Key Product Candidates and Marketed Product

OTX-DP for the Treatment of Post-Surgical Ocular Inflammation and Pain and Allergic Conjunctivitis

Our OTX-DP product candidate incorporates the corticosteroid dexamethasone as an active pharmaceutical ingredient in our proprietary punctum plug. We are developing OTX-DP for the treatment of both post-surgical ocular inflammation and pain as well as allergic conjunctivitis. We have designed OTX-DP to provide a sustained release of dexamethasone over a period of approximately 30 days. We initiated the first of two Phase 3 clinical trials for OTX-DP for the treatment of post-surgical ocular inflammation and pain in February 2014 and plan to initiate the second Phase 3 clinical trial in the second quarter of 2014. We expect to report results from both clinical trials in the first quarter of 2015 and, if the results are favorable, to submit an NDA to the FDA for OTX-DP in the second quarter of 2015. In addition, we are conducting a Phase 2 clinical trial for the treatment of allergic conjunctivitis and expect to report results in the fourth quarter of 2014.

Ocular inflammation and pain are common side effects following ophthalmic surgery. Physicians prescribe anti-inflammatory drugs, such as corticosteroids, which are typically administered through eye drops multiple times per day, following ocular surgery as the standard of care. Physicians also frequently prescribe non-steroidal anti-inflammatory drugs, or NSAIDS, as adjunctive or combination therapy to supplement the use of corticosteroids. If left untreated, inflammation of the eye may result in further ocular complications, including scarring and vision loss. Market Scope estimates that approximately 5 million ocular surgeries will be performed in the United States in 2014.

According to IMS Health data, approximately 19 million prescriptions were filled in the United States in 2013 for anti-inflammatory drugs administered by eye drops for ocular diseases and conditions, resulting in sales of approximately $2.2 billion. According to IMS Health data, approximately 6.7 million anti-allergy eye drop prescriptions were filled in the United States in 2013, resulting in sales of approximately $792 million.

OTX-TP for the Treatment of Glaucoma

Our OTX-TP product candidate incorporates the prostaglandin analog travoprost as an active pharmaceutical ingredient in our proprietary punctum plug. We are developing OTX-TP for the treatment of glaucoma and ocular hypertension and have designed OTX-TP to provide a sustained release of therapeutic levels of travoprost over a period of up to three months. We have completed enrollment of a Phase 2a clinical trial of OTX-TP and expect to report results from this trial in the second quarter of 2014. We expect to initiate a Phase 2b clinical trial of OTX-TP in mid-2014.

Glaucoma is a progressive and highly individualized disease in which elevated levels of intraocular pressure are associated with damage to the optic nerve, which results in irreversible vision loss. In order to lower

intraocular pressure, physicians typically prescribe drugs administered as eye drops. The classes of topical drugs used to treat glaucoma include prostaglandin analogues, or PGAs, beta-blockers, alpha-adrenergic agonists and carbonic anhydrase inhibitors. PGAs are the most widely prescribed class of drugs for glaucoma and are considered first-line glaucoma treatment. According to the Glaucoma Research Foundation, approximately 2.2 million people in the United States suffer from glaucoma.

According to IMS Health data, approximately 31 million prescriptions were filled in the United States in 2013 for drugs administered by eye drops for the treatment of glaucoma, resulting in sales of approximately $2.1 billion. According to IMS Health, PGAs account for approximately half of the prescription volume in the glaucoma market.

ReSure Sealant for the Prevention of Wound Leakage Following Cataract Surgery

ReSure Sealant is a topical liquid hydrogel that creates a temporary, adherent, soft and lubricious sealant to prevent post-surgical leakage from clear corneal incisions that are made during cataract surgery. The FDA granted marketing approval for ReSure Sealant in January 2014. We commercially launched ReSure Sealant in the United States in February 2014 through a network of distributors. These distributors are primarily exclusive to ophthalmology and focus on selling surgical products to cataract and cornea surgeons.

A cataract is a clouding of the lens inside the front of the eye. During cataract surgery, a patient's cloudy natural lens is removed and replaced with a prosthetic intraocular lens. According to the World Health Organization, cataracts are the leading cause of visual impairment eventually progressing to blindness. According to the American Academy of Ophthalmology Cataract and Anterior Segment Panel's 2011 Preferred Practice Pattern Guidelines, cataract extraction is the most commonly performed eye surgery in the United States. Market Scope estimates that in 2014 there will be approximately 3.65 million cataract extractions performed in the United States.

Clear corneal incisions that allow entry to the eye are the preferred method for performing cataract surgery. The most common post-surgical approach is to allow the incisions to self-seal, or close, through normal biological processes. However, self-sealing incisions can open spontaneously. Sutures are the most widely used alternative method of wound closure. However, sutures have a number of shortcomings that limit their use in ophthalmic surgery. In a 2012 survey of ophthalmologists in the United States conducted by Lachman Consulting LLC, a healthcare consulting firm, respondents indicated that they use sutures in approximately 14% of cataract surgeries.

Intravitreal Hydrogel Depot for the Treatment of Back of the Eye Diseases and Conditions

We are engaged in preclinical development of an intravitreal hydrogel depot to address the large and growing markets for diseases and conditions of the back of the eye. Our initial development efforts are focused on the use of our intravitreal hydrogel depot in combination with anti-VEGF compounds for the treatment of back of the eye diseases and conditions such as wet AMD. Our initial goal for this intravitreal hydrogel depot is to provide sustained release of an anti-VEGF compound over a four to six month period, thereby reducing the frequency of the current monthly or bi-monthly intravitreal injection regimen for wet AMD.

There are a range of back of the eye diseases and conditions that can significantly affect vision. One of the principal back of the eye conditions is wet AMD, a serious disease of the central portion of the retina. Wet AMD is the leading cause of blindness in people over the age of 55 in the United States and the European Union. According to a study on the burden of AMD published in 2006 in the peer-reviewed journal *Current Opinion in Ophthalmology*, approximately 1.2 million 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.

The current standard of care for wet AMD are drugs that target VEGF. 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 marketed in the United States by Genentech and Eylea marketed in the United States by Regeneron, and off-label use of the cancer therapy Avastin. In 2013, sales of Lucentis and Eylea totaled approximately $3.2 billion in the United States.

Our Strategy

Our goal is to change the management of many ophthalmic diseases and conditions from frequent, pulsed therapy, characterized by significant variations in drug concentration over time, to longer term, sustained delivery of therapeutic agents to improve patient outcomes. The key elements of our strategy to achieve this goal are to:

- Create proprietary solutions for ophthalmic diseases and conditions based on our bioresorbable hydrogel technology platform combined with FDA approved therapeutic agents.
- Improve patient compliance and management of front of the eye diseases and conditions by replacing standard of care eye drop therapies with our sustained release product candidates.
- Rapidly complete clinical development of and seek marketing approval for our most advanced punctum plug product candidates for diseases and conditions of the front of the eye.
- Apply our sustained release punctum plug technology for treatment of additional diseases and conditions of the front of the eye.
- Maximize commercial potential of ReSure Sealant and any other products for which we receive marketing approval.
- Pursue development of our intravitreal hydrogel depot and other technologies for back of the eye diseases and conditions.

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. These risks include the following:

- We depend heavily on the success of our punctum plug product candidates, in particular OTX-DP and OTX-TP. To generate product revenues sufficient to achieve profitability, we will need to obtain marketing approval for and successfully commercialize one or both of OTX-DP and OTX-TP.
- Clinical trials of our product candidates may not be successful. If clinical trials of our punctum plug product candidates or any other product candidate that we develop fail to demonstrate safety and efficacy to the satisfaction of the FDA or other regulatory authorities or do not otherwise produce favorable results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of such product candidate.
- We only recently commercially launched ReSure Sealant in the United States and have no other marketed products. If we are unable to develop and expand our sales, marketing and distribution capabilities, scale up our manufacturing processes and capabilities, obtain and maintain patent protection for or gain market acceptance by physicians, patients and third-party payors of ReSure Sealant or any of our product candidates for which we obtain marketing approval, or experience significant delays in doing so, our business will be materially harmed.
- Our product candidates, if approved, will face competition from generic and branded versions of existing drugs, many of which have achieved widespread acceptance among physicians, payors and patients for the treatment of ophthalmic diseases and conditions. In addition, because the active pharmaceutical ingredients in our product candidates are available on a generic basis, or are soon to be

available on a generic basis, competitors will be able to offer and sell products with the same active pharmaceutical ingredient as our products so long as these competitors do not infringe any patents that we license.

- We have incurred significant losses since our inception and may need substantial additional funding. As of December 31, 2013, we had an accumulated deficit of $60.8 million. We expect to incur significant expenses and operating losses over the next several years.

Our Corporate Information

We were incorporated under the laws of the state of Delaware on September 12, 2006 under the name I-Therapeutics, Inc. We subsequently changed our name to I-Therapeutix, Inc. in October 2006 and to Ocular Therapeutix, Inc. in September 2009. Our principal executive offices are located at 36 Crosby Drive, Suite 101, Bedford, MA 01730, and our telephone number is (781)-357-4000. Our website address is www.ocutx.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 “Ocular,” “we,” “us,” “our” and similar references refer to Ocular Therapeutix, Inc. Ocular Therapeutix and ReSure are our trademarks. The other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. We have omitted the ® and ™ designations, as applicable, for the trademarks named in this prospectus.

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	shares
Common stock to be outstanding immediately following this offering	shares
Over-allotment option	We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of our common stock to cover over-allotments.
Use of proceeds	We currently estimate that we will use the net proceeds from this offering, together with our existing cash and cash equivalents, to fund the clinical development of our most advanced product candidates, OTX-DP and OTX-TP, and for working capital and other general corporate purposes, including expansion of our manufacturing capacity, sales and marketing activities, development of our preclinical product candidates and pursuit of our other research and development efforts. See the "Use of Proceeds" section in this prospectus for a more complete description of the intended use of proceeds from this offering.
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.
Proposed NASDAQ Global Market symbol	"OCUL"

The number of shares of our common stock to be outstanding after this offering is based on 8,260,994 shares of our common stock outstanding as of April 18, 2014 and 32,842,187 shares of our common stock issuable upon the automatic conversion of all outstanding shares of our preferred stock upon the closing of this offering.

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

- 4,174,030 shares of our common stock issuable upon the exercise of stock options outstanding as of April 18, 2014, at a weighted average exercise price of $1.83 per share;
- 236,836 shares of our common stock issuable following the closing of this offering upon the exercise of warrants outstanding as of April 18, 2014 held by lenders under our current and prior credit facilities, at a weighted average exercise price of $2.39 per share;
- 232,092 shares of our common stock available for future issuance under our 2006 Stock Incentive Plan as of April 18, 2014; and
- additional shares of our common stock that will become available for future issuance under our equity compensation plans upon the closing of this offering.

Unless otherwise indicated, all information in this prospectus assumes:

- no exercise of the outstanding options described above;
- no exercise of the warrants held by lenders under our current and prior credit facilities;
- no exercise by the underwriters of their option to purchase up to shares of our common stock to cover over-allotments;
- the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering;
- the warrants outstanding as of April 18, 2014 held by lenders under our current and prior credit facilities to purchase 236,836 shares of our preferred stock, at a weighted average exercise price of $2.39 per share, become exercisable for 236,836 shares of our common stock, at a weighted average exercise price of $2.39 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.

SUMMARY FINANCIAL DATA

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 statement of operations data for the years ended December 31, 2012 and 2013 and for the cumulative period from inception (September 12, 2006) through December 31, 2013 and the balance sheet data as of December 31, 2013 from our audited financial statements appearing at the end of this prospectus. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period.

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
	(in thousands, except per share data)		
Statement of Operations Data:			
Revenue	$ 10	$ —	$ 95
Operating expenses:			
Cost of revenue	7	—	77
Research and development	11,540	10,517	47,163
Selling and marketing	657	625	4,359
General and administrative	1,477	1,761	8,448
Total operating expenses	13,681	12,903	60,047
Loss from operations	(13,671)	(12,903)	(59,952)
Other income (expense):			
Interest income	4	13	74
Interest expense	(377)	(441)	(1,616)
Other income (expense), net	(49)	14	714
Total other expense, net	(422)	(414)	(828)
Net loss	(14,093)	(13,317)	(60,780)
Accretion of redeemable convertible preferred stock to redemption value	(35)	(27)	(148)
Net loss attributable to common stockholders	$(14,128)	$(13,344)	$ (60,928)
Net loss per share attributable to common stockholders, basic and diluted(1)	$ (2.12)	$ (1.94)	
Weighted average common shares outstanding, basic and diluted(1)	6,660	6,888	
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)(2)		$ (0.35)	
Pro forma weighted average common shares outstanding, basic and diluted (unaudited)(2)		38,558	

(1) See Note 12 to our financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted net loss per share attributable to common stockholders.

(2) See Note 12 to our financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted pro forma net loss per share attributable to common stockholders.

	As of December 31, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
Balance Sheet Data:			
Cash and cash equivalents	$ 17,505	$30,613	$
Working capital(1)	14,672	29,586	
Total assets	19,146	32,254	
Preferred stock warrant liability	254	—	
Long-term debt, net of discount, including current portion	2,457	14,665	
Redeemable convertible preferred stock	74,344	—	
Total stockholders' equity (deficit)	(59,472)	15,461	

(1) We define working capital as current assets less current liabilities.

The pro forma balance sheet data give effect to:

- the completion of a debt financing in April 2014 in which we established a new credit facility and borrowed $15.0 million aggregate principal amount from Midcap Financial SBIC, LP, or Midcap, and Silicon Valley Bank, or SVB, and issued warrants to Midcap and SVB to purchase an aggregate of 100,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 per share;
- our repayment of $1.7 million aggregate principal amount of indebtedness and payment of $0.2 million of other amounts due in connection with our termination of a prior credit facility in April 2014;
- the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of common stock; and
- all outstanding warrants to purchase our preferred stock becoming warrants to purchase our common stock upon the closing of this offering.

The pro forma as adjusted balance sheet data give further effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ 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 $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease each of cash and cash equivalents, working capital, total assets and total stockholders' equity on a pro forma as adjusted basis by $ 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 and estimated offering expenses payable by us.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties 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, before deciding to invest in our common stock. If any of the following risks actually occur, our business, prospects, operating results and financial condition could suffer materially. In such event, the trading 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 losses since our inception. We expect to incur losses over the next several years and may never achieve or maintain profitability.

Since inception, we have incurred significant operating losses. Our net loss was $14.1 million for the year ended December 31, 2012 and $13.3 million for the year ended December 31, 2013. As of December 31, 2013, we had an accumulated deficit of $60.8 million. To date, we have financed our operations primarily through private placements of our preferred stock and borrowings under credit facilities. In the first quarter of 2014, we began recognizing revenue from sales of ReSure Sealant, which was approved in January 2014 by the U.S. Food and Drug Administration, or FDA, to close clear corneal incisions following cataract surgery. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and clinical trials and, beginning in the first quarter of 2014, commercialization of ReSure Sealant. We expect to continue to incur significant expenses and 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 if and as we:

- pursue the clinical development of our most advanced product candidates, the punctum plug candidates OTX-DP and OTX-TP;
- continue the research and development of our other product candidates;
- seek to identify and develop additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical development;
- develop and expand our sales, marketing and distribution capabilities for ReSure Sealant and any of our product candidates for which we obtain marketing approval;
- scale up our manufacturing processes and capabilities to support sales of ReSure Sealant, our ongoing clinical trials of our product candidates and commercialization of any of our product candidates for which we obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- expand our operational, financial and management systems and personnel, including personnel to support our clinical development, manufacturing and commercialization efforts and our operations as a public company; and
- increase our product liability and clinical trial insurance coverage as we expand our clinical trials and commercialization efforts.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Our expenses will increase if:

- we are required by the FDA or the European Medicines Agency, or EMA, to perform trials or studies in addition to those currently expected;

- there are any delays in receipt of regulatory clearance to begin our planned clinical programs; or
- there are any delays in enrollment of patients in or completing our clinical trials or the development of our product candidates.

ReSure Sealant is currently our only source of revenue from product sales. We do not expect sales of ReSure Sealant to generate revenue that is sufficient for us to achieve profitability. Instead, for us to become and remain profitable, we will need to succeed in developing and commercializing products with greater market potential. This will require us to be successful in a range of challenging activities, including:

- successfully completing clinical development of our product candidates;
- obtaining marketing approval for these product candidates;
- manufacturing at commercial scale, marketing, selling and distributing those products for which we obtain marketing approval;
- achieving an adequate level of market acceptance of and obtaining and maintaining coverage and adequate reimbursement from third-party payors for our products; and
- protecting our rights to our intellectual property portfolio.

We may never succeed in these activities and may never generate revenue that is sufficient or great 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 depress 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 even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We may 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 to devote substantial financial resources to our ongoing and planned activities, particularly as we conduct late stage clinical trials for our punctum plug product candidates, in particular OTX-DP and OTX-TP, and seek marketing approval for any such product candidate for which we obtain favorable pivotal clinical results. We also expect to devote significant financial resources to conducting research and development and potentially seeking regulatory approval for our other product candidates. In addition, we plan to devote substantial financial resources to our commercialization efforts, including product manufacturing, sales, marketing and distribution for ReSure Sealant and any of our product candidates for which we obtain marketing approval. Accordingly, we may 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.

As of December 31, 2013, we had cash and cash equivalents of $17.5 million. In April 2014, we borrowed $15.0 million in aggregate principal amount under a new credit facility and used $1.9 million of this amount to repay $1.7 million of aggregate principal amount of indebtedness and pay $0.2 million of other amounts due in connection with our termination of a prior credit facility. We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, revenue from sales of ReSure Sealant and $5.0 million of additional borrowing capacity available to us under our credit facility, will enable us to fund our operating expenses, debt service obligations and capital expenditure requirements at least through . We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the level of product sales from ReSure Sealant and any additional products for which we obtain marketing approval in the future;

- the costs of manufacturing, sales, marketing, distribution and other commercialization efforts with respect to ReSure Sealant and any additional products for which we obtain marketing approval in the future;
- the progress, costs and outcome of the clinical trials of our punctum plug product candidates, in particular OTX-DP and OTX-TP;
- the scope, progress, costs and outcome of preclinical development and clinical trials of our other product candidates;
- the costs, timing and outcome of regulatory review of our product candidates by the FDA, the EMA or other regulatory authorities;
- the extent to which we choose to establish collaboration, distribution or other marketing arrangements for our products and product candidates;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the extent to which we acquire or invest in other businesses, products and technologies.

Conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete. We may never generate the necessary data or results required to obtain regulatory approval of products with the market potential sufficient to enable us to achieve profitability. We do not expect to generate revenue from sales of any product other than ReSure Sealant for several years, if at all. Accordingly, we may 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 we have sufficient funds for our current or future operating plans.

Raising additional capital may cause dilution to our stockholders, including purchasers of our 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 product revenues sufficient to achieve profitability, we expect to finance our cash needs through a combination of revenue from sales of ReSure Sealant, equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and marketing and distribution arrangements. We do not have any committed external source of funds other than remaining borrowing ability under our credit facility of $5.0 million. Our ability to borrow additional amounts under our credit facility is contingent upon our closing an initial public offering with at least $50.0 million in net proceeds to us and our satisfaction of other general borrowing conditions. 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 our assets as collateral to secure our obligations under our credit facility may limit our ability to obtain additional debt financing.

If we raise additional funds through collaborations, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs 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.

Our substantial indebtedness may limit cash flow available to invest in the ongoing needs of our business.

We have a significant amount of indebtedness. In April 2014, we entered into a credit facility with Silicon Valley Bank, or SVB, and MidCap Financial SBIC, LP, or Midcap, pursuant to which we are able to borrow an aggregate principal amount of up to $20.0 million, of which we have borrowed $15.0 million to date. We may borrow the remaining $5.0 million in aggregate principal amount contingent upon our closing an initial public offering with at least $50.0 million in net proceeds to us and our satisfaction of other general borrowing conditions. Our obligations under this agreement are secured by all of our assets other than our intellectual property. Our intellectual property rights are subject to a negative pledge arrangement under the agreement. We could in the future incur additional indebtedness beyond such amounts.

Our substantial debt combined with our other financial obligations and contractual commitments could have significant adverse consequences, including:

- requiring us to dedicate a substantial portion of cash flow from operations to the payment of interest on, and principal of, our debt, which will reduce the amounts available to fund working capital, capital expenditures, product development efforts and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and market conditions;
- obligating us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents, revenue from sales of ReSure Sealant and funds from external sources. However, we may not have sufficient funds or may be unable to arrange for additional financing to pay the amounts due under our existing debt. Funds from external sources may not be available on acceptable terms, if at all. In addition, a failure to comply with the conditions of our credit facility could result in an event of default under those instruments. In the event of an acceleration of amounts due under our credit facility as a result of an event of default, including upon the occurrence of an event that would reasonably be expected to have a material adverse effect on our business, operations, properties, assets or condition or a failure to pay any amount due, we may not have sufficient funds or may be unable to arrange for additional financing to repay our indebtedness or to make any accelerated payments, and the lenders could seek to enforce security interests in the collateral securing such indebtedness. In addition, the covenants under our existing credit facility, the pledge of our assets as collateral and the negative pledge of our intellectual property limit our ability to obtain additional debt financing.

Our limited 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. Our operations to date have been limited to organizing and staffing our company, acquiring rights to intellectual property, business planning, raising capital, developing our technology, identifying potential product candidates, undertaking preclinical studies and clinical trials, manufacturing initial quantities of our products and product candidates and, beginning in the first quarter of 2014, commercializing ReSure Sealant. 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 research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter-to-quarter and year-to-year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

Risks Related to Product Development

We depend heavily on the success of our punctum plug product candidates, in particular OTX-DP and OTX-TP. Clinical trials of our product candidates may not be successful. If we are unable to successfully complete clinical development of and obtain marketing approvals for our product candidates, or experience significant delays in doing so, or if after obtaining marketing approvals, we fail to commercialize these product candidates, our business will be materially harmed.

We have devoted a significant portion of our financial resources and business efforts to the development of our punctum plug product candidates for diseases and conditions of the front of the eye. In particular, we are investing substantial resources to complete the development of OTX-DP for post-surgical ocular inflammation and pain and allergic conjunctivitis and OTX-TP for glaucoma. We cannot accurately predict when or if any of our punctum plug product candidates will prove effective or safe in humans or whether these product candidates will receive marketing approval. Our ability to generate product revenues sufficient to achieve profitability will depend heavily on our obtaining marketing approval for and commercializing one or both of OTX-DP and OTX-TP.

The commercial success of our punctum plug product candidates and other product candidates will depend on many factors, including the following:

- successful completion of preclinical studies and clinical trials;
- applying for and receiving marketing approvals from applicable regulatory authorities for our product candidates;
- scaling up our manufacturing processes and capabilities to support additional or larger clinical trials of our product candidates and commercialization of any of our product candidates for which we obtain marketing approval;
- developing, validating and maintaining a commercially viable manufacturing process that is compliant with current good manufacturing practices, or cGMP;
- developing and expanding our sales, marketing and distribution capabilities for ReSure Sealant and successfully launching commercial sales of any of our product candidates for which we obtain marketing approval;
- developing and expanding our sales, marketing and distribution capabilities and launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with others;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies;
- maintaining a continued acceptable safety profile of our products following approval;
- obtaining and maintaining coverage and adequate reimbursement from third-party payors;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- protecting our rights in our intellectual property portfolio.

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 our product candidates, which would materially harm our business.

If clinical trials of our punctum plug product candidates 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 favorable results, we may incur additional costs or experience delays in completing, or ultimately be delayed or unable to complete, the development and commercialization of such product candidate.

Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, including our punctum plug product candidates, 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 stage clinical trials, and interim results of a clinical trial do not necessarily predict final results. Some of our completed studies, including our pilot studies for OTX-TP and our Phase 1 clinical trial of OTX-MP, were conducted with small patient populations, making it difficult to predict whether the favorable results that we observed in such studies will be repeated in larger and more advanced clinical trials. 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.

In general, the FDA requires product evaluation in a statistically significant patient population to evidence safety and two adequate, well controlled clinical trials demonstrating effectiveness for marketing approval. In a Phase 2 clinical trial of OTX-DP that we completed in 2013 in which we were evaluating OTX-DP for ocular inflammation and pain following cataract surgery, OTX-DP did not meet the primary efficacy endpoint for inflammation with statistical significance at the pre-specified time point at day 8. However, we did achieve statistical significance for this inflammation endpoint at days 14 and 30. Accordingly, we will measure the primary efficacy endpoint for inflammation in our planned pivotal Phase 3 clinical trials of OTX-DP at day 14. We may not replicate in our Phase 3 clinical trials the favorable results we observed in our Phase 2 clinical trial at the time points at which we are evaluating inflammation or pain in these Phase 3 clinical trials of OTX-DP. We believe that the FDA will require that we meet both the inflammation and the pain endpoints with statistical significance to receive marketing approval for OTX-DP for this indication.

We designed our Phase 2a and Phase 2b clinical trials of OTX-TP for the treatment of glaucoma and ocular hypertension to assess clinically meaningful response to treatment, and did not power these trials to measure any efficacy endpoints with statistical significance. Our planned Phase 3 clinical trials for OTX-TP will be the first clinical trials for OTX-TP that we are powering with an appropriate number of patients to allow us to measure with statistical significance the non-inferiority of OTX-TP compared to a vehicle control punctum plug plus timolol eye drops for the treatment of glaucoma and ocular hypertension based on the primary efficacy endpoint. As a result, favorable results from our Phase 2a and Phase 2b clinical trials may not necessarily predict a likelihood of achieving our primary endpoint in the Phase 3 clinical trials with statistical significance, which we expect will be required for us to obtain marketing approval for OTX-TP.

The success of our punctum plug product candidates is dependent upon retention of the plug following insertion and during the course of intended therapy. As such, we continue to conduct non-significant risk, or NSR, studies in the United States for our punctum plugs in an effort to increase the rate of plug retention. All NSR studies that we have performed to date have involved placebo vehicle control punctum plugs without active drug. If we determine to make any future changes to the design or composition of our plugs, such changes could affect the outcome of any subsequent clinical trials using these updated plugs. For example, in our planned Phase 2b clinical trial of OTX-TP, we expect to use a different version of a punctum plug than that used in our Phase 2a clinical trial of OTX-TP. As a result, the outcome of our planned Phase 2b clinical trial may differ from the outcome of our Phase 2a clinical trial. Likewise, although we do not believe that the presence of an active drug influences plug retention rates, because the plugs in our NSR studies did not contain active drug, we cannot be certain what impact,

if any, the addition of an active drug may have on retention rates. If the retention rates for our plugs are inadequate to ensure that the patient is receiving appropriate therapy, we may not be able to obtain regulatory approvals or, even if approved, achieve market acceptance of our plugs.

The protocols for our clinical trials and other supporting information are subject to review by the FDA and regulatory authorities outside the United States. For our punctum plug product candidates, we have typically conducted our initial and earlier stage clinical trials outside the United States. We generally plan to conduct our later stage and pivotal clinical trials of our punctum plug product candidates in the United States. The FDA, however, could require us to conduct additional studies or require us to modify our planned pivotal clinical trials to receive clearance to initiate such trials in the United States or to continue such trials once initiated. For example, in connection with our initial development of ReSure Sealant, the FDA requested that we withdraw an application that we had submitted under Section 510(k) of the Food, Drug and Cosmetic Act, or FDCA, for the marketing of an earlier version of ReSure Sealant as an ocular bandage. After withdrawing our 510(k) application, we filed an investigational device exemption, or IDE, application to conduct a pivotal clinical trial to support approval of ReSure Sealant as an ocular sealant. The results of this pivotal trial ultimately supported the marketing approval of ReSure Sealant, although not in the time frame we had initially expected. The FDA is not obligated to comment on our trial protocols within any specified time period or at all or to affirmatively clear or approve our planned pivotal clinical trials. Subject to a waiting period of 30 days, we could choose to initiate our pivotal clinical trials in the United States without waiting for any additional period for comments from the FDA.

We intend to conduct, and may in the future conduct, clinical trials for product candidates at sites outside the United States, and the FDA may not accept data from trials conducted in such locations.

We have conducted, and may in the future choose to conduct, one or more of our clinical trials outside the United States. We have typically conducted our initial and earlier stage clinical trials for our product candidates, including our punctum plug product candidates, outside the United States. We generally plan to conduct our later stage and pivotal clinical trials of our punctum plug product candidates in the United States.

Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of this data is subject to conditions imposed by the FDA. For example, the clinical trial must be well designed and conducted and performed by qualified investigators in accordance with ethical principles. The trial population must also adequately represent the U.S. population, and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful. In addition, while these clinical trials are subject to the applicable local laws, FDA acceptance of the data will depend on its determination that the trials also complied with all applicable U.S. laws and regulations. If the FDA does not accept the data from any trial that we conduct outside the United States, it would likely result in the need for additional trials, which would be costly and time-consuming and delay or permanently halt our development of the applicable product candidates.

Other risks inherent in conducting international clinical trials include:

- foreign regulatory requirements that could restrict or limit our ability to conduct our clinical trials;
- administrative burdens of conducting clinical trials under multiple sets of foreign regulations;
- failure of enrolled patients to adhere to clinical protocols as a result of differences in healthcare services or cultural customs;
- foreign exchange fluctuations;
- diminished protection of intellectual property in some countries; and
- political and economic risks relevant to foreign countries.

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 punctum plug product candidates or any other product candidates that we may develop, 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 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 may be insufficient or inadequate.

For example, we have applied for a deferral from the FDA for the requirement to conduct pediatric studies for OTX-DP for the treatment of post-surgical ocular inflammation and pain until after approval of such product in adult populations for that indication. If the FDA were to deny our deferral request and require us to conduct pediatric studies in advance of FDA approval in adult populations, we would experience significant delays in our ability to obtain marketing approval for OTX-DP for this indication. We will face a similar risk if we seek a comparable deferral for other product candidates or indications.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently 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 favorable or are only modestly favorable or if there are safety concerns, we may:

- be delayed in obtaining or unable to obtain marketing approval for our product candidates;
- 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;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical or 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.

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 our punctum plug product candidates or our other product candidates that we may 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, the EMA or similar regulatory authorities outside the United States. Although there is a significant prevalence of disease in the areas of ophthalmology in which we are focused, we may nonetheless experience unanticipated difficulty with patient enrollment.

Patient enrollment is affected by a variety of factors, including:

- the prevalence and severity of the ophthalmic disease or condition under investigation;
- the eligibility criteria for the study in question;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment;
- the proximity and availability of clinical trial sites for prospective patients;
- the conduct of clinical trials by competitors for product candidates that treat the same indications as our product candidates; and
- the lack of adequate compensation for prospective patients.

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays, 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 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 our punctum plug product candidates or any other product candidates that we may develop, we may need to abandon or limit our development of such product candidates.

If our punctum plug product candidates or any of our other 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 more narrow uses or subpopulations in which the serious adverse events, undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many compounds that initially showed promise in clinical or early stage testing for treating ophthalmic disease have later been found to cause side effects that prevented further development of the compound.

We may not be successful in our efforts to develop product candidates based on our bioresorbable hydrogel technology platform other than ReSure Sealant or expand the use of our bioresorbable hydrogel technology for treating additional eye diseases and conditions.

We are currently directing all of our development efforts towards applying our proprietary bioresorbable hydrogel technology platform to product candidates that are designed to provide sustained delivery of therapeutic

agents to the eye using active pharmaceutical ingredients that are currently used in FDA approved ophthalmic drugs. We have a number of product candidates at various stages of development based on our bioresorbable hydrogel technology platform and are exploring the potential use of our hydrogel punctum plugs in other front of the eye diseases and conditions. We are also developing a hydrogel based drug delivery depot designed to release therapeutic antibodies to vascular endothelial growth factor, or VEGF, over a sustained period following administration by an intravitreal injection for the treatment of diseases and conditions of the back of the eye, including wet age related macular degeneration, or wet AMD. Our existing product candidates and any other potential product candidates that we identify may not be suitable for continued preclinical or clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize our product candidates that we develop based upon our technological approach, we will not be able to obtain substantial product revenues in future periods.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

Risks Related to Manufacturing

We will need to upgrade and expand our manufacturing facility and augment our manufacturing personnel and processes in order to meet our business plans. If we fail to do so, we may not have sufficient quantities of our products or product candidates to meet our commercial and clinical trial requirements.

We manufacture ReSure Sealant and our product candidates for use in clinical trials, research and development and commercial efforts at our multi-product facility located at our corporate headquarters in Bedford, Massachusetts. In order to meet our business plan, which contemplates our scaling up manufacturing processes to support ReSure Sealant sales, as well as our product candidate development programs and the potential commercialization of these product candidates, we will need to upgrade and expand our existing manufacturing facility, add manufacturing personnel and ensure that validated processes are consistently implemented in our facility. The upgrade and expansion of our facility will require additional regulatory approvals. In addition, it will be costly and time-consuming to expand our facility and recruit necessary additional personnel. If we are unable to expand our manufacturing facility in compliance with regulatory requirements or to hire additional necessary manufacturing personnel, we may encounter delays or additional costs in achieving our research, development and commercialization objectives, including in obtaining regulatory approvals of our product candidates and meeting customer demand for ReSure Sealant, which could materially damage our business and financial position.

We must comply with federal, state and foreign regulations, including quality assurance standards applicable to medical device and drug manufacturers, such as cGMP, which is enforced by the FDA through its facilities inspection program and by similar regulatory authorities in other jurisdictions where we do business. These requirements include, among other things, quality control, quality assurance and the maintenance of records and documentation. The FDA or similar foreign regulatory authorities at any time may implement new standards, or

change their interpretation and enforcement of existing standards for manufacture, packaging or testing of our products. Any failure to comply with applicable regulations may result in fines and civil penalties, suspension of production, product seizure or recall, imposition of a consent decree, or withdrawal of product approval, and would limit the availability of ReSure Sealant and our product candidates that we manufacture. Any manufacturing defect or error discovered after products have been produced and distributed also could result in significant consequences, including costly recall procedures, re-stocking costs, damage to our reputation and potential for product liability claims.

If our sole clinical manufacturing facility is damaged or destroyed or production at this facility is otherwise interrupted, our business and prospects would be negatively affected.

If the manufacturing facility at our corporate headquarters or the equipment in it is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of this facility or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need FDA approval before selling any products manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales.

Currently, we maintain insurance coverage against damage to our property and equipment and to cover business interruption and research and development restoration expenses. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for ReSure Sealant or any of our product candidates if there were a catastrophic event or failure of our current manufacturing facility or processes.

We expect to continue to contract with third parties for at least some aspects of the production of our products and product candidates. This increases the risk that we will not have sufficient quantities of our products or product candidates or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We currently rely on third parties for some aspects of the production of ReSure Sealant and our product candidates for commercialization and preclinical testing and clinical trials, including supply of active pharmaceutical ingredient drug substance, polyethylene glycol, or PEG, the molecule that forms the basis of our hydrogels, and other raw materials and for sterilization of the finished product. In addition, while we believe that our existing manufacturing facility, or additional facilities that we will be able to build, will be sufficient to meet our requirements for manufacturing ReSure Sealant and any of our product candidates for which we obtain marketing approval, we may in the future need to rely on third party manufacturers for some aspects of the manufacture of our products or product candidates.

We do not have any long term supply agreements in place for the clinical or commercial supply of any drug substances or raw materials for ReSure Sealant or any of our product candidates. We purchase drug substance and raw materials, including the chemical constituents for our hydrogel, from independent suppliers on a purchase order basis. Any performance failure or refusal to supply drug substance or raw materials on the part of our existing or future suppliers could delay clinical development, marketing approval or commercialization of our products. If our current suppliers do not perform as we expect, we may be required to replace one or more of these suppliers. In particular, we depend on a sole source supplier for the supply of our PEG. This sole source supplier may be unwilling or unable to supply PEG to us reliably, continuously and at the levels we anticipate or are required by the market. Although we believe that there are a number of potential long term replacements to our suppliers, including our PEG supplier, we may incur added costs and delays in identifying and qualifying any such replacements.

Reliance on third parties for aspects of the supply of our products and product candidates entails additional risks, including:

- reliance on the third party for regulatory compliance and quality assurance;

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

Third party suppliers or manufacturers may not be able to comply with quality assurance standards, cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third parties, 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 product candidates.

Our potential future dependence upon others for the manufacture of our product candidates may adversely affect our future profit margins and our ability to commercialize any products that receive regulatory approval on a timely and competitive basis.

Risks Related to Commercialization

Even though ReSure Sealant has received marketing approval from the FDA and even if any of our product candidates receives marketing approval, any of these products 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 these products may be smaller than we estimate.

ReSure Sealant or any of our product candidates that receives marketing approval may fail to gain market acceptance by physicians, patients, third-party payors and others in the medical community. We have only recently commercially launched ReSure Sealant and cannot yet accurately predict whether it will it will gain market acceptance and become commercially successful. For example, we previously commenced commercialization in Europe of an earlier version of ReSure Sealant that was approved and marketed as an ocular bandage. However, we ceased our commercialization of the product in 2012 to focus on the ongoing clinical development of ReSure Sealant under FDA parameters. If our products do not achieve an adequate level of acceptance, we may not generate significant product revenue and we may not become profitable.

The degree of market acceptance of ReSure Sealant or any product candidate for which we obtain marketing approval will depend on a number of factors, including:

- the efficacy and potential advantages compared to alternative treatments;
- our ability to offer our products for sale at competitive prices, particularly in light of the lower cost of alternative treatments;
- the clinical indications for which the product is approved;
- the convenience and ease of administration compared to alternative treatments, including the plug retention rate for our punctum plug product candidates;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of our marketing and distribution support;
- timing of market introduction of competitive products;
- the availability of third-party coverage and adequate reimbursement and, for ReSure Sealant, the lack of separate reimbursement when used as part of a cataract surgery procedure;
- the prevalence and severity of any side effects; and
- any restrictions on the use of our products together with other medications.

For example, because we do not plan to conduct any clinical trials comparing the effectiveness of OTX-DP directly to currently approved alternative treatments for either post-surgical ocular inflammation and pain or allergic conjunctivitis, it is possible that the market acceptance of OTX-DP, if it is approved for marketing, could be less than if we had conducted such trials.

Our assessment of the potential market opportunity for ReSure Sealant and our product candidates is based on industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third-party research, surveys and studies are reliable, we have not independently verified such data. If the actual market for ReSure Sealant or any of our product candidates is smaller than we expect, our product revenue may be limited and it may be more difficult for us to achieve or maintain profitability.

If we are unable to establish and maintain adequate sales, marketing and distribution capabilities, we may not be successful in commercializing ReSure Sealant or any product candidates if and when they are approved.

We have limited experience in the sale, marketing and distribution of drug and device products. To achieve commercial success for ReSure Sealant and any product candidate for which we obtain marketing approval, we will need to establish and maintain adequate sales, marketing and distribution capabilities, either ourselves or through collaborations or other arrangements with third parties. We sell ReSure Sealant through a network of independent medical device distributors across the United States. We believe that, if approved for marketing, OTX-DP could be commercialized by the same independent network of distributors that sell ReSure Sealant. Alternatively, we may determine to build a specialty sales force to sell OTX-DP, if approved for marketing. We expect that a direct sales force will be required to effectively market and sell OTX-TP, if approved for marketing. Because we do not plan to determine whether to seek regulatory approval for any of our product candidates outside of the United States until after we receive regulatory approval for the applicable product candidate in the United States, at this time we cannot be certain when, if ever, we will recognize revenue from commercialization of our product candidates in any international markets. If we decide to commercialize our products outside of the United States, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize any product of ours that receives marketing approval. These may include independent distributors, pharmaceutical companies or our own direct sales organization.

There are risks involved with both establishing our own sales, marketing and distribution capabilities and with entering into arrangements with third parties to perform these services. We may not be successful in entering into arrangements with third parties to sell, market and distribute our products or may be unable to do so on terms that are most beneficial 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 market, sell and distribute our products effectively. Our product revenues and our profitability, if any, under third-party collaboration, distribution or other marketing arrangements may also be lower than if we were to sell, market and distribute a product ourselves. On the other hand, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If the commercial launch of any product candidate for which we recruit a sales force and establish marketing 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.

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

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

- the lack of complementary products to be offered by 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 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 ReSure Sealant or any of our product candidates.

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 and device products is highly competitive. We face competition with respect to our product candidates and ReSure Sealant, and will face competition with respect to any other product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. 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.

Our product candidates target markets that are already served by a variety of competing products based on a number of active pharmaceutical ingredients. Many of these existing products have achieved widespread acceptance among physicians, patients and payors for the treatment of ophthalmic diseases and conditions. In addition, many of these products are available on a generic basis, and our product candidates may not demonstrate sufficient additional clinical benefits to physicians, patients or payors to justify a higher price compared to generic products. In many cases, insurers or other third-party payors, particularly Medicare, seek to encourage the use of generic products. Given that we are developing products based on FDA approved therapeutic agents, our product candidates, if approved, will face competition from generic and branded versions of existing drugs based on the same active pharmaceutical ingredients that are administered in a different manner, typically through eye drops.

Because the active pharmaceutical ingredients in our product candidates are available on a generic basis, or are soon to be available on a generic basis, competitors will be able to offer and sell products with the same active pharmaceutical ingredient as our products so long as these competitors do not infringe the patents that we license. For example, our licensed patents related to our punctum plug product candidates largely relate to the hydrogel composition of the punctum plugs and certain drug-release features of the punctum plugs. As such, if a third party were able to design around the formulation and process patents that we license and create a different formulation using a different production process not covered by our licensed patents or patent applications, we would likely be unable to prevent that third party from manufacturing and marketing its product.

Other companies have advanced into Phase 3 clinical development biodegradable, sustained release product candidates that could compete with our punctum plug product candidates. ReSure Sealant is the first and only surgical sealant approved for ophthalmic use in the United States, but will compete with sutures as an alternative method for closing ophthalmic wounds. Multiple companies are exploring in early stage development alternative means to deliver anti-VEGF products in a sustained release fashion to the back of the eye. See “Business—Competition” for additional information regarding competing products and product candidates.

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 our products. 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.

Many of the companies against which we are competing or against which we may compete in the future 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. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. 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.

ReSure Sealant and any product candidates for which we obtain marketing approval may become subject to unfavorable pricing regulations, third-party coverage or reimbursement practices or healthcare reform initiatives, which could harm our business.

Our ability to commercialize ReSure Sealant or any product candidates that we may develop successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government healthcare programs, private health insurers, managed care plans 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 primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug and device companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Coverage and reimbursement may not be available for ReSure Sealant or any other product that we commercialize and, even if they are available, the level of reimbursement may not be satisfactory.

Inadequate reimbursement may adversely affect the demand for, or the price of, ReSure Sealant or any product candidate for which we obtain marketing approval. Obtaining and maintaining adequate reimbursement for our products may be difficult. We may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize ReSure Sealant or any product candidates for which we obtain marketing approval.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs and devices, and coverage may be more limited than the indications for which the drug is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. 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 adequate reimbursement rates from both government-funded and private payors for any FDA approved products that we develop would compromise our ability to generate revenues and become profitable.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drug and device 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. 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. 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.

ReSure Sealant or any product candidate for which we obtain marketing approval in the United States or in other countries may not be considered medically reasonable and necessary for a specific indication, may not be considered cost-effective by third-party payors, coverage and an adequate level of reimbursement may not be available, and reimbursement policies of third-party payors may adversely affect our ability to sell our product candidates profitably. ReSure Sealant is not separately reimbursed when used as part of a cataract surgery procedure, which could limit the degree of market acceptance of this product by surgeons. In addition, while we expect that OTX-DP will be considered a post-surgical product in the same fashion as eye drops, if it receives marketing approval, it may instead be categorized as an inter-operative product. If OTX-DP is categorized as an inter-operative product, it will not be subject to separate reimbursement, which could likewise limit its market acceptance.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we develop.

We face an inherent risk of product liability exposure related to the use of our product candidates that we develop in human clinical trials. We face an even greater risk for any products we develop and commercially sell, including ReSure Sealant. If we cannot successfully defend ourselves against claims that our product candidates or 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 develop;
- 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 develop.

We currently hold $3.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $3.0 million, which may not be adequate to cover all liabilities that we may incur. We will need to increase our insurance coverage as we expand our clinical trials and our sales of ReSure Sealant and any other product candidates for which we obtain marketing approval. We will need to further increase our insurance coverage if we commence commercialization of any of our product candidates for which we obtain 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

If we are unable to train, maintain and expand our network of independent distributors, we may not be able to successfully commercialize ReSure Sealant or any other product candidates for which we obtain marketing approval.

We have recently commercially launched ReSure Sealant and plan to sell the product through a network of independent medical device distributors across the United States. As a result, our revenues are directly dependent upon the sales and marketing efforts of these independent distributors. As ReSure Sealant is a newly marketed product, we will continue to expend significant time and resources to train the independent distributors to be credible and persuasive in convincing physicians and hospitals to use ReSure Sealant. In addition, we also must train our independent distributors to ensure that a consistent and appropriate message about ReSure Sealant is delivered to our potential customers. We believe that, if approved for marketing, OTX-DP could be commercialized by the same independent network of distributors that sell ReSure Sealant.

Our relationships with our distributors are non-exclusive, and our distributors will simultaneously sell products on behalf of third parties, including products that may compete directly or indirectly with our products or product candidates. If our independent distributors fail to devote sufficient time to the sale of ReSure Sealant, or if they otherwise fail to adequately promote, market and sell ReSure Sealant, our sales could decrease. We face significant challenges and risks in managing our geographically dispersed distribution network and retaining the individuals who make up that network. If a substantial number of our independent distributors, or any significant independent distributor, were to cease to do business with us within a short period of time, our sales could be adversely affected. In such a situation, we may need to seek alternative independent distributors. Because of the competition for their services, we may be unable to recruit additional qualified independent distributors to work with us. We may also not be able to enter into agreements with them on favorable or commercially reasonable terms, if at all. Failure to retain qualified independent distributors would prevent us from successfully commercializing ReSure Sealant or any other product candidates for which we obtain marketing approval.

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

We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with third parties to commercialize ReSure Sealant or any of our product candidates for which we obtain marketing approval in markets outside the United States. We also may enter into arrangements with third parties to perform these services in the United States if we do not establish our own sales, marketing and distribution capabilities in the United States for our product candidates or if we determine that such third-party arrangements are otherwise beneficial. 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. Other than the distributors we use to sell ReSure Sealant, we are not currently party to any such arrangement. 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 that we enter into may pose a number of risks, including the following:

- collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization of our product candidates that receive marketing approval or may elect not to continue or renew development or commercialization programs

based on results of clinical trials or other studies, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;

- 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;
- product candidates discovered in collaboration with us may be viewed by our collaborators as competitive with their own product candidates or products, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
- a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of 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 expensive;
- collaborators may not properly maintain or defend our intellectual property rights 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 potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability; and
- collaborations may be terminated for the convenience of the collaborator and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner, or at all. If any collaborations that we enter into do not result in the successful development and commercialization of products or if one of our collaborators terminates its agreement with us, we may not receive any future research funding or milestone or royalty payments under the collaboration. If we do not receive the funding we expect under these agreements, our development of our product candidates could be delayed and we may need additional resources to develop our product candidates. All of the risks relating to product development, regulatory approval and commercialization described in this prospectus also apply to the activities of our collaborators.

Additionally, subject to its contractual obligations to us, if a collaborator of ours were to be involved in a business combination, it might deemphasize or terminate the development or commercialization of any product candidate licensed to it by us. If one of our collaborators terminates its agreement with us, we may find it more difficult to attract new collaborators and our perception in the business and financial communities could be harmed.

If we are not able to establish additional collaborations, we may have to alter our development and commercialization plans and our business could be adversely affected.

For some of our product candidates, we may decide to collaborate with pharmaceutical, biotechnology and medical device companies for the development and potential commercialization of those product candidates. 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.

For example, we are currently conducting preclinical testing in collaboration with several pharmaceutical companies with anti-VEGF compounds to explore the feasibility of delivering their drugs using our intravitreal hydrogel depot. If we successfully complete the preclinical feasibility programs, we plan to explore broader collaborations for the development and potential commercialization of our intravitreal hydrogel depot technology for the treatment of back of the eye diseases and conditions.

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 or continue to develop our product platform.

Although the majority of our clinical development is administered and managed by our own employees, we have relied, and may continue to rely, on third parties for certain aspects of our clinical development, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials.

Our employees have administered and managed most of our clinical development work, including our clinical trials for ReSure Sealant and our clinical trials for OTX-DP for the treatment of post-surgical pain and inflammation. However, we have relied and may continue to rely on third parties, such as contract research organizations, or CROs, to conduct clinical trials of OTX-MP for the treatment of bacterial conjunctivitis, as well as our pilot studies of OTX-TP in Singapore and South Africa for the treatment of glaucoma. If we deem necessary, we may engage third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct or assist in our clinical trials or other clinical development work. If we are unable to enter into an agreement with a CRO or other service provider when required, our product development activities would be delayed.

Our reliance on third parties for research and 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 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 are also required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and

criminal sanctions. If we engage third parties and they 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.

Risks Related to Our Intellectual Property

We may be unable to obtain and maintain patent protection for our technology and products, or the scope of the patent protection obtained may not be sufficiently broad, such that 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 impaired.

Our success depends in large part on our and our licensor's ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and products. We and our licensor have sought to protect our proprietary position by filing patent applications in the United States and abroad related to our novel technologies and product candidates. Some of our licensed patents that we believe are integral to our hydrogel technology platform have terms that extend through at least 2024. However, other broader patents within our licensed patent portfolio expire between 2017 and 2019. 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 licensed patent portfolio would be less effective in excluding others from commercializing products similar or identical to ours. The patent prosecution process is expensive and time-consuming, and we may not have filed or prosecuted and 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 some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to enforce or maintain the patents, covering technology that we license from third parties. In particular, the license agreement that we have entered into with Incept, LLC, or Incept, an intellectual property holding company, which covers all of the patent rights and a significant portion of the technology for ReSure Sealant and our product candidates, provides that, with limited exceptions, Incept has sole control and responsibility for ongoing prosecution for the patents covered by the license agreement. In addition, although we have a right under the Incept license to bring suit against third parties who infringe our licensed patents in our field, other Incept licensees may also have the right to enforce our licensed patents in their own respective fields without our oversight or control. Those other licensees may choose to enforce our licensed patents in a way that harms our interest, for example, by advocating for claim interpretations or agreeing on invalidity positions that conflict with our positions or our interest. We also have no right to control the defense of any of our licensed patents if their validity or scope is challenged before the U.S. Patent and Trademark Office, European Patent Office, or other patent office or tribunal. Instead, we would essentially rely on our licensor to defend such challenges, and it may not do so in a way that would best protect our interests. Therefore, our licensed patents and applications may not be prosecuted, enforced, defended or maintained in a manner consistent with the best interests of our business. If Incept fails to prosecute, enforce or maintain such patents, or loses rights to those patents, our licensed patent portfolio may be reduced or eliminated.

The patent position of pharmaceutical, biotechnology and medical device companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our licensor's patent rights are highly uncertain. Our licensor's pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. For example, unlike patent law in the United States, European patent law precludes the patentability of methods of treatment of the human body and imposes substantial restrictions on the scope of claims it will grant if broader than specifically disclosed embodiments. Moreover, we

have no patent protection and likely will never obtain patent protection for ReSure Sealant outside the United States and Canada. We have only two issued patents outside of the United States for two of our three punctum plug product candidates, and these expire by 2019. We have three licensed patent families in Europe and certain other parts of the world, but these families consist only of patent applications outside of the United States and have no issued or allowed patents. Patents might not be issued and we may never obtain any patent protection or may only obtain substantially limited patent protection outside of the United States with respect to our products.

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 know with certainty whether we or our licensor were the first to make the inventions claimed in our licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. Databases for patents and publications, and methods for searching them, are inherently limited so it is not practical to review and know the full scope of all issued and pending patent applications. As a result, the issuance, scope, validity, enforceability and commercial value of our licensed patent rights are 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 and 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. The Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to United States patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The United States Patent 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. The first to file provisions limit the rights of an inventor to patent an invention if not the first to file an application for patenting that invention, even if such invention was the first invention. 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. For example, the Leahy-Smith Act provides a new administrative tribunal known as the Patent Trial and Appeals Board, or PTAB, that provides a venue for companies to challenge the validity of competitor patents at a cost that is much lower than district court litigation and on timelines that are much faster. Although it is not clear what, if any, long term impact the PTAB proceedings will have on the operation of our business, the initial results of patent challenge proceedings before the PTAB since its inception in 2013 have resulted in the invalidation of many U.S. patent claims. The availability of the PTAB as a lower-cost, faster and potentially more potent tribunal for challenging patents could therefore increase the likelihood that our own licensed patents will be challenged, thereby increasing the uncertainties and costs of maintaining and enforcing them. Moreover, if such challenges occur, as indicated above, we have no right to control the defense. Instead, we would essentially rely on our licensor to consider our suggestions and to defend such challenges, with the possibility that it may not do so in a way that best protects our interests.

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 other contested proceedings such as opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings 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 products.

In the United States, 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. In addition, patents that cover methods of use for a medical device cannot be enforced against the party that uses the device, but rather only against the party that makes them. Such indirect enforcement is more difficult to achieve.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. 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 licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Because the active pharmaceutical ingredients in our product candidates are available on a generic basis, or are soon to be available on a generic basis, competitors will be able to offer and sell products with the same active pharmaceutical ingredient as our products so long as these competitors do not infringe any patents that we license. Our licensed patents largely relate to the hydrogel composition of our punctum plugs and the drug-release design scheme of our punctum plugs. As such, if a third party were able to design around the formulation and process patents that we license and create a different formulation using a different production process not covered by our licensed patents or patent applications, we would likely be unable to prevent that third party from manufacturing and marketing its product.

If we are not able to obtain patent term extension in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation, thereby potentially extending the term of our marketing exclusivity for our product candidates, our business may be impaired.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one of the U.S. patents covering each of such product candidates or the use thereof may be eligible for up to five years of patent term restoration under the Hatch-Waxman Act. The Hatch-Waxman Act allows a maximum of one patent to be extended per FDA approved product. Patent term extension also may be available in certain foreign countries upon regulatory approval of our product candidates. Nevertheless, we may not be granted patent term extension either in the United States or in any foreign country 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 term of extension, as well as the scope of patent protection during any such extension, afforded by the governmental authority could be less than we request.

Further, our license from Incept does not provide us with the right to control decisions by Incept or its other licensees on Orange Book listings or patent term extension decisions under the Hatch-Waxman Act. Thus, if one of our important licensed patents is eligible for a patent term extension under the Hatch Waxman Act, and it covers a product of another Incept licensee in addition to our own product candidate, we may not be able to obtain that extension if the other licensee seeks and obtains that extension first.

If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our product may be shortened

and our competitors may obtain approval of competing products following our patent expiration sooner, and our revenue could be reduced, possibly materially.

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

Competitors may infringe our licensed patents or other intellectual property. As a result, to counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. Under the terms of our license agreement with Incept, we have the right to initiate suit against third parties who we believe infringe on the patents subject to the license. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. 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 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 to develop, manufacture, market and sell our ReSure Sealant and product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology, medical device, and pharmaceutical industries. We may become party to, or threatened with, infringement litigation claims regarding our products and technology, including claims from competitors or from non-practicing entities that have no relevant product revenue and against whom our own patent portfolio may have no deterrent effect. Moreover, we may become party to future adversarial proceedings or litigation regarding our licensed patent portfolio or the patents of third parties. Such proceedings could also include contested post-grant proceedings such as oppositions, inter-partes review, reexamination, interference or derivation proceedings before the U.S. Patent and Trademark Office or foreign patent offices. The legal threshold for initiating litigation or contested proceedings is low, so that even lawsuits or proceedings with a low probability of success might be initiated and require significant resources to defend. Litigation and contested proceedings can also be expensive and time-consuming, and our adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensor can. The risks of being involved in such litigation and proceedings may 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 patents or patents that may be granted in the future. 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 ReSure Sealant or any of our product candidates, 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 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. 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 and could be forced to indemnify our customers or collaborators. A finding of infringement could also result in an injunction that prevents us from commercializing our product candidates or forces us to cease some of our business operations. In addition, we may be forced to

redesign our product candidates, seek new regulatory approvals and indemnify third parties pursuant to contractual agreements. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

If we fail to comply with our obligations in our intellectual property licenses and funding arrangements with third parties, we could lose rights that are important to our business.

Our license agreement with Incept, under which we license all of our patent rights and a significant portion of the technology for ReSure Sealant and our product candidates, imposes royalty and other financial obligations on us and other substantial performance obligations. We also may enter into additional licensing and funding arrangements with third parties that may impose diligence, development and commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under current or future license and collaboration agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could diminish the value of our product. 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, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

Under the terms of our license agreement with Incept, we have agreed to assign to Incept our rights in any patent application filed at any time in any country for which one or more inventors are under an obligation of assignment to us. These assigned patent applications and any resulting patents are included within the specified patents owned or controlled by Incept to which we receive a license under the agreement. Incept has retained rights to practice the patents and technology licensed to us under the agreement for all purposes other than for researching, designing, developing, manufacturing and commercializing products that are delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to ophthalmic diseases or conditions. As a result, termination of our agreement with Incept, based on our failure to comply with this or any other obligation under the agreement, would cause us to lose our rights to important intellectual property or technology upon which our business depends. Additionally, the field limit of the license and the requirement that we assign to Incept our rights in any patent application restricts our ability to expand our business outside of ophthalmology.

We may be subject to claims by third parties asserting that our employees or we 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, medical device 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 these employees or we 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 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 develops intellectual property that we regard as our own. 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. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property litigation could cause us to spend substantial resources and 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 compromise 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 our technology, products and product candidates, 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. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. 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 of Our Product Candidates and Other Legal Compliance Matters

If we are not able to obtain required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate significant revenue will be materially impaired. The marketing approval process is expensive, time-consuming and uncertain. As a result, we cannot predict when or if we, or any collaborators we may have in the future, will obtain marketing approval to commercialize our product candidates.

The activities associated with the development and commercialization of our product candidates, including 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 the EMA and similar regulatory authorities outside the United States. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have only received approval to market ReSure Sealant in the United States, and have not received approval to market any of our product candidates or to market ReSure Sealant in any jurisdiction outside the United States. We may determine to seek a CE Certificate of Conformity, which demonstrates compliance with relevant requirements and provides approval to commercialize ReSure Sealant in the European Union. We expect to submit a technical file to the regulatory authorities for review during the second half of 2014. If we are unable to obtain a CE Certificate of Conformity for ReSure Sealant or any of our other product candidates for which we seek European regulatory approval, we will be prohibited from commercializing such product or products in the

European Union and other places which require the CE Certificate of Conformity. In such a case, the potential market to commercialize our products may be significantly smaller than we currently estimate.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive and may take many years, especially if additional clinical trials are required, if approval is obtained at all. 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 purity. 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, the EMA or other regulatory authorities may determine that our product candidates are not safe or effective, are only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use. In addition, while we have had general discussions with the FDA concerning the design of some of our clinical trials, we have not discussed with the FDA the specifics of the regulatory pathways for our product candidates. 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.

The regulatory process can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. If we experience delays in obtaining approval, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired.

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

In order to market and sell ReSure Sealant or our product candidates 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 sold in that country. We or our collaborators 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. However, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others. However, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in other countries. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

The terms of approvals, ongoing regulations and post-marketing restrictions for our products may limit how we manufacture and market our products, which could materially impair our ability to generate revenue.

Once marketing approval has been granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation. We, and any collaborators we may have in the future, must therefore comply with requirements concerning advertising and promotion for any of our products for which we or our collaborators obtain marketing approval. Promotional communications with respect to drug products and medical devices are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, if any of our product candidates receives marketing approval, the accompanying label may limit the approved use of our product, which could limit sales of the product.

The FDA required two post-approval studies as a condition for approval of our premarket approval application, or PMA application, for ReSure Sealant. We are required to provide periodic reports to the FDA on the progress of each post-approval study over the next four to five years. The first post-approval study is to confirm that ReSure Sealant can be used safely by physicians in a standard cataract surgery practice and to confirm the incidence of the most prevalent adverse ocular events identified in our pivotal study of ReSure Sealant in eyes treated with ReSure Sealant. The second post-approval study will link to a Medicare database to ascertain if patients are diagnosed or treated for endophthalmitis within 30 days following cataract surgery. Following review of the data from these studies, any concerns raised by the FDA could lead to modifications in product labeling, the approved indication for use or negative publicity impacting our commercialization efforts. In addition, in order to use the Medicare database in the second post-approval study, we will need to obtain a Medicare tracking code for ReSure Sealant. If a tracking code is not established for ReSure Sealant, we may not be able to complete the second post-approval study. If we are unable to complete this study, the FDA, among other things, could modify the product labeling with respect to ReSure Sealant to the extent the FDA has any concerns with respect to endophthalmitis that we are unable to address due to the lack of completion of the study. This would negatively affect our ability to commercialize ReSure Sealant.

In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs applicable to drug manufacturers or quality assurance standards applicable to medical device manufacturers, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We, any contract manufacturers we may engage in the future, our future collaborators and their contract manufacturers will also be subject to other regulatory requirements, including submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements regarding the distribution of samples to physicians, recordkeeping, and costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product such as the requirement to implement a risk evaluation and mitigation strategy.

We may be subject to substantial penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products.

Violations of the Federal Food, Drug, and Cosmetic Act relating to the promotion or manufacturing of drug products or medical devices may lead to investigations by the FDA, Department of Justice and state Attorneys General 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 on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning 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 revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;

- product seizure or detention; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance with European Union requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties.

Our relationships with customers and third-party payors may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security, and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription and use of ReSure Sealant and any product candidates 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. In addition, we may be subject to transparency laws and patient privacy regulation by U.S. federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which 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;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose 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, including the Medicare and Medicaid programs, 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, which 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 of 2009, and their respective implementing regulations, which imposes obligations, including mandatory contractual terms, on covered healthcare providers, health plans and healthcare clearinghouses, as well as their business associates, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws

governing the privacy and security of health information in certain 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 may 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, including, without limitation, damages, fines, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government funded healthcare programs.

Recently enacted and future legislation may affect our ability to commercialize and the prices we obtain for any products that are approved in the United States or foreign jurisdictions.

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 affect our ability to profitably sell or commercialize ReSure Sealant or any product candidate for which we obtain marketing approval. The pharmaceutical industry and medical device industry have been a particular focus of these efforts and have been significantly affected by legislative initiatives. 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 FDA approved product.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the MMA, changed the way Medicare covers and pays for pharmaceutical products. Cost reduction initiatives and other provisions of this legislation could limit coverage of and reduce the price that we receive for any FDA approved products. While the MMA applies only to product 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 or other healthcare reform measures 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 business, including, without limitation, our ability to commercialize and the prices we may obtain for any of our product candidates and that are approved for sale, 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;
- a new Medicare Part D coverage gap discount program, in which participating manufacturers must agree to offer 50% point-of-sale discounts off negotiated drug prices during the coverage gap period as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D;
- expansion of healthcare fraud and abuse laws, including the federal False Claims Act and the federal Anti-Kickback Statute, and the addition of new government investigative powers, and enhanced penalties for noncompliance;
- extension of manufacturers’ Medicaid rebate liability;

- expansion of eligibility criteria for Medicaid programs; and
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program.

In addition, other legislative changes have been proposed and adopted since PPACA was enacted. These changes include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 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 types of 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.

The pricing of prescription pharmaceuticals is also subject to governmental control outside 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 candidates 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 ability to generate revenues and become profitable could be impaired.

Laws and regulations governing any international operations we may have in the future may preclude us from developing, manufacturing and selling certain products outside of the United States and require us to develop and implement costly compliance programs.

If we expand our operations outside of the United States, we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing, or selling certain products and product candidates outside of the United States, which could limit our growth potential and increase our development costs.

The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The Securities and Exchange Commission also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

If we or any third-party manufacturers we engage in the future fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur significant costs.

We and any third-party manufacturers we may engage in the future 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 materials, including chemicals and biological materials, and produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. 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 general liability insurance as well as 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 connection with our storage or disposal of biological, hazardous or radioactive materials.

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 any future 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 key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the research and development, clinical and business development expertise of Amar Sawhney, Ph.D., our President and Chief Executive Officer, as well as the other principal members of our management, scientific and clinical team. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. We maintain "key person" insurance for Dr. Sawhney, but we do not have any such insurance for any of our other 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 regulatory 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 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 manufacturing capabilities and potentially implement 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 drug development, clinical, regulatory affairs, manufacturing, 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 our limited experience in managing such anticipated growth, we may not be able to effectively manage 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, if they choose to act together, will continue to have the ability to control all matters submitted to stockholders for approval.

Upon the closing of this offering, our executive officers and directors and our stockholders who owned more than 5% of our outstanding common stock before this offering will, in the aggregate, beneficially own shares representing approximately % 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 may:

- delay, defer or prevent a change in control;
- entrench our management and the board of directors; or
- delay or prevent a merger, consolidation, takeover or other business combination involving us on terms that other stockholders may desire.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, 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 bylaws 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 our 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 specified provisions of our certificate of incorporation or bylaws that will become effective upon the closing of this offering.

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 pro forma 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 pro forma 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 $ 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 $ 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 % of the aggregate price paid for all purchases of our stock but the shares purchased in this offering will represent an aggregate of only approximately % of our total 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 intend to apply to have our common stock approved for listing 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 is likely to be volatile. The stock market in general and the market for smaller biopharmaceutical 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:

- our success in commercializing ReSure Sealant;
- the success of competitive products or technologies;
- results of clinical trials of our product candidates;
- 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 scientific or management personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional products, product candidates or technologies for the treatment of ophthalmic diseases or conditions, 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 OTX-DP, OTX-TP or our other product candidates or if our commercial launch of ReSure Sealant is unsuccessful. Such litigation, if instituted against us, could cause us to incur substantial costs to defend such claims and divert management’s attention and resources.

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 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.

Sales of a substantial number of shares of our common stock in the public market, 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 shares of common stock outstanding based on the number of shares outstanding as of April 18, 2014. This 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 or existing stockholders. The remaining shares are currently restricted as a result of securities laws or lock-up agreements but will become eligible to be sold at various times after the offering. Moreover, after this offering, holders of an aggregate of 33,092,187 shares of our common stock will have rights, subject to specified conditions, to require us to file registration statements covering their shares or, along with holders of an additional 236,836 shares of our common stock issuable upon exercise of warrants issued to our lenders, to include their shares in registration statements that we may file for ourselves or other stockholders. 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 limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" 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. As 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 this prospectus, 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 obligations 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 irrevocably elected not to delay such adoption of new or revised accounting standards, and, as a result, we will 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.

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 are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

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 in our internal control over financial reporting, 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 capital 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 capital 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 our credit facility and any future debt agreements that we may enter into, may preclude us from paying dividends without the lenders' consent or at all. 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 AND INDUSTRY DATA

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenue, 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,” “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:

- our plans to develop and commercialize our product candidates based on our proprietary bioresorbable hydrogel technology platform;
- our ongoing and planned clinical trials, including our Phase 3 clinical trials of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery, our Phase 2 clinical trials of OTX-DP for the treatment of allergic conjunctivitis and our Phase 2a and Phase 2b clinical trials of OTX-TP for the treatment of glaucoma and ocular hypertension;
- the timing of and our ability to submit applications for, obtain and maintain regulatory approvals for OTX-DP, OTX-TP and our other product candidates;
- our commercialization of ReSure Sealant;
- the potential advantages of ReSure Sealant and our product candidates;
- the rate and degree of market acceptance and clinical utility of our products;
- our estimates regarding the potential market opportunity for OTX-DP, OTX-TP, ReSure Sealant and our other product candidates;
- our commercialization, marketing and manufacturing plans, capabilities and strategy;
- our intellectual property position;
- our ability to identify additional products, product candidates or technologies with significant commercial potential that are consistent with our commercial objectives;
- our expectations related to the use of proceeds from this offering;
- our estimates regarding expenses, future revenue, 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.

This prospectus includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third-party research, surveys and studies are reliable, we have not independently verified such data.

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of our common stock in this offering will be approximately $ million, assuming an initial public offering price of $ 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 their over-allotment option in full, we estimate that the net proceeds from this offering will be approximately $ million.

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds from this offering by approximately $ 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 December 31, 2013, we had cash and cash equivalents of $17.5 million. In April 2014, we borrowed $15.0 million aggregate principal amount under a new credit facility and then used $1.9 million of this amount to repay $1.7 million of aggregate principal amount of indebtedness and pay $0.2 million of other amounts due in connection with our termination of a prior credit facility. We currently estimate that we will use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- approximately $ million to complete our Phase 3 clinical trials of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery and for the submission of an NDA to the FDA, assuming favorable clinical results;
- approximately $ million to complete our Phase 2 clinical trials of OTX-DP for the treatment of allergic conjunctivitis and for the submission of an NDA supplement to the FDA, assuming favorable clinical results;
- approximately $ million to complete our Phase 2a and Phase 2b clinical trials of OTX-TP for the treatment of glaucoma and ocular hypertension; and
- the remainder for working capital and other general corporate purposes, which will include the expansion of our manufacturing capacity, sales and marketing activities, development of our preclinical product candidates and pursuit of our other research efforts and development activities, and could also include the acquisition or in-license of other products, product candidates or technologies.

This expected use of net proceeds from this offering and our existing cash and cash equivalents represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our development, the status of and results from clinical trials, the timing of regulatory submissions and the outcome of regulatory review, 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 described above, we estimate that such funds will be sufficient to enable us to .

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. In addition, the terms of our existing credit facility with SVB and Midcap preclude us from paying cash dividends without SVB's and Midcap's consent.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of December 31, 2013:

- on an actual basis;
- on a pro forma basis to give effect to:
  - the completion of a debt financing in April 2014 in which we established a new credit facility and borrowed $15.0 million aggregate principal amount from Midcap and SVB and issued warrants to Midcap and SVB to purchase an aggregate of 100,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 per share;
  - our repayment of $1.7 million aggregate principal amount of indebtedness and payment of $0.2 million of other amounts due in connection with our termination of a prior credit facility in April 2014;
  - the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of common stock; and
  - all outstanding warrants to purchase our preferred stock becoming warrants to purchase our common stock upon the closing of this offering.
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ 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 our financial statements and the related notes appearing at the end of this prospectus and the sections of this prospectus titled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share data)		
Cash and cash equivalents	$ 17,505	$ 30,613	$
Preferred stock warrant liability	$ 254	$ —	$
Long-term debt, net of discount, including current portion	2,457	14,665	
Redeemable convertible preferred stock (Series A, B, C, D and D-1), $0.001 par value; 33,979,025 shares authorized, 32,842,187 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	74,344	—	
Stockholders' equity (deficit):			
Preferred stock, $0.001 par value; no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, $0.0001 par value; 45,000,000 shares authorized, 7,066,408 shares issued and outstanding, actual; 45,000,000 shares authorized, 39,908,595 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	1	4	
Additional paid-in capital	1,307	76,237	
Deficit accumulated during the development stage	(60,780)	(60,780)	
Total stockholders' equity (deficit)	(59,472)	15,461	
Total capitalization	$ 17,583	$ 30,126	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or 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 $ 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 and estimated offering expenses payable by us.

The table above does not include:

- 2,439,917 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2013, at a weighted average exercise price of $0.64 per share;
- 136,836 shares of our common stock issuable following the closing of this offering upon the exercise of warrants outstanding as of December 31, 2013 held by lenders under our prior credit facility, at a weighted average exercise price of $1.95 per share;
- 462,792 shares of our common stock available for future issuance under our 2006 Stock Incentive Plan, as of December 31, 2013; and
- additional shares of our common stock that will become available for future issuance under our equity compensation plans upon the closing of this offering.

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 initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

Our historical net tangible book value (deficit) as of December 31, 2013 was $(59.5) million, or $(8.42) per share of our common stock. Our historical net tangible book value (deficit) is the amount of our total tangible assets less our total liabilities and preferred stock, which is not included within our stockholders' equity (deficit). Historical net tangible book value per share represents historical net tangible book value (deficit) divided by the 7,066,408 shares of our common stock outstanding as of December 31, 2013.

Our pro forma net tangible book value as of December 31, 2013 was $16.0 million, or $0.40 per share of our common stock. Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities, after giving effect to (1) the completion of a debt financing in April 2014 in which we established a new credit facility and borrowed $15.0 million aggregate principal amount from Midcap and SVB and issued warrants to Midcap and SVB to purchase an aggregate of 100,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 per share, (2) our repayment of $1.7 million aggregate principal amount of indebtedness and payment of $0.2 million of other amounts due in connection with our termination of a prior credit facility in April 2014; (3) the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering and (4) all outstanding warrants to purchase our preferred stock becoming warrants to purchase our common stock upon the closing of this offering. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of shares outstanding as of December 31, 2013, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering.

After giving effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ 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 as adjusted net tangible book value as of December 31, 2013 would have been $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value per share of $ to existing stockholders and immediate dilution of $ in pro forma as adjusted 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 as adjusted net tangible book value per share after this offering from the assumed 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		$
Historical net tangible book value (deficit) per share as of December 31, 2013	$(8.42)	
Increase per share attributable to the conversion of all shares of preferred stock outstanding, the completion of our debt financing and related borrowings, the repayment of debt and warrants to purchase preferred stock becoming warrants to purchase common stock upon closing of this offering	8.82	
Pro forma net tangible book value per share as of December 31, 2013	0.40	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors purchasing shares in this offering		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease our pro forma as adjusted net tangible book value by $ million, our pro forma as adjusted net tangible book value per share after this offering by approximately $ and dilution per share to new investors purchasing shares in this offering by $, 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 and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option or if any additional shares are issued in connection with the exercise of options or warrants, you will experience further dilution.

The following table summarizes, as of December 31, 2013, on a pro forma as adjusted basis described above, 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 $ 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	Percentage	Amount	Percentage	
Existing stockholders	39,908,595	%	$	%	$
New investors					$
Total		100%	$	100%	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors by $ million and increase or decrease the percentage of total consideration paid by new investors by percentage points, 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 7,066,408 shares of common stock outstanding as of December 31, 2013 and also gives effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering.

The table above does not include:

- 2,439,917 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2013, at a weighted average exercise price of $0.64 per share;
- 136,836 shares of our common stock issuable following the closing of this offering upon the exercise of warrants outstanding as of December 31, 2013 held by lenders under our prior credit facility, at a weighted average exercise price of $1.95 per share;
- 462,792 shares of our common stock available for future issuance under our 2006 Stock Incentive Plan as of December 31, 2013; and
- additional shares of our common stock that will become available for future issuance under our equity compensation plans upon the closing of this offering.

The table above assumes no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, the following will occur:

- the percentage of shares of our common stock held by existing stockholders would decrease to % of the total number of shares of our common stock outstanding after this offering; and
- the percentage of shares of our common stock held by new investors would increase to % of the total number of shares of our common stock outstanding after this offering.

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 statement of operations data for the years ended December 31, 2012 and 2013 and for the cumulative period from inception (September 12, 2006) through December 31, 2013 and the balance sheet data as of December 31, 2012 and 2013 from our audited financial statements appearing at the end of this prospectus. Our historical results are not necessarily indicative of the results that should be expected in the future.

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
	(in thousands, except per share data)		
Statement of Operations Data:			
Revenue	$ 10	$ —	$ 95
Operating expenses:			
Cost of revenue	7	—	77
Research and development	11,540	10,517	47,163
Selling and marketing	657	625	4,359
General and administrative	1,477	1,761	8,448
Total operating expenses	13,681	12,903	60,047
Loss from operations	(13,671)	(12,903)	(59,952)
Other income (expense):			
Interest income	4	13	74
Interest expense	(377)	(441)	(1,616)
Other income (expense), net	(49)	14	714
Total other expense, net	(422)	(414)	(828)
Net loss	(14,093)	(13,317)	(60,780)
Accretion of redeemable convertible preferred stock to redemption value	(35)	(27)	(148)
Net loss attributable to common stockholders	$(14,128)	$(13,344)	$ (60,928)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (2.12)	$ (1.94)	
Weighted average common shares outstanding, basic and diluted[1]	6,660	6,888	
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[2]		$ (0.35)	
Pro forma weighted average common shares outstanding, basic and diluted (unaudited)[2]		38,558	

	As of December 31,	
	2012	2013
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 23,854	$ 17,505
Working capital(3)	20,787	14,672
Total assets	25,285	19,146
Preferred stock warrant liability	268	254
Long-term debt, including current portion	4,065	2,457
Redeemable convertible preferred stock	65,823	74,344
Total stockholders' deficit	(46,611)	(59,472)

(1) See Note 12 to our financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted net loss per share attributable to common stockholders.

(2) See Note 12 to our financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted pro forma net loss per share attributable to common stockholders.

(3) We define working capital as current assets less current liabilities.

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 the section entitled "Selected Financial Data" and our financial statements and related notes appearing at the end of 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, 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 focused on the development and commercialization of innovative therapies for diseases and conditions of the eye using our proprietary hydrogel platform technology. Our bioresorbable hydrogel based product candidates are designed to provide sustained delivery of therapeutic agents to the eye. Our lead product candidates are the drug eluting punctum plugs OTX-DP and OTX-TP that are inserted into a natural opening called the punctum located in the inner portion of the eyelid near the nose. Our punctum plug product candidates combine our hydrogel technology with U.S. Food and Drug Administration, or FDA, approved therapeutic agents with the goal of providing sustained delivery of drug to the eye. In addition to our ongoing product development, we have recently launched our first commercial product, ReSure Sealant, a hydrogel based ophthalmic wound sealant approved by the FDA in January 2014 to close corneal incisions following cataract surgery. ReSure Sealant is the first and only surgical sealant to be approved by the FDA for ophthalmic use. In the pivotal clinical trials that formed the basis for FDA approval, ReSure Sealant provided superior wound closure and a better safety profile than sutured closure.

Our most advanced product candidate, OTX-DP, incorporates the steroid dexamethasone as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 3 clinical development for the treatment of ocular inflammation and pain following cataract surgery. We expect to report results from our Phase 3 clinical program during the first quarter of 2015 and, if the results are favorable, to submit a new drug application, or NDA, to the FDA for OTX-DP in the second quarter of 2015. We also recently initiated a Phase 2 clinical trial of OTX-DP for the treatment of allergic conjunctivitis. Our second product candidate, OTX-TP, incorporates the prostaglandin analog travoprost as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 2a clinical development for the treatment of glaucoma and ocular hypertension. We plan to initiate a Phase 2b clinical trial of OTX-TP for glaucoma and ocular hypertension in mid-2014. In addition to OTX-DP and OTX-TP, we have a pipeline of earlier stage punctum plug product candidates, including OTX-MP, which has completed a Phase 1 clinical trial for the treatment of bacterial conjunctivitis, as well as a preclinical intravitreal hydrogel based drug delivery depot. Our intravitreal hydrogel depot is designed to release therapeutic agents, such as antibodies to vascular endothelial growth factor, or VEGF, over a sustained period following administration by an intravitreal injection for the treatment of diseases and conditions of the back of the eye, including wet age related macular degeneration, or wet AMD.

We were incorporated and commenced operations in September 2006, and our operations to date have been primarily limited to organizing and staffing our company, acquiring rights to intellectual property, business planning, raising capital, developing our technology, identifying potential product candidates, undertaking preclinical studies and clinical trials, manufacturing initial quantities of our products and product candidates and, beginning in the first quarter of 2014, commercializing ReSure Sealant. From our inception through December 31, 2013, we have financed our operations primarily through private placements of our preferred stock with aggregate proceeds of $74.2 million and borrowings under credit facilities totaling $7.7 million, of which we had repaid $5.4 million through December 31, 2013. In April 2014, we borrowed $15.0 million in aggregate

principal amount under a new credit facility and used $1.9 million of this amount to repay $1.7 million of aggregate principal amount of indebtedness and pay $0.2 million of other amounts due in connection with our termination of a prior credit facility.

We are a development stage company and have generated limited amounts of revenue to date. In the first quarter of 2014, we began recognizing revenue from sales of ReSure Sealant. All of our sustained drug delivery products are in various phases of clinical and preclinical development. We do not expect sales of ReSure Sealant to generate revenue that is sufficient for us to achieve profitability. Instead, our ability to generate product revenue sufficient to achieve profitability will depend heavily on our obtaining marketing approval for and commercializing products with greater market potential, including one or both of OTX-DP and OTX-TP. Since inception, we have incurred significant operating losses. Our net loss was $14.1 million for the year ended December 31, 2012 and $13.3 million for the year ended December 31, 2013. As of December 31, 2013, we had an accumulated deficit of $60.8 million.

Our total operating expenses were $12.9 million for the year ended December 31, 2013. We anticipate that our operating expenses will increase substantially as we pursue the clinical development of our most advanced product candidates, OTX-DP and OTX-TP, continue the research and development of our other product candidates and seek marketing approval for any such product candidate for which we obtain favorable pivotal clinical trial results. We expect to continue to incur additional expenses for product manufacturing, sales, marketing and distribution for ReSure Sealant and any of our product candidates for which we obtain marketing approval. In addition, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company.

We do not expect to generate revenue from sales of any product other than ReSure Sealant for several years, if at all. Accordingly, we may 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 or to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, revenue from sales of ReSure Sealant and $5.0 million of additional borrowing capacity available to us under our credit facility following the closing of this offering, will enable us to fund our operating expenses, debt service obligations and capital expenditure requirements at least through . See “—Liquidity and Capital Resources.”

Financial Operations Overview

Revenue

From our inception through December 31, 2013, we have generated limited amounts of revenue from the sales of our products. Through 2012, we received a small amount of revenue from the commercialization in Europe of a first-generation surgical sealant product. We ceased our commercialization of the product in 2012 to focus on the ongoing clinical development of ReSure Sealant under FDA parameters. Our ReSure Sealant product received premarket approval, or PMA, from the FDA in January 2014. We commenced sales of ReSure Sealant in the first quarter of 2014 and anticipate only limited sales during 2014. ReSure Sealant is currently our only source of revenue from product sales. We may generate revenue in the future if we successfully develop one or more of our product candidates and receive marketing approval for any such product candidate or if we enter into collaboration agreements with third parties.

In September 2013, we entered into a feasibility agreement with a biopharmaceutical company. Under this agreement, the biopharmaceutical company agreed to pay us up to $0.5 million under this feasibility study. In the event that we terminate the agreement in advance of the achievement of certain milestones, we would be required to refund

certain portions of the funding based on the actual milestones achieved as of the date of termination. At the present time, we do not have any intention of terminating the agreement. As of December 31, 2013, none of the milestones had been achieved and all amounts due were reflected as deferred revenue on our balance sheet as of that date.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- employee-related expenses, including salaries, related benefits, travel and stock-based compensation expense for employees engaged in research and development, clinical and regulatory and other related functions;
- expenses incurred in connection with the clinical trials of our product candidates, including with the investigative sites that conduct our clinical trials and under agreements with contract research organizations, or CROs;
- expenses relating to regulatory activities, including filing fees paid to the FDA for our submissions for product approvals;
- expenses associated with developing our pre-commercial manufacturing capabilities and manufacturing clinical study materials;
- ongoing research and development activities relating to our core biosorbable hydrogel technology and improvements to this technology;
- facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and supplies;
- costs relating to the supply and manufacturing of product inventory, prior to approval by the FDA or other regulatory agencies of our products; and
- expenses associated with preclinical development activities.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors and our clinical investigative sites.

Our direct research and development expenses are tracked on a program-by-program basis and consist primarily of external costs, such as fees paid to investigators, consultants, central laboratories and CROs in connection with our clinical trials and regulatory fees. We do not allocate employee and contractor-related costs, costs associated with our platform technology, costs related to manufacturing or purchasing clinical trial materials, and facility expenses, including depreciation or other indirect costs, to specific product development programs because these costs are deployed across multiple product development programs and, as such, are not separately classified. We use internal resources, including clinical monitors and clinical research associates, to manage our clinical trials, monitor patient enrollment and perform data analysis for many of our clinical trials, rather than utilizing third-party CROs. These employees work across multiple development programs and, therefore, we do not track their costs by program.

The table below summarizes our research and development expenses incurred by product development program:

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
	(in thousands)		
ReSure Sealant	$ 2,186	$ 191	$ 2,411
OTX-DP for post-surgical ocular inflammation and pain	98	552	868
OTX-DP for allergic conjunctivitis	30	39	469
OTX-TP for glaucoma	1,479	1,745	3,862
OTX-MP for bacterial conjunctivitis	108	—	336
Unallocated expenses	7,639	7,990	39,217
Total research and development expenses	$ 11,540	$ 10,517	$ 47,163

We expect that our expenses will increase substantially in connection with our ongoing activities. We estimate that, through , we will incur approximately $ million of research and development expenses, including costs related to clinical trials and other research and product development activities. Of this amount, we estimate that we will incur approximately $ million of external research and development expenses related to clinical trial and regulatory costs for our OTX-DP and OTX-TP product candidates and $ million for research and development activities that we do not expect to be able to track by program.

We estimate that we will incur external research and development expenses, as follows:

- approximately $ million to complete our Phase 3 clinical trials for OTX-DP for the treatment of ocular inflammation and pain following cataract surgery and the submission of an NDA to the FDA, assuming favorable clinical results;
- approximately $ million to complete our Phase 2 clinical trials for OTX-DP for the treatment of allergic conjunctivitis; and
- approximately $ million to complete our Phase 2a and Phase 2b clinical trials for OTX-TP for the treatment of glaucoma.

At this time, we cannot reasonably estimate the costs for completing the clinical development of OTX-TP for the treatment of glaucoma and ocular hypertension or the cost associated with the development of any other product candidate.

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

- the scope, progress, outcome and costs of our clinical trials and other research and development activities;
- the efficacy and potential advantages of our product candidates compared to alternative treatments, including any standard of care;
- the market acceptance of our product candidates;
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- significant and changing government regulation; and
- the timing, receipt and terms of any marketing approvals.

Any changes in the outcome of any of these variables with respect to the development of our product candidates in clinical and preclinical development could mean a significant change in the costs and timing associated with the development of these product candidates. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials or other testing beyond those that we currently expect or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development of that product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include facility-related costs and professional fees for legal, patent, consulting and accounting and audit services.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued development and commercialization of our product candidates. We also anticipate to incur increased accounting, audit, legal, regulatory, compliance, director and officer insurance costs as well as investor and public relations expenses associated with being a public company.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of salaries and related costs for personnel in selling and marketing functions as well as advertising and promotion costs. Through December 31, 2013, we incurred selling and marketing expenses in connection with our first-generation surgical sealant product. In addition, we invested in sales and marketing resources in anticipation of an earlier approval of our surgical sealant product in the United States than we ultimately received from the FDA, as a result of a change in designation from a 510(k) to a PMA regulatory path.

We expect that our selling and marketing expenses will increase in the future in connection with the initial commercialization in 2014 of our ReSure Sealant product.

Other Income (Expense), Net

Interest Income. Interest income consists primarily of interest income earned on cash and cash equivalents and in earlier years on investments balances. Our interest income has not been significant due to nominal cash and investment balances and low interest earned on invested balances.

Interest Expense. Interest expense consists of interest expense on our debt. We expect interest expense to increase in the future as a result of our new credit facility, under which we borrowed $15.0 million in aggregate principal amount in April 2014 and could borrow an additional $5.0 million following the closing of this offering, subject to satisfying certain conditions.

Other Income (Expense), Net. Other income (expense), net consists primarily of the gain or loss associated with the change in the fair value of our preferred stock warrant liability. We have issued warrants for the purchase of our redeemable convertible preferred stock that we believe are financial instruments that may require a transfer of assets because of the redemption feature of the underlying stock. Therefore, we have classified these warrants as liabilities that we remeasure to fair value at each reporting period, and we record the changes in the fair value as a component of other income (expense), net. Upon the closing of this offering, the underlying redeemable convertible preferred stock will be converted into common stock, the preferred stock warrants will become exercisable for common stock instead of preferred stock, and the fair value of the warrant liability at that time will be reclassified to additional paid-in capital. In earlier years, we also recorded other income related to the Qualifying Therapeutic Discovery Project reimbursement program of the U.S. government. We do not anticipate recognizing any future income related to this program. Other income (expense), net also consists of small amounts of miscellaneous income and expense items unrelated to our core operations.

Critical Accounting Policies and Significant Judgments and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of our financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs 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 revenue recognition, accrued research and development expenses and stock-based compensation. We base our estimates on 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.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing at the end of this prospectus, we believe the following accounting policies to be most critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue when the following four criteria are met in accordance with Accounting Standards Codification, or ASC, 605, *Revenue Recognition*: persuasive evidence of a sales arrangement exists; delivery of goods has occurred through transfer of title and risk and rewards of ownership; the selling price is fixed or determinable; and collectability is reasonably assured.

We record revenue from product sales net of applicable provisions for returns, chargebacks, discounts, wholesaler management fees, government and commercial rebates, and other applicable allowances in the same period in which the related sales are recorded, based on the underlying contract terms.

We analyze multiple-element arrangements based on the guidance in ASC Topic 605-25, *Revenue Recognition—Multiple-Element Arrangements*, or ASC 605-25. Pursuant to this guidance, we evaluate multiple-element arrangements to determine (1) the deliverables included in the arrangement and (2) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. This evaluation involves subjective determinations and requires us to make judgments about the individual deliverables and whether such deliverables are separable from the other aspects of the contractual relationship. Deliverables are considered separate units of accounting provided that the delivered item has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in our control. In assessing whether an item has standalone value, we consider factors such as the research, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. In addition, we consider whether the collaboration partner can use the other deliverables for their intended purpose without the receipt of the remaining elements, whether the value of the deliverable is dependent on the undelivered item and whether there are other vendors that can provide the undelivered elements.

We allocate arrangement consideration that is fixed or determinable among the separate units of accounting using the relative selling price method. Then, we apply the applicable revenue recognition criteria in ASC 605 to each of the separate units of accounting in determining the appropriate period and pattern of recognition. We determine the selling price of a unit of accounting following the hierarchy of evidence prescribed by ASC 605-25. Accordingly, we determine the estimated selling price for units of accounting within each arrangement using vendor-specific objective evidence, or VSOE, of selling price, if available; third-party evidence, or TPE, of selling price, if VSOE is not available; or best estimate of selling price, or BESP, if neither VSOE nor TPE is available. We typically uses BESP to estimate the selling price as we generally do not have VSOE or TPE of selling price for our units of accounting. Determining the BESP for a unit of accounting requires significant judgment. In developing the BESP for a unit of accounting, we consider applicable market conditions and

relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with our customer and estimated costs. We validate the BESP for units of accounting by evaluating whether changes in the key assumptions used to determine the BESP will have a significant effect on the allocation of arrangement consideration between multiple units of accounting.

We recognize arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 605 are satisfied for that particular unit of accounting. We will recognize as revenue arrangement consideration attributed to licenses that have standalone value relative to the other deliverables to be provided in an arrangement upon delivery. We will recognize as revenue arrangement consideration attributed to licenses that do not have standalone value relative to the other deliverables to be provided in an arrangement over our estimated performance period, as the arrangement would be accounted for as a single unit of accounting.

At the inception of an arrangement that includes milestone payments, we evaluate whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (1) the consideration is commensurate with either our performance to achieve the milestone or the enhancement of the value of the delivered item as a result of a specific outcome resulting from our performance to achieve the milestone, (2) the consideration relates solely to past performance, and (3) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. We evaluate factors such as the scientific, clinical, regulatory, commercial and other risks that must be overcome to achieve the respective milestone and the level of effort and investment required to achieve the respective milestone in making this assessment. There is considerable judgment involved in determining whether a milestone satisfies all of the criteria required to conclude that a milestone is substantive. Accordingly, pursuant to the guidance of ASC Topic 605-28, *Revenue Recognition—Milestone Method*, or ASC 605-28, revenue from milestone payments will be recognized in its entirety upon successful accomplishment of the milestone, assuming all other revenue recognition criteria are met.

Other contingent, event-based payments received for which payment is either contingent solely upon the passage of time or the results of a collaborative partner's performance would not be considered milestones under ASC 605-28. In accordance with ASC 605-25, such payments will be recognized as revenue when all of the four basic revenue recognition criteria are met.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the services when we have not yet been invoiced or otherwise notified of the actual costs. The majority of our service providers invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments. 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. Examples of estimated accrued research and development expenses include fees paid to:

- investigative sites or other providers in connection with clinical trials;
- vendors in connection with preclinical development activities;
- CROs in connection with clinical trials; and
- vendors related to product manufacturing, development and distribution of clinical supplies.

We base our expenses related to clinical trials on our estimates of the services received and efforts expended pursuant to contracts with multiple CROs that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven

payment flows. 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 clinical expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed, enrollment of patients, number of sites activated 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 prepaid 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 may result in us reporting amounts that are too high or too low in any particular period. To date, we have not made any material adjustments to our prior estimates of accrued research and development expenses.

Stock-Based Compensation

We measure all stock options and other stock-based awards granted to employees and directors at the fair value on the date of the grant using the Black-Scholes option-pricing model. We recognize the fair value of the awards as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. We apply the straight-line method of expense recognition to all awards with service-only conditions.

For stock-based awards granted to consultants and nonemployees, we recognize compensation expense over the period during which services are rendered by such consultants and nonemployees until completed. At the end of each financial reporting period prior to completion of the service, we remeasure the fair value of these awards using the then-current fair value of our common stock and updated assumption inputs in the Black-Scholes option-pricing model.

We estimate the fair value of each stock option grant using the Black-Scholes option-pricing model. Use of this model 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 currently a private company and lack company-specific historical and implied volatility information, we estimate our expected volatility based on the historical volatility of a publicly traded group of peer companies. We expect to continue to do so until such time as we have adequate historical data regarding the volatility of our traded stock price. We use the simplified method prescribed by Securities and Exchange Commission Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term of options granted to employees and directors. We base the expected term of options granted to consultants and nonemployees on the contractual term of the options. We determine the risk-free interest rate by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that we have never paid cash dividends and do not expect to pay any cash dividends in the foreseeable future.

The assumptions we used to determine the fair value of stock options granted to employees and directors are as follows, presented on a weighted average basis:

	Year Ended December 31,	
	2012	2013
Risk-free interest rate	1.51%	1.23%
Expected term (in years)	6.25	5.38
Expected volatility	70.0%	74.6%
Expected dividend yield	0%	0%

These assumptions represented our best estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different. We recognize compensation expense for only the portion of awards that are expected to vest. In developing a forfeiture rate estimate for pre-

vesting forfeitures, we have considered our historical experience of actual forfeitures. If our future actual forfeiture rate is materially different from our estimate, our stock-based compensation expense could be significantly different from what we have recorded in the current period.

The following table summarizes the classification of our stock-based compensation expenses recognized in our statements of operations:

	Year Ended December 31,	
	2012	2013
	(in thousands)	
Research and development	$ 67	$ 70
Selling and marketing	28	22
General and administrative	148	384
	$ 243	$ 476

Determination of the Fair Value of Common Stock

We are a privately held company with no active public market of our common stock. Therefore, our board of directors has estimated the fair value of our common stock at various dates, with input from management, considering our most recently available third-party valuations of common stock and its assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. Once a public trading market for our common stock has been established in connection with the closing of this offering, it will no longer be necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and restricted stock.

In the absence of a public trading market for our common stock, our determination of the fair value of our common stock was performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants, *Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation*. We performed these contemporaneous valuations, with the assistance of a third-party specialist, as of December 31, 2012, December 31, 2013 and March 27, 2014, which resulted in valuations of our common stock of $0.94 per share as of December 31, 2012, $1.45 per share as of December 31, 2013 and $3.33 per share as of March 27, 2014. In addition, our board of directors considered various objective and subjective factors to determine its best estimate of the fair value of our common stock as of each grant date, including the following:

- external market conditions affecting the biotechnology industry;
- trends within the biotechnology industry;
- the prices at which we sold shares of preferred stock and the superior rights and preferences of the preferred stock relative to our common stock at the time of each grant;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the progress of our research and development programs, including the status of preclinical and clinical trials for our product candidates;
- our stage of development and commercialization and our business strategy;
- the lack of an active public market for our capital stock;
- 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; and
- the analysis of IPOs and the market performance of similar companies in the biotechnology industry.

There are significant judgments and estimates inherent in these valuations. These judgments and estimates include assumptions regarding our future operating performance, the stage of development of our product candidates, the timing of a potential IPO or other liquidity event, and the determination of the appropriate valuation methodology at each valuation date. If we had made different assumptions, our stock-based compensation expense, net loss attributable to common stockholders, and net loss per share attributable to common stockholders could have been significantly different.

Valuation Methodologies

Our common stock valuation as of December 31, 2012 was prepared utilizing the option-pricing method, or OPM, to determine the estimated fair value of our common stock. Our common stock valuations as of December 31, 2013 and March 27, 2014 were prepared utilizing the probability-weighted expected return method, or PWERM, to determine the estimated fair value of our common stock. The method selected was based on availability and the quality of information to develop the assumptions for the methodology.

OPM. The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the preferred stock liquidation preference at the time of a liquidity event, such as a strategic sale or merger. The common stock is modeled as a call option on the underlying equity value at a predetermined exercise price. In the model, the exercise price is based on a comparison with the total equity value rather than, as in the case of a regular call option, a comparison with a per share stock price. Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock liquidation preference is paid.

The OPM uses the Black-Scholes option-pricing model to price the call options. This model defines the fair values of securities as functions of the current fair value of a company and uses assumptions such as the anticipated timing of a potential liquidity event and the estimated volatility of the equity securities.

We used the OPM backsolve approach to estimate enterprise value under the OPM. The OPM backsolve approach uses the OPM to derive the implied equity value for one type of equity security from a contemporaneous sale transaction involving another type of the company's equity securities. In the OPM, the assumed volatility factor was based on the historical trading volatility of our publicly traded peer companies. At the valuation date, we determined the appropriate volatility to be used, considering such factors as the expected time to a liquidity event and our stage of development.

To derive the fair value of the common stock using the OPM, the proceeds to the common stockholders were calculated based on the preferences and priorities of the preferred and common stock, including the participation features of certain series of the preferred stock. We then applied a discount for lack of marketability to the common stock to account for the lack of access to an active public market. The aggregate value of the common stock derived from the OPM was then divided by the number of shares of common stock outstanding to arrive at the per share value.

PWERM. The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for the company, assuming various outcomes. We considered two scenarios for the valuation of our common stock determined using the PWERM methodology: an IPO scenario and a sale scenario.

For the IPO scenario, the enterprise value of the company was developed through analysis of trading multiples, enterprise values and market capitalizations of comparable public companies as of the valuation date and at their respective IPO dates. The resulting common stock value was divided by the number of outstanding common stock, assuming that all outstanding shares of our redeemable convertible preferred stock had converted into common stock.

For the sale scenario, a two-step approach was applied to determine our enterprise value. First, the enterprise value of the company was determined using an income approach based on our discounted expected cash flows. To derive an equity value, cash was added and debt was deducted. Second, this resulting equity value was allocated among common and preferred stock that comprise our capital structure, taking into account the liquidation preferences of our redeemable convertible preferred stock.

The common stock value was based on the probability-weighted present value of expected future investment returns considering each of the two possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome was discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. We then applied a discount for lack of marketability to the common stock to account for the lack of access to an active public market.

Options and Restricted Stock Granted

The following table sets forth by grant date the number of shares subject to options and restricted stock granted between January 1, 2013 and April 18, 2014, the per share exercise price of the award, the fair value of common stock on each grant date, and the per share estimated fair value of the options and restricted common stock:

Grant Date	Type of Award	Number of Shares	Exercise Price of Award per Share(1)	Fair Value of Common Stock per Share on Grant Date	Per Share Estimated Fair Value of Award(2)(3)
January 31, 2013	Option	544,048	$ 0.94	$ 0.94	$ 0.64
January 31, 2013	Option	240,952	$ 1.03	$ 0.94	$ 0.39
March 19, 2013	Restricted stock	265,000	$ —	$ 0.94	$ 0.94
June 6, 2013	Option	52,940	$ 0.94	$ 0.94	$ 0.65
September 12, 2013	Option	68,500	$ 0.94	$ 0.94	$ 0.65
November 7, 2013	Option	11,500	$ 0.94	$ 1.45(4)	$ 1.09
February 12, 2014	Option	19,375	$ 3.33	$ 3.33	$ 2.27
February 12, 2014	Restricted stock	250,000	$ —	$ 3.33	$ 3.33
February 18, 2014	Option	32,000	$ 3.33	$ 3.33	$ 2.27
March 27, 2014	Option	373,500	$ 3.33	$ 3.33	$ 2.25
March 31, 2014	Option	1,038,000	$ 3.33	$ 3.33	$ 2.26
April 14, 2014	Option	375,000	$ 3.33	$ 3.33	$ 2.25
April 14, 2014	Restricted stock	75,075	$ —	$ 3.33	$ 3.33

(1) The per share exercise price of options represents the fair value of our common stock on the date of grant, as determined by our board of directors after taking into account our most recently available contemporaneous valuation of our common stock as well as additional factors that may have changed since the date of such contemporaneous valuation through the date of grant.

(2) In the case of options, the Per Share Estimated Fair Value of Award reflects the weighted average fair value of options granted on each grant date using the Black-Scholes option-pricing model. In the case of restricted stock, the Per Share Estimated Fair Value of Award reflects, at the date of grant, the intrinsic value of restricted common stock, which is the difference, if any, between the price paid for the award and the fair value of the common stock.

(3) For purposes of recording stock-based compensation for grants of options or restricted stock to nonemployees, we measure the fair value of the award on the service completion date (vesting date). At the end of each reporting period prior to completion of the services, we remeasure the value of any unvested portion of the award based on the then-current fair value of the award and adjust the expense accordingly. Amounts in this column reflect only the grant fair value of awards to nonemployees.

(4) At the time of the option grants on November 7, 2013, our board of directors determined that the fair value of our common stock of $0.94 per share calculated in the contemporaneous valuation as of December 31,

2012 reasonably reflected the per share fair value of our common stock as of the grant date. However, as described below, the fair value of common stock at the date of these grants was adjusted to $1.45 per share in connection with a retrospective fair value assessment for accounting purposes.

In the course of preparing for this offering, in April 2014, we performed a retrospective fair value assessment and concluded that the fair value of our common stock underlying stock options we granted during November 2013, with an exercise price of $0.94 per share, was $1.45 per share for accounting purposes. That value of $1.45 per share, which we applied to determine the fair value of the November 2013 options for accounting purposes, was based upon our board of directors' determination of the fair value of our common stock as of December 31, 2013.

Valuation of Warrants to Purchase Redeemable Convertible Preferred Stock

We classify warrants to purchase shares of our Series A, Series B, Series D and Series D-1 redeemable convertible preferred stock as liabilities on our balance sheets as these warrants are free-standing financial instruments that may require us to transfer assets upon exercise. The warrants were initially recorded at fair value on date of grant, and they are subsequently remeasured to fair value at each balance sheet date. Changes in fair value of the warrants are recognized as a component of other income (expense), net in our statement of operations and comprehensive loss. We will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrants.

We utilize the Black-Scholes option-pricing model, which incorporates assumptions and estimates to value the preferred stock warrants. We assess these assumptions and estimates on a quarterly basis as additional information impacting the assumptions is obtained. Estimates and assumptions impacting the fair value measurement include the fair value per share of the underlying Series A, Series B, Series D and Series D-1 redeemable convertible preferred stock, the remaining contractual term of the warrants, risk-free interest rate, expected dividend yield, and expected volatility of the price of the underlying preferred stock. We determine the fair value per share of the underlying preferred stock by taking into consideration our most recent sales of our redeemable convertible preferred stock as well as additional factors that we deem relevant. We have historically been a private company and lack company-specific historical and implied volatility information of our stock. Therefore, we estimate expected stock volatility based on the historical volatility of publicly traded peer companies for a term equal to the remaining contractual term of the warrants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining contractual term of the warrants. We have estimated a 0% dividend yield based on the expected dividend yield and the fact that we have never paid or declared dividends.

Upon the closing of this offering, the underlying redeemable convertible preferred stock will be converted to common stock, the preferred stock warrants will become exercisable for common stock instead of preferred stock, and the fair value of the warrant liability at that time will be reclassified to additional paid-in capital.

Inventory Valuation

Inventory is valued at the lower of cost or market, determined by the first-in, first-out method. Prior to initial approval by the FDA or other regulatory agencies of our products, we expense costs relating to the production of inventory in the period incurred as research and development expenses. After such time as the product receives approval, we begin to capitalize the inventory costs related to the product.

We review our inventories for potential obsolescence. We had no inventory as of December 31, 2012 or 2013.

Emerging Growth Company Status

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised

accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted.

Results of Operations

Comparison of the Years Ended December 31, 2012 and December 31, 2013

The following table summarizes our results of operations for the years ended December 31, 2012 and 2013:

	Year Ended December 31,		Increase (Decrease)
	2012	2013	
	(in thousands)		
Revenue	$ 10	$ —	$ (10)
Operating expenses:			
Cost of revenue	7	—	(7)
Research and development	11,540	10,517	(1,023)
Selling and marketing	657	625	(32)
General and administrative	1,477	1,761	284
Total operating expenses	13,681	12,903	(778)
Loss from operations	(13,671)	(12,903)	768
Other income (expense):			
Interest income	4	13	9
Interest expense	(377)	(441)	(64)
Other income (expense), net	(49)	14	63
Total other expense, net	(422)	(414)	8
Net loss	$(14,093)	$(13,317)	$ 776

Revenue

We generated a small amount of revenue during the year ended December 31, 2012 from the sale of our first-generation surgical sealant product in Europe. We did not sell any products during and had no revenue for the year ended December 31, 2013.

Research and Development Expenses

	Year Ended December 31,		Increase (Decrease)
	2012	2013	
	(in thousands)		
External clinical and regulatory:			
ReSure Sealant	$ 2,186	$ 191	$ (1,995)
OTX-DP for post-surgical ocular inflammation and pain	98	552	454
OTX-DP for allergic conjunctivitis	30	39	9
OTX-TP for glaucoma	1,479	1,745	266
OTX-MP for bacterial conjunctivitis	108	—	(108)
Internal research and development (unallocated expenses):			
Personnel costs	4,167	4,259	92
All other costs	3,472	3,731	259
Total research and development expenses.	$ 11,540	$ 10,517	$ (1,023)

Research and development expenses were $11.5 million for the year ended December 31, 2012, compared to $10.5 million for the year ended December 31, 2013. The decrease of $1.0 million was primarily due to incurring lower costs associated with clinical trials in 2013 than in 2012. For the year ended December 31, 2012, we incurred $3.0 million in clinical trial expenses, including $2.2 million for the pivotal clinical trials of ReSure Sealant and $0.5 million for clinical trials of OTX-TP for glaucoma and ocular hypertension. In comparison, for the year ended December 31, 2013, we incurred $1.6 million in clinical trial expenses, including $0.7 million for clinical trials of OTX-TP for glaucoma and ocular hypertension and $0.5 million for our Phase 2 clinical trial of OTX-DP for ocular inflammation and pain following cataract surgery. This decrease in clinical trial costs of $1.4 million was partially offset by an increase of $0.4 million in our internal, unallocated expenses for product development, primarily as a result of higher personnel costs of $0.1 million due to new hires and higher product supplies expense of $0.1 million.

Selling and Marketing Expenses

Selling and marketing expenses were $0.7 million for the year ended December 31, 2012, compared to $0.6 million for the year ended December 31, 2013. The decrease of $0.1 million was primarily due to lower market consulting fees for the year ended December 31, 2013.

General and Administrative Expenses

	Year Ended December 31,		Increase (Decrease)
	2012	2013	
	(in thousands)		
Personnel related	$ 1,028	$ 1,069	$ 41
Professional fees	219	327	108
Facility related and other	230	365	135
Total general and administrative expenses	$ 1,477	$ 1,761	$ 284

General and administrative expenses were $1.5 million for the year ended December 31, 2012, compared to $1.8 million for the year ended December 31, 2013. The increase of $0.3 million was primarily due to increased professional fees of $0.1 million, increased facility related and other costs of $0.1 million, and increased personnel related stock-based compensation costs of $0.3 million, partially offset by decreased other personnel related costs of $0.2 million, due to ongoing business activities.

Other Income (Expense), Net

Other expense, net was $0.4 million for both the year ended December 31, 2012 and the year ended December 31, 2013. From 2012 to 2013, there was an increase of $0.1 million in interest expense on our notes payable, offset by a $0.1 million decrease in the fair value of the liability for our preferred stock warrants.

Liquidity and Capital Resources

Since inception, we have incurred significant operating losses. We have generated limited revenue to date and are in the early phases of commercial launch of our first FDA-approved product, ReSure Sealant. We have not yet commercialized any of our sustained drug delivery products, which are in various phases of clinical and preclinical development. We do not expect to generate revenue from sales of any product other than ReSure Sealant for several years, if at all. To date, we have financed our operations primarily through private placements of our preferred stock and venture debt borrowings.

In April 2014, we borrowed $15.0 million in aggregate principal amount under a new credit facility and used $1.9 million of this amount to repay $1.7 million aggregate principal amount of indebtedness and pay $0.2 million of other amounts due in connection with our termination of a prior credit facility. Until December 31, 2014, we can borrow an additional $5.0 million in aggregate principal amount under this credit facility following our closing an

initial public offering with at least $50.0 million in net proceeds to us and our satisfaction of other general borrowing conditions. The outstanding borrowings under this facility bear interest at an annual rate equal to 8.25%. See "—Contractual Obligations and Commitments" for additional information.

Cash Flows

As of December 31, 2013, we had cash and cash equivalents of $17.5 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation.

The following table summarizes our sources and uses of cash for each of the periods presented:

	Year Ended December 31,	
	2012	2013
	(in thousands)	
Cash used in operating activities	$ (12,585)	$ (12,645)
Cash provided by (used in) investing activities	3,814	(387)
Cash provided by financing activities	27,295	6,683
Net increase (decrease) in cash and cash equivalents	$ 18,524	$ (6,349)

Operating activities. Net cash used in operating activities was $12.6 million for the year ended December 31, 2012, primarily resulting from our net loss of $14.1 million, partially offset by non-cash charges of $0.8 million and by cash provided from changes in our operating assets and liabilities of $0.7 million. Our net loss was primarily attributed to research and development activities and our general and administrative expenses, as we had minimal revenue in the period. Our net non-cash charges during the year ended December 31, 2012 primarily consisted of depreciation of $0.4 million and stock-based compensation expense of $0.2 million. Net cash provided by changes in our operating assets and liabilities during the year ended December 31, 2012 consisted primarily of a $0.6 million increase in accrued expenses, which were primarily due to an increase of $0.3 million in employee compensation accruals and a $0.3 million accrued refund, which was repaid in 2013.

Net cash used in operating activities was $12.6 million for the year ended December 31, 2013, primarily resulting from our net loss of $13.3 million and cash used by changes in our operating assets and liabilities of $0.2 million, partially offset by non-cash charges of $0.9 million. Our net loss was primarily attributed to research and development activities and our general and administrative expenses, as we had no revenue in the period. Our net non-cash charges during the year ended December 31, 2013 primarily consisted of depreciation of $0.4 million and stock-based compensation expense of $0.5 million. Net cash used for changes in our operating assets and liabilities during the year ended December 31, 2013 consisted primarily of a $0.2 million decrease in accrued expenses, which was primarily due to the payment in 2013 of an accrued refund and a $0.2 million decrease in accounts payable, which was due to the timing of vendor invoicing and payments, both partially offset by a decrease in prepaid expenses and other current assets of $0.1 million. The $0.3 million increases recorded in both accounts receivable and deferred revenue during the year ended December 31, 2013 had no impact on our cash position as they were recorded in connection with the same transaction.

Investing activities. Net cash provided by investing activities for the year ended December 31, 2012, totaling $3.8 million, consisted primarily of proceeds of $4.0 million from sales or maturities of our investments, partially offset by purchases of property and equipment of $0.2 million. Net cash used by investing activities for the year ended December 31, 2013 consisted of cash used to purchase property and equipment of $0.5 million. Purchases of property and equipment consist primarily of laboratory equipment, inclusive of building a clean-room, which we commenced in 2013.

Financing activities. Net cash provided by financing activities for the year ended December 31, 2012 was $27.3 million and consisted primarily of net proceeds of $23.8 million from the issuance of our Series D redeemable convertible preferred stock and $4.4 million of proceeds from debt financing, partially offset by

repayments of $0.9 million on our related outstanding notes payable. Net cash provided by financing activities for the year ended December 31, 2013 was $6.7 million and consisted primarily of proceeds of $8.5 million from the issuance of our Series D-1 redeemable convertible preferred stock, partially offset by repayments of $1.8 million on our outstanding notes payable.

Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance the clinical trials of our products in development and increase our sales and marketing resources focused on the launch of the ReSure Sealant, our first FDA-approved product. In addition, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company.

Our expenses will also increase as we:

- pursue the clinical development of our most advanced product candidates, the punctum plug candidates OTX-DP and OTX-TP;
- continue the research and development of our other product candidates;
- seek to identify and develop additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical development;
- develop and expand our sales, marketing and distribution capabilities for ReSure Sealant and any of our product candidates for which we obtain marketing approval;
- scale up our manufacturing processes and capabilities to support sales of ReSure Sealant, our ongoing clinical trials of our product candidates and commercialization of any of our product candidates for which we obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- expand our operational, financial and management systems and personnel, including personnel to support our clinical development, manufacturing and commercialization efforts and our operations as a public company; and
- increase our product liability and clinical trial insurance coverage as we expand our clinical trials and commercialization efforts.

As of December 31, 2013, we had cash and cash equivalents of $17.5 million. We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, revenue from sales of ReSure Sealant and $5.0 million of additional borrowing capacity available to us under our credit facility, will enable us to fund our operating expenses, debt service obligations and capital expenditure requirements at least through . We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

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

- the level of product sales from ReSure Sealant and any additional products for which we obtain marketing approval in the future;
- the costs of manufacturing, sales, marketing, distribution and other commercialization efforts with respect to ReSure Sealant and any additional products for which we obtain marketing approval in the future;
- the progress, costs and outcome of the clinical trials of our punctum plug product candidates, in particular OTX-DP and OTX-TP;

- the scope, progress, costs and outcome of preclinical development and clinical trials of our other product candidates;
- the costs, timing and outcome of regulatory review of our product candidates by the FDA, the EMA or other regulatory authorities;
- the extent to which we choose to establish collaboration, distribution or other marketing arrangements for our products and product candidates;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the extent to which we acquire or invest in other businesses, products and technologies.

Until such time, if ever, as we can generate product revenues sufficient to achieve profitability, we expect to finance our cash needs through a combination of revenue from sales of ReSure Sealant, equity offerings, debt financings, government or other third-party funding, collaborations, strategic alliances, licensing arrangements and marketing and distribution arrangements. We do not have any committed external source of funds other than remaining borrowing ability under our credit facility of $5.0 million following the closing of this offering. Our ability to borrow under our credit facility will be subject to our satisfaction of specified conditions. 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. The covenants under our existing credit facility, the pledge of our assets as collateral and the negative pledge of intellectual property limit our ability to obtain additional debt financing. If we raise additional funds through government or other third-party funding, collaborations, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs 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.

Since our inception in 2006, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred in each year or our earned research and development tax credits, due to our uncertainty of realizing a benefit from those items. As of December 31, 2013, we had federal net operating loss carryforwards of $23.7 million, which begin to expire in 2026, and state net operating loss carryforwards of $22.0 million, which began to expire in 2014. As of December 31, 2013, we also had federal research and development tax credit carryforwards of $1.4 million and state research and development tax credit carryforwards $1.0 million, which begin to expire in 2026 and 2023, respectively. We have not completed a study to assess whether an ownership change, generally defined as a greater than 50% change (by value) in the equity ownership of our corporate entity over a three-year period, has occurred or whether there have been multiple ownership changes since our inception, due to the significant costs and complexities associated with such studies. Accordingly, our ability to utilize our tax carryforwards may be limited. Additionally, U.S. tax laws limit the time during which these carryforwards may be utilized against future taxes. As a result, we may not be able to take full advantage of these carryforwards for federal and state tax purposes.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at December 31, 2013 and the effects of such obligations are expected to have on our liquidity and cash flow in future periods:

	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
			(in thousands)		
Operating lease commitments(1)	$ 725	$ 480	$245	$ —	$ —
Debt obligations(2)	2,621	1,935	686	—	—
Total	$3,346	$ 2,415	$931	$ —	$ —

(1) We lease office, laboratory and manufacturing space in Bedford, Massachusetts and certain office equipment under operating leases that expire at various dates between November 2014 and June 2015.

(2) Amounts include payments for interest on our debt obligations. As of December 31, 2013, we had $2.3 million in aggregate principal amount outstanding under a credit facility with Silicon Valley Bank. This credit facility carried a fixed annual interest rate of 8% on outstanding borrowings. In April 2014, we repaid all outstanding principal and accrued interest and terminated this facility.

In April 2014, we entered into a secured credit facility with Silicon Valley Bank and MidCap Financial SBIC, LP. The credit facility provides for borrowings of up to $20.0 million, of which we borrowed $15.0 million on the initial closing of the credit facility and up to an additional $5.0 million of which we can borrow until December 31, 2014, contingent upon our closing an initial public offering with at least $50.0 million in net proceeds to us and our satisfaction of other general borrowing conditions. The credit facility is secured by substantially all of our assets except for our intellectual property, which is subject to a negative pledge. The credit facility carries a fixed annual interest rate of 8.25% on outstanding borrowings. In addition, upon repayment of all outstanding amounts under the credit facility, we are required to make a payment in an amount equal to 3.75% of total borrowings during the term of the credit facility. In April 2014, we issued the lenders warrants to purchase 100,000 shares of our Series D-1 redeemable convertible preferred stock with an exercise price of $3.00 per share. We will be required to issue an additional warrant or warrants to purchase shares of our common stock in connection with any additional borrowings we make under the credit facility following the closing of this offering. The value of such warrants will equal 2% of the amount of any additional borrowings. The credit facility provides for monthly, interest-only payments on outstanding borrowings until March 1, 2015. Thereafter, we are required to pay 36 consecutive, equal monthly installments of principal and interest. If we close an initial public offering with at least $50.0 million in net proceeds on or before December 31, 2014, the term of the monthly, interest-only payments will be extended until October 1, 2015. There are no financial covenants associated with the credit facility. There are negative covenants restricting our activities, including limitations on dispositions, mergers or acquisitions; incurring indebtedness or liens; paying dividends; and making investments and certain other business transactions. The obligations under the credit facility are subject to acceleration upon the occurrence of specified events of default, including a material adverse change in our business, operations or financial or other condition.

In April 2014, we entered into an amendment to our lease of office, laboratory and manufacturing space in Bedford, Massachusetts. The lease amendment provides for approximately 12,000 additional square feet of space effective as of July 2014, with a term expiring in June 2017. The lease amendment also extends the term of the original lease with respect to approximately 20,000 square feet until June 2018. The aggregate annual base rent due under the amended lease is $0.6 million during the year ending December 31, 2014, $1.6 million during the years ending December 31, 2015 and 2016 and $0.9 million during the years ending December 31, 2017 and 2018.

We enter into contracts in the normal course of business with CROs to assist in the performance of our research and development activities and other services and products for operating purposes. These contracts

generally provide for termination on notice, and therefore are cancelable contracts and not included in the table of contractual obligations and commitments.

We have in-licensed a significant portion of our intellectual property from Incept, LLC, or Incept, an intellectual property holding company, under an amended and restated license agreement that we entered into with Incept in January 2012. We are obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by us or our affiliates of any products covered by the licensed technology. Any sublicensee of ours also will be obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by it and will be bound by the terms of the agreement to the same extent as we are. We are obligated to reimburse Incept for our share of the reasonable fees and costs incurred by Incept in connection with the prosecution of the patent applications licensed to us under the agreement. Our share of these fees and costs is equal to the total amount of such fees and costs divided by the total number of Incept's exclusive licensees of the patent application. We have not included in the table above any payments to Incept under this license agreement as the amount, timing and likelihood of such payment are not known. This license agreement is described in more detail under "Business—Licenses".

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 in the rules and regulations of the Securities and Exchange Commission, such relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

Recently Issued and Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board issued changes to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. These changes require an entity to present an unrecognized tax benefit as a liability in the financial statements if (1) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (2) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset to settle any additional income taxes that would result from the disallowance of a tax position. Otherwise, an unrecognized tax benefit is required to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. These changes became effective for us as of January 1, 2014. We believe that the adoption of this guidance will not have a significant impact on the presentations of our financial statements.

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to market risk related to changes in interest rates. As of December 31, 2013, we had cash and cash equivalents of $17.5 million, primarily in money market mutual funds consisting of U.S. government-backed securities. 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. 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.

BUSINESS

Overview of Ocular Therapeutix

We are a biopharmaceutical company focused on the development and commercialization of innovative therapies for diseases and conditions of the eye using our proprietary hydrogel platform technology. Our bioresorbable hydrogel based product candidates are designed to provide sustained delivery of therapeutic agents to the eye. The product candidates in our development pipeline have the potential to overcome many of the significant limitations of existing eye drop based therapies for ophthalmic diseases and conditions by replacing the current standard of care regimen of weeks or months of eye drop dosing with as little as a single product application. Our lead product candidates are OTX-DP and OTX-TP. OTX-DP is in Phase 3 clinical development for post-surgical ocular inflammation and pain. OTX-TP is in Phase 2 clinical development for glaucoma and ocular hypertension. These product candidates combine our hydrogel technology with U.S. Food and Drug Administration, or FDA, approved therapeutic agents with the goal of providing sustained delivery of drug to the eye. By focusing on the development of products based on previously approved therapeutic agents, we believe that we can advance our product candidates efficiently and predictably through the development cycle based on well-defined clinical and regulatory approval pathways. In addition to our ongoing product development, we have recently launched our first commercial product, ReSure Sealant, a hydrogel based ophthalmic wound sealant approved by the FDA in January 2014 to close corneal incisions following cataract surgery. Our marketed product and product candidates target large and growing markets. Transparency Market Research, a provider of business information reports and services, estimates that the annual worldwide market for ophthalmic medications was $16 billion as of 2012 and is expected to increase to $21.6 billion by 2018.

Poor patient compliance with eye drop regimens and the need for frequent administration of eye drops can create challenges in the successful management of ocular diseases and conditions. For example, poor patient compliance can lead to diminished efficacy and disease progression. We are developing therapies to replace standard of care eye drop regimens with our innovative drug eluting punctum plugs. Our plugs are sustained release drug delivery depots that are inserted into a natural opening called the punctum located in the inner portion of the eyelid near the nose. The plugs are designed to release a therapeutic agent to the surface of the eye over an extended period. Our goal for our punctum plug product candidates is to change the management of many front of the eye diseases and conditions from frequent, pulsed eye drop therapy, characterized by significant variations in drug concentration over time, to longer term, sustained delivery of therapeutic agents to improve patient outcomes.

Our most advanced product candidate, OTX-DP, incorporates the steroid dexamethasone as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 3 clinical development for the treatment of ocular inflammation and pain following cataract surgery. We expect to report results from our Phase 3 clinical program during the first quarter of 2015 and, if the results are favorable, to submit a new drug application, or NDA, to the FDA for OTX-DP in the second quarter of 2015. We also recently initiated a Phase 2 clinical trial of OTX-DP for the treatment of allergic conjunctivitis. Our second product candidate, OTX-TP, incorporates the prostaglandin analog travoprost as an active pharmaceutical ingredient in a hydrogel based drug eluting punctum plug and is in Phase 2a clinical development for the treatment of glaucoma and ocular hypertension. We plan to initiate a Phase 2b clinical trial of OTX-TP for glaucoma and ocular hypertension in mid-2014. In addition to OTX-DP and OTX-TP, we have a pipeline of earlier stage punctum plug product candidates, including OTX-MP, which has completed a Phase 1 clinical trial for the treatment of bacterial conjunctivitis, as well as a preclinical intravitreal hydrogel based drug delivery depot. Our intravitreal hydrogel depot is designed to release therapeutic agents, such as antibodies to vascular endothelial growth factor, or VEGF, over a sustained period following administration by an intravitreal injection for the treatment of diseases and conditions of the back of the eye, including wet age related macular degeneration, or wet AMD.

We recently received FDA approval for ReSure Sealant and in February 2014 commercially launched this product in the United States through a network of ophthalmology focused distributors. ReSure Sealant is approved to close corneal incisions following cataract surgery and is the first and only surgical sealant to be

approved by the FDA for ophthalmic use. In the pivotal clinical trials that formed the basis for FDA approval, ReSure Sealant provided superior wound closure and a better safety profile than sutured closure. Cataract surgery is the most commonly performed surgical procedure in the United States. According to Market Scope, a publisher of research and analysis on the ophthalmic market, approximately 3.65 million cataract extractions are expected to be performed in the United States in 2014. We plan to use revenue from sales of ReSure Sealant to contribute to the funding of our product development pipeline and commercialization efforts.

Our marketed and pipeline products are based on a proprietary bioresorbable hydrogel technology platform that uses polyethylene glycol, or PEG, as a key component. Bioresorbable materials gradually break down in the body into non-toxic, water soluble compounds that are cleared by normal biological processes. PEG is used in many pharmaceutical products and is widely considered to be safe and biocompatible. Our technology platform allows us to tailor the physical properties, drug release profiles and bioresorption rates of our hydrogels to meet specific applications. We have used this platform to engineer each of our punctum plug product candidates, ReSure Sealant and our intravitreal hydrogel depot. Our technical capabilities include a deep understanding of the polymer chemistry of PEG based hydrogels and the design of the specialized manufacturing processes required to achieve a reliable, preservative free and pure product.

Our founders and management team have significant experience in developing and commercializing medical products for other companies using bioresorbable hydrogel technology, including FDA approved and currently marketed medical products such as DuraSeal Dural Sealant® (marketed by Integra Lifesciences, Inc.), a sealant for cranial and spine surgery, and Mynx® (marketed by AccessClosure, Inc.), a sealant for femoral artery punctures after angiography and angioplasty. Amar Sawhney, our president and chief executive officer, was the technology founder of AccessClosure Inc., which had annual sales of more than $80 million in 2013 and was acquired by Cardinal Health, Inc. in April 2014.

The following table summarizes important information about our marketed product, ReSure Sealant, and our key product development programs. We hold worldwide commercial rights to ReSure Sealant and each of our product candidates.

Product / Program	Indication	Description (Active Pharmaceutical Ingredient)	Pre-clinical	Phase 1	Phase 2	Phase 3	Regulatory Approval
Approved Product							
ReSure Sealant	Cataract incision closure	Ocular sealant	→	→	→	→	FDA Approved / Launched in U.S.
Late Stage Product Candidates							
OTX – DP	Post-surgical ocular inflammation and pain	Punctum Plug (Dexamethasone)	→	→	→		
OTX – TP	Glaucoma	Punctum Plug (Travoprost)	→	→	→		
Earlier Stage Product Candidates							
OTX – DP	Allergic conjunctivitis	Punctum Plug (Dexamethasone)	→	→	→		
OTX – MP	Bacterial conjunctivitis	Punctum Plug (Moxifloxacin)	→	→			
Intravitreal Hydrogel Depot	Wet AMD	Anti-VEGF hydrogel depot (Anti-VEGF compounds)	→				

Our Strategy

Our goal is to change the management of many ophthalmic diseases and conditions from frequent, pulsed therapy, characterized by significant variations in drug concentration over time, to longer term, sustained delivery of therapeutic agents to improve patient outcomes. The key elements of our strategy to achieve this goal are to:

- *Create proprietary solutions for ophthalmic diseases and conditions based on our bioresorbable hydrogel technology platform combined with FDA approved therapeutic agents*. We are directing all of our development efforts towards applying our proprietary PEG based bioresorbable hydrogel technology platform to product candidates that are designed to provide sustained delivery of therapeutic agents to the eye using active pharmaceutical ingredients that are currently used in ophthalmic drugs approved by the FDA. Our technology uses a proprietary composition of PEG to make bioresorbable hydrogels that we specifically engineer for our marketed product and each of our product candidates. By focusing on the development of products based on FDA approved therapeutic agents, we believe that we can advance potential products efficiently and predictably through the development cycle based on well-defined clinical and regulatory approval pathways.
- *Improve patient compliance and management of front of the eye diseases and conditions by replacing standard of care eye drop therapies with our sustained release product candidates*. We are designing and developing innovative product candidates to address large markets that are currently served by a variety of competing products, all of which we believe have limitations. We are directing a significant portion of our efforts at applying our technology to address many of the limitations of eye drops, while still delivering the drugs through tear fluid. Our technology platform enables sustained drug delivery to the eye, which we believe can lead to increased compliance, enhanced efficacy and reduced side effects for our product candidates as compared to existing therapies. We are designing our sustained delivery product candidates so that following a single administration of one of these product candidates in a healthcare professional's office, a patient can receive continuous exposure to a therapeutic agent over a period of weeks or months depending on the disease or condition.
- *Rapidly complete clinical development of and seek marketing approval for our most advanced punctum plug product candidates for diseases and conditions of the front of the eye*. We are particularly focusing on completing the development of OTX-DP for post-surgical inflammation and pain and allergic conjunctivitis and OTX-TP for glaucoma. We believe that the well-defined clinical and regulatory approval pathways for these product candidates, and the availability of large patient populations, will enable us to complete clinical development in a capital and time efficient manner. We have initiated a pivotal Phase 3 clinical program for OTX-DP that will consist of two Phase 3 clinical trials for ocular inflammation and pain following cataract surgery. We expect to report results from these trials during the first quarter of 2015 and, if the results are favorable, to submit an NDA for OTX-DP in the second quarter of 2015. We also recently initiated a Phase 2 clinical trial of OTX-DP for allergic conjunctivitis. We completed enrollment of a Phase 2a clinical trial of OTX-TP for glaucoma and ocular hypertension in 2013 and expect to report results from this trial in the second quarter of 2014. We plan to initiate a Phase 2b clinical trial of OTX-TP for glaucoma and ocular hypertension in mid-2014.
- *Apply our sustained release punctum plug technology for treatment of additional diseases and conditions of the front of the eye*. We are exploring the potential use of our hydrogel punctum plugs in other front of the eye diseases and conditions, such as bacterial conjunctivitis and dry eye disease, incorporating active pharmaceutical ingredients that are approved by the FDA for administration using eye drops. Subject to further advancing our OTX-DP and OTX-TP clinical trials, we plan to allocate clinical development resources to later stage clinical testing of our OTX-MP punctum plug candidate, which incorporates the antibiotic moxifloxacin as an active pharmaceutical ingredient, for bacterial conjunctivitis. In addition, we are exploring whether FDA approved therapeutic agents that are not well suited to delivery by eye drops can be delivered by our hydrogel punctum plugs.
- *Maximize commercial potential of ReSure Sealant and any other products for which we receive marketing approval*. We hold worldwide commercial rights to ReSure Sealant and each of our product

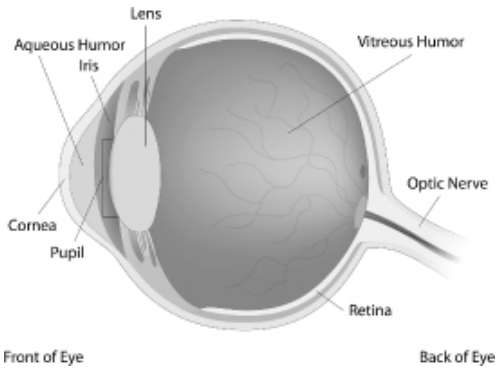
candidates. We have initiated commercialization of ReSure Sealant through a network of independent medical device distributors across the United States. These distributors are primarily exclusive to ophthalmology and focus on selling surgical products to cataract and cornea surgeons. We plan to use revenue from sales of ReSure Sealant to contribute to the funding of our product development pipeline and commercialization efforts. If we receive approval to market any of our product candidates in the United States, we plan to then evaluate the regulatory approval requirements and commercial potential for any such product candidate in Europe, Japan and other selected geographies. We generally expect to retain commercial rights in the United States for any sustained delivery products for diseases and conditions of the front of the eye for which we may receive marketing approval and which we believe we can successfully commercialize. Outside the United States, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize any product of ours that receives marketing approval.

- *Pursue development of our intravitreal hydrogel depot and other technologies for back of the eye diseases and conditions*. We are developing a hydrogel based drug delivery depot designed to release anti-VEGF compounds over a sustained period following administration by an intravitreal injection to address the large and growing markets for diseases and conditions of the back of the eye, including wet AMD. Our goal for this intravitreal hydrogel depot is to provide sustained release of the anti-VEGF compound over a four to six month period, thereby reducing the frequency of the current monthly or bi-monthly intravitreal injection regimen. We believe that less frequent injections will be more convenient for patients and may reduce the risk of infection and other potential side effects associated with each injection. In 2013, sales of the most commonly prescribed anti-VEGF drugs approved for the treatment of wet AMD totaled approximately $3.2 billion in the United States. We are working with several pharmaceutical companies with anti-VEGF compounds to explore the feasibility of delivering their compounds using our intravitreal hydrogel depot. We have established in preclinical tests the compatibility of our technology with these compounds. If we successfully complete the preclinical feasibility programs, we plan to explore broader collaborations for the development and potential commercialization of our intravitreal hydrogel depot technology for the treatment of back of the eye diseases and conditions.

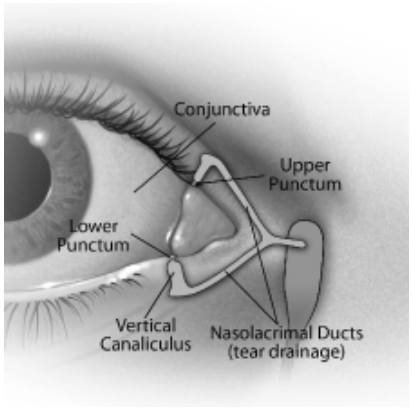
Eye Disease

The front of the human eye possesses focusing elements, consisting of the cornea on the surface of the eye, the lens and the aqueous humor, which is a transparent gelatinous fluid that fills the anterior and posterior chambers between the lens and the cornea. The tissue surrounding the eye also serves important functions. There is a natural opening, called a punctum, located in the inner portion of each eyelid near the nose. The puncta open into nasolacrimal ducts, which collect and drain tears. The conjunctiva is the membrane covering the inside of the eyelids and the white part of the eye. It helps to protect the eye from microbes and to lubricate the eye. The back of the eye contains the retina, which is the light sensing layer of tissue, the vitreous humor, which is a transparent gel that fills the vitreous chamber between the lens and the retina, and the optic nerve, which transmits visual information from the retina to the brain. Eye disease can be caused by many factors and can affect both the front and back of the eye. Diseases and conditions affecting the front of the eye are generally treated either with surgery or with medications delivered to the ocular surface by eye drops. Intravitreal injections are typically used to deliver medications to the back of the eye.

Cross Section of Eye



Tear Drainage System



Front of the Eye Diseases and Conditions

Ocular Inflammation and Pain

Ocular inflammation and pain are common conditions caused by a variety of factors, including ophthalmic surgery, allergic conjunctivitis and dry eye disease.

Post-surgical Ocular Inflammation and Pain

Ocular inflammation and pain are common side effects following ophthalmic surgery. Frequently performed ophthalmic surgeries include cataract, vitreoretinal, cornea and glaucoma procedures. Physicians prescribe anti-inflammatory drugs, such as corticosteroids, which are typically administered through eye drops multiple times per day, following ocular surgery as the standard of care. These drugs improve patient comfort and also accelerate recovery through disruption of the inflammatory cascade resulting in decreased inflammation and reduced activity of the immune system. Physicians also frequently prescribe non-steroidal anti-inflammatory drugs, or NSAIDS, as adjunctive or combination therapy to supplement the use of corticosteroids. If left untreated, inflammation of the eye may result in further ocular complications, including pain, scarring and vision loss. Market Scope estimates that approximately 5 million ocular surgeries will be performed in the United States in 2014.

Allergic Conjunctivitis

Allergic conjunctivitis is an inflammatory disease of the conjunctiva resulting primarily from a reaction to allergy-causing substances such as pollen or pet dander. The primary sign of this inflammation is redness and the primary symptom is acute itching. Allergic conjunctivitis ranges in clinical severity from relatively mild, common forms to more severe forms that can cause impaired vision. According to a study on the management of seasonal allergic conjunctivitis published in 2012 in the peer-reviewed journal *Acta Ophthalmologica*, allergic conjunctivitis affects 15% to 40% of the U.S. population. The first line of defense against allergic conjunctivitis is avoidance of the allergen. If this is not successful, physicians typically prescribe a mast cell stabilizer or antihistamine. These treatments act to reduce the signs and symptoms of the early phase allergic reaction. For the subset of patients with chronic or more severe forms of allergic conjunctivitis, antihistamines and mast cell stabilizers are often not sufficient to treat their signs and symptoms. These refractory patients are frequently treated with topical corticosteroids administered by eye drops.

Dry Eye Disease

Dry eye disease affects the ocular surface and is characterized by dryness, inflammation, pain, discomfort and irritation. The current standard of care for moderate to severe dry eye disease is the use of artificial tears and topical anti-inflammatory and immune modulating drugs administered by eye drops. The anti-inflammatory and immune modulating prescription drug market for the treatment of moderate to severe dry eye disease consists of Restasis, marketed by Allergan, and off-label use of corticosteroids and NSAIDs. Restasis is an ophthalmic formulation of the immune modulating drug cyclosporine. Based on our review of industry sources, we estimate that approximately 20 million people in the United States have dry eye disease, including approximately five million people who suffer from moderate to severe dry eye disease.

Market Data

According to IMS Health data, approximately 19 million prescriptions were filled in the United States in 2013 for anti-inflammatory drugs administered by eye drops for ocular diseases and conditions, resulting in sales of approximately $2.2 billion. This consisted of approximately 8.1 million prescriptions and $466 million in sales for single-agent corticosteroids, 3.6 million prescriptions and $303 million in sales for NSAIDs, 4.3 million prescriptions and $354 million in sales for corticosteroid and antibiotic combination products and approximately 3.0 million prescriptions and $1 billion in sales for dry eye disease. According to IMS Health data, approximately 6.7 million anti-allergy eye drop prescriptions were filled in the United States in 2013, resulting in sales of approximately $792 million. The steroid market for eye drops to treat ocular diseases and conditions consists of both branded and generic products. Branded steroids include Lotemax and Alrex (loteprednol etabonate) marketed by Bausch & Lomb and Durezol (difluprednate) marketed by Alcon. Commonly used generic steroids include prednisolone, dexamethasone and fluorometholone.

Glaucoma

Glaucoma is a progressive and highly individualized disease in which elevated levels of intraocular pressure are associated with damage to the optic nerve, which results in irreversible vision loss. Ocular hypertension is characterized by elevated levels of intraocular pressure without any optic nerve damage. Patients with ocular hypertension are at high risk of developing glaucoma.

In a healthy eye, fluid is continuously produced and drained to maintain pressure equilibrium and provide nutrients to the ocular tissue. Excess fluid production or insufficient drainage of fluid in the front of the eye or a combination of these problems causes increased intraocular pressure. The increased intraocular pressure associated with uncontrolled glaucoma results in degeneration of the optic nerve in the back of the eye. Once glaucoma develops, it is a chronic condition that requires life-long treatment. According to the Glaucoma Research Foundation, approximately 2.2 million people in the United States suffer from glaucoma. Open-angle glaucoma, in which the space between the iris and the cornea through which fluid drains is relatively wide, is the

most common form of glaucoma. According to the Glaucoma Research Foundation, open-angle glaucoma accounts for at least 90% of all glaucoma cases.

In order to lower intraocular pressure, physicians typically prescribe drugs administered as eye drops. These drugs either decrease fluid production or enhance fluid drainage. The classes of topical drugs used to treat glaucoma include prostaglandin analogues, or PGAs, beta-blockers, alpha-adrenergic agonists and carbonic anhydrase inhibitors. PGAs are the most widely prescribed class of drugs for glaucoma and are considered first-line glaucoma treatment. PGAs reduce intraocular pressure by enhancing the clearance and drainage of ocular fluid. The most frequently prescribed PGA is once-daily latanoprost, although travoprost, unoprostone and bimatoprost are also frequently used in the management of open-angle glaucoma. In cases where glaucoma is not easily managed by a drug regimen, surgical or laser treatments may be undertaken.

Market Data

According to IMS Health data, approximately 31 million prescriptions were filled in the United States in 2013 for drugs administered by eye drops for the treatment of glaucoma, resulting in sales of approximately $2.1 billion. A typical prescription provides one month of treatment. We expect prescription volume to grow, in large part as a result of the aging population. According to IMS Health, PGAs account for approximately half of the prescription volume in the glaucoma market. The market for drugs administered by eye drops for the treatment of glaucoma consists of both branded and generic products. Branded products have maintained premium pricing and significant market share. These products include Travatan Z (travoprost) marketed by Alcon and Lumigan (bimatoprost) marketed by Allergan. We expect that the relevant patents covering travoprost will expire in December 2014. Commonly used generic drugs include latanoprost and timolol.

Bacterial Infection

Bacterial conjunctivitis is one of the most common forms of ocular infection. It is an inflammatory disease of the eye caused by infection with bacteria such as *Haemophilus influenzae*, *Streptococcus pneumoniae* or *Staphylococcus aureus*. While bacterial conjunctivitis typically resolves on its own over time, it is often treated with antibiotics which can speed recovery, reduce relapse and potentially prevent important sight-threatening complications.

Ophthalmic bacterial infections are treated with a range of antibiotics, both branded and generic. One such example is moxifloxacin, a fourth generation fluoroquinolone marketed by Alcon under the brand names Vigamox and Moxeza. Fourth generation fluoroquinolones are favored because they offer the highest lethality against gram-positive organisms while maintaining the gram-negative lethality of previous generation antibiotics. In addition, the increased lipophilicity, or solubility in fatty tissue, of moxifloxacin allows for improved performance in ophthalmic tissue penetration studies compared to other fluoroquinolones. The relevant patents covering moxifloxacin expired in March 2014.

Market Data

According to IMS Health data, approximately 17 million prescriptions were filled in the United States in 2013 for ophthalmic antibiotics administered by eye drops, resulting in sales of approximately $670 million.

The Use of Eye Drops and their Limitations

Eye drops are widely used to deliver medications directly to the ocular surface and to intraocular tissue in the front of the eye. Eye drops are administrable by the patient, inexpensive to produce and treat the local tissue. However, eye drops have significant limitations, especially when used for chronic diseases or when requiring frequent administration, including:

- *Lack of patient compliance*. Eye drops require frequent administration. For example, steroids for ophthalmic use require administration as frequently as four to six times daily. As a result, patient

compliance with required dosing regimens frequently suffers. Several published third party studies indicate that nearly 50% of glaucoma patients discontinue therapy and do not refill prescriptions as required. Poor patient compliance can lead to diminished efficacy and disease progression.

- *Difficulty in administration*. Eye drops are difficult to administer for many patients, in particular the elderly. Difficulty in self-administering eye drops may lead to bacterial contamination in the bottle resulting from incorrect usage, limited accuracy administering the drops directly into the eye and the potential washout of drops from the eye. We believe that this also may play a large role in lack of patient compliance and resulting diminished efficacy of treatment.
- *Need for high concentrations*. After eye drops are administered to the ocular surface, the tear film rapidly renews. Most topically applied solutions are washed away by new tear fluid within 15 to 30 seconds. Because contact time with the ocular surface is short, less than 5% of the applied dose actually penetrates to reach intraocular tissues. As a result, eye drops generally require frequent administration at high drug concentrations to deliver a meaningful amount of drug to the eye. This pulsed therapy results in significant variations in drug concentrations over a treatment period, which we refer to as peak and valley dosing. At peak levels, the high concentrations can result in side effects, such as burning, stinging, redness of the clear membrane covering the white part of the eye, referred to as hyperemia, and spikes in intraocular pressure. At low concentration levels, the drug may not be effective, thus allowing the disease to progress.
- *Side effects of preservatives*. To guard against contamination, many eye drops are formulated with antimicrobial preservatives, most commonly benzalkonium chloride, or BAK. Patients on long term or chronic therapy, such as glaucoma patients, often suffer reactions, which have been linked to BAK, including burning, stinging, hyperemia, irritation and eye dryness. Less frequently, conjunctivitis or corneal damage may result.

As a result of these limitations, eye drops are often suboptimal as a therapeutic option for the treatment of many diseases and conditions of the front of the eye.

Ocular Wound Closure

According to the World Health Organization, cataracts are the leading cause of visual impairment eventually progressing to blindness. According to the American Academy of Ophthalmology Cataract and Anterior Segment Panel's 2011 Preferred Practice Pattern Guidelines, cataract extraction is the most commonly performed eye surgery in the United States. Market Scope estimates that in 2014 there will be approximately 3.65 million cataract extractions performed in the United States.

A cataract is a clouding of the lens inside the front of the eye. During cataract surgery, a patient's cloudy natural lens is removed and replaced with a prosthetic intraocular lens. Clear corneal incisions that allow entry to the eye are the preferred method for performing cataract surgery. The most common post-surgical approach is to allow the incisions to self-seal, or close, through normal biological processes. However, self-sealing incisions can open spontaneously, especially within 12 to 24 hours following surgery, when intraocular pressure fluctuates or as a result of the application of external pressure or manipulation. In addition, incisions that are left to self-seal are often associated with fluid leakage, which can sometimes result in complications. Complications from fluid leakage include the development of hypotony, or low intraocular pressure, which can lead to corneal decompensation and vision loss, as well as the potential for infection. The implanted intraocular lens also may shift in position due to hypotony, leading to poor visual outcomes following surgery.

Sutures are the most widely used alternative method of wound closure. However, sutures do not completely prevent fluid leakage, are time-consuming to place and have been associated with patient discomfort and corneal distortion. Additional visits may be required to remove sutures, thus adding time, inconvenience and expense to the surgical process. Sutures may also lead to astigmatism, a distortion of the cornea that can result from improper suture technique. These shortcomings limit the use of sutures in ophthalmic surgery. In a 2012 survey

of ophthalmologists in the United States conducted by Lachman Consulting LLC, a healthcare consulting firm, respondents indicated that they use sutures in approximately 14% of cataract surgeries.

Back of the Eye Diseases and Conditions

There are a range of back of the eye diseases and conditions that can significantly affect vision. One of the principal back of the eye conditions is wet AMD, a serious disease of the central portion of the retina, known as the macula, that is responsible for detailed central vision and color perception. Wet AMD is characterized by abnormal new blood vessel formation, referred to as neovascularization, which results in blood vessel leakage and retinal distortion. If untreated, neovascularization in wet AMD patients typically results in formation of a scar under the macular region of the retina. The current standard of care for wet AMD are drugs that target VEGF, one of several proteins involved in neovascularization.

Wet AMD is the leading cause of blindness in people over the age of 55 in the United States and the European Union. According to a study on the burden of AMD published in 2006 in the peer-reviewed journal *Current Opinion in Ophthalmology*, approximately 1.2 million 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. The incidence of 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 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 marketed in the United States by Genentech and Eylea marketed in the United States by Regeneron, and off-label use of the cancer therapy Avastin. In 2013, sales of Lucentis and Eylea totaled approximately $3.2 billion in the United States.

Because eye drops are unable to carry effective drug concentrations to the back of the eye, intravitreal injections are typically used to deliver medications to this location. However, the frequency of intravitreal injections can be a significant burden on patients and clinicians. For example, the current treatment protocol for wet AMD involves monthly or bi-monthly injections. Intravitreal injections can lead to patient discomfort, a transient increase in intraocular pressure and ocular inflammation and infection. Although serious adverse event rates after treatment with anti-VEGF compounds are low, intravitreal injections can result in severe complications and damage to the retina and other structures of the eye, such as ocular hemorrhage and tears in the retinal pigment epithelium.

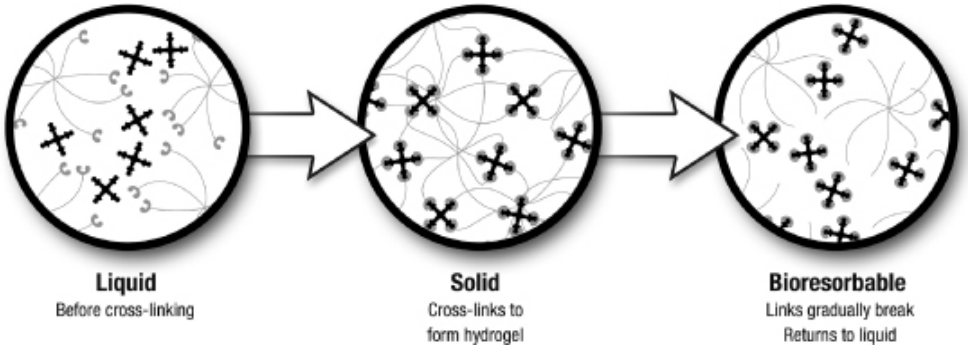
The Ocular Therapeutix Approach

Our Hydrogel Technology Platform

We apply our expertise with an established bioresorbable hydrogel technology to the development of products for sustained delivery of known, FDA approved therapeutic agents for a variety of ophthalmic diseases and conditions and to ophthalmic wound closure. Our founders and management team have previously used this same hydrogel technology to develop FDA approved and currently marketed medical products for other companies such as DuraSeal Dural Sealant® (marketed by Integra Lifesciences, Inc.), a sealant for cranial and spine surgery, and Mynx® (marketed by Access Closure, Inc.), a sealant for femoral artery punctures after angiography and angioplasty.

Our bioresorbable hydrogel technology is based on the use of a proprietary form of PEG. Our technical capabilities include a deep understanding of the polymer chemistry of PEG based hydrogels and the design of the highly specialized manufacturing processes required to achieve a reliable, preservative free and pure product. We tailor the hydrogel to act as a vehicle for sustained drug delivery to the eye and as an ocular tissue sealant. We have used bioresorbable hydrogels to engineer each of our punctum plug product candidates, ReSure Sealant and our intravitreal hydrogel depot.

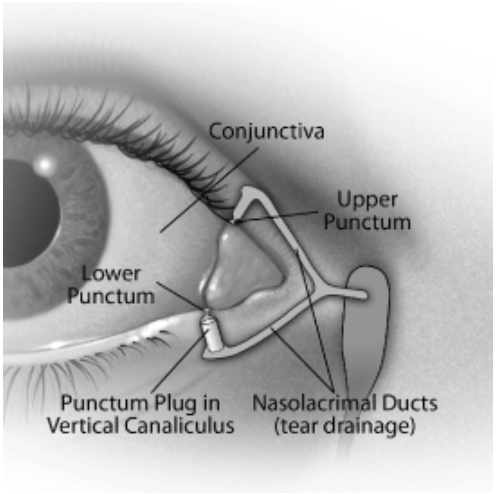
We create our hydrogels by cross-linking PEG molecules to form a network that resembles a three-dimensional mesh on a molecular level. Our PEG molecules are branched, with four to eight branches or arms. Each arm bears a reactive site on its end. Our cross-linking chemistry uses a second molecule with four arms, bearing complimentary reactive sites on each end, such that when combined with the PEG molecules, a network spontaneously forms. When swollen with water, this molecular network forms a hydrogel. We design these hydrogels to slowly degrade in the presence of water, a process called hydrolysis, by inserting a biodegradable linkage between the PEG molecule and the cross-linked molecule. By appropriately selecting the number of arms of the PEG molecule and the biodegradable linkage, we can design hydrogels with varying mechanical properties and bioresorption rates. Because the body has an abundance of water at a constant temperature and pH level, hydrolysis provides a predictable and reproducible degradation rate. Our technology enables us to make hydrogels that can bioresorb over days, weeks or several months. The figure below depicts the formation and bioresorption of the hydrogel for ReSure Sealant.



Punctum Plug Based Drug Delivery for Front of the Eye Diseases and Conditions

A punctum is a natural opening located in the inner portion of the eyelid near the nose. There is a punctum in each of the lower eyelid and the upper eyelid. The puncta open into nasolacrimal ducts, which collect and drain tears produced by the eyes' lacrimal glands. Tears produced in the lacrimal glands sweep across the eye surface and drain through the puncta to the nasal cavity. The section of the nasolacrimal duct immediately beyond the puncta is called the vertical canaliculus. Punctum plugs that do not contain an active drug are commonly used for treatment of dry eye disease by physically blocking tear drainage. Because punctum plugs stay in contact with the tear film, they are well suited for sustained delivery of drug to the eye.

Punctum plug shown positioned in the vertical canaliculus

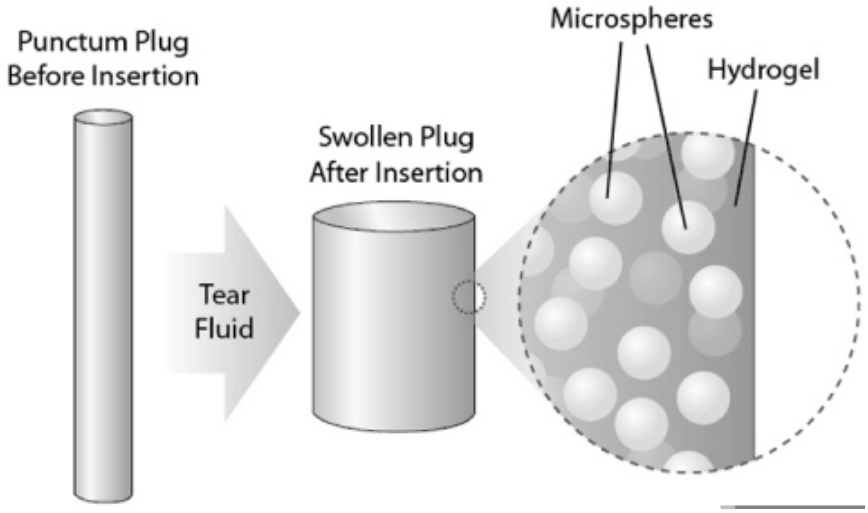


Our punctum plugs utilize our proprietary hydrogel technology and are embedded with an active drug. Following insertion through the punctum, our plugs swell in tear fluid to fill the vertical canaliculus, which secures the plugs in place. We design our plugs to release drug in a sustained fashion back through the punctum to the surface of the eye. Over time the plugs liquefy and are cleared through the nasolacrimal duct. If necessary due to excessive tearing, discomfort or improper placement, a healthcare professional can easily remove a punctum plug by a simple process of pushing the soft plug back through the punctum.

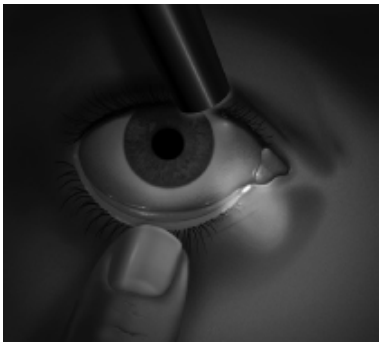
Our plugs allow incorporation of a variety of drugs with a controllable range of delivery durations and delivery rates. For acute conditions, such as post-surgical ocular inflammation and pain and allergic conjunctivitis, we have designed our punctum plugs to provide a sustained release of therapeutic levels of drug for the duration of treatment. For chronic diseases, such as glaucoma, we have designed our punctum plugs for repeat administration with extended dosing periods. We are concentrating our development efforts on plugs incorporating active pharmaceutical ingredients that are approved by the FDA for the targeted indication and that satisfy other specific selection criteria that we have developed.

We manufacture our punctum plugs from dried PEG based hydrogel formed into tiny rods that hold an active pharmaceutical ingredient in a preservative free formulation. We embed the active pharmaceutical ingredient in the pre-hydrogel liquid formulation, which then solidifies to form a hydrogel containing the drug within. The relative size of one of our punctum plugs is shown in the figure below.

We provide the punctum plug as a thin dry rod to facilitate insertion through the narrow punctal opening. Upon hydration with tear fluid, the plug swells, softens, and conforms to roughly the size and shape of the vertical canaliculus, to secure it in place. We incorporate the active pharmaceutical ingredient in the form of micronized particles embedded directly in the hydrogel or as bioresorbable microspheres.



We have included a fluorescent label in our punctum plug hydrogel to serve as a visualization aid for the healthcare professional and patient to confirm the plug's presence. The viewer applies a blue hand held light and a clear yellow filter aid to see the plug in the eyelid as shown in the figure below.



Because punctum plugs stay in contact with the tear film, other companies have pursued the development of punctum plugs containing active drugs for sustained release to the ocular surface. However, these earlier plug designs had significant limitations with respect to drug capacity, drug release kinetics and patient comfort. The earlier plug designs used non-degradable plugs with a clear silicone rubber shell containing only a core with active drug. These plugs typically extended outside of the punctal opening and secured themselves in place with an external cap. The external cap was in constant contact with the surface of the eye, causing irritation and discomfort in some cases. In addition, some prior designs resorted to plugging both the upper and lower puncta, which could cause excessive tearing and patient discomfort.

In contrast to these prior approaches, we have designed our punctum plugs to:

- incorporate the active pharmaceutical ingredient throughout the plug rather than just in a core to allow for higher drug capacity and better control over drug release;

- be bioresorbable so that removal is not required;
- be soft and to fit beneath the punctal opening for patient comfort; and
- include a fluorescent label to allow the healthcare professional and patient to visualize and assess the presence of the plug.

We select the active pharmaceutical ingredients for our punctum plug product candidates based on criteria we have developed through our extensive experience with hydrogel depot systems. Our active pharmaceutical ingredient selection criteria include:

- prior approval by the FDA for the targeted ophthalmic indication;
- expiration of relevant patent protection prior to or within our anticipated development timeline;
- high potency to minimize required drug load in the plug;
- availability from a qualified supplier; and
- compatibility with our drug delivery system.

Anticipated Benefits of Our Punctum Plugs Compared to Eye Drops

We believe our punctum plug product candidates may offer a range of favorable attributes as compared to eye drops, including:

- *Improved patient compliance*. Our punctum plugs are inserted by a healthcare professional and are designed to provide sustained release of drug to the ocular surface. Because patients are not responsible for self-administration of the drug and the punctum plugs dissipate over time and do not require removal, we believe our punctum plugs address the problem of patient compliance.
- *Ease of administration.* We have designed our punctum plugs to provide the entire course of medication with a single administration by a healthcare professional for acute conditions or for several months for chronic conditions. We believe this avoids the need for frequent administration and the potential complications that could result if doses are missed.
- *Sustained delivery of drug*. We have designed our punctum plugs to deliver drug in a sustained fashion to the surface of the eye in order to avoid the peak and valley dosing and related side effects and spikes in intraocular pressure associated with eye drops. We also believe sustained dosing may improve the therapeutic profile of the active pharmaceutical ingredient because it eliminates periods of little or no drug presence between eye drop administrations. Further, we are designing our product candidates so that their drug release profiles can be tailored to match the treatment needs of the disease. For example, steroids for ophthalmic purposes generally require administration over four weeks, with tapered dosing over this period. In contrast, prostaglandin analogs require administration in a steady fashion over the duration of treatment.
- *Avoidance of preservative side effects*. Our punctum plugs do not involve the use of preservatives, such as BAK, which has been linked to side effects including burning, stinging, hyperemia, irritation, eye dryness and, less frequently, conjunctivitis or corneal damage.

ReSure Sealant for Ocular Wound Closure

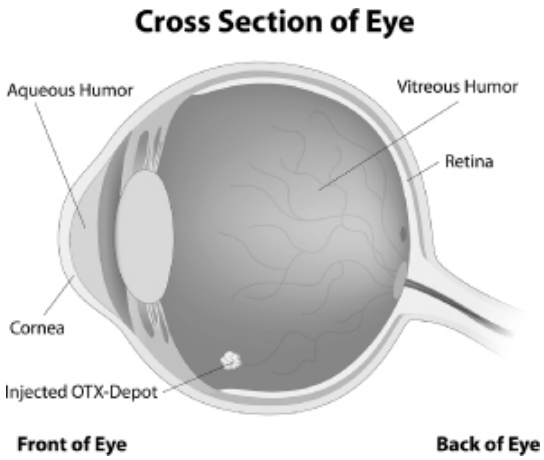
ReSure Sealant is our bioresorbable hydrogel product for wound closure following cataract surgery. This product received marketing approval from the FDA in January 2014. We began the commercial launch of ReSure Sealant in February 2014 on a region-by-region basis in the United States through a network of independent distributors. A surgeon applies ReSure Sealant as a liquid painted onto the corneal incision. Within about 15 seconds, the sealant cross-links and transforms into a smooth, lubricious hydrogel that seals the wound. ReSure

Sealant dissipates as healing progresses and does not require removal. In the pivotal clinical trials that formed the basis for FDA approval, ReSure Sealant provided superior wound closure and a better safety profile than sutured closure.

Intravitreal Hydrogel Depot Injection for Back of the Eye Diseases and Conditions

We are engaged in preclinical development of an intravitreal hydrogel depot to address the large and growing markets for diseases and conditions of the back of the eye. Our initial development efforts are focused on the use of our intravitreal hydrogel depot in combination with anti-VEGF compounds for the treatment of back of the eye diseases and conditions such as wet AMD. Our initial goal for this intravitreal hydrogel depot is to provide sustained release of an anti-VEGF compound over a four to six month period, thereby reducing the frequency of the current monthly or bi-monthly intravitreal injection regimen for wet AMD. We believe less frequent injections will be more convenient for patients and clinicians and may reduce the risk of infection and other potential side effects associated with each injection.

Our intravitreal hydrogel depot consists of a PEG based hydrogel suspension, which contains embedded micronized protein particles of an anti-VEGF compound. We designed the intravitreal hydrogel depot to be injected and retained in the vitreous humor, as depicted in the figure below, to provide sustained intravitreal delivery of anti-VEGF compounds.



We have designed our intravitreal hydrogel depot for delivery using ordinary syringes and fine gauge needles compatible with the current standard of care. Once in the vitreous humor, the hydrogel is designed to retain the anti-VEGF compound until it is released. We have designed the hydrogel to liquefy, dissolve and be cleared from the eye through hydrolysis over time. We design our hydrogels to control the hydrogel biodegradation rate and, as a result, the timing of anti-VEGF compound release.

Marketed Product and Development Pipeline

The following table summarizes important information about our marketed product, ReSure Sealant, and our key product development programs. We hold worldwide commercial rights to ReSure Sealant and each of our product candidates.

Product / Program	Indication	Description (Active Pharmaceutical Ingredient)	Stage of Development	Status
Approved Product				
ReSure Sealant	Cataract incision closure	Ocular sealant	Marketed	Approved by the FDA in January 2014; commercially launched in the United States in February 2014
Late Stage Product Candidates				
OTX-DP	Post-surgical ocular inflammation and pain	Punctum plug (Dexamethasone)	Phase 3	First of two Phase 3 trials initiated in February 2014; second Phase 3 trial expected to begin in second quarter of 2014; results from both trials expected in first quarter of 2015
OTX-TP	Glaucoma	Punctum plug (Travoprost)	Phase 2a	Phase 2a initiated in 2013; results expected in second quarter of 2014; Phase 2b trial expected to begin in mid-2014
Earlier Stage Product Candidates				
OTX-DP	Allergic conjunctivitis	Punctum plug (Dexamethasone)	Phase 2	Phase 2 trial initiated in March 2014; results expected in fourth quarter of 2014
OTX-MP	Bacterial conjunctivitis	Punctum plug (Moxifloxacin)	Phase 1 completed	Phase 2 planning underway
Anti-VEGF hydrogel depot	Wet AMD	Injectable hydrogel depot (Anti-VEGF compounds)	Preclinical	Initial feasibility studies expected to be completed by end of 2014

Dexamethasone Punctum Plug (OTX-DP)

Our OTX-DP product candidate incorporates the corticosteroid dexamethasone as an active pharmaceutical ingredient in our proprietary punctum plug. We are developing OTX-DP for the treatment of both post-surgical ocular inflammation and pain as well as allergic conjunctivitis. We have designed OTX-DP to provide a sustained release of dexamethasone over a period of approximately 30 days. We initiated the first of two Phase 3 clinical trials for OTX-DP for the treatment of post-surgical ocular inflammation and pain in February 2014, plan to initiate the second Phase 3 clinical trial in the second quarter of 2014 and expect to report results from both clinical trials in the first quarter of 2015.

We selected dexamethasone as the active pharmaceutical ingredient for OTX-DP because it:

- is approved by the FDA and has a long history of ophthalmic use;
- is available on a generic basis;

- is highly potent and is typically prescribed for prevention of ocular inflammation and pain following ocular surgery;
- is available from multiple qualified suppliers; and
- has physical properties that are well suited for incorporation within our hydrogel punctum plugs.

Embedded within our OTX-DP punctum plug are dexamethasone drug particles that gradually erode and release the drug in a sustained fashion until the drug is depleted. As the dexamethasone drug particles erode and the hydrogel degrades by hydrolysis, the punctum plug softens, liquefies and is cleared through the nasolacrimal duct. We provide OTX-DP in a sterile, single use package without any added preservatives.

The standard regimen for dexamethasone eye drops following cataract surgery is administration four to six times daily, with a gradual tapering in the number of eye drops over a four week period. Such a regimen is often confusing to patients as they must remember to taper the number of times per day they administer the steroid, while also taking multiple drops of other drugs, such as antibiotics and NSAIDs. We believe that sustained delivery of drug to the eye may result in better control of ocular inflammation and pain as compared to eye drops and that a low dose amount may provide enhanced safety by eliminating spikes in intraocular pressure associated with high dose steroid eye drops.

Although dexamethasone is clinically effective in the treatment of late-phase inflammatory allergic reactions, the safety limitations associated with eye drop administration, including the potential to generate spikes in intraocular pressure due to the high levels of drug, have limited its widespread adoption as a treatment for this condition. These spikes in intraocular pressure can lead to drug-induced glaucoma. Further, use of oral anti-histamine medications as well as anti-histamine eye drops for allergic conjunctivitis may dry out the eye and exacerbate the discomfort to some patients. We believe, based on our clinical trial results to date, that periodic use of the OTX-DP for allergic conjunctivitis will create a low, tapered, consistent dose of dexamethasone, potentially minimizing or eliminating side effects associated with the eye drop formulation, while retaining the drug's anti-inflammatory effects.

Overview of OTX-DP Clinical Development

We are conducting clinical development of OTX-DP for the treatment of both post-surgical ocular inflammation and pain as well as allergic conjunctivitis. Because OTX-DP incorporates an active pharmaceutical ingredient already approved by the FDA for the treatment of ocular inflammation and pain, we did not need to conduct Phase 1 clinical trials for this product candidate. The following summarizes our clinical development to date for OTX-DP.

- We have completed a Phase 2 clinical trial evaluating the safety and efficacy of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery. This completed trial provided important information regarding efficacy endpoints that informed the design of our pivotal Phase 3 clinical program for this indication.
- In February 2014, we commenced the first of two pivotal Phase 3 clinical trials of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery. We are evaluating the same efficacy parameters at time points at which we observed favorable results in our completed Phase 2 clinical trial. Pivotal clinical trials for other FDA approved ophthalmic drugs also have used these efficacy parameters and time points. We plan to initiate the second Phase 3 clinical trial in the second quarter of 2014.
- In March 2014, we initiated a Phase 2 clinical trial to evaluate the safety and efficacy of OTX-DP for the treatment of allergic conjunctivitis. We anticipate that this trial will provide important information to inform the design of later stage trials.

Clinical Trials for Post-surgical Inflammation and Pain

Completed Phase 2 Clinical Trial

In 2013, we completed a prospective, randomized parallel-arm, vehicle controlled, multicenter, double-masked Phase 2 clinical trial evaluating the safety and efficacy of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery. We conducted this trial in 60 patients at four sites in the United States pursuant to an effective investigational new drug application, or IND. We randomized patients in a 1:1 ratio to receive either OTX-DP or a placebo vehicle control punctum plug without active drug. We evaluated patients in this trial at days 1, 4, 8, 11, 14 and 30 following surgery.

The primary efficacy measures in this trial were absence of inflammatory cells in the anterior chamber of the study eye and absence of pain in the study eye. When viewed with a slit lamp biomicroscope, these inflammatory cells, referred to as cells in a slit lamp examination, appear like dust specks floating in a projected light beam. The presence of these cells in the anterior chamber indicates inflammation. In this trial, absence of pain was based on a patient reported score of zero on a scale from zero to ten of ocular pain assessment. The primary efficacy endpoints were differences in the proportion of patients in each treatment group with:

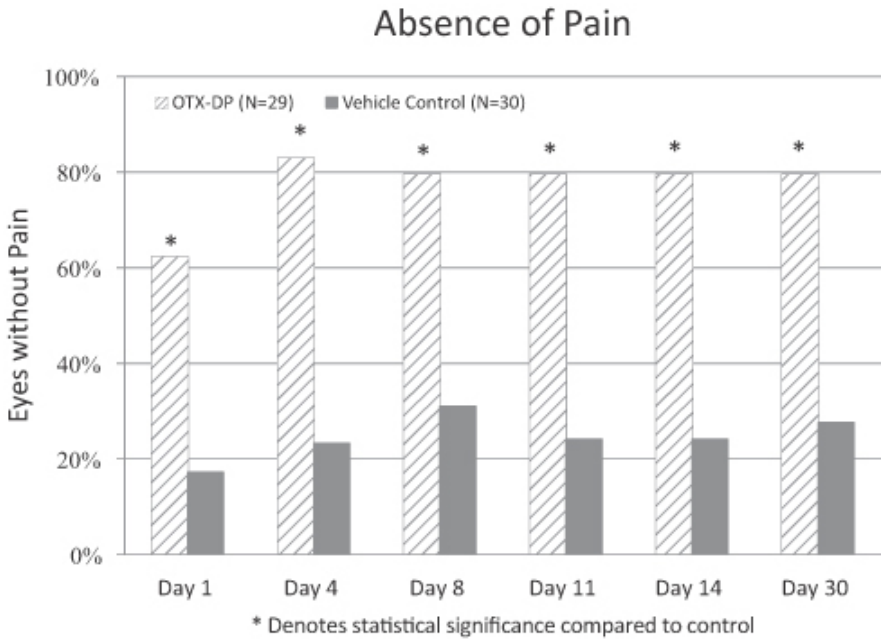
- absence of cells in the anterior chamber of the study eye at day 8 following surgery; and
- absence of pain in the study eye at day 8 following surgery.

One of our goals for this trial was to determine appropriate primary endpoints for a subsequent Phase 3 clinical development.

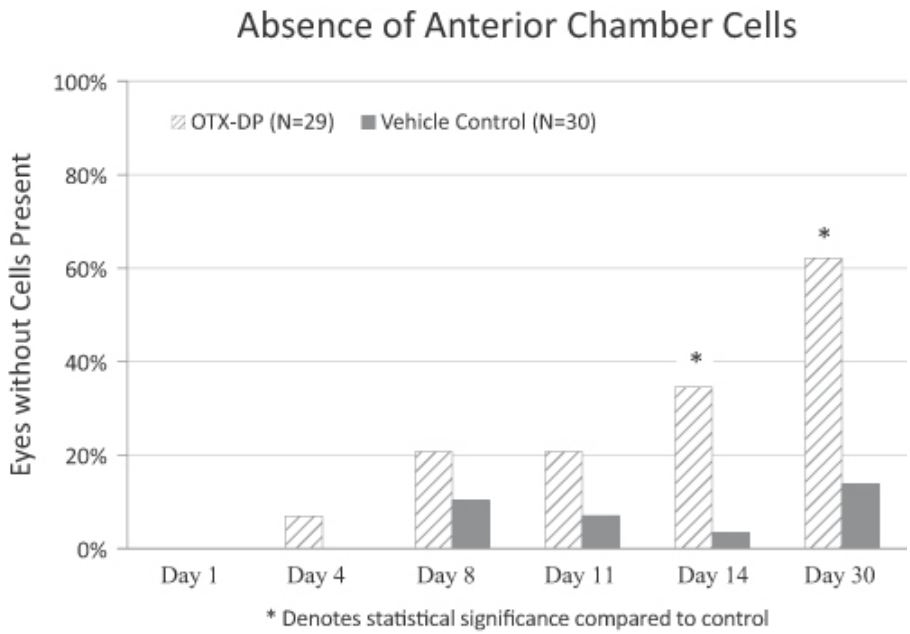
We evaluated as secondary measures the absence of flare in the anterior chamber of the study eye at each evaluation date and absence of inflammatory cells in the anterior chamber of the study eye and absence of pain in the study eye at each evaluation date other than day 8. Flare is a scattering of light in the aqueous humor when viewed during a slit lamp biomicroscopic examination. Flare occurs when the protein content of the aqueous humor increases due to intraocular inflammation.

We enrolled patients in this trial who were at least 21 years of age undergoing unilateral clear corneal cataract surgery. We excluded patients from the trial if, among other reasons, they had intraocular inflammation or ocular pain in the study eye at screening or had glaucoma or ocular hypertension.

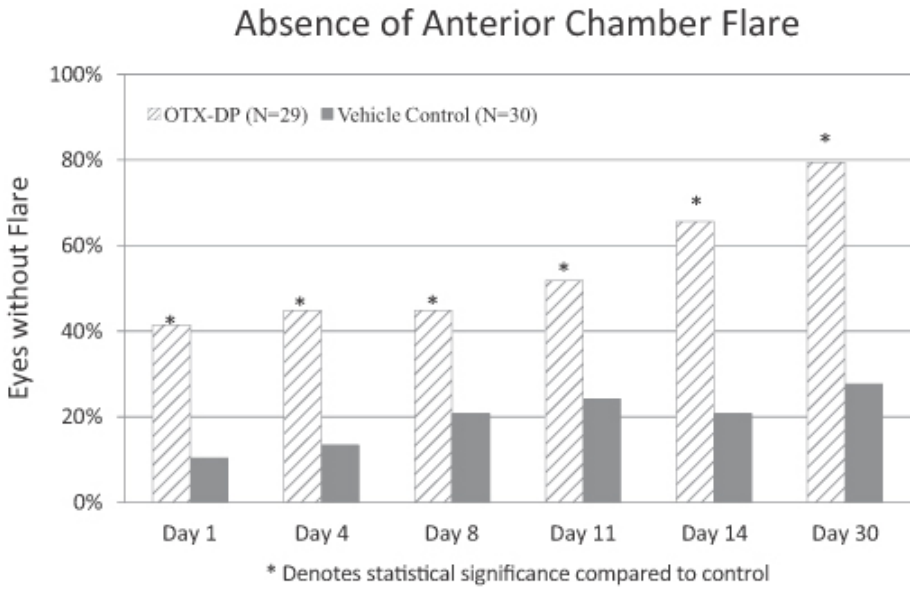
Efficacy: In this trial, OTX-DP met the primary efficacy endpoint with statistical significance for absence of pain compared to the vehicle control at day 8 ($p<0.0001$). We determined statistical significance based on a widely used, conventional statistical method that establishes the p-value of clinical results. Typically, a p-value of 0.05 or less represents statistical significance. The differences between OTX-DP and the vehicle control for absence of pain also were statistically significant at each other evaluation date ($p<0.0002$). These results are shown in the figure below.



In this trial, OTX-DP did not meet the primary efficacy endpoint with statistical significance for absence of cells in the anterior chamber compared to the vehicle control at day 8. However, there was a trend of improved absence of anterior chamber cells at each evaluation date, with statistical significance at day 14 ($p<0.0027$) and day 30 ($p< 0.0002$). These results are shown in the figure below. The primary efficacy endpoint for inflammation in our Phase 3 clinical trials will measure the absence of anterior chamber cells at day 14. Pivotal clinical trials for other ophthalmic steroid drugs approved by the FDA for marketing in the United States also have evaluated this endpoint at day 14.



OTX-DP met the secondary efficacy endpoint with statistical significance for absence of flare compared to vehicle control at each evaluation date. These results are shown in the figure below.



Safety: In this trial, there were three severe adverse events, none of which was considered related to the study treatment. In addition, there were a variety of adverse events in both the OTX-DP group and the vehicle control group, with the adverse events in the vehicle control group outnumbering the adverse events in the OTX-DP group. In the OTX-DP group, the only adverse event that occurred more than once was reduced visual acuity, which occurred twice. The most common adverse events in the vehicle control group were reduced visual acuity, conjunctival hyperemia and corneal edema. Overall, 19 adverse events were noted in the OTX-DP group and 30 adverse events were noted in the vehicle control group. All adverse events were transient in nature and completely resolved by the end of the trial.

Ongoing Pivotal Phase 3 Clinical Program

We have initiated a pivotal clinical trial program that will consist of two prospective, randomized parallel-arm, vehicle controlled, multicenter, double-masked Phase 3 clinical trials evaluating the safety and efficacy of OTX-DP for the treatment of ocular inflammation and pain following cataract surgery. We initiated the first of these Phase 3 trials in February 2014. We plan to initiate the second trial in the second quarter of 2014. We expect to report results from both these trials during the first quarter of 2015.

We plan to conduct these trials in an aggregate of approximately 480 patients, or 240 patients in each trial, at approximately 34 sites in the United States. As of April 10, 2014, we have enrolled approximately 45 patients in the first trial. We will randomize patients in a 2:1 ratio to receive either OTX-DP or a placebo vehicle control punctum plug without active drug. We will evaluate patients at days 2, 4, 8, 14, 30 and 60 following surgery.

The primary efficacy measures in these trials are the same as those from our completed Phase 2 clinical trial. The primary efficacy endpoints for these trials are differences in the proportion of patients in each treatment group with:

- absence of cells in the anterior chamber of the study eye at day 14 following surgery; and
- absence of pain in the study eye at day 8 following surgery.

We believe that the FDA will require that we demonstrate a statistically significant difference between treatment groups for each of these two primary efficacy endpoints to receive marketing approval for OTX-DP for the treatment of post-surgical ocular inflammation and pain.

We will evaluate as secondary efficacy measures the absence of flare in the anterior chamber of the study eye at each evaluation date and absence of inflammatory cells in the anterior chamber of the study eye and absence of pain in the study eye at each evaluation date other than the day used for the primary efficacy measure. The secondary endpoints are intended to be exploratory assessments that can be used to support the results from the primary endpoints. If we obtain favorable results from any secondary endpoints showing effectiveness of OTX-DP at earlier time points for absence of cells or absence of pain, we will consider seeking to expand the planned labeling for OTX-DP as part of our NDA submission or following any marketing approval that we may receive.

We plan to enroll patients in these two trials who are at least 18 years of age undergoing unilateral clear corneal cataract surgery. We plan to exclude patients from these trials if, among other reasons, they have intraocular inflammation or ocular pain in the study eye at screening or have glaucoma or ocular hypertension.

We plan to evaluate safety in all patients at each study visit with an assessment of general eye conditions, including visual acuity and intraocular pressure, along with any adverse events.

Regulatory Pathway

We expect to report results from our pivotal Phase 3 OTX-DP clinical program for ocular inflammation and pain following cataract surgery during the first quarter of 2015 and, if the results are favorable, to submit an NDA to the FDA for OTX-DP in the second quarter of 2015. We expect that we would submit this NDA under

Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or FDCA. See "—Government Regulation—Section 505(b)(2) NDAs" for additional information. Although we are conducting our Phase 3 trials of OTX-DP in patients who have undergone cataract surgery, these trials are intended to support a label for all post-surgical ocular inflammation and pain.

Clinical Trial for Allergic Conjunctivitis

Ongoing Phase 2 Clinical Trial

In March 2014, we initiated a prospective, randomized parallel-arm, vehicle controlled, single center, double-masked Phase 2 clinical trial evaluating the safety and efficacy of OTX-DP for the treatment of allergic conjunctivitis. We are conducting this trial using a controlled exposure model commonly used to assess anti-allergy medications known as the Conjunctival Allergen Challenge model, or CAC. The CAC achieves a very high transient dose exposure by placing allergen directly into the space between the eyelid and the surface of the eye of the patient. We initially expose patients to specified allergens to determine which allergens result in an allergic response for the patients. If a patient is responsive to a particular allergen, we continue to expose the patient to that same allergen prior to each evaluation.

We plan to conduct this trial in approximately 60 patients at a single center in the United States pursuant to our effective IND. As of April 10, 2014, we have enrolled approximately 25 patients in this trial. We will randomize patients in a 1:1 ratio to receive either OTX-DP or a placebo vehicle control punctum plug without active drug. We plan to evaluate patients using three allergen challenges in series for each of the two efficacy measures at days 14, 28 and 42 following punctum plug insertion.

The primary efficacy measures for this trial are ocular itching graded by the patient and conjunctival redness graded by the trial investigator, in each case based on a five point scale from zero to four. The primary efficacy endpoints are differences between treatment groups of at least 0.5 units on the five point scale for the third challenge on day 14 for both ocular itching and conjunctival redness. The secondary endpoints for this trial are similar to the primary efficacy endpoints, except that each variable will be assessed at days 28 and 42 following insertion of the punctum plug.

We plan to enroll patients in this trial who are at least 18 years of age with a positive history of ocular allergies and a positive skin test reaction to a perennial allergen and a seasonal allergen. We plan to exclude patients from this trial if, among other reasons, they have an active ocular infection or itching or conjunctival redness at screening.

We plan to evaluate safety in all patients at each study visit with an assessment of general eye conditions, including visual acuity and intraocular pressure, along with any adverse events.

Regulatory Pathway

We expect to report results from the Phase 2 clinical trial evaluating OTX-DP for the treatment of allergic conjunctivitis in the fourth quarter of 2014. If we obtain favorable results, we plan to conduct another controlled, randomized clinical trial similar to this Phase 2 clinical trial and use the data from both trials to support the submission of an NDA supplement, or sNDA, to the FDA for OTX-DP for this indication. We expect that we would submit this sNDA under Section 505(b)(2) of the FDCA. See "—Government Regulation—Section 505(b)(2) NDAs" for additional information. Based on discussions with the FDA, we expect to use safety results from our Phase 3 clinical trials of OTX-DP for post-surgical ocular inflammation and pain, if favorable, to support the sNDA for OTX-DP for allergic conjunctivitis.

Class Labeling Strategy

We also plan to explore the use of OTX-DP for treatment of other internal or external inflammatory conditions of the front of the eye, such as uveitis and giant papillary conjunctivitis. Using the clinical safety data

from earlier OTX-DP clinical trials, if favorable, we would consider initiating a program of Phase 3 clinical trials for OTX-DP with the goal of obtaining steroid class labeling. A steroid class label could enable very broad usage for additional inflammatory conditions for the front of the eye without the need to conduct specific clinical trials for all such conditions.

Travoprost Punctum Plug (OTX-TP)

Our OTX-TP product candidate incorporates the prostaglandin analog travoprost as an active pharmaceutical ingredient in our proprietary punctum plug. We are developing OTX-TP for the treatment of glaucoma and ocular hypertension. We have completed patient enrollment of a Phase 2a clinical trial of OTX-TP and expect to report results from this trial in the second quarter of 2014. We expect to initiate a Phase 2b clinical trial of OTX-TP in mid-2014.

Travoprost is a synthetic prostaglandin analogue that reduces intraocular pressure by enhancing the clearance and drainage of ocular fluid.

We selected travoprost as the active pharmaceutical ingredient for OTX-TP because it:

- is approved by the FDA for the treatment of glaucoma and ocular hypertension;
- has relevent patent protection expiring in December 2014;
- is a highly potent PGA molecule;
- is available from multiple qualified suppliers; and
- has physical properties that are well suited for incorporation within our hydrogel punctum plugs.

We have designed OTX-TP to provide a sustained release of therapeutic levels of travoprost for up to three months. We have tested versions of OTX-TP that are capable of sustained delivery over a one-month, a two-month and a three-month period. We increased the duration of the plug as we improved the technology for plug retention and drug delivery. Our completed pilot studies evaluated one-month and two-month versions of OTX-TP. In our Phase 2a clinical trial, we are evaluating two-month and three-month versions of OTX-TP. In our Phase 2b clinical trial, we plan to evaluate an improved three-month version of OTX-TP. In our pilot studies, the OTX-TP plugs we evaluated were violet to provide a visual assessment of plug position. In our subsequent Phase 2 clinical trials, we switched to a fluorescent yellow color to improve visibility.

In addition to the PEG based hydrogel, OTX-TP contains bioresorbable microparticles which contain encapsulated travoprost. We designed OTX-TP to provide a sustained release of travoprost at therapeutic levels for the duration of therapy as the microparticles degrade. We provide OTX-TP in a sterile, single use package without any added preservatives.

Overview of OTX-TP Clinical Development

We are conducting clinical development of OTX-TP for glaucoma and ocular hypertension. Because OTX-TP incorporates an active pharmaceutical ingredient already approved by the FDA for the treatment of glaucoma and ocular hypertension, we did not need to conduct Phase 1 clinical trials for this product candidate. However, we did conduct two pilot studies to assess safety and to obtain initial efficacy data. The following summarizes our clinical development to date for OTX-TP.

- In 2012, we conducted two pilot studies evaluating the safety and efficacy of two versions of OTX-TP for the treatment of glaucoma and ocular hypertension over a 30 to 60 day period.

- In 2013, we completed enrollment in a Phase 2a clinical trial of two versions of OTX-TP for the treatment of glaucoma and ocular hypertension to evaluate reduction in intraocular pressure over a 60 to 90 day period.
- In mid-2014, we plan to initiate a Phase 2b clinical trial of an improved version of OTX-TP for the treatment of glaucoma and ocular hypertension to evaluate reduction in intraocular pressure over a 60 to 90 day period.
- We are conducting ongoing studies of punctum plugs without active drug to assess compositional and dimensional parameters of the punctum plug in an effort to optimize retention. We expect to use results from these studies, if favorable, to support the OTX-TP regulatory pathway and a future NDA filing.

Clinical Trials for Glaucoma and Ocular Hypertension

Completed Singapore Pilot Study

In 2012, we completed a prospective, single arm, open label pilot study evaluating the initial safety and efficacy of the one-month version of OTX-TP for the treatment of glaucoma and ocular hypertension. We conducted this trial in 17 patients, and in 26 eyes, at two sites in Singapore.

We enrolled patients in this trial who were at least 21 years of age with a documented diagnosis of ocular hypertension or open-angle glaucoma, baseline intraocular pressure within a specified range and a specified minimum level of visual acuity in each eye. The trial protocol provided that if the participant's intraocular pressure was high despite treatment with OTX-TP, rescue medication would be made available to the patient. For patients who were currently under treatment for ocular hypertension or glaucoma, we required a drug washout period for these medications between screening and first visit.

We evaluated patients at days 3, 10, 20 and 30 following insertion of the plug and made the following assessments:

- mean intraocular pressure at 8:00 a.m. at each evaluation date as measured in millimeters of mercury, or mmHg;
- mean intraocular pressure at 12:00 p.m. and 4:00 p.m. at days 10, 20 and 30;
- change in mean intraocular pressure from baseline at each time point measured; and
- retention of the plug in the canaliculus at days 10, 20 and 30.

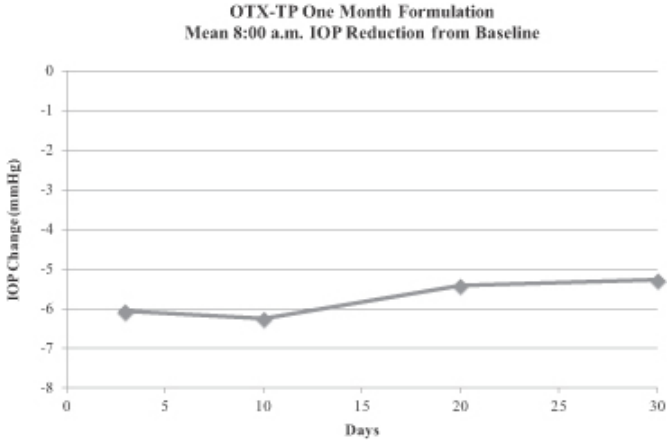
We assessed intraocular pressure at multiple time points on each evaluation date because intraocular pressure naturally varies over the course of the day.

For patients who are affected bilaterally, if both eyes met all eligibility criteria, both eyes were treated, but only the eye with the higher mean intraocular pressure at baseline was included in the efficacy analysis.

Efficacy: On day 10, 100% of the plugs were retained, on day 20, 88% of the plugs were retained, and on day 30, 79% of the plugs were retained.

We observed a clinically meaningful reduction in mean intraocular pressure over the 30 day trial period. For eyes that retained the plug, from a mean baseline intraocular pressure of 27.2 mmHg, the mean intraocular pressure during treatment was maintained at or below 22 mmHg at each evaluation date and time point. The mean reduction in intraocular pressure from baseline ranged from 5.3 mmHg (20%) to 8.2 mmHg (30%) across all evaluation dates and time points. In studies conducted by third parties, a sustained 5.0 mmHg reduction in

intraocular pressure reduced risk of disease progression by approximately 50%. The results for change in mean intraocular pressure from baseline at 8:00 a.m. on each evaluation date are set forth in the graph below.



Safety: In this trial, there were no serious adverse events or unanticipated adverse events. There was only one adverse event, bilateral epiphora, or excess tearing of both eyes, which was transient in nature and completely resolved after plug removal. There were no significant changes in hyperemia scores from baseline through day 30. There were no notable observations of clinical relevance among the slit lamp biomicroscopy assessments.

Completed South Africa Pilot Study

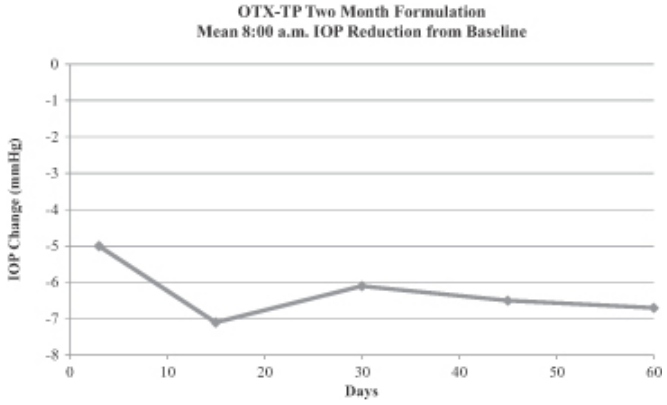
In 2012, we completed a prospective, single arm, open label pilot study evaluating the initial safety and efficacy of the two-month version of OTX-TP for the treatment of glaucoma and ocular hypertension. We conducted this trial in 20 patients, and in 36 eyes, at two sites in South Africa.

Enrollment criteria were comparable to our Phase 1 Singapore trial described above, except that the minimum patient age was 18.

We evaluated patients at days 3, 15, 30, 45 and 60 following insertion of the plug and made the same assessments with respect to mean intraocular pressure, change in mean intraocular pressure from baseline and retention of the plug in the canaliculus at each evaluation date following day 3 as in our Phase 1 Singapore trial described above.

Efficacy: On day 15, 97% of the plugs were retained, on day 30, 92% of the plugs were retained, on day 45, 78% of the plugs were retained, and on day 60, 59% of the plugs were retained. Because of the limitations of the visualization of the violet color through pigmented eyelids, it is possible that punctum plugs identified as not being retained were in fact retained but not visible, particularly given the sustained reduction in intraocular pressure through day 60 described below. We have since eliminated the violet colorant in favor of a fluorescent PEG hydrogel, resulting in greatly improved visualization.

We observed a clinically meaningful reduction in mean intraocular pressure over the 60 day trial period. For eyes that retained the plug, from a mean baseline intraocular pressure of 28.7 mmHg, the mean intraocular pressure during treatment was maintained at or below 22.0 mmHg beginning on day 15 and at all subsequent evaluation dates. The mean reduction in intraocular pressure from baseline ranged from 5.0 mmHg (18%) to 7.1 mmHg (25%) across all evaluation dates and time points. The results for change in mean intraocular pressure from baseline at 8:00 a.m. on each evaluation date are set forth in the graph below.



There were only two cases in which intraocular pressure remained high even though the plug was confirmed to be present. In each of these cases, the investigator prescribed rescue medication at the end of the visit. It is possible that this elevated intraocular pressure was the result of the participants not responding to travoprost.

Safety: In this trial, there were no severe adverse events or unanticipated adverse events. The most common adverse event was inflammatory reaction, which was noted in three patients. All adverse events were transient in nature and completely resolved by the end of the trial. There were no significant changes in hyperemia scores from baseline through day 60. There were no notable observations of clinical relevance among the slit lamp biomicroscopy assessments

Ongoing South Africa Phase 2a Clinical Trial

In 2013, we completed enrollment in a prospective, randomized multi-arm, active controlled, multicenter, double masked Phase 2 clinical trial evaluating the safety and efficacy of two versions of OTX-TP for the treatment of glaucoma and ocular hypertension. The OTX-TPa version is intended to release travoprost over a two-month period, and the OTX-TPb version is intended to release travoprost over a three-month period. We conducted this trial in 41 patients at four sites in South Africa, with OTX-TPb inserted in 34 eyes. We randomized patients in a 1:1:1 ratio to receive: (1) OTX-TPa and placebo eye drops; (2) OTX-TPb and placebo eye drops; or (3) a placebo vehicle control punctum plug without active drug and timolol eye drops. Timolol is the most commonly prescribed non-PGA drug for the treatment of glaucoma and has been used as a comparator drug in pivotal clinical trials for other approval glaucoma products.

The primary efficacy endpoints in this trial are differences between treatment groups in:

- mean change in intraocular pressure from baseline on each evaluation date and at each time point;
- mean percent change in intraocular pressure from baseline on each evaluation date and at each time point; and
- mean intraocular pressure on each evaluation date and at each time point.

We designed our Phase 2a clinical trial to assess clinically meaningful response to treatment, and did not power the trial to measure any efficacy endpoints with statistical significance. We are also evaluating retention of the plug as a secondary endpoint.

We enrolled patients in this trial who were at least 18 years of age with a documented diagnosis of ocular hypertension or open-angle glaucoma, baseline intraocular pressure within a specified range and a specified minimum level of visual acuity in each eye. We excluded patients from this trial if, among other reasons, they had a history of inadequate response to treatment with prostaglandins or beta-blockers. For patients who were currently under treatment for ocular hypertension or glaucoma, we required a drug washout period for these medications between screening and first visit.

We evaluated patients at days 3, 15, 30, 45, 60 and 90 following insertion of the plug and made the following assessments:

- mean intraocular pressure at 8:00 a.m. at each evaluation date;
- mean intraocular pressure at 12:00 p.m. and 4:00 p.m. at days 30, 60 and 90;
- change in mean intraocular pressure from baseline at each time point; and
- retention of the plug in the canaliculus at days 30, 60 and 90.

For patients who are affected bilaterally, if both eyes met all eligibility criteria, both eyes were treated, but only the eye with the higher mean intraocular pressure at baseline was included in the primary efficacy analysis.

We evaluated safety in all patients at each study visit with an assessment of general eye conditions, including visual acuity, along with any adverse events.

We expect to report results for this trial in the second quarter of 2014.

Planned U.S. Phase 2b Clinical Trial

In 2014, we plan to initiate a prospective, randomized, parallel-arm, active controlled, multicenter, double-masked Phase 2b clinical trial to evaluate the safety and efficacy of OTX-TP for the treatment of glaucoma and ocular hypertension. We plan to submit an IND to the FDA for this indication in mid-2014. We plan to conduct this trial in approximately 60 patients, and in up to 120 eyes, at approximately 15 sites in the United States. We plan to randomize patients in a 1:1 ratio to receive either OTX-TP and placebo eye drops or a placebo vehicle control punctum plug without active drug and eye drops containing timolol. Patients will be instructed to use the placebo drops or timolol drops twice daily for the duration of the trial. We recently tested the OTX-TP plug version to be used in this clinical trial in a non-significant risk retention study described in more detail below.

We expect that the primary efficacy endpoint in this trial will be the difference between treatment groups in mean change in intraocular pressure from baseline at day 60 following insertion of the punctum plug, calculated by averaging the change from baseline across the three time points at day 60. We expect that the secondary efficacy endpoints in this trial will be difference between treatment groups in mean change in intraocular pressure from baseline at each time point on day 30, day 60 and day 90 following insertion of the punctum plug. We are designing our Phase 2b clinical trial to assess clinically meaningful response to treatment, and will not be powering the trial to measure any efficacy endpoints with statistical significance.

We plan to enroll patients in this trial who are at least 18 years of age with a documented diagnosis of ocular hypertension or open-angle glaucoma, baseline intraocular pressure within a specified range and a specified minimum level of visual acuity in each eye. We plan to exclude patients from this trial if, among other reasons, they have a history of inadequate response to treatment with prostaglandins or beta-blockers. For patients under treatment for ocular hypertension or glaucoma, we expect to require a drug washout period for these medications between screening and first visit.

We plan to evaluate patients at days 4, 15, 30, 45, 60, 75 and 90 following insertion of the plug and make the following assessments:

- mean intraocular pressure and change in mean intraocular pressure from baseline at 8:00 a.m. at days 4, 15, 45 and 75; and
- mean intraocular pressure and change in mean intraocular pressure from baseline at 8:00 a.m., 12:00 p.m. and 4:00 p.m. at days 30, 60 and 90.

We plan to evaluate safety in all patients at each study visit with an assessment of general eye conditions, including visual acuity, along with any adverse events.

We also plan to collect data on punctum plug presence along with visualization of the punctum plug by both the study patient and the investigator. The patient will be instructed to assess plug presence on a daily basis and report the absence of a plug immediately. This will provide a method to assess the accuracy of patient self-examination for plug presence. In addition, if the investigator confirms the plug is no longer present at any time prior to day 60, a new plug will be inserted. We expect that this will maximize the consistency of dosing.

Non-Significant Risk Retention Studies

We conduct non-significant risk, or NSR, investigational device exemption, or IDE, studies on an ongoing basis for the purpose of refining our punctum plug product and placement procedure. We conduct these NSR studies under FDA IDE regulations, although no specific FDA approval is required. We are able to conduct NSR studies because punctum plugs without active drug are well established ophthalmic medical devices. The NSR study process allows us to make relatively quick evaluations of our punctum plug design and placement procedure in human subjects.

In a series of completed NSR studies, we have effected compositional and dimensional adjustments to our punctum plug to optimize retention. We have also used these studies to evaluate punctum plug placement, as well as removal and repeat placements. In these studies we have achieved successive improvements in punctum plug retention rates. In our most recent study, which we refer to as our NSR3 study, we achieved the following retention rates:

- 30 days: 100% retention;
- 60 days: 85% retention; and
- 90 days: 54% retention.

Based on the results of these completed NSR studies, we plan to use the plug version that was evaluated in our NSR3 study in our planned Phase 2b clinical trial of OTX-TP. We believe that the retention rate of this plug in the NSR3 study combined with the ability of patients to self-identify the presence of the plug and seek a replacement if required will allow for reliable continued therapy over the 90 day duration of the trial.

We expect ongoing NSR studies to provide important information for potential improvement of our punctum plugs and the associated placement procedure.

Regulatory Pathway

We anticipate that the results of our Phase 2 clinical trials of OTX-TP will provide important information to inform the design of later stage clinical trials of this product candidate. We will be required to successfully complete two well controlled Phase 3 clinical trials of OTX-TP conducted under an IND to obtain marketing approval from the FDA. The FDA has indicated that we will need to study 500 patients for an exposure duration of three months in these pivotal clinical trials, with 300 of these patients studied further up to six months and with 100 of these patients studied up to 12 months for safety evaluations. We expect that the primary efficacy endpoints for these pivotal clinical trials will be similar to our planned Phase 2b clinical trial, as described above.

However, unlike our Phase 2b clinical trial, we expect that the pivotal clinical trials will be adequately powered with an appropriate number of patients to measure with statistical significance the non-inferiority of OTX-TP compared to a vehicle control punctum plug plus timolol eye drops based on the primary efficacy endpoint. If we obtain favorable results from these pivotal clinical trials, we would plan to submit an NDA to the FDA for marketing approval of OTX-TP for the treatment of glaucoma. We expect that we would submit this NDA under Section 505(b)(2) of the FDCA. See "—Governmental Regulation —Section 505(b)(2) NDAs" for additional information.

Moxifloxacin Punctum Plug (OTX-MP)

Our OTX-MP product candidate incorporates the antibiotic moxifloxacin as an active pharmaceutical ingredient. We plan to develop OTX-MP for the treatment of bacterial conjunctivitis. We have completed a Phase 1 clinical trial of OTX-MP and, subject to further advancing our OTX-DP and OTX-TP clinical trials, we plan to allocate clinical development resources to later stage clinical testing of OTX-MP.

We selected moxifloxacin as the active pharmaceutical ingredient for OTX-MP because it:

- is approved by the FDA for bacterial conjunctivitis;
- is available on a generic basis;
- offers high lethality against gram-positive organisms while maintaining gram-negative lethality;
- is available from multiple qualified suppliers; and
- has physical properties that are well suited for incorporation within our hydrogel punctum plugs.

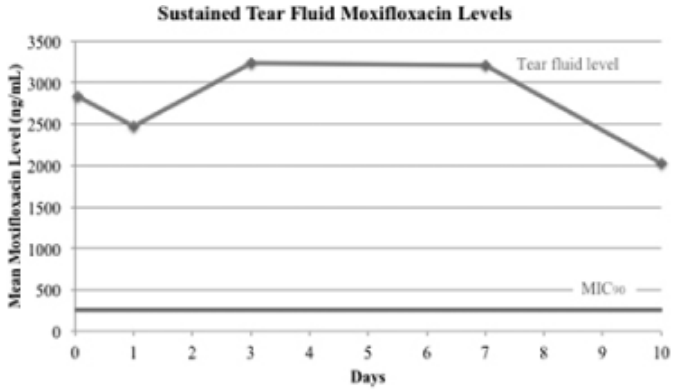
Completed Phase 1 Clinical Trial

In 2010, we completed a prospective, single center, single arm, open label Phase 1 clinical trial evaluating the initial safety and pharmacokinetics of OTX-MP in post-cataract surgery patients. We conducted the trial in 10 patients at one site in Singapore.

We enrolled patients in this trial who were at least 21 years of age undergoing clear corneal cataract surgery. We evaluated patients at days 1, 3, 7, 10, 20 and 30 following insertion of the plug and made the following assessments:

- retention of the plug in the canaliculus on each evaluation date;
- moxifloxacin level in tear fluid on each evaluation date; and
- ease of use.

Efficacy: The plug was present in 100% of eyes through day 10 and 0% of eyes at day 30. This indicates the plug functioned as designed for retention and for resorption. The mean concentration level of moxifloxacin in tear fluid at each post-surgical evaluation date through day 10 was above the MIC_{90} potency threshold. The MIC_{90} measurement establishes the concentration of a drug needed to inhibit the growth of 90% of a panel of bacterial strains isolated from patients. OTX-MP was able to maintain effective concentration levels of moxifloxacin in the tear fluid over the target 7 to 10 day period, as shown in the chart below. No drug was detectable at day 30.



The investigator who administered the OTX-MP rated the product as “easy” to use for nine of 10 (90%) cases and as “difficult” to use in one (10%) of the cases.

Safety: There were no serious adverse ocular events or other significant adverse ocular events in this trial.

Regulatory Pathway

Based on discussions with the FDA, we would initially evaluate OTX-MP in a Phase 2 clinical trial involving a bacterial conjunctivitis population including both adult and pediatric patients. We would then be required to successfully complete two well controlled Phase 3 clinical trials conducted under an IND to obtain marketing approval from the FDA. At least one of the Phase 3 trials would be conducted in the United States. If we obtain favorable results from these two pivotal clinical trials, we would plan to submit an NDA to the FDA for marketing approval of OTX-MP for the treatment of bacterial conjunctivitis. We expect that we would submit this NDA under Section 505(b)(2) of the FDCA. See “—Government Regulation—Section 505(b)(2) NDAs.”

ReSure Sealant

ReSure Sealant is a topical liquid hydrogel that creates a temporary, adherent, soft and lubricious sealant to prevent post-surgical leakage from clear corneal incisions that are made during cataract surgery. The main components of ReSure hydrogel are water and PEG. ReSure hydrogel is completely synthetic, with no animal or human derived components. The FDA granted marketing approval for ReSure Sealant in January 2014. We commercially launched ReSure Sealant in the United States in February 2014 through a network of ophthalmology focused distributors.

Product Design

A surgeon forms ReSure Sealant hydrogel by combining three components: PEG, a cross-linker and a diluent buffer solution. The cross-linker interacts with the PEG molecules to form a molecular network that comprises the hydrogel. The components are mixed to initiate the cross-linking reaction to form a biocompatible, resorbable hydrogel. The hydrogel is approximately 90% water and is blue in color to help the surgeon visualize

the sealant during application. The surgeon applies the sealant to the corneal incision as a liquid using a soft foam-tipped applicator. The sealant forms a conformal coating that adheres to the ocular tissue through mechanical interlocking of the hydrogel with the tissue surfaces. The blue color fades within a few hours following surgery. The soft, pliable hydrogel remains on the corneal surface during the critical wound healing period of one to three days and provides a barrier to fluid leakage. ReSure Sealant softens over time, detaches and is sloughed off in the tears as a liquid or extremely soft gel pieces. ReSure Sealant is designed to completely liquefy over a five to seven day duration. Complete epithelial healing takes place over this time period, providing long-term wound closure.

We provide ReSure Sealant in a sterile, single patient use package. The package contains a tray with two elongated mixing wells. Each well contains dried deposits of reactants, separated within the well. The package also contains one plastic dropper bottle filled with diluent solution and two applicators. The device is stored at room temperature for easy access.

Commercial Strategy

Our goals for ReSure Sealant are to provide a novel means of definitive wound closure in situations in which the surgeon would otherwise use sutures and to increase the number of procedures in which surgeons close the wound following cataract surgery, instead of leaving the wound to self-seal. In a 2012 survey of ophthalmologists in the United States conducted by Lachman Consulting LLC, a healthcare consulting firm, respondents indicated that they use sutures in approximately 14% of cataract surgeries. However, we believe ReSure Sealant offers important benefits over sutures, including superior wound closure, a better safety profile and less follow-up. We sell ReSure Sealant through a network of independent medical device distributors across the United States. ReSure Sealant is not separately reimbursed when used as part of a cataract surgery procedure.

We believe that the key factors affecting commercial demand for ReSure Sealant will be:

- *Fewer complications*. We believe that surgeons will be more likely to use ReSure Sealant in complicated cases or cases involving immune-compromised patients in order to avoid the risk of a return patient visit, for which surgeons generally are not separately reimbursed. In complicated cases, the surgeon often must manipulate the eye more extensively in a procedure that takes more time, which results in a greater likelihood that the wound may not close properly. Immune-compromised patients, such as the elderly, are at greater risk of infection, which can require a return visit. According to Medicare data reported by Corcoran Consulting Group, complicated cases and immune-compromised patients represented approximately 8% of all Medicare cataract extraction procedures in 2013.
- *Less follow-up*. We believe that surgeons may elect to use ReSure Sealant because, in contrast with sutures, there is no need for removal. This eliminates the need for a return patient visit for which the surgeon is not separately reimbursed. Removal of sutures also uses valuable clinic time and resources. In addition, ReSure Sealant does not induce astigmatism, a distortion of the cornea that can result from improper suture technique, thus further reducing the potential for a return patient visit.
- *Premium procedures*. We believe surgeons will be more likely to use ReSure Sealant in cases in which patients opt for replacement intraocular lenses that are in a premium category because of the high quality closure it enables. Surgeons face less pricing pressure in these procedures because the patient is responsible for payment and reimbursement from insurance does not cover the cost of the procedure. In addition, because some premium procedures are particularly complicated, there is a greater likelihood that the wound may not close properly. According to the Corcoran Consulting Group, premium lens cases represent approximately 14% of all cataract extraction procedures in the United States.

ReSure Sealant Clinical Development

We conducted a pivotal clinical trial evaluating the safety and effectiveness of ReSure Sealant compared to sutures for preventing incision leakage from clear corneal incisions. In connection with FDA approval of ReSure Sealant in January 2014, we have agreed to conduct two post-approval studies. The first post-approval study is

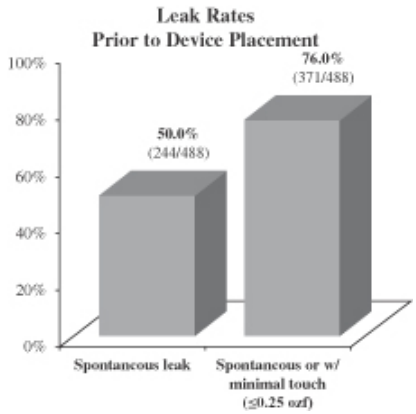
designed to confirm whether ReSure Sealant can be used safely by physicians in a standard cataract surgery practice and to confirm the incidence of pre-specified adverse ocular events in eyes treated with ReSure Sealant. The second post-approval study is designed to ascertain the incidence of endophthalmitis in patients treated with ReSure Sealant.

Pivotal Clinical Trial

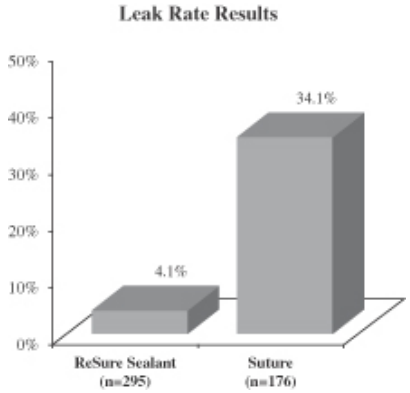
In 2013, we completed a prospective, randomized parallel arm, controlled, multicenter, subject-masked pivotal clinical trial evaluating the safety and effectiveness of ReSure Sealant. We conducted this trial in 487 patients at 24 sites across the United States. The primary efficacy endpoint was non-inferiority of ReSure Sealant to sutures for preventing incision leakage from clear corneal incisions within the first seven days following cataract surgery. A non-inferiority determination requires that the test product is not worse than the comparator by more than a small pre-specified margin. The non-inferiority margin for the ReSure Sealant pivotal clinical trial was a percentage difference in leak rates between ReSure Sealant and sutures of 5%.

We randomized patients in a 5:3 ratio to receive either ReSure Sealant or sutures. All patients received a standardized self-sealing incision.

Surgeons assessed incision leakage during the operation and during follow-up visits on days 1, 3, 7 and 28 after the procedure. During the pre-randomization intraoperative evaluation, the surgeons assessed whether there was any leakage based on a standard test called a Seidel test in conjunction with an application of force near the incision using a standardized tool and technique. The surgeon slowly applied force using the standardized tool that we provided until a leak was observed or until a pre-specified maximum force of one ounce of force was reached. In the assessments conducted during the operation, approximately 50% of leaks occurred spontaneously without application of force and 76% of leaks occurred with the application of 0.25 ounces of force or less.



Based on assessments conducted immediately following surgery, using the same standardized leak testing tool and technique, eyes receiving sutures leaked more frequently than eyes sealed with ReSure Sealant by a statistically significant margin of more than 8 to 1 ($p<0.0001$). In this trial, ReSure Sealant demonstrated both non-inferiority and superiority relative to the suture control based on the proportion of eyes with leakage within the first seven days after surgery. These results are shown in the figures below.



ReSure Sealant treated patients had significantly lower adverse event and device-related adverse event rates than patients treated with suture wound closure. In adverse events related to the study device, ReSure Sealant had a lower occurrence rate by a statistically significant margin of 1.6% for ReSure Sealant compared to 30.6% for sutures ($p<0.0001$). There were no significant or clinically relevant differences in the other safety endpoints, including slit lamp examination findings, between ReSure Sealant and suture patients, thus indicating that ReSure Sealant is well tolerated. Only one ReSure Sealant treated patient out of 299 (0.3%) had a wound healing assessment characterized as outside of normal limits at the day 7 assessment due to the presence of mild stromal edema. No ReSure Sealant treated subjects were outside of normal limits at the day 28 assessment.

Post-Approval Studies

ReSure Sealant is classified in the United States as a class III medical device subject to the rules and regulation of premarket approval by the FDA. Following our submission of a premarket approval application, or a PMA application, to the FDA for review and during the review process, the FDA completed compliance audits of our manufacturing facility and several of our pivotal clinical trial sites. Before granting approval of the PMA application, the FDA sought input from the Ophthalmic Devices Advisory Committee, a panel of physicians charged with reviewing results from our pivotal clinical trial. Upon the Advisory Committee's favorable recommendation, the FDA approved our PMA application for ReSure Sealant in January 2014. The FDA included two post-approval studies as a condition of the PMA application approval. We are required to provide periodic reports to the FDA on the progress of each post-approval study over the next four to five years.

The first post-approval study is a prospective multicenter observational registry study that we will conduct at up to 40 centers in the United States. We are required to enroll at least 598 patients treated with ReSure Sealant. We may enroll a maximum of 120 patients at any one site. The goals of this study are to confirm that ReSure Sealant can be used safely by physicians in a standard cataract surgery practice and confirm the incidence in eyes treated with ReSure Sealant of the most prevalent adverse ocular events identified in the pivotal study.

The second post-approval study is a prospective multicenter observational single arm registry study that we will conduct at up to 100 centers in the United States. We are required to enroll at least 4,857 patients treated with the ReSure Sealant. Patients having undergone cataract surgery will receive treatment with ReSure Sealant. Data from patients in this trial will be linked to a Medicare database. We will use the Medicare database link to ascertain if patients are diagnosed or treated for endophthalmitis within 30 days following the procedure. All

patients that received at least one application of the ReSure Sealant on the operative eye will be enrolled in the device exposure registry. Follow-up will consist of acquiring patient results from the Medicare database to report on the outcome of interest on at least an annual basis starting from the date Medicare data is available, for at least one year after completion of enrolling the last patient. We are currently working to establish a Medicare tracking code for the ReSure Sealant and have communicated to the FDA our efforts and that there exists a possibility that a code cannot be obtained.

Foreign Approvals

Outside the United States, we plan to assess whether to seek regulatory approval for ReSure Sealant in markets such as the European Union, Australia and Japan based on the market opportunity, particularly pricing, and the requirements for marketing approval. We currently plan to seek CE Mark approval to commercialize ReSure Sealant in the European Union and expect to submit a technical file to the regulatory authorities for review during the second half of 2014. If we are successful, we intend to use the CE Mark of Conformity, or CE Mark, approval to support product registrations with national authorities in Australia, Japan and other geographies. Outside of the United States and the European Union, we will need to engage a third party to assist us in the approval process. If we obtain regulatory approval to market and sell ReSure Sealant in international markets, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize ReSure Sealant. See "—Government Regulation—Review and Approval of Medical Devices in the European Union" for additional information.

Intravitreal Hydrogel Depot

We are engaged in preclinical development of an intravitreal hydrogel depot for use in treatment of back of the eye diseases and conditions. We are currently focused on development of our intravitreal hydrogel depot for the treatment of wet AMD. Our intravitreal hydrogel depot consists of a PEG based hydrogel suspension, which contains embedded micronized protein particles of an anti-VEGF compound. We designed the injection to be delivered to the vitreous chamber of the eye using ordinary syringes and fine gauge needles. The wet hydrogel is soft and flowable, allowing it to be easily injected through the needle.

We are currently conducting preclinical testing in collaboration with several pharmaceutical companies with anti-VEGF compounds to explore the feasibility of delivering their compounds using our intravitreal hydrogel depot. These feasibility programs include formulation development, protein-formulation compatibility studies, *in vitro* testing and preclinical tolerability and pharmacokinetic testing.

To date, in *in-vitro* tests, we and our collaborators have been able to incorporate anti-VEGF compounds within our hydrogels for an *in-vitro* release over a four to six month duration. The released proteins have been stable, with no chemical or functional changes observed. Stability of the released protein is an essential requirement prior to proceeding into animal models.

We plan to continue our collaborative programs with the goal of establishing feasibility, which would require acceptable tolerability in rabbit eyes and acceptable pharmacokinetic data in an appropriate animal model. Assuming successful completion of preclinical feasibility programs, we plan to explore broader collaborations for the development and potential commercialization of our intravitreal hydrogel depot technology for the treatment of back of the eye diseases and conditions.

Sales, Marketing and Distribution

We began the commercial launch of ReSure Sealant in the United States in February 2014. We sell ReSure Sealant through a network of independent medical device distributors across the United States. These distributors are primarily exclusive to ophthalmology and focus on selling surgical products to cataract and cornea surgeons. These distributors employ overall approximately 45 sales agents to sell ReSure Sealant. We train each independent distributorship before it is permitted to sell the product to surgeons. In addition, surgeons must

complete an online training session before ordering the product. We continue to build a marketing presence for the ReSure Sealant in the ophthalmic marketplace through podium presence at major conventions, such as the American Society of Cataract and Refractive Surgery and the American Academy of Ophthalmology. We expect that our marketing organization will develop more promotional and educational initiatives while continuing to foster relationships with thought leaders to further build awareness of ReSure Sealant.

We generally expect to retain commercial rights in the United States for any sustained delivery products for which we may receive marketing approvals and which we believe we can successfully commercialize. We believe that, if approved for marketing, OTX-DP could be commercialized by the same independent network of distributors that sell ReSure Sealant. Alternatively, we may determine to build a specialty sales force to sell OTX-DP, if approved for marketing. We believe that, if approved for marketing, a specialty sales force will be required to effectively commercialize OTX-TP. We expect that we will collaborate with a pharmaceutical company selected as part of the strategic licensing initiative for the commercialization of our intravitreal hydrogel depot, if approved for marketing.

If we receive approval to market any of our product candidates in the United States, we plan to then evaluate the regulatory approval requirements and commercial potential for any such product candidate in Europe, Japan and other selected geographies. If we decide to commercialize our products outside of the United States, we expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize any product of ours that receives marketing approval. These may include independent distributors, pharmaceutical companies or our own direct sales organization.

Manufacturing

We fabricate devices and drug depot products for use in our clinical trials, research and development and commercial efforts for all of our therapeutic product candidates using current good manufacturing practices, or cGMP, at our multi-product facility located in Bedford, Massachusetts.

We purchase active pharmaceutical ingredient drug substance from independent suppliers on a purchase order basis for incorporation into our drug depot products. We purchase our PEG and other raw materials from different vendors on a purchase order basis according to our specifications. Multiple vendors are available for each component we purchase. We qualify vendors according to our quality system requirements. We do not have any long term supply agreements in place for any raw materials or drug substances. We do not license any technology or pay any royalties to any of our drug or raw material vendors for the front of the eye products.

We believe that our strategic investment in manufacturing capabilities allows us to advance product candidates at a more rapid pace and with more flexibility than a contract manufacturer, although we will continue to evaluate outsourcing unit operations for cost advantages. Our manufacturing capability also enables us to produce products in a cost-effective manner while retaining control over the process and prioritize the timing of internal programs.

Our manufacturing capabilities encompass the full manufacturing process through quality control and quality assurance and are integrated with our project teams from discovery through development and commercial release. This structure enables us to efficiently transfer research stage product concepts into manufacturing. We have designed our manufacturing facility and processes to provide maximum flexibility and rapid changeover for the manufacture of different product candidates. We outsource sterilization services for our products.

We believe that we can scale our manufacturing processes to support ReSure Sealant sales as well as development of our punctum plug product candidates and our intravitreal hydrogel depot and the potential commercialization of such product candidates.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our products, 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 rely on patent protection, trade secrets, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position.

We have in-licensed all of our patent rights from Incept, LLC, or Incept, an intellectual property holding company. The license from Incept is limited to the field of human ophthalmic diseases and conditions. As of March 31, 2014, we have licensed from Incept a total of 18 U.S. patents, five U.S. patent applications and foreign counterparts of some of these patents and patent applications. Ten of the 18 licensed U.S. patents and four of the five licensed U.S. patent applications cover the technology that underlies our punctum plug product candidates, ReSure Sealant or our intravitreal hydrogel depot.

Punctum Plug Product Candidates

In the United States, we have licensed from Incept four patent families related to our punctum plug product candidates, comprised of an aggregate of six U.S. patents and one U.S. patent application. The first patent family, which is licensed on an exclusive basis, is comprised of two U.S. patents that will expire in 2030 and covers composition and method claims specific to the drug delivery and design of the punctum plugs. The second and third patent families, which are licensed on an exclusive basis, are comprised of three U.S. patents that will expire between 2018 and 2020 and cover the hydrogel composition of the punctum plugs and methods of making and using hydrogel implants that swell in tissue tracts. The fourth patent family, which is licensed on a non-exclusive basis, is comprised of one U.S. patent that will expire in 2018 and one U.S. patent application that, if granted, will expire in approximately 2018 and covers the hydrogel composition of OTX-TP and OTX-MP in combination with certain drug release particles.

In the European Union and some other areas outside of the United States, we have licensed from Incept three patent families related to our punctum plug product candidates, comprised of an aggregate of two patents and nine patent applications. The first patent family, which is licensed on an exclusive basis, is comprised of two patent applications that, if granted, will expire in approximately 2027 and covers certain drug release features of the punctum plugs in combination with their hydrogel composition. The second patent family, which is licensed on an exclusive basis, is comprised of six patent applications that, if granted, will expire in approximately 2030 and covers composition and method claims related to the drug delivery and design of the punctum plugs, in combination with their hydrogel composition. The third patent family, which is licensed on a non-exclusive basis, is comprised of two patents that will expire in 2018 and one patent application that, if granted, will expire in approximately 2018 and covers the hydrogel composition of the OTX-TP and OTX-MP punctum plugs in combination with certain drug release particles.

ReSure Sealant

In the United States, we have exclusively licensed from Incept two patent families comprised of five U.S. patents and one U.S. patent application related to ReSure Sealant. One U.S. patent, that will expire in 2025 covers the process of making and using compositions of the hydrogel. One U.S. patent application, that, if granted, will expire in approximately 2030 covers certain features of the ReSure Sealant package. A second U.S. patent that expires in 2019 covers the hydrogel composition. The remaining three U.S. patents, which expire between 2017 and 2019, cover compositions and methods of making or using the hydrogel, in combination with a visualization agent.

Outside of the United States, we have exclusively licensed only one patent in Canada that expires in 2019 that is directed to a medical kit for use with ReSure Sealant.

Intravitreal Hydrogel Depot

In the United States, we have exclusively licensed from Incept three patent families related to the intravitreal hydrogel depot, comprised of an aggregate of one U.S. patent and two U.S. patent applications. The first patent family is comprised of a U.S. patent application that, if granted will expire in approximately 2027,

and covers certain drug-release features of the hydrogel depot in combination with its hydrogel composition. The second patent family is comprised of one U.S. patent application that, if granted will expire in approximately 2032, and covers the process of making the hydrogel depot with its drug release features and the resultant compositions. The third patent family, comprised of a U.S. patent that expires in 2019, covers the hydrogel composition of the hydrogel depot.

In the European Union and some other areas outside of the United States, we have exclusively licensed from Incept two patent families related to the intravitreal hydrogel depot. The first patent family, is comprised of two patent applications that, if granted will expire in approximately 2027, and covers certain drug-release features of the hydrogel depot in combination with its hydrogel composition. The second patent family is comprised of a patent application that we expect will be used as a basis for filing patent applications in various countries.

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 United States 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 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.

Licenses

Incept, LLC

In January 2012, we entered into an amended and restated license agreement with Incept under which we hold an exclusive, worldwide, perpetual, irrevocable license under specified patents and technology owned or controlled by Incept to make, have made, use, offer for sale, sell, sublicense, have sublicensed, offer for sublicense and import, products delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to all human ophthalmic diseases or conditions. This license covers all of the patent rights and a significant portion of the technology for ReSure Sealant and our hydrogel platform technology product candidates. The agreement supersedes an April 2007 license agreement between us and Incept. Amar Sawhney, our President and Chief Executive Officer, is a general partner of Incept.

Financial Terms. In connection with the agreement, we issued to Incept 1,169,700 shares of our common stock. In addition, on February 12, 2014, we issued to Incept 500,000 shares of our common stock in connection

with the expansion of the scope of the license to include back of the eye technology held by Incept. We are obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by us or our affiliates. Any sublicensee of ours also will be obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by it and will be bound by the terms of the agreement to the same extent as we are.

We are obligated to reimburse Incept for our share of the reasonable fees and costs incurred by Incept in connection with the prosecution of the patent applications licensed to us under the agreement. Our share of these fees and costs is equal to the total amount of such fees and costs divided by the total number of Incept's exclusive licensees of the patent application.

Assignment of Our Patents. Under the terms of the agreement, we have agreed to assign to Incept our rights in any patent application filed at any time in any country for which one or more inventors are under an obligation of assignment to us. These assigned patent applications and any resulting patents are included within the specified patents owned or controlled by Incept to which we receive a license under the agreement. Incept has retained rights to practice the patents and technology licensed to us under the agreement for all purposes other than for researching, designing, developing, manufacturing and commercializing products that are delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to ophthalmic diseases or conditions.

Patent Prosecution and Litigation. The agreement provides that, with limited exceptions, Incept has sole control and responsibility for ongoing prosecution for the patents covered by the license agreement. We have the right to bring suit against third parties who infringe the patents covered by the license agreement, but we have agreed, if requested by Incept, to enter into a joint defense and prosecution agreement for the purpose of allowing the parties to share confidential and attorney-client privileged information regarding the possible infringement of one or more patents covered by the license agreement. We are responsible for all costs incurred in prosecuting any infringement action we bring.

Term and Termination. The agreement, unless earlier terminated by us or Incept, will remain in effect until the expiration of the last to expire patent or patent application licensed to us under the agreement. 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.

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. 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. Many of our potential 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 each of our product candidates, if approved for marketing, are likely to be its efficacy, safety, method of administration, convenience, price, the level of generic competition and the availability of coverage and adequate reimbursement from government and other third-party payors.

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. 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 seeking to encourage the use of generic products.

Our product candidates target markets that are already served by a variety of competing products based on a number of active pharmaceutical ingredients. Many of these existing products have achieved widespread acceptance among physicians, patients and payors for the treatment of ophthalmic diseases and conditions. In addition, many of these products are available on a generic basis, and our product candidates may not demonstrate sufficient additional clinical benefits to physicians, patients or payors to justify a higher price compared to generic products. In many cases, insurers or other third-party payors, particularly Medicare, seek to encourage the use of generic products. Given that we are developing products based on FDA approved therapeutic agents, our product candidates, if approved, will face competition from generic and branded versions of existing drugs based on the same active pharmaceutical ingredients that are administered in a different manner, typically through eye drops.

Because the active pharmaceutical ingredients in our product candidates are available on a generic basis, or are soon to be available on a generic basis, competitors will be able to offer and sell products with the same active pharmaceutical ingredient as our products so long as these competitors do not infringe the patents that we license. For example, our licensed patents related to our punctum plug product candidates largely relate to the hydrogel composition of the punctum plugs and certain drug-release features of the punctum plugs. As such, if a third party were able to design around the formulation and process patents that we license and create a different formulation using a different production process not covered by our licensed patents or patent applications, we would likely be unable to prevent that third party from manufacturing and marketing its product.

Competitors of Punctum Plug Product Candidates

Several competitors are developing sustained drug release products for the same ophthalmic indications as our punctum plug product candidates, as set forth below.

Competitors of OTX-DP

Icon Biosciences, Inc. is conducting Phase 3 clinical development of IBI-10090, a biodegradable therapeutic for injection of dexamethasone into the anterior chamber of the eye to treat inflammation associated with cataract surgery.

Competitors of OTX-TP

Allergan, Inc. is conducting Phase 2 clinical development of Bimatoprost Sustained Release, a biodegradable intraocular implant consisting of a PGA and a biodegradable polymer matrix to treat glaucoma. ForSight VISION5 is conducting Phase 2 clinical development of the Helios insert, a sustained release ocular insert placed below the eyelid, for the treatment of glaucoma. In addition, several other companies have announced their intention to develop products for treatment of glaucoma using sustained release therapy, although each of these is at an early stage of development.

Competitors of ReSure Sealant

ReSure Sealant is the first and only surgical sealant approved for ophthalmic use in the United States. Outside the United States, Beaver Visitec is commercializing its product OcuSeal, which is designed to provide a protective hydrogel film barrier to stabilize ocular wounds. This product is not currently available in the United States. Sutures are the primary alternative for closing ophthalmic wounds. In addition, a technique called stromal hydration, which involves the localized injection of a balanced salt solution at the wound edges, is often used to facilitate the self-sealing of a wound.

Competitors of our Intravitreal Hydrogel Depot

Our intravitreal hydrogel depot will compete with anti-VEGF compounds administered in their current formulation and prescribed for the treatment of wet AMD, including Lucentis, Eylea and off-label use of the cancer therapy Avastin. Multiple companies are exploring ways to deliver anti-VEGF products in a sustained release fashion, although all are in early stages of development. In addition, Ophthotech Corporation is currently conducting Phase 3 clinical trials of Fovista, a product candidate to be administered in combination with anti-VEGF compounds for the treatment of wet AMD.

Government Regulation

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the European Union, extensively regulate, among other things, the research, development, testing, manufacture, quality control, clearance, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products and medical devices. 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 and other regulatory authorities, require the expenditure of substantial time and financial resources.

Review and Approval of Drugs in the United States

In the United States, the FDA regulates drugs under the 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 or sponsor to a variety of administrative or judicial sanctions, including refusal by the FDA to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters and other types of letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA and the Department of Justice or other governmental entities.

Our product candidates must be approved by the FDA through the NDA process before they may be legally marketed in the United States. An applicant seeking approval to market and distribute a new drug product in the United States must typically undertake 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 take effect before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with current good clinical practices, or GCP, to establish the safety and efficacy of the proposed drug product for each indication;

- preparation and submission to the FDA of an NDA;
- review of the product by an FDA advisory committee, where appropriate or if applicable;
- satisfactory completion of one or more FDA inspections of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with cGMP requirements and to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity;
- payment of user fees and securing FDA approval of the NDA; and
- compliance with any post-approval requirements, including Risk Evaluation and Mitigation Strategies, or REMS, and post-approval studies required by the FDA.

Preclinical Studies

Preclinical studies include laboratory evaluation of the purity and stability of the manufactured drug substance or active pharmaceutical ingredient and the formulated drug or drug product, as well as *in vitro* and animal studies to assess the safety and activity of the drug for initial testing in humans and to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations. The results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, are submitted to the FDA as part of an IND.

Companies usually must complete some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the drug in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

Human Clinical Studies in Support of an NDA

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include, among other things, the requirement that all research subjects provide their informed consent in writing before their participation in any clinical trial. Clinical trials are conducted under written study 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. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to a proposed clinical trial and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

In addition, an IRB representing each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must conduct continuing review and reapprove the study at least annually. The IRB must review and approve, among other things, the study protocol and informed consent information to be provided to study subjects. An IRB must operate in compliance with FDA regulations. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their ClinicalTrials.gov website.

A sponsor who wishes to conduct a clinical trial outside the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND,

the sponsor may submit data from the clinical trial to the FDA in support of an NDA or IND so long as the clinical trial is conducted in compliance with an international guideline for the ethical conduct of clinical research known as the Declaration of Helsinki or the laws and regulations of the country or countries in which the clinical trial is performed, whichever provides the greater protection to the participants in the clinical trial.Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into a small number of 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 and to determine optimal dosage.
- 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.

Phase 3 clinical trials are commonly referred to as “pivotal” trials, which typically denotes a trial which presents the data that the FDA or other relevant regulatory agency will use to determine whether or not to approve a drug.

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, or an institution it represents, 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. The FDA will typically inspect one or more clinical sites to assure compliance with GCP and the integrity of the clinical data submitted.

Section 505(b)(2) NDAs

NDAs for most new drug products are based on two full clinical studies which must contain substantial evidence of the safety and efficacy of the proposed new product. These applications are submitted under Section 505(b)(1) of the FDCA. The FDA is, however, authorized to approve an alternative type of NDA under Section 505(b)(2) of the FDCA. This type of application allows the applicant to rely, in part, on the FDA’s previous findings of safety and efficacy for a similar product, or published literature. Specifically, Section 505(b)(2) applies to NDAs for a drug for which the investigations made to show whether or not the drug is safe for use and effective in use and relied upon by the applicant for approval of the application “were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted.”

Thus, Section 505(b)(2) authorizes the FDA to approve an NDA based on safety and effectiveness data that were not developed by the applicant. NDAs filed under Section 505(b)(2) may provide an alternate and potentially more expeditious pathway to FDA approval for new or improved formulations or new uses of previously approved products. If the 505(b)(2) applicant can establish that reliance on the FDA’s previous approval is scientifically appropriate, the applicant may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements to support the change from the approved product. The FDA may then approve the new drug candidate for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant.

If we obtain favorable results in our clinical trials, we plan to submit NDAs for our punctum plug product candidates under Section 505(b)(2).

Submission of an NDA to the FDA

NDAs for most new drug products are based on two full clinical studies that must contain substantial evidence of the safety and efficacy of the proposed new product. Assuming successful completion of required clinical testing and other requirements, 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 drug product for one or more indications. Under federal law, the submission of most NDAs is additionally subject to an application user fee, currently exceeding $2.1 million, and the sponsor of an approved NDA is also subject to annual product and establishment user fees, currently exceeding $104,000 per product and $554,000 per establishment. These fees are typically increased annually.

The FDA conducts a preliminary review of an NDA within 60 days of its receipt and informs the sponsor by the 74th day after the FDA's receipt of the submission whether the application is 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 has agreed to specified performance goals in the review process of NDAs. Most such applications are meant to be reviewed within ten months from the date of filing, and most applications for "priority review" products are meant to be reviewed within six months of filing. The review process may be extended by the FDA for various reasons, including three additional months to consider new information or clarification provided by the applicant to address an outstanding deficiency identified by the FDA following the original submission.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. These pre-approval inspections cover all facilities associated with an NDA submission, including drug component manufacturing (such as active pharmaceutical ingredients), finished drug product manufacturing, and control testing laboratories. 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 FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. Typically, 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.

Accelerated Approval Pathway

The FDA may grant accelerated approval to a drug for a serious or life-threatening condition that provides meaningful therapeutic advantage to patients over existing treatments based upon a determination that the drug has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. The FDA may also grant accelerated approval for such a condition when the product has an effect on an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, or IMM, and that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Drugs granted accelerated approval must meet the same statutory standards for safety and effectiveness as those granted traditional approval.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is

not itself a measure of clinical benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. An intermediate clinical endpoint is a measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug, such as an effect on IMM. The FDA has limited experience with accelerated approvals based on intermediate clinical endpoints, but has indicated that such endpoints generally may support accelerated approval where the therapeutic effect measured by the endpoint is not itself a clinical benefit and basis for traditional approval, if there is a basis for concluding that the therapeutic effect is reasonably likely to predict the ultimate clinical benefit of a drug.

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a drug, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the drug's clinical benefit. As a result, a product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, would allow the FDA to withdraw the drug from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

The FDA's Decision on an NDA

On the basis of the FDA's evaluation of the NDA and accompanying information, including the results of the inspection of the manufacturing facilities, the FDA may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

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 the drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, which can materially affect the potential market and profitability of the product. In addition, as a condition of approval, the FDA may require an applicant to develop a REMS. REMS use risk minimization strategies beyond the professional labeling to ensure that the benefits of the product outweigh the potential risks. To determine whether a REMS is needed, the FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events, and whether the product is a new molecular entity. REMS can include medication guides, physician communication plans for healthcare professionals, and elements to assure safe use, referred to as ETASU. ETASU may include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The FDA may require a REMS before approval or post-approval if it becomes aware of a serious risk associated with use of the product. The requirement for a REMS can materially affect the potential market and profitability of a product.

The FDA may prevent or limit further marketing of a product based on the results of post-market studies or surveillance programs. After approval, many 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.

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.

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.

Abbreviated New Drug Applications for Generic Drugs

In 1984, with passage of the Hatch-Waxman Amendments to the FDCA, Congress authorized the FDA to approve generic drugs that are the same as drugs previously approved by the FDA under the NDA provisions of the statute. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application,

or ANDA, to the agency. In support of such applications, a generic manufacturer may rely on the preclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference listed drug, or RLD.

Specifically, in order for an ANDA to be approved, the FDA must find that the generic version is identical to the RLD with respect to the active ingredients, the route of administration, the dosage form, and the strength of the drug. At the same time, the FDA must also determine that the generic drug is "bioequivalent" to the innovator drug. Under the statute, a generic drug is bioequivalent to a RLD if "the rate and extent of absorption of the drug do not show a significant difference from the rate and extent of absorption of the listed drug."

Upon approval of an ANDA, the FDA indicates whether the generic product is "therapeutically equivalent" to the RLD in its publication "Approved Drug Products with Therapeutic Equivalence Evaluations," also referred to as the "Orange Book." Physicians and pharmacists consider a therapeutic equivalent generic drug to be fully substitutable for the RLD. In addition, by operation of certain state laws and numerous health insurance programs, the FDA's designation of therapeutic equivalence often results in substitution of the generic drug without the knowledge or consent of either the prescribing physician or patient.

Under the Hatch-Waxman Amendments, the FDA may not approve an ANDA until any applicable period of non-patent exclusivity for the RLD has expired. The FDCA provides a period of five years of non-patent data exclusivity for a new drug containing a new chemical entity. In cases where such exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, in which case the applicant may submit its application four years following the original product approval. The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application. This three-year exclusivity period often protects changes to a previously approved drug product, such as a new dosage form, route of administration, combination or indication.

Hatch-Waxman Patent Certification and the 30 Month Stay

Upon approval of an NDA or a supplement thereto, NDA sponsors are required to list with the FDA each patent with claims that cover the applicant's product or an approved method of using the product. Each of the patents listed by the NDA sponsor is published in the Orange Book. When an ANDA applicant files its application to the FDA, the applicant is required to certify to the FDA concerning any patents listed for the reference product in the Orange Book, except for patents covering methods of use for which the ANDA applicant is not seeking approval. To the extent that the Section 505(b)(2) applicant is relying on studies conducted for an already approved product, the applicant is required to certify to the FDA concerning any patents listed for the approved product in the Orange Book to the same extent that an ANDA applicant would.

Specifically, the applicant must certify with respect to each patent that:

- the required patent information has not been filed;
- the listed patent has expired;
- the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or
- the listed patent is invalid, unenforceable or will not be infringed by the new product.

A certification that the new product will not infringe the already approved product's listed patents or that such patents are invalid or unenforceable is called a Paragraph IV certification. If the applicant does not challenge the listed patents or indicate that it is not seeking approval of a patented method of use, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired.

If the ANDA applicant or 505(b)(2) applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the ANDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days after the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA until the earlier of 30 months after the receipt of the Paragraph IV notice, expiration of the patent, or a decision in the infringement case that is favorable to the ANDA applicant.

Pediatric Studies and Exclusivity

Under the Pediatric Research Equity Act of 2003, a NDA or supplement thereto must contain data that are adequate to assess the safety and effectiveness of the drug product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. With enactment of the Food and Drug Administration Safety and Innovation Act, or FDASIA, in 2012, sponsors must also submit pediatric study plans prior to the assessment data. Those plans must contain an outline of the proposed pediatric study or studies the applicant plans to conduct, including study objectives and design, any deferral or waiver requests, and other information required by regulation. The applicant, the FDA, and the FDA's internal review committee must then review the information submitted, consult with each other, and agree upon a final plan. The FDA or the applicant may request an amendment to the plan at any time.

The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. Additional requirements and procedures relating to deferral requests and requests for extension of deferrals are contained in FDASIA.

Pediatric exclusivity is another type of non-patent marketing exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the non-patent exclusivity. This six-month exclusivity may be granted if an NDA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot approve another application.

Patent Term Restoration and Extension

A patent claiming a new drug product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent restoration of up to five years for patent term lost during product development and the FDA regulatory review. The restoration period granted is typically one-half the time between the effective date of an IND and the submission date of a NDA, plus the time between the submission date of a NDA and the ultimate approval date. Patent term restoration cannot be used to extend the remaining term of a patent past a total of 14 years from the product's approval date. Only one patent applicable to an approved drug product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple drugs for which approval is sought can only be extended in connection with one of the approvals. The United States Patent and Trademark Office reviews and approves the application for any patent term extension or restoration in consultation with the FDA.

Review and Approval of Medical Devices in the United States

Medical devices in the United States are strictly regulated by the FDA. Under the FDCA, a medical device is defined as an instrument, apparatus, implement, machine, contrivance, implant, *in vitro* reagent, or other similar or related article, including a component part, or accessory which is, among other things: intended for use

in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals; or intended to affect the structure or any function of the body of man or other animals, and which does not achieve its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its primary intended purposes. This definition provides a clear distinction between a medical device and other FDA regulated products such as drugs. If the primary intended use of the product is achieved through chemical action or by being metabolized by the body, the product is usually a drug. If not, it is generally a medical device.

Unless an exemption applies, a new medical device may not be marketed in the United States unless and until it has been cleared through filing of a 510(k) premarket notification, or 510(k), or approved by the FDA pursuant to a PMA application. The information that must be submitted to the FDA in order to obtain clearance or approval to market a new medical device varies depending on how the medical device is classified by the FDA. Medical devices are classified into one of three classes on the basis of the controls deemed by the FDA to be necessary to reasonably ensure their safety and effectiveness.

Class I devices are low risk devices for which reasonable assurance of safety and effectiveness can be provided by adherence to the FDA's general controls for medical devices, which include applicable portions of the FDA's Quality System Regulation, or QSR, facility registration and product listing, reporting of adverse medical events and malfunctions and appropriate, truthful and non-misleading labeling, advertising and promotional materials. Many Class I devices are exempt from premarket regulation; however, some Class I devices require premarket clearance by the FDA through the 510(k) premarket notification process.

Class II devices are moderate risk devices and are subject to the FDA's general controls, and any other special controls, such as performance standards, post-market surveillance, and FDA guidelines, deemed necessary by the FDA to provide reasonable assurance of the devices' safety and effectiveness. Premarket review and clearance by the FDA for Class II devices are accomplished through the 510(k) premarket notification procedure, although some Class II devices are exempt from the 510(k) requirements. Premarket notifications are subject to user fees, unless a specific exemption applies.

Class III devices are deemed by the FDA to pose the greatest risk, such as those for which reasonable assurance of the device's safety and effectiveness cannot be assured solely by the general controls and special controls described above and that are life-sustaining or life-supporting. A PMA application must provide valid scientific evidence, typically extensive preclinical and clinical trial data and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications (and supplemental PMA applications) are subject to significantly higher user fees than are 510(k) premarket notifications.

510(k) Premarket Notification

To obtain 510(k) clearance, a manufacturer must submit a premarket notification demonstrating that the proposed device is "substantially equivalent" to a predicate device, which is a previously cleared 510(k) device or a pre-amendment device that was in commercial distribution before May 28, 1976, for which the FDA has not yet called for the submission of a PMA application. The FDA's 510(k) clearance pathway usually takes from three to 12 months from the date the application is submitted and filed with the FDA, but it can take significantly longer and clearance is never assured. The FDA has issued guidance documents meant to expedite review of a 510(k) and facilitate interactions between applicants and the agency. To demonstrate substantial equivalence, a manufacturer must show that the device has the same intended use as a predicate device and the same technological characteristics, or the same intended use and different technological characteristics and does not raise new questions of safety and effectiveness than the predicate device.

Most 510(k)s do not require clinical data for clearance, but the FDA may request such data.

The FDA seeks to review and act on a 510(k) within 90 days of submission, but it may take longer if the agency finds that it requires more information to review the 510(k). If the FDA determines that the device is substantially equivalent to a predicate device, the subject device may be marketed. However, if the FDA concludes that a new device is not substantially equivalent to a predicate device, the new device will be classified in Class III and the manufacturer will be required to submit a PMA application to market the product. Devices of a new type that the FDA has not previously classified based on risk are automatically classified into Class III by operation of section 513(f)(1) of the FDCA, regardless of the level of risk they pose. To avoid requiring PMA review of low- to moderate-risk devices classified in Class III by operation of law, Congress enacted section 513(f)(2) of the FDCA. This provision allows the FDA to classify a low- to moderate-risk device not previously classified into Class I or II, a process known as the *de novo* process. A company may apply directly to the FDA for classification of its device as *de novo* or may submit a de novo petition within 30 days of receiving a not substantially equivalent determination.

Modifications to a 510(k)-cleared medical device may require the submission of another 510(k). Modifications to a 510(k)-cleared device frequently require the submission of a traditional 510(k), but modifications meeting certain conditions may be candidates for FDA review under a Special 510(k). If a device modification requires the submission of a 510(k), but the modification does not affect the intended use of the device or alter the fundamental technology of the device, then summary information that results from the design control process associated with the cleared device can serve as the basis for clearing the application. A Special 510(k) allows a manufacturer to declare conformance to design controls without providing new data. When the modification involves a change in material, the nature of the "new" material will determine whether a traditional or Special 510(k) is necessary.

Any modification to a 510(k)-cleared product that would constitute a major change in its intended use or any change that could significantly affect the safety or effectiveness of the device may, in some circumstances, requires the submission of a PMA application, if the change raises complex or novel scientific issues or the product has a new intended use. A manufacturer may be required to submit extensive pre-clinical and clinical data depending on the nature of the changes.

The FDA requires every manufacturer to make the determination regarding the need for a new 510(k) submission in the first instance, but the FDA may review any manufacturer's decision. If the FDA disagrees with the manufacturer's determination and requires new 510(k) clearances or PMA application approvals for modifications to previously cleared products for which the manufacturer concluded that new clearances or approvals are unnecessary, the manufacturer may be required to cease marketing or distribution of the products or to recall the modified product until it obtains clearance or approval, and the manufacturer may be subject to significant regulatory fines or penalties. In addition, the FDA is currently evaluating the 510(k) process and may make substantial changes to industry requirements.

Premarket Approval Application

The PMA application process for approval to market a medical device is more complex, costly, and time- consuming than the 510(k) clearance procedure. A PMA application must be supported by extensive data, including technical information regarding device design and development, preclinical studies, clinical trials, manufacturing and controls information and labeling information, that demonstrate the safety and effectiveness of the device for its intended use. After a PMA application is submitted, the FDA has 45 days to determine whether it is sufficiently complete to permit a substantive review. If the PMA application is complete, the FDA will file the PMA application. If the FDA accepts the application for filing, the agency will begin an in-depth substantive review of the application. By statute, the FDA has 180 days to review the application although, generally, review of the application often takes between one and three years, and may take significantly longer. If the FDA has questions, it will likely issue a first major deficiency letter within 150 days of filing. It may also refer the PMA application to an FDA advisory panel for additional review, and will conduct a preapproval inspection of the manufacturing facility to ensure compliance with the QSR, either of which could extend the 180-day response target. In addition, the FDA may request additional information or request the performance of

additional clinical trials in which case the PMA application approval may be delayed while the trials are conducted and the data acquired are submitted in an amendment to the PMA. Even with additional trials, the FDA may not approve the PMA application.

If the FDA's evaluations of both the PMA application and the manufacturing facilities are favorable, the FDA will either issue an approval letter authorizing commercial marketing or an approvable letter that usually contains a number of conditions that must be met in order to secure final approval. If the FDA's evaluations are not favorable, the FDA will deny approval of the PMA application or issue a not approvable letter. The PMA application process, including the gathering of clinical and nonclinical data and the submission to and review by the FDA, can take several years, and the process can be expensive and uncertain. Moreover, even if the FDA approves a PMA application, the FDA may approve the device with an indication that is narrower or more limited than originally sought. The FDA can impose post-approval conditions that it believes necessary to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution. After approval of a PMA application, a new PMA application or PMA application supplement may be required for a modification to the device, its labeling, or its manufacturing process. PMA application supplements often require submission of the same type of information as an initial PMA application, except that the supplement is limited to information needed to support any changes from the device covered by the approved PMA application and may or may not require as extensive technical or clinical data or the convening of an advisory panel. The time for review of a PMA application supplement may vary depending on the type of change, but it can be lengthy. In addition, in some cases the FDA might require additional clinical data.

Investigational Device Exemption

A clinical trial is typically required for a PMA application and, in a small percentage of cases, the FDA may require a clinical study in support of a 510(k) submission. A manufacturer that wishes to conduct a clinical study involving the device is subject to the FDA's IDE regulation. The IDE regulation distinguishes between significant and nonsignificant risk device studies and the procedures for obtaining approval to begin the study differ accordingly. Also, some types of studies are exempt from the IDE regulations. A significant risk device presents a potential for serious risk to the health, safety, or welfare of a subject. Significant risk devices are devices that are substantially important in diagnosing, curing, mitigating, or treating disease or in preventing impairment to human health. Studies of devices that pose a significant risk require both FDA and an IRB approval prior to initiation of a clinical study. Nonsignificant risk devices are devices that do not pose a significant risk to the human subjects. A nonsignificant risk device study requires only IRB approval prior to initiation of a clinical study.

An IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. An IDE application is considered approved 30 days after it has been received by the FDA, unless the FDA otherwise informs the sponsor prior to 30 calendar days from the date of receipt, that the IDE is approved, approved with conditions, or disapproved. The FDA typically grants IDE approval for a specified number of subjects to be enrolled at specified study centers. The clinical trial must be conducted in accordance with applicable regulations, including but not limited to the FDA's IDE regulations and GCP. The investigators must obtain subject informed consent, rigorously follow the investigational plan and study protocol, control the disposition of investigational devices, and comply with all reporting and record keeping requirements. A clinical trial may be suspended or terminated by the FDA, the IRB or the sponsor at any time for various reasons, including a belief that the risks to the study participants outweigh the benefits of participation in the trial. Approval of an IDE does not bind the FDA to accept the results of the trial as sufficient to prove the product's safety and efficacy, even if the trial meets its intended success criteria.

Post-Marketing Restrictions and Enforcement

After a device is placed on the market, numerous regulatory requirements apply. These include but are not limited to:

- submitting and updating establishment registration and device listings with the FDA;

- compliance with the QSR, which require manufacturers to follow stringent design, testing, control, documentation, record maintenance, including maintenance of complaint and related investigation files, and other quality assurance controls during the manufacturing process;
- unannounced routine or for-cause device inspections by the FDA, which may include our suppliers' facilities
- labeling regulations, which prohibit the promotion of products for uncleared or unapproved or "off-label" uses and impose other restrictions on labeling; and
- post-approval restrictions or conditions, including requirements to conduct post-market surveillance studies to establish continued safety data or tracking products through the chain of distribution to the patient level.

Under the FDA medical device reporting, or MDR, regulations, medical device manufacturers are required to report to the FDA information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or a similar device of such manufacturer were to recur. The decision to file an MDR involves a judgment by the manufacturer. If the FDA disagrees with the manufacturer's determination, the FDA can take enforcement action.

Additionally, the FDA has the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture. The authority to require a recall must be based on an FDA finding that there is reasonable probability that the device would cause serious injury or death. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. The FDA requires that certain classifications of recalls be reported to the FDA within 10 working days after the recall is initiated.

The failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions or civil penalties;
- recalls, detentions or seizures of products;
- operating restrictions;
- delays in the introduction of products into the market;
- total or partial suspension of production;
- delay or refusal of the FDA or other regulators to grant 510(k) clearance or PMA application approvals of new products;
- withdrawals of 510(k) clearance or PMA application approvals; or
- in the most serious cases, criminal prosecution.

To ensure compliance with regulatory requirements, medical device manufacturers are subject to market surveillance and periodic, pre-scheduled and unannounced inspections by the FDA, and these inspections may include the manufacturing facilities of subcontractors.

Review and Approval of Combination Products in the United States

Certain products may be comprised of components that would normally be regulated under different types of regulatory authorities, and frequently by different Centers at the FDA. These products are known as combination products. Specifically, under regulations issued by the FDA, a combination product may be:

- a product comprised of two or more regulated components that are physically, chemically, or otherwise combined or mixed and produced as a single entity;

- two or more separate products packaged together in a single package or as a unit and comprised of drug and device products;
- a drug or device packaged separately that according to its investigational plan or proposed labeling is intended for use only with an approved individually specified drug or device where both are required to achieve the intended use, indication, or effect and where upon approval of the proposed product the labeling of the approved product would need to be changed, e.g., to reflect a change in intended use, dosage form, strength, route of administration, or significant change in dose; or
- any investigational drug or device packaged separately that according to its proposed labeling is for use only with another individually specified investigational drug, device, or biological product where both are required to achieve the intended use, indication, or effect.

Under the FDCA, the FDA is charged with assigning a center with primary jurisdiction, or a lead center, for review of a combination product. That determination is based on the "primary mode of action" of the combination product. Thus, if the primary mode of action of a device-drug combination product is attributable to the drug product, the FDA Center responsible for premarket review of the drug product would have primary jurisdiction for the combination product. The FDA has also established an Office of Combination Products to address issues surrounding combination products and provide more certainty to the regulatory review process. That office serves as a focal point for combination product issues for agency reviewers and industry. It is also responsible for developing guidance and regulations to clarify the regulation of combination products, and for assignment of the FDA center that has primary jurisdiction for review of combination products where the jurisdiction is unclear or in dispute.

Review and Approval of Drug Products in the European Union

In order to market any product outside of the United States, a company must also 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 drug products. Whether or not it obtains FDA approval for a product, the company would need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can commence clinical trials or marketing of the product in those countries or jurisdictions. The approval process ultimately 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, an applicant must obtain approval from the competent national authority of a European Union member state in which the clinical trial is to be conducted. Furthermore, the applicant may only start a clinical trial after a competent ethics committee has issued a favorable opinion. 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, an applicant must 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 for 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 European Medicines Agency, or EMA, is responsible for conducting the initial assessment of a drug. The CHMP is also 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 received marketing approval in any European Union member states before. 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 210 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.

Review and Approval of Medical Devices in the European Union

The European Union has adopted numerous directives and standards regulating, among other things, the design, manufacture, clinical trials, labeling, approval and adverse event reporting for medical devices. In the EU, medical devices must comply with the Essential Requirements in Annex I to the EU Medical Devices Directive (Council Directive 93/42/EEC), or the Essential Requirements. Compliance with these requirements is a prerequisite to be able to affix the CE Mark of Conformity to medical devices, without which they cannot be marketed or sold in the European Economic Area, or EEA, comprised of the European Union member states plus Norway, Iceland, and Liechtenstein. Actual implementation of these directives, however, may vary on a country-by-country basis.

To demonstrate compliance with the Essential Requirements a manufacturer must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low risk medical devices, where the manufacturer can issue a CE Declaration of Conformity based on a self-assessment of the conformity of its products with the Essential Requirements, a conformity assessment procedure requires the intervention of a third-party organization designated by competent authorities of a European Union country to conduct conformity assessments, or a Notified Body. Notified Bodies are independent testing houses, laboratories, or product certifiers typically based within the European Union and authorized by the European member states to perform the required conformity assessment tasks, such as quality system audits and device compliance testing. The Notified Body would typically audit and examine the product's Technical File and the quality system for the manufacture, design and final inspection of the product before issuing a CE Certificate of Conformity demonstrating compliance with the relevant Essential Requirements.

Medical device manufacturers must carry out a clinical evaluation of their medical devices to demonstrate conformity with the relevant Essential Requirements. This clinical evaluation is part of the product's Technical File. A clinical evaluation includes an assessment of whether a medical device's performance is in accordance with its intended use, and that the known and foreseeable risks linked to the use of the device under normal conditions are minimized and acceptable when weighed against the benefits of its intended purpose. The clinical evaluation conducted by the manufacturer must also address any clinical claims, the adequacy of the device labeling and information (particularly claims, contraindications, precautions and warnings) and the suitability of related Instructions for Use. This assessment must be based on clinical data, which can be obtained from clinical studies conducted on the devices being assessed, scientific literature from similar devices whose equivalence with the assessed device can be demonstrated or both clinical studies and scientific literature.

With respect to implantable devices or devices classified as Class III in the European Union, the manufacturer must conduct clinical studies to obtain the required clinical data, unless relying on existing clinical data from similar devices can be justified. As part of the conformity assessment process, depending on the type of devices, the Notified Body will review the manufacturer's clinical evaluation process, assess the clinical evaluation data of a representative sample of the device's subcategory or generic group, or assess all the clinical evaluation data, verify the manufacturer's assessment of that data and assess the validity of the clinical evaluation report and the conclusions drawn by the manufacturer.

Even after a manufacturer receives a CE Certificate of Conformity enabling the CE mark to be placed on it products and the right to sell the products in the EEA countries, a Notified Body or a competent authority may require postmarketing studies of the products. Failure to comply with such requirements in a timely manner could result in the withdrawal of the CE Certificate of Conformity and the recall or withdrawal of the subject product from the European market.

A manufacturer must inform the Notified Body that carried out the conformity assessment of the medical devices of any planned substantial changes to the devices which could affect compliance with the Essential Requirements or the devices' intended purpose. The Notified Body will then assess the changes and verify whether they affect the product's conformity with the Essential Requirements or the conditions for the use of the devices. If the assessment is favorable, the Notified Body will issue a new CE Certificate of Conformity or an addendum to the existing CE Certificate of Conformity attesting compliance with the Essential Requirements. If it is not, the manufacturer may not be able to continue to market and sell the product in the EEA.

In the European Union, medical devices may be promoted only for the intended purpose for which the devices have been CE marked. Failure to comply with this requirement could lead to the imposition of penalties by the competent authorities of the European Union Member States. The penalties could include warnings, orders to discontinue the promotion of the medical device, seizure of the promotional materials and fines. Promotional materials must also comply with various laws and codes of conduct developed by medical device industry bodies in the European Union governing promotional claims, comparative advertising, advertising of medical devices reimbursed by the national health insurance systems and advertising to the general public.

Additionally, all manufacturers placing medical devices in the market in the European Union are legally bound to report any serious or potentially serious incidents involving devices they produce or sell to the competent authority in whose jurisdiction the incident occurred. In the European Union, manufacturers must comply with the EU Medical Device Vigilance System. Under this system, incidents must be reported to the relevant authorities of the European Union countries, and manufacturers are required to take Field Safety Corrective Actions, or FSCAs, to reduce a risk of death or serious deterioration in the state of health associated with the use of a medical device that is already placed on the market. An incident is defined as any malfunction or deterioration in the characteristics and/or performance of a device, as well as any inadequacy in the labeling or the instructions for use which, directly or indirectly, might lead to or might have led to the death of a patient or user or of other persons or to a serious deterioration in their state of health. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device. FSCAs must be communicated by the manufacturer or its European Authorized

Representative to its customers and to the end users of the device through Field Safety Notices. In September 2012, the European Commission adopted a proposal for a regulation which, if adopted, will change the way that most medical devices are regulated in the European Union, and may subject products to additional requirements.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Sales of products 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 in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the approved products for a particular indication. Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company 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. A payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Third-party reimbursement may not be sufficient to maintain price levels high enough to realize an appropriate return on investment in product development.

In the European Union, 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 health care 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.

Healthcare Law and Regulation

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with third-party payors and customers are subject to broadly applicable fraud and abuse and other healthcare laws and regulations. Such 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 Patient Protection and Affordable Care Act will require manufacturers of drugs, devices, drugs 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 health care 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.

Employees

As of April 9, 2014, we had 52 full-time employees. Of these full-time employees, 43 employees are primarily engaged in research and product development activities. 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 facilities consist of office space, laboratory space and manufacturing facilities in Bedford, Massachusetts. We currently occupy approximately 20,000 square feet of space under a lease that expires in 2018. Pursuant to the terms of the lease, we will occupy approximately 12,000 square feet of additional space effective July 2014. The term for this additional space expires in 2017.

Legal Proceedings

We are not currently subject to any material legal proceedings.

MANAGEMENT

The following table sets forth the name, age as of April 18, 2014 and position of each of our executive officers and directors.

Name	Age	Position
Amarpreet Sawhney, Ph.D.	47	President and Chief Executive Officer and Director
Bradford Smith	58	Chief Financial Officer
James Fortune	55	Chief Operating Officer
Eric Ankerud	57	Executive Vice President, Clinical, Regulatory and Quality
Jaswinder Chadha	46	Director
Alan Crane	50	Director
James Garvey	67	Director
Richard Lindstrom, M.D.	66	Director
Charles Warden	45	Director

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

Amarpreet Sawhney, Ph.D. has served as our President and Chief Executive Officer and as a member of our board of directors since 2006. From 2008 to April 2014, Dr. Sawhney also served as Chief Executive Officer of Augmenix, Inc., a biopharmaceutical company, which was, up until April 2014, an affiliate of Ocular through Dr. Sawhney's service as Chief Executive Officer of both entities. Dr. Sawhney is also a general partner of Incept, LLC, an intellectual property holding company. Prior to joining Ocular Therapeutix, Dr. Sawhney founded and served as the President and Chief Executive Officer of Confluent Surgical, Inc., a medical device company, from 1998 to 2006 when it was acquired by Covidien plc. He served as a member of the board of directors of AccessClosure, Inc., a medical device company, from 2002 to 2009. Previously, he was a technical founder of Focal, Inc., a biopharmaceutical company subsequently acquired by Genzyme Corporation. Dr. Sawhney holds a Ph.D. and M.S. in Chemical Engineering from the University of Texas at Austin and a B.Tech. in Chemical Engineering from the Indian Institute of Technology, Delhi, India. We believe that Dr. Sawhney is qualified to serve on our board of directors because of his extensive executive leadership experience in the life sciences industry and his extensive knowledge of our company based on his position as President and Chief Executive Officer.

Bradford Smith has served as our Chief Financial Officer since March 2014. Prior to joining Ocular Therapeutix, Mr. Smith served as the Chief Financial Officer of OmniGuide, Inc., a medical device company, from 2008 to March 2014. Previously, Mr. Smith served as the Chief Financial Officer of several other life sciences companies, including NeuroMetrix, Inc., a medical device company, Synarc, Inc., a clinical research organization company, PatientKeeper, Inc., a healthcare information technology company, Focal, Inc. and CytoTherapeutics, Inc., a biopharmaceutical company, Mr. Smith holds a B.S. in Biology from Tufts University and an M.B.A. from the Whittemore School at the University of New Hampshire.

James Fortune has served as our Chief Operating Officer since 2008. From 2008 to 2010, Mr. Fortune also served as the Chief Operating Officer of Access Closure, Inc., a medical device company. Prior to joining Ocular Therapeutix, Mr. Fortune served as the Chief Operating Officer of Intrinsic Therapeutics, Inc. and the Chief Operating Officer of Confluent Surgical, Inc. Previously, he held various senior management roles with the orthopedic and neurosurgical divisions of Johnson & Johnson. Mr. Fortune holds a B.S. in Mechanical Engineering from Rensselaer Polytechnic Institute.

Eric Ankerud has served as our Executive Vice President, Clinical, Regulatory and Quality, since 2007. Prior to joining Ocular Therapeutix, Mr. Ankerud served as the Vice President, Clinical, Regulatory and Quality, of Confluent Surgical, Inc., the Vice President, Corporate Regulatory Affairs, of Boston Scientific Corporation, the Vice President, Quality, Regulatory and Clinical Affairs, of Summit Technology, Inc., a medical device company, and the Director, Corporate Regulatory Affairs, of Bausch & Lomb. Previously, he held various senior management roles with the surgical products and infusion pump divisions of C.R. Bard, a medical device manufacturer. Mr. Ankerud holds a B.A. in Economics from St. Lawrence University and a J.D. from the State University of New York at Buffalo.

Jaswinder Chadha has served as a member of our board of directors since 2013. Mr. Chadha founded and has served as the President and Chief Executive Officer of Axtria, Inc., an analytics company, since 2009. Prior to founding Axtria, Mr. Chadha was a co-founder and served as President and Chief Executive Officer of marketRx Inc., a market research and analytics firm subsequently acquired by Cognizant Technology Solutions, from 2000 to 2009. Mr. Chadha holds a B.Tech. in Mechanical Engineering from the Indian Institute of Technology, Delhi, India. We believe that Mr. Chadha is qualified to serve on our board of directors because of his extensive experience in sales and marketing strategy in the life sciences industry.

Alan Crane has served as a member of our board of directors since 2009. Mr. Crane has been a Partner and Entrepreneur at Polaris Partners since 2002. Mr. Crane is Chairman of the Board and a co-founder of Visterra, Inc., a biotechnology company, Calorics Pharmaceuticals, Inc., a pharmaceutical company and XTuit Pharmaceuticals, Inc., a pharmaceutical company. Mr. Crane is a co-founder of Cerulean Pharma Inc., or Cerulean, a publicly traded biotechnology company, and has been a member of Cerulean's board of directors since 2006 and Chairman since 2009. In addition, he served as Chief Executive Officer of Cerulean from 2006 to 2009. From 2002 to 2006, Mr. Crane was President and Chief Executive Officer of Momenta Pharmaceuticals, Inc., a publicly-traded biotechnology company, and served as a member of the board of directors from 2001 to 2010. Previously, he served as Senior Vice President of Global Corporate Development at Millenium Pharmaceuticals, Inc. Mr. Crane also serves as a member of the boards of directors of several privately-held life sciences companies. Mr. Crane holds a B.A. in Biology, an M.A. in Cellular and Developmental Biology and an M.B.A. from Harvard University. We believe that Mr. Crane is qualified to serve on our board of directors because of his extensive experience as a venture capital investor in the life sciences industry, his service on the boards of directors of other life sciences companies and his extensive leadership experience.

James Garvey has served as a member of our board of directors since 2010. Mr. Garvey has been Managing Partner and Chairman of SV Life Sciences Advisers, LLC since 1995 and assumed the role of Chairman Emeritus in 2014. From 1995 to 2009, he also served as Chief Executive Officer of SV Life Sciences. Previously, he was Managing Director for the venture capital division of Allstate Corporation, an insurance provider. He also serves as a member of the boards of directors of several privately-held life sciences companies. Mr. Garvey holds a B.S. in Education from Northern Illinois University. We believe that Mr. Garvey is qualified to serve on our board of directors because of his service on the boards of directors of other life sciences companies and his extensive executive leadership experience.

Richard Lindstrom, M.D. has served as a member of our board of directors since 2012. Dr. Lindstrom is a founder, director and has been an attending surgeon at Minnesota Eye Consultants P.A., a provider of eye care services, since 1989. He has served as a member of the board of directors of TearLab Corporation since 2010 and served as a member of the board of directors of Onpoint Medical Diagnostics, Inc. from 2010 to 2013. Dr. Lindstrom has served as associate director of the Minnesota Lions Eye Bank since 1987. He is a medical advisor for several medical device and pharmaceutical manufacturers and serves on the boards of several privately-held life sciences companies. Dr. Lindstrom previously served as president of the International Society of Refractive Surgery, the International Intraocular Implant Society, the International Refractive Surgery Club and the American Society of Cataract and Refractive Surgery. From 1980 to 1989, he served as a professor of ophthalmology at the University of Minnesota, where he is currently adjunct professor emeritus. Dr. Lindstrom holds a B.A. in Pre-Medical Studies, a B.S. in Medicine and an M.D. from the University of Minnesota. We believe that Dr. Lindstrom is qualified to serve on our board of directors because of his service on the board of

directors of other life sciences companies and his background in ophthalmology, which gives him a perspective that is helpful to the board for understanding Ocular's product market.

Charles Warden has served as a member of our board of directors since 2008. Mr. Warden has served as a Managing Director at Versant Ventures since 2004. Prior to Versant, he was a General Partner at Schroder Ventures Life Sciences (now SV Life Sciences), where he worked from 1996 to 2004. Previously, Mr. Warden served as an associate with Boston Capital Ventures and as a consultant with Monitor Company. He serves on the boards of several privately-held life sciences companies and also has been involved with ForSight Labs, an ophthalmic incubator, The Foundry, a medical device incubator, and The Innovation Factory, a medical devices incubator. Mr. Warden holds a B.A. in Economics and Classics from Beloit College and an M.B.A from Harvard University. We believe that Mr. Warden is qualified to serve on our board of directors due to his significant experience as an investor in life sciences companies.

Board Composition and Election of Directors

Board Composition

Our board of directors currently consists of six members and there is one vacancy. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

Our certificate of incorporation and bylaws that will become effective upon the closing of this offering provide that the authorized number of directors may be changed only by resolution of our board of directors. Our certificate of incorporation and bylaws will also provide that our directors may be removed only for cause 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, and that 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.

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 will be and , and their term will expire at the annual meeting of stockholders to be held in ;
- the class II directors will be and , and their term will expire at the annual meeting of stockholders to be held in ; and
- the class III directors will be , and their term will expire at the annual meeting of stockholders to be held in .

Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires.

Director Independence

Applicable NASDAQ rules require a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. In addition, the NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act, and compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act. Under applicable NASDAQ rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's 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. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than

in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries. In order to be considered independent for purposes of Rule 10C-1, the board must consider, for each member of a compensation committee of a listed company, all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (1) the source of compensation of the director, including any consulting advisory or other compensatory fee paid by such company to the director; and (2) whether the director is affiliated with the company or any of its subsidiaries or affiliates.

In 2014, our board of directors undertook a review of the composition of our board of directors and its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that each of our directors, with the exception of Dr. Sawhney, is an "independent director" as defined under applicable NASDAQ rules. In making such determination, our board of directors considered the relationships that each such non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining his or her independence, including the beneficial ownership of our capital stock by each non-employee director. Dr. Sawhney is not an independent director under these rules because he is our President and Chief Executive Officer.

There are no family relationships among any of our directors or executive officers, except for between Dr. Sawhney and Mr. Chadha, who are cousins.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition of each committee will be effective as of the date of this prospectus.

Audit Committee

The members of our audit committee are , and . is the chair of the 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 that 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, if any, 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 is an "audit committee financial expert" as defined in applicable SEC rules. We believe that the composition of our audit committee will meet the requirements for independence under current NASDAQ and SEC rules and regulations.

Compensation Committee

The members of our compensation committee are , and . is the chair of the compensation committee. Our compensation committee's responsibilities will include:

- reviewing and approving, or making recommendations to our board of directors 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 of directors with respect to director compensation;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis" disclosure if and to the extent then required by SEC rules; and
- preparing the compensation committee report if and to the extent then required by SEC rules.

We believe that the composition of our compensation committee will meet the requirements for independence under current NASDAQ and SEC rules and regulations.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are , and . is the chair of the nominating and corporate governance committee. Our nominating and corporate governance committee's responsibilities will include:

- identifying individuals qualified to become members of our board of directors;
- recommending to our board of directors 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 of directors corporate governance principles; and
- overseeing an annual evaluation of our board of directors.

We believe that the composition of our nominating and corporate governance committee will meet the requirements for independence under current NASDAQ and SEC rules and regulations.

Compensation Committee Interlocks and Insider Participation

During 2013, the members of our compensation committee were Alan Crane, Richard Lindstrom, and Charles Warden. None of the members of our compensation committee is, or has ever been, an officer or employee of our company. Dr. Sawhney, our President and Chief Executive Officer, is a member of the board of directors of Axtria, Inc., or Axtria. Axtria does not have a standing compensation committee or other board committee performing equivalent functions. Mr. Chadha, who serves on our board of directors, is a director, President and Chief Executive Officer of Axtria. In 2013, Mr. Chadha was not a member of our compensation committee.

EXECUTIVE COMPENSATION

This section describes the material elements of compensation awarded to, earned by or paid to each of our named executive officers in 2013. Our named executive officers for 2013 are Amarpreet Sawhney, Ph.D., our President and Chief Executive Officer, James Fortune, our Chief Operating Officer, and Eric Ankerud, our Executive Vice President, Clinical, Regulatory and Quality. 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 each of our named executive officers for the year ended December 31, 2013.

Name and Principal Position	Year	Salary ($)	Option awards ($)(1)	Stock awards ($)(3)	All other compensation ($)	Total ($)
Amarpreet Sawhney, Ph.D.	2013	254,894(2)	260,627	220,613	—	736,134
President and Chief Executive Officer						
James Fortune	2013	362,527	120,892	—	—	483,419
Chief Operating Officer						
Eric Ankerud	2013	321,530	16,030	—	—	337,560
Executive Vice President, Clinical, Regulatory and Quality						

(1) The amounts reported in the “Option awards” column reflect the aggregate grant date fair value of option awards granted during the year or in connection with 2013 performance, computed in accordance with the provisions of the Financial Accounting Standards Board’s Accounting Standards Codification Topic 718. See Note 11 to our financial statements appearing at the end of this prospectus regarding assumptions underlying the valuation of equity awards. Includes an option we granted to Mr. Fortune to purchase 19,375 shares of our common stock in recognition of his performance during 2013.

(2) In lieu of his anticipated 2013 salary of $254,894, we granted to Dr. Sawhney 265,000 shares of our restricted common stock, which had an aggregate fair market value of $249,100 at the time of grant. The shares vested on an equal monthly basis over 12 months starting on January 1, 2013.

(3) The amount reported in the “Stock awards” column reflects the aggregate grant date fair value of stock-based awards granted during the year or in connection with 2013 performance, computed in accordance with the provisions of the Financial Accounting Standards Board’s Accounting Standards Codification Topic 718. See Note 11 to our financial statements appearing at the end of this prospectus regarding assumptions underlying the valuation of equity awards. This consists of a stock grant to Dr. Sawhney of 66,250 shares of our common stock in recognition of his performance during 2013.

Narrative to Summary Compensation Table

In 2013, we paid annual base salaries of $362,527 to James Fortune and $321,530 to Eric Ankerud. Base salaries are used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. We compensated Dr. Sawhney with an equity award in lieu of a base salary. 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.

We do not have a formal performance-based bonus plan. From time to time, our board of directors has approved discretionary annual cash bonuses to our named executive officers with respect to their prior year performance. In the first quarter of 2014, we granted to Mr. Fortune an option to purchase 19,375 shares of our common stock in recognition of his performance during 2013 and a stock award to Dr. Sawhney of 66,250 shares

of our common stock in recognition of his performance during 2013. We did not pay any discretionary annual cash bonuses to our named executive officers for their 2013 performance.

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 2013, based upon our overall performance, we granted to Dr. Sawhney options to purchase 500,000 shares of our common stock and to Eric Ankerud an option to purchase 25,000 shares of our common stock.

Outstanding Equity Awards at December 31, 2013

The following table sets forth information regarding all outstanding equity awards held by each of our named executive officers as of December 31, 2013.

	Option Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date
Amarpreet Sawhney, Ph.D.	169,166	120,834(1)	0.51	8/12/2021
		240,952(2)	1.03	1/31/2018
		259,048(3)	0.94	1/31/2023
James Fortune	29,166	10,834(4)	0.46	6/16/2021
	58,333	41,667(5)	0.46	8/12/2021
	7,934	8,626(6)	0.46	1/26/2022
		120,000(7)	0.94	1/31/2023
		20,940(8)	0.94	6/6/2023
Eric Ankerud	29,166	20,834(9)	0.46	8/12/2021
		25,000(10)	0.94	1/31/2023

(1) Dr. Sawhney's option to purchase 290,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on August 8, 2012 and 2.0833% of the shares vesting monthly thereafter.

(2) Dr. Sawhney's option to purchase 240,952 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on February 1, 2014 and 2.0833% of the shares vesting monthly thereafter.

(3) Dr. Sawhney's option to purchase 259,048 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on February 1, 2014 and 2.0833% of the shares vesting monthly thereafter.

(4) Mr. Fortune's option to purchase 40,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on January 3, 2012 and 2.0833% of the shares vesting monthly thereafter.

(5) Mr. Fortune's option to purchase 100,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on August 11, 2012 and 2.0833% of the shares vesting monthly thereafter.

(6) Mr. Fortune's option to purchase 16,560 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on January 3, 2013 and 2.0833% of the shares vesting monthly thereafter.
(7) Mr. Fortune's option to purchase 120,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on February 1, 2014 and 2.0833% of the shares vesting monthly thereafter.
(8) Mr. Fortune's option to purchase 20,940 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on January 1, 2014 and 2.0833% of the shares vesting thereafter.
(9) Mr. Ankerud's option to purchase 50,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on August 12, 2012 and 2.0833% of the shares vesting monthly thereafter.
(10) Mr. Ankerud's option to purchase 25,000 shares of common stock vests over four years, with 25% of the shares underlying the option vesting on February 1, 2014 and 2.0833% of the shares vesting monthly thereafter.

Equity Incentive Plans

2006 Stock Incentive Plan

Our 2006 Stock Incentive Plan, as amended, or 2006 Plan, is administered by our board of directors or by a committee consisting of two or more members appointed by our board of directors. The 2006 Plan provides for the grant of incentive stock options within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, non-statutory stock options and stock grants. Our key employees, officers, directors, and consultants, as well as key employees, officers, directors, and consultants of our affiliates and certain other strategic partners, are eligible to receive awards under our 2006 Plan. However, incentive stock options may only be granted to our key employees. The terms of awards are set forth in the applicable award agreements. Our board of directors may amend our 2006 Plan at any time, subject in certain circumstances to stockholder approval. Stockholders may terminate our 2006 Plan at any time. Subject to certain limitations with respect to incentive stock options, our board of directors may accelerate the exercise date of any installment of any option under the 2006 Plan, and may amend the terms or conditions of an outstanding option or stock grant under the 2006 Plan, subject to participant consent of any amendment that is adverse to the participant.

Awards under our 2006 Plan are subject to adjustment in the event of certain corporate transactions affecting our common stock such as stock splits, stock dividends or similar transactions. In the event of a recapitalization or reorganization (other than an Acquisition, as described below) pursuant to which our securities or securities of another corporation are issued with respect to outstanding shares of our common stock, a participant, upon exercising or accepting an option or stock grant under the 2006 Plan, will be entitled to receive, for the purchase price, if any, paid upon such exercise or acceptance, the securities which would have been received if such option or stock grant had been exercised or accepted prior to such recapitalization or reorganization.

In the event of an Acquisition (as defined in the 2006 Plan) of us, our board of directors (or the board of the entity assuming our obligations under the 2006 Plan) shall take one of the following actions pursuant to the 2006 Plan, as to outstanding options:

- make appropriate provision for the continuation of outstanding options by substituting on an equitable basis for the shares then subject to outstanding options either the consideration payable with respect to the outstanding shares of common stock in connection with the Acquisition or securities of any successor or acquiring entity;
- upon written notice to participants, provide that all outstanding options must be exercised (to the extent then exercisable after taking into account any applicable acceleration of vesting) and that unexercised options will terminate within a specified time period of such notice; or

- terminate all outstanding options in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such options (to the extent then exercisable after taking into account any applicable acceleration of vesting) over the exercise price thereof.

In the event of an Acquisition of us, our board of directors (or the board of the entity assuming our obligations under the 2006 Plan) shall take one of the following actions pursuant to the 2006 Plan, as to outstanding stock grants:

- make appropriate provisions for the continuation of outstanding stock grants by substituting on an equitable basis for the shares then subject to outstanding stock grants either the consideration payable with respect to the outstanding shares of common stock in connection with the Acquisition or securities of any successor or acquiring entity;
- upon written notice to participants, provide that all outstanding stock grants must be accepted (to the extent then subject to acceptance) and that unaccepted stock grants will terminate within a specified number of days of the date of such notice; or
- terminate all outstanding stock grants in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such stock grant over the purchase price thereof, if any.

In addition, in the event of an Acquisition of us, our board of directors may waive all or any repurchase rights with respect to outstanding stock grants.

As of April 18, 2014, under our 2006 Plan, there were options to purchase an aggregate of 4,174,030 shares of common stock outstanding at a weighted average exercise price of $1.83 per share. There were 232,092 shares remaining and available for issuance under the 2006 Plan as of that date. Upon the closing of this offering, we will grant no further stock options or other awards under our 2006 Plan. However, any shares of common stock subject to awards under our 2006 Plan that expire, terminate, or are otherwise surrendered, cancelled, forfeited or repurchased without having been fully exercised or resulting in any common stock being issued will become available for issuance under our 2014 Stock Incentive Plan, or the 2014 Plan, up to a specified number of shares.

2014 Stock Incentive Plan

We expect our board of directors to adopt and our stockholders to approve the 2014 Plan, which will become effective immediately prior to closing. The 2014 Plan will be administered by our board of directors or by a committee appointed by our board of directors. The 2014 Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock units, stock appreciation rights and other stock-based awards. Upon effectiveness of the 2014 Plan, the number of shares of our common stock that will be reserved for issuance under the 2014 Plan will be the sum of (1) shares, plus the number of shares (up to shares) equal to the sum of the number of shares reserved for issuance under the 2006 Plan that remain available for grant under the 2006 Plan immediately prior to the closing of this offering and the number of shares of our common stock subject to outstanding awards under our 2006 Plan that expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right, plus (2) an annual increase, to be added on the first day of each fiscal year, beginning with the fiscal year ending December 31, 2015 and continuing for each fiscal year until, and including, the fiscal year ending December 31, 2024, equal to the least of shares of our common stock, % of the number of shares of our common stock outstanding on the first day of the applicable fiscal year and an amount determined by our board of directors.

Our employees, officers, directors, consultants and advisors will be eligible to receive awards under the 2014 Plan. However, incentive stock options may only be granted to our employees.

Subject to any limitation in the 2014 Plan, our board of directors or any committee or officer to which our board of directors has delegated authority will select the recipients of awards and determine:

- the number of shares of common stock covered by options and stock appreciation rights and the dates upon which those awards become exercisable;
- the type of options to be granted;
- the exercise price of options and measurement price of stock appreciation rights, neither of which may be less than 100% of the fair market value of our common stock on the grant date;
- the duration of options and stock appreciation rights, which may not be in excess of ten years;
- the methods of payment of the exercise price of options; and
- the number of shares of common stock subject to any restricted stock awards, restricted stock units or other stock-based awards and the terms and conditions of such awards, including the issue price, conditions for repurchase, repurchase price and performance conditions, if any.

If our board of directors delegates authority to an executive officer to grant awards under the 2014 Plan, the executive officer will have the power to make awards to all of our employees, other than executive officers, subject to any limitations under the 2014 Plan. 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 price will be determined), and the maximum number of shares subject to awards that such executive officer may make.

Awards under the 2014 Plan are subject to adjustment in the event of a stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in our capitalization or event or any dividend or distribution to holders of our common stock other than an ordinary cash dividend.

Upon a merger or other reorganization event (as defined in the 2014 Plan), our board of directors, may, in its sole discretion, take any one or more of the following actions pursuant to the 2014 Plan, as to some or all outstanding awards, other than restricted stock:

- provide that all outstanding awards will 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 the participant's unvested and/or unexercised options or awards will terminate immediately prior to the consummation of such transaction unless exercised by the participant;
- provide that outstanding awards will become exercisable, realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the reorganization event;
- in the event of a reorganization event pursuant to which holders 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 the 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 awards; and
- provide that, in connection with a liquidation or dissolution, awards convert into the right to receive liquidation proceeds.

In the case of specified 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 under each outstanding restricted stock award will continue for the benefit of the successor company and will, unless our board of directors may otherwise determine, apply to the cash, securities or other property into which our common stock is converted 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 restricted stock award.

At any time, our board of directors may, in its sole discretion, provide that any award under the 2014 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.

No award may be granted under the 2014 Plan after , 2024. Our board of directors may amend, suspend or terminate the 2014 Plan at any time, except that stockholder approval will be required to comply with applicable law or stock market requirements.

2014 Employee Stock Purchase Plan

We expect our board of directors to adopt and our stockholders to approve the 2014 Employee Stock Purchase Plan, or the 2014 ESPP. The 2014 ESPP will be administered by our board of directors or by a committee appointed by our board of directors. The 2014 ESPP will initially provide participating employees with the opportunity to purchase an aggregate of shares of our common stock. The number of shares of our common stock reserved for issuance under the 2014 ESPP will automatically increase on the first day of each fiscal year, commencing on January 1, 2015 and ending on December 31, 2024, in an amount equal to the least of (1) shares of our common stock, (2) % of the total number of shares of our common stock outstanding on the first day of the applicable fiscal year and (3) an amount determined by our board of directors.

All of our employees and employees of any of our designated subsidiaries, as defined in the 2014 ESPP, are eligible to participate in the 2014 ESPP, provided that:

- such person is customarily employed by us or a designated subsidiary for more than 20 hours a week and for more than five months in a calendar year;
- such person has been employed by us or by a designated subsidiary for at least months prior to enrolling in the 2014 ESPP; and
- such person was our employee or an employee of a designated subsidiary on the first day of the applicable offering period under the 2014 ESPP.

No employee may purchase shares of our common stock under the 2014 ESPP and any of our other employee stock purchase plans in excess of $25,000 of the fair market value of our common stock (as of the date of the option grant) in any calendar year. In addition, no employee may purchase shares of our common stock under the 2014 ESPP that would result in the employee owning 5% or more of the total combined voting power or value of our stock.

We expect to make one or more offerings to our eligible employees to purchase stock under the 2014 ESPP beginning at such time as our board of directors may determine. Each offering will consist of a six-month offering period during which payroll deductions will be made and held for the purchase of our common stock at the end of the offering period. Our board of directors may, at its discretion, choose a different period of not more than 12 months for offerings.

On the commencement date of each offering period, each eligible employee may authorize up to a maximum of % percent of his or her compensation to be deducted by us during the offering period. Each

employee who continues to be a participant in the 2014 ESPP on the last business day of the offering period will be deemed to have exercised an option to purchase from us the number of whole shares of our common stock that his or her accumulated payroll deductions on such date will pay for, not in excess of the maximum numbers set forth above. Under the terms of the 2014 ESPP, the purchase price shall be determined by our board of directors for each offering period and will be at least 85% of the applicable closing price of our common stock. If our board of directors does not make a determination of the purchase price, the purchase price will be 85% of the lesser of the closing price of our common stock on the first business day of the offering period or on the last business day of the offering period.

An employee may for any reason withdraw from participation in an offering prior to the end of an offering period and permanently draw out the balance accumulated in the employee's account. If an employee elects to discontinue his or her payroll deductions during an offering period but does not elect to withdraw his or her funds, funds previously deducted will be applied to the purchase of common stock at the end of the offering period. If a participating employee's employment ends before the last business day of an offering period, no additional payroll deductions will be made and the balance in the employee's account will be paid to the employee.

We will be required to make equitable adjustments to the number and class of securities available under the 2014 ESPP, the share limitations under the 2014 ESPP and the purchase price for an offering period under the 2014 ESPP to reflect stock splits, reverse stock splits, stock dividends, recapitalizations, combinations of shares, reclassifications of shares, spin-offs and other similar changes in capitalization or events or any dividends or distributions to holders of our common stock other than ordinary cash dividends.

In connection with a merger or other reorganization event (as defined in the 2014 ESPP), our board of directors or a committee of our board of directors may take any one or more of the following actions as to outstanding options to purchase shares of our common stock under the 2014 ESPP on such terms as our board or committee determines:

- provide that options shall be assumed, or substantially equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof);
- upon written notice to employees, provide that all outstanding options will be terminated immediately prior to the consummation of such reorganization event and that all such outstanding options will become exercisable to the extent of accumulated payroll deductions as of a date specified by our board or committee in such notice, which date shall not be less than ten days preceding the effective date of the reorganization event;
- upon written notice to employees, provide that all outstanding options will be cancelled as of a date prior to the effective date of the reorganization event and that all accumulated payroll deductions will be returned to participating employees on such date;
- in the event of a reorganization event under the terms of which holders of our common stock will receive upon consummation thereof a cash payment for each share surrendered in the reorganization event, change the last day of the offering period to be the date of the consummation of the reorganization event and make or provide for a cash payment to each employee equal to (1) the cash payment for each share surrendered in the reorganization event times the number of shares of our common stock that the employee's accumulated payroll deductions as of immediately prior to the reorganization event could purchase at the applicable purchase price, where the acquisition price is treated as the fair market value of our common stock on the last day of the applicable offering period for purposes of determining the purchase price and where the number of shares that could be purchased is subject to the applicable limitations under the 2014 ESPP minus (2) the result of multiplying such number of shares by the purchase price; and/or
- provide that, in connection with our liquidation or dissolution, options shall convert into the right to receive liquidation proceeds (net of the purchase price thereof).

Our board of directors may at any time, and from time to time, amend or suspend the 2014 ESPP or any portion thereof. We will obtain stockholder approval for any amendment if such approval is required by Section 423 of the Code. Further, our board of directors may not make any amendment that would cause the 2014 ESPP to fail to comply with Section 423 of the Code. The 2014 ESPP may be terminated at any time by our board of directors. Upon termination, we will refund all amounts in the accounts of participating employees.

401(k) Plan

We maintain a defined contribution employee retirement plan for our employees. Our 401(k) plan is intended to qualify as a tax-qualified plan under Section 401 of the Code, so that contributions to our 401(k) plan, and income earned on such contributions, are not taxable to participants until withdrawn or distributed from the 401(k) plan. Our 401(k) plan provides that each participant may contribute up to 90% of his or her pre-tax compensation, up to a statutory limit, which is $17,500 for 2014. Participants who are at least 50 years old can also make "catch-up" contributions, which in 2014 may be up to an additional $5,500 above the statutory limit. Under our 401(k) plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested by the plan's trustee, subject to participants' ability to give investment directions by following certain procedures. We do not currently make discretionary contributions or matching contributions to our 401(k) plan.

Limitation of 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, or the DGCL, and provides that no director will have personal liability to us or to our stockholders for monetary damages for breach of fiduciary 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 DGCL 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 DGCL.

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 specified 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 certain of our directors, and we intend to enter into indemnification agreements with all of our directors prior to the closing of this offering. 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 or her service as one of our directors.

Some of our non-employee directors may, through their relationships with their employers, be insured or indemnified against specified liabilities incurred in their capacities as members of our board of directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, or the Securities Act, may be permitted to directors, executive officers or persons controlling us, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Director Compensation

During and prior to 2013, we did not pay cash compensation to any non-employee director for his or her service as a director, with the exception of Jaswinder Chadha and Richard Lindstrom, who have each entered into director services agreements with us. Under the terms of his director services agreement, we agreed to grant Mr. Chadha a stock option award for 25,000 shares of our common stock and to pay him a $2,000 per-meeting attendance fee for his service as a director. In 2013, Mr. Chadha received a stock option with a fair value equal to $16,195 and cash compensation of $4,000. Under the terms of his director services agreement, we agreed to grant Dr. Lindstrom a one-time stock option award of 25,000 shares and to pay him a $5,000 per-meeting attendance fee for his service as a director. We granted Dr. Lindstrom his stock option award in 2012. In 2013, Dr. Lindstrom received cash compensation of $15,000 for his service as a director. We reimburse our non-employee directors for reasonable travel and other expenses incurred in connection with attending board of director and committee meetings or otherwise in direct service of our company.

During 2013, we did not provide any additional compensation to Amarpreet Sawhney, Ph.D., our President and Chief Executive Officer, for his service as a director. Dr. Sawhney's compensation as an executive officer is set forth above under "Executive Compensation—Summary Compensation Table."

Following this offering, our non-employee directors will be compensated for their services on our board of directors as follows:

TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2011, 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.

Incept License Agreement

In January 2012, we entered into an amended and restated license agreement with Incept, LLC, or Incept, an intellectual property holding company. Dr. Sawhney, our President and Chief Executive Officer, is a general partner of Incept and has a 50% ownership stake in Incept. Pursuant to the terms of the license agreement, we hold an exclusive, worldwide, perpetual, irrevocable license under specified patents and technology owned or controlled by Incept to make, have made, use, offer for sale, sell, sublicense, have sublicensed, offer for sublicense and import, products delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to all human ophthalmic diseases or conditions. This license covers all of the patent rights and a significant portion of the technology for ReSure Sealant and our hydrogel platform technology product candidates. In connection with the license agreement, we issued to Incept 1,169,700 shares of our common stock, valued at approximately $117, or $0.0001 per share, at the time of issuance. We will also be obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by us or our affiliates. Any sublicensee of ours also will be obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by it and will be bound by the terms of the agreement to the same extent as we are. To date we have paid $3,000 in royalties to Incept pursuant to the license agreement.

In addition, on February 12, 2014, we issued to Incept 500,000 shares of our common stock, valued at approximately $1.7 million, to Incept in connection with the expansion of the scope of the license to include back of the eye technology held by Incept. As a stockholder who owns 50% of Incept, Dr. Sawhney could be deemed to have an aggregate interest of approximately $0.8 million in these transactions.

Augmenix Lease and Consulting Services

Since 2011, we have had an ongoing business relationship with Augmenix, Inc, or Augmenix. Until April 2014, Dr. Sawhney was the Chief Executive Officer of both Ocular and Augmenix. In 2011, we leased office space to Augmenix for a total of approximately $162,000 in rent payments and we purchased office supplies and computer equipment on behalf of Augmenix totaling approximately $31,000. In addition, Augmenix paid us approximately $288,000 in 2011, approximately $366,000 in 2012 and approximately $232,000 in 2013 for consulting services we provided to Augmenix. As a stockholder who owns approximately 26% of Augmenix, Dr. Sawhney could be deemed to have an aggregate interest of approximately $0.3 million in these transactions.

Series C Preferred Stock Financing

In December 2010 and January 2011, we issued and sold an aggregate of 2,926,827 shares of our Series C preferred stock at a price per share of $2.05 for an aggregate purchase price of $6.0 million. As part of that financing, in January 2011 we issued an aggregate of 61,664 shares to Dr. Sawhney for services previously rendered and sold 42,440 shares to the Sangam Trust, a trust for which Dr. Sawhney is a beneficiary, at a purchase price of $2.05 per share, or aggregate consideration of $87,002.

Series D Preferred Stock Financing

In February 2011, we issued and sold an aggregate of 5,691,057 shares of our series D preferred stock at a price per share of $2.46 for an aggregate purchase price of $14.0 million to four of our 5% stockholders. The following table sets forth the aggregate number of shares of our series D preferred stock that we issued and sold to our 5% stockholders and their affiliates in these transactions and the aggregate purchase price for such shares:

	Shares of Series D Preferred Stock	Purchase Price
CHV II LP(1)	2,032,520	$4,999,999
Entities affiliated with Versant Ventures(2)	1,308,071	3,217,855
Entities affiliated with Polaris Ventures(3)	1,286,556	3,164,928
Entities affiliated with SV Life Sciences(4)	1,063,910	2,617,219

(1) Ascension Ventures II, LLC is the general partner of CHV II, L.P. Ascension Ventures II, LLC is governed by a Board of Managers, which has authority to invest and vote for the shares held by CHV II, L.P. Signatory and voting authority has been delegated to Matthew I. Hermann, Senior Managing Director of Ascension Ventures II, LLC. Decisions regarding liquidation of investment positions have been delegated by the Board to Anthony J. Speranzo, Executive Vice President and Chief Financial Officer, Ascension, and Matthew I. Hermann, Senior Managing Director, Ascension Ventures II, LLC, acting jointly. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Ascension Ventures, 101 South Hanley Road, Suite 200, Clayton, MO 63105.

(2) Consists of 1,300,391 shares of common stock held by Versant Venture Capital III, L.P. and 7,680 shares of common stock held by Versant Side Fund III, L.P. Versant Ventures III, LLC is the general partner of Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. The managing members of Versant Ventures III, LLC are Brian G. Atwood, Bradley J. Bolzon, Samuel D. Colella, Ross A. Jaffe, William J. Link, Barbara N. Lubash, Donald B. Milder, Rebecca B. Robertson and Charles M. Warden. Each of these individuals exercises shared voting and investment power over the shares held of record by Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. Mr. Warden is a member of our board of directors. Each of the individuals listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is 3000 Sand Hill Road, Building Four, Suite 210, Menlo Park, California 94025.

(3) Consists of 1,241,442 shares of common stock held by Polaris Venture Partners V, L.P., 24,196 shares of common stock held by Polaris Venture Partners Entrepreneurs' Fund V, L.P., 8,504 shares of common stock

held by Polaris Venture Partners Founders' Fund V, L.P. and 12,414 shares of common stock held by Polaris Venture Partners Special Founders' Fund V, L.P., collectively the Polaris Funds. Polaris Venture Management Co. V, LLC is the general partner of the Polaris Funds. The managing members of Polaris Venture Management Co. V, LLC are Terrance G. McGuire and Jonathan A. Flint. Polaris Venture Management Co. V, LLC and each of these individuals exercises voting and investment power over the shares held of record by the Polaris Funds. Mr. Crane, a Partner and Entrepreneur of Polaris Venture Partners, an affiliate of the Polaris Funds, is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Polaris Venture Partners, 1000 Winter Street, Suite 3350, Waltham, MA 02451.

(4) Consists of 1,034,539 shares of common stock held by SV Life Sciences Fund IV, L.P. and 29,371 shares of common stock held by SV Life Sciences Fund IV Strategic Partners, L.P. SV Life Sciences Fund IV (GP), LP is the general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee of SVLSF IV, LLC are Kate Bingham, James Garvey, Eugene D. Hill, III, David Milne and Michael Ross. SVLSF IV, LLC and each of these individuals may be deemed to share voting, dispositive and investment power over the shares held of record by SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners L.P. Mr. Garvey is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is One Boston Place, Suite 3900, Boston, MA 02108.

In November 2012, we issued and sold an aggregate of 9,670,730 shares of our series D preferred stock at a price per share of $2.46 for an aggregate purchase price of $23.8 million. As part of that financing, we sold 9,552,730 shares for an aggregate purchase price of $23.5 million to five of our 5% stockholders. The following table sets forth the aggregate number of shares of our series D preferred stock that we issued and sold to our 5% stockholders and their affiliates in these transactions and the aggregate purchase price for such shares:

	Shares of Series D Preferred Stock	Purchase Price
CHV II LP(1)	2,439,024	$5,999,999
Entities affiliated with Versant Ventures(2)	2,235,772	5,499,999
Entities affiliated with SV Life Sciences(3)	2,032,520	4,999,999
Sparta Group MA LLC Series 12(4)	1,626,016	3,999,999
Entities affiliated with Polaris Ventures(5)	1,219,512	3,000,000

(1) Ascension Ventures II, LLC is the general partner of CHV II, L.P. Ascension Ventures II, LLC is governed by a Board of Managers, which has authority to invest and vote for the shares held by CHV II, L.P. Signatory and voting authority has been delegated to Matthew I. Hermann, Senior Managing Director of Ascension Ventures II, LLC. Decisions regarding liquidation of investment positions have been delegated by the Board to Anthony J. Speranzo, Executive Vice President and Chief Financial Officer, Ascension, and Matthew I. Hermann, Senior Managing Director, Ascension Ventures II, LLC, acting jointly. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Ascension Ventures, 101 South Hanley Road, Suite 200, Clayton, MO 63105.

(2) Consists of 2,222,648 shares of common stock held by Versant Venture Capital III, L.P. and 13,124 shares of common stock held by Versant Side Fund III, L.P. Versant Ventures III, LLC is the general partner of Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. The managing members of Versant Ventures III, LLC are Brian G. Atwood, Bradley J. Bolzon, Samuel D. Colella, Ross A. Jaffe, William J. Link, Barbara N. Lubash, Donald B. Milder, Rebecca B. Robertson and Charles M. Warden. Each of these individuals exercises shared voting and investment power over the shares held of record by Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. Mr. Warden is a member of our board of directors. Each of the individuals listed above expressly disclaims beneficial ownership of the securities listed above except to

the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is 3000 Sand Hill Road, Building Four, Suite 210, Menlo Park, California 94025.

(3) Consists of 1,976,408 shares of common stock held by SV Life Sciences Fund IV, L.P. and 56,112 shares of common stock held by SV Life Sciences Fund IV Strategic Partners, L.P. SV Life Sciences Fund IV (GP), LP is the general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee of SVLSF IV, LLC are Kate Bingham, James Garvey, Eugene D. Hill, III, David Milne and Michael Ross. SVLSF IV, LLC and each of these individuals may be deemed to share voting, dispositive and investment power over the shares held of record by SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners L.P. Mr. Garvey is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is One Boston Place, Suite 3900, Boston, MA 02108.

(4) Gururaj Deshpande and Jaishree Deshpande are the Managers of Sparta Group MA LLC Series 12 and exercise voting and investment power over the shares held of record by Sparta Group MA LLC Series 12. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is 92 Montvale Avenue, Suite 2500, Stoneham MA 02180.

(5) Consists of 1,176,749 shares of common stock held by Polaris Venture Partners V, L.P., 22,935 shares of common stock held by Polaris Venture Partners Entrepreneurs' Fund V, L.P., 8,061 shares of common stock held by Polaris Venture Partners Founders' Fund V, L.P. and 11,767 shares of common stock held by Polaris Venture Partners Special Founders' Fund V, L.P., collectively the Polaris Funds. Polaris Venture Management Co. V, LLC is the general partner of the Polaris Funds. The managing members of Polaris Venture Management Co. V, LLC are Terrance G. McGuire and Jonathan A. Flint. Polaris Venture Management Co. V, LLC and each of these individuals exercises voting and investment power over the shares held of record by the Polaris Funds. Mr. Crane, a Partner and Entrepreneur of Polaris Venture Partners, an affiliate of the Polaris Funds, is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Polaris Venture Partners, 1000 Winter Street, Suite 3350, Waltham, MA 02451.

Series D-1 Preferred Stock Financing

In May 2013, we issued and sold an aggregate of 2,833,334 shares of our series D-1 preferred stock at a price per share of $3.00 for an aggregate purchase price of $8.5 million to two of our 5% stockholders. The following table sets forth the aggregate number of shares of our series D-1 preferred stock that we issued and sold to our 5% stockholders and their affiliates in these transactions and the aggregate purchase price for such shares:

	Shares of Series D-1 Preferred Stock	Purchase Price
Baxter Healthcare Corporation(1)	2,166,667	$6,500,001
CHV II LP(2)	666,667	2,000,001

(1) The shares are owned directly by Baxter Healthcare Corporation, which is a direct, wholly-owned subsidiary of Baxter International Inc., an NYSE-listed company, and as such Baxter International Inc. is an indirect beneficial owner of the shares. The address for both entities is One Baxter Parkway, Deerfield, IL, 60015.

(2) Ascension Ventures II, LLC is the general partner of CHV II, L.P. Ascension Ventures II, LLC is governed by a Board of Managers, which has authority to invest and vote for the shares held by CHV II, L.P. Signatory and voting authority has been delegated to Matthew I. Hermann, Senior Managing Director of

Ascension Ventures II, LLC. Decisions regarding liquidation of investment positions have been delegated by the Board to Anthony J. Speranzo, Executive Vice President and Chief Financial Officer, Ascension, and Matthew I. Hermann, Senior Managing Director, Ascension Ventures II, LLC, acting jointly. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Ascension Ventures, 101 South Hanley Road, Suite 200, Clayton, MO 63105.

Registration Rights

We are a party to an investor rights agreement with the holders of our preferred stock, including our 5% stockholders and their affiliates and entities affiliated with some of our directors. This investors' rights agreement provides these holders the right, following the closing of this offering, to demand that we file a registration statement or to 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, which will become effective 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 certain of our directors, and we intend to enter into indemnification agreements with all of our directors prior to the closing of this offering.

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 our company 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 . 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 audit 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.

Our audit committee may approve or ratify the transaction only if it determines that, under all of the circumstances, the transaction is in our best interests. Our audit 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 the entity, that is a participant in the transaction where the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, 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 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 certificate of incorporation or by-laws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by our compensation committee in the manner specified in the compensation committee's 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 has been the practice of our board of directors to consider the nature of and business reasons 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 April 18, 2014 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 41,103,181 shares of our common stock outstanding as of April 18, 2014, assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering. The column entitled "Percentage of Shares Beneficially Owned—After Offering" is based on shares of our common stock to be outstanding after this offering, including the shares of our common stock that we are selling in this offering, but not including any additional shares issuable upon exercise of outstanding options.

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 and warrants that are currently exercisable or exercisable within 60 days after April 18, 2014 are considered outstanding and beneficially owned by the person holding the options 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 each beneficial owner is c/o Ocular Therapeutix, Inc., 36 Crosby Drive, Suite 101, Bedford, Massachusetts 01730.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
5% Stockholders:			
Entities affiliated with Versant Ventures(1)	7,820,696	19.0%	
Entities affiliated with Polaris Ventures(2)	6,679,228	16.3	
Entities affiliated with SV Life Sciences(3)	6,196,469	15.1	
CHV II LP(4)	5,138,211	12.5	
Sparta Group MA LLC Series 12(5)	2,445,284	6.0	
Incept, LLC(6)	2,234,438	5.4	
Baxter Healthcare Corporation(7)	2,166,667	5.3	
Directors and Named Executive Officers:			
Amarpreet Sawhney, Ph.D.(8)	6,715,575	16.3	
James Fortune(9)	477,918	1.2	
Eric Ankerud(10)	248,749	*	
Jaswinder Chadha(11)	344,387	*	
Alan Crane(2)	6,679,228	16.3	
James Garvey(3)	6,196,469	15.1	
Richard Lindstrom, M.D.(12)	125,416	*	
Charles Warden(1)	7,820,696	19.0	
All current executive officers and directors as a group (9 persons)(13)	28,539,976	68.4	

* Less than one percent

(1) Consists of 7,774,783 shares of common stock held by Versant Venture Capital III, L.P. and 45,913 shares of common stock held by Versant Side Fund III, L.P. Versant Ventures III, LLC is the general partner of Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. The managing members of Versant Ventures III, LLC are Brian G. Atwood, Bradley J. Bolzon, Samuel D. Colella, Ross A. Jaffe, William J. Link, Barbara N. Lubash, Donald B. Milder, Rebecca B. Robertson and Charles M. Warden. Each of these individuals exercises shared voting and investment power over the shares held of record by Versant Venture Capital III, L.P. and Versant Side Fund III, L.P. Mr. Warden is a member of our board of directors. Each of the individuals listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is 3000 Sand Hill Road, Building Four, Suite 210, Menlo Park, California 94025.

(2) Consists of 6,445,016 shares of common stock held by Polaris Venture Partners V, L.P., 125,614 shares of common stock held by Polaris Venture Partners Entrepreneurs' Fund V, L.P., 44,149 shares of common stock held by Polaris Venture Partners Founders' Fund V, L.P. and 64,449 shares of common stock held by Polaris Venture Partners Special Founders' Fund V, L.P., collectively the Polaris Funds. Polaris Venture Management Co. V, LLC is the general partner of the Polaris Funds. The managing members of Polaris Venture Management Co. V, LLC are Terrance G. McGuire and Jonathan A. Flint. Polaris Venture Management Co. V, LLC and each of these individuals exercises voting and investment power over the shares held of record by the Polaris Funds. Mr. Crane, a Partner and Entrepreneur of Polaris Venture Partners, an affiliate of the Polaris Funds, is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Polaris Venture Partners, 1000 Winter Street, Suite 3350, Waltham, MA 02451.

(3) Consists of 6,025,402 shares of common stock held by SV Life Sciences Fund IV, L.P. and 171,067 shares of common stock held by SV Life Sciences Fund IV Strategic Partners, L.P. SV Life Sciences Fund IV (GP), LP is the general partner of SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. The general partner of SV Life Sciences Fund IV (GP), LP is SVLSF IV, LLC. The members of the investment committee of SVLSF IV, LLC are Kate Bingham, James Garvey, Eugene D. Hill, III, David Milne and Michael Ross. SVLSF IV, LLC and each of these individuals may be deemed to share voting, dispositive and investment power over the shares held of record by SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners L.P. Mr. Garvey is a member of our board of directors. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is One Boston Place, Suite 3900, Boston, MA 02108.

(4) Ascension Ventures II, LLC is the general partner of CHV II, L.P. Ascension Ventures II, LLC is governed by a Board of Managers, which has authority to invest and vote for the shares held by CHV II, L.P. Signatory and voting authority has been delegated to Matthew I. Hermann, Senior Managing Director of Ascension Ventures II, LLC. Decisions regarding liquidation of investment positions have been delegated by the Board to Anthony J. Speranzo, Executive Vice President and Chief Financial Officer, Ascension, and Matthew I. Hermann, Senior Managing Director, Ascension Ventures II, LLC, acting jointly. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals and entities listed above is Ascension Ventures, 101 South Hanley Road, Suite 200, Clayton, MO 63105.

(5) Gururaj Deshpande and Jaishree Deshpande are the Managers of Sparta Group MA LLC Series 12 and exercise voting and investment power over the shares held of record by Sparta Group MA LLC Series 12. Each of the individuals listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals listed above is 92 Montvale Avenue, Suite 2500, Stoneham MA 02180.

(6) Dr. Sawhney and Farhad Khosravi are General Partners of Incept, LLC and exercise voting and investment power over the shares held of record by Incept, LLC. Each of the individuals listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for each of the individuals listed above is Incept, LLC, 1221 Innsbruck Drive, Sunnyvale, CA 94089.

(7) The shares are owned directly by Baxter Healthcare Corporation, which is a direct, wholly-owned subsidiary of Baxter International Inc., an NYSE-listed company, and as such Baxter International Inc. is an indirect beneficial owner of the shares. The address for both entities is One Baxter Parkway, Deerfield, IL, 60015.

(8) Consists of (i) 1,786,322 shares of common stock held by Dr. Sawhney directly; (ii) 372,082 shares of common stock issuable upon the exercise of options exercisable within 60 days after April 18, 2014; (iii) 1,001,667 shares of common stock held by the SAFIGS Trust; (iv) 190,000 shares of common stock held by the Sawhney Family Dynasty Trust; (v) 1,042,440 shares of common stock held by the Sangam Trust; (vi) 20,164 shares of common stock held by the Navdeep Chadha 2007 Delaware Trust; (vii) 68,462 shares of common stock held by the Jaswinder Chadha 2007 Delaware Trust; and (viii) 2,234,438 shares of common stock held by Incept, LLC. Dr. Sawhney has voting and investment power as a trustee of the Navdeep Chadha 2007 Delaware Trust and the Jaswinder Chadha 2007 Delaware Trust. Dr. Sawhney has voting and investment power as a general partner of Incept, LLC. Dr. Sawhney or his immediate family members are beneficiaries of the SAFIGS Trust, the Sawhney Family Dynasty Trust, and the Sangam Trust. Dr. Sawhney expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein. The address for Dr. Sawhney and for each of the entities listed above is Ocular Therapeutix, Inc., 36 Crosby Drive, Suite 101, Bedford, MA 01730.

(9) Consists of (i) 315,500 shares of common stock and (ii) 162,418 shares of common stock issuable upon the exercise of options exercisable within 60 days after April 18, 2014.

(10) Consists of (i) 205,000 shares of common stock and (ii) 43,749 shares of common stock issuable upon the exercise of options exercisable within 60 days after April 18, 2014.

(11) Consists of (i) 275,925 shares of common stock held by Mr. Chadha directly and (ii) 68,462 shares of common stock held by the Jaswinder Chadha 2007 Delaware Trust.

(12) Consists of (i) 50,000 shares of common stock and (ii) 75,416 shares of common stock issuable upon the exercise of options exercisable within 60 days after April 18, 2014.

(13) Dr. Sawhney’s interest as trustee and Mr. Chadha’s interest as beneficiary of 68,462 shares of common stock held by the Jaswinder Chadha 2007 Delaware Trust are reflected in Dr. Sawhney’s and Mr. Chadha’s totals above. They are counted only once in this total.

DESCRIPTION OF CAPITAL STOCK

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 shares of our common stock, par value $0.0001 per share, and shares of our preferred stock, par value $0.001 per share, all of which preferred stock will be undesignated.

As of April 18, 2014, we had issued and outstanding:

- 8,260,994 shares of our common stock held by 49 stockholders of record;
- 1,145,836 shares of our series A preferred stock held by 15 stockholders of record that are convertible into 1,145,836 shares of our common stock;
- 3,257,329 shares of our series B preferred stock held by 13 stockholders of record that are convertible into 3,257,329 shares of our common stock.
- 10,243,901 shares of our series C preferred stock held by 31 stockholders of record that are convertible into 10,243,901 shares of our common stock;
- 15,361,787 shares of our series D preferred stock held by 14 stockholders of record that are convertible into 15,361,787 shares of our common stock; and
- 2,833,334 shares of our series D-1 preferred stock held by two stockholders of record that are convertible into 2,833,334 shares of our common stock;

Upon the closing of this offering, all of the outstanding shares of our preferred stock will automatically convert into an aggregate of 32,842,187 shares of our common stock.

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 April 18, 2014, we had outstanding:

- warrants held by Pinnacle Ventures II Equity Holdings, L.L.C., or the Pinnacle warrants, to purchase up to an aggregate of 27,000 shares of our series A preferred stock, at an exercise price of $1.00 per share;
- warrants held by Silicon Valley Bank, or SVB, or the SVB Series B warrants, to purchase up to an aggregate of 48,860 shares of our series B preferred stock, at an exercise price of $1.842 per share;
- warrants held by SVB, or the SVB Series D warrants, to purchase up to an aggregate of 60,976 shares of our series D preferred stock, at an exercise price of $2.46 per share;
- warrants held by Midcap Financial SBIC, LP, or Midcap, or the Midcap Series D-1 warrants, to purchase up to an aggregate of 50,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 per share; and
- warrants held by SVB, or the SVB Series D-1 warrants, to purchase up to an aggregate of 50,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 per share.

Upon the closing of this offering:

- the Pinnacle warrants will become exercisable for an aggregate of 27,000 shares of our common stock, at an exercise price of $1.00 per share;
- the SVB Series B warrants will become exercisable for an aggregate of 48,860 shares of our common stock, at an exercise price of $1.842 per share;
- the SVB Series D warrants will become exercisable for an aggregate of 60,976 shares of our common stock, at an exercise price of $2.46 per share;
- the Midcap Series D-1 warrants will become exercisable for an aggregate of 50,000 shares of our common stock, at an exercise price of $3.00 per share; and
- the SVB Series D-1 warrants will become exercisable for an aggregate of 50,000 shares of our common stock, at an exercise price of $3.00 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 April 18, 2014, options to purchase an aggregate of 4,174,030 shares of our common stock, at a weighted average exercise price of $1.83 per share, were outstanding.

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 the third party 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 fourth amended and restated investors' rights agreement dated May 31, 2013, or the investor rights agreement, with holders of our preferred stock. Upon the closing of this offering, holders of a total of 33,329,023 shares of our common stock outstanding or issuable upon exercise of the warrants as of April 18, 2014, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 32,842,187 shares of our common stock upon the closing of this offering and all outstanding warrants to purchase our preferred stock becoming warrants to purchase our common stock as a result of the automatic conversion of all outstanding shares of our preferred stock upon the closing of this offering, will have the right to require us to register these shares under the Securities Act under specified circumstances. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act. If not otherwise exercised, the rights under the investor rights agreement described below will expire five years after the closing of this offering.

Demand and Form S-3 Registration Rights

Beginning six months after the commencement of this offering, subject to specified limitations set forth in the investor rights agreement, at any time, the holders of at least 50% of the then outstanding shares having rights under the investor rights agreement, or the registrable securities, may demand that we register registrable securities then outstanding under the Securities Act for purposes of a public offering having an aggregate offering price to the public of not less than $10 million. We are not obligated to file a registration statement pursuant to this provision on more than two occasions.

In addition, subject to specified limitations set forth in the investor rights agreement, at any time after we become eligible to file a registration statement on Form S-3, holders of the registrable securities then outstanding may request that we register their registrable securities on Form S-3 for purposes of a public offering for which the reasonably anticipated aggregate offering price to the public would exceed $1 million.

Incidental Registration Rights

If, at any time after the closing of this offering, we propose to register for our own account any of our securities under the Securities Act, the holders of registrable securities will be entitled to notice of the registration and, subject to specified exceptions, have the right to require us to use our best efforts to register all or a portion of the registrable securities then held by them in that registration. Under the Pinnacle warrants, the SVB Series B warrants, the SVB Series D warrants, the Midcap Series D-1 warrants and the SVB Series D-1 warrants, each of Pinnacle, SVB and Midcap is also entitled to notice of the registration at the time that we provide notice of the registration to the holders of registrable securities.

In the event that any registration in which the holders of registrable securities participate pursuant to our investor rights agreement is an underwritten public offering or if Pinnacle, SVB or Midcap participate in such an offering pursuant to the Pinnacle warrants, SVB Series B warrants, the SVB Series D warrants, the Midcap Series D-1 warrants and the SVB Series D-1 warrants, we have agreed to enter into an underwriting agreement containing customary representations and warranties and covenants, including without limitation customary provisions with respect to indemnification of the underwriters of such offering.

In the event that any registration in which the holders of registrable securities participate pursuant to our investor rights agreement is an underwritten offering or if Pinnacle, SVB or Midcap participate pursuant to the Pinnacle warrants, SVB Series B warrants, the SVB Series D warrants, the Midcap Series D-1 warrants and the

SVB Series D-1 warrants, we will use our best efforts to include the requested securities to be included, but such inclusions may be limited by market conditions to the extent set forth in the investor rights agreement.

Expenses

Pursuant to the investor rights agreement, we are required to pay all registration expenses, including all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of one counsel selected by the selling stockholders to represent the selling stockholders, state Blue Sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions and the fees and expenses of the selling stockholders own counsel (other than the counsel selected to represent all selling stockholders). We are not required to pay registration expenses if the registration request under the investor rights agreement is withdrawn at the request of holders initiating such registration request, unless the withdrawal is related to information concerning the business or financial condition of us after the initiation of such registration request.

The investor 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 or any violation or alleged violation whether by action or inaction by us under the Securities Act, the Exchange Act, any state securities or Blue Sky law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities or Blue Sky law in connection with such registration statement or the qualification or compliance of the offering, 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 .

NASDAQ Global Market

We intend to apply to have our common stock listed on The NASDAQ Global Market under the symbol “OCUL.”

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 shares of our common stock, after giving effect to the issuance of shares of our common stock in this offering, assuming no exercise by the underwriters of their over-allotment option.

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 shares of our common stock 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 agreement as described below. These restricted securities may be sold in the public market upon release or waiver of any applicable lock-up agreements and only if registered or pursuant to an exemption from registration, such as Rule 144 or 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 those 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 shares immediately after this offering; and
- the average weekly trading volume in our common stock on The NASDAQ Global Market during the four calendar weeks preceding the date of 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 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 various restrictions, including the availability of public information about us, holding period and volume limitations, contained in Rule 144. Subject to the 180-day lock-up period described below, approximately shares of our common stock, based on shares outstanding as of April 18, 2014 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 % of our outstanding common stock, who collectively own shares of our common stock, based on shares outstanding as of April 18, 2014, have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Cowen and Company, 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:

- 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 our common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- 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.

Registration Rights

Subject to the lock-up agreements described above, upon the closing of this offering, the holders of an aggregate of 33,092,187 shares of our common stock will have rights, subject to some conditions, to require us to file registration statements covering their shares or, along with holders of an additional 236,836 shares of our common stock issuable upon the exercise of warrants, to include their shares in registration statements that we may file for ourselves or other stockholders. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act. See “Description of Capital Stock—Registration Rights” for additional information regarding these registration rights.

Stock Options and Form S-8 Registration Statement

As of April 18, 2014, we had outstanding options to purchase an aggregate of 4,174,030 shares of our common stock, of which options to purchase 1,459,785 shares were vested. Following this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of our common stock subject to outstanding options and reserved for future options and other awards under our 2006 Plan and our 2014 Plan. See “Executive Compensation—Equity Incentive 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. 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 in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not address the tax treatment of partnerships or persons who hold their common stock through partnerships or other entities that 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.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, or 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) for U.S. federal income tax purposes. This discussion does not address all aspects of U.S. federal income and estate taxation 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, the alternative minimum tax, or the Medicare tax on net investment income. 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:

- insurance companies;
- tax-exempt organizations;
- financial institutions;
- brokers or dealers in securities;
- regulated investment companies;
- pension plans;
- controlled foreign corporations;
- passive foreign investment companies;
- non-U.S. governments
- persons that have a functional currency other than the U.S. dollar;
- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment or who have elected to mark securities to market; and
- certain U.S. expatriates.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT, AND IS NOT INTENDED TO BE, LEGAL OR TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, LOCAL, ESTATE AND NON-U.S. INCOME AND OTHER TAX CONSIDERATIONS OF ACQUIRING, HOLDING AND DISPOSING OF OUR COMMON STOCK.

Distributions

As discussed under "Dividend Policy" above, we do not currently expect to make distributions in respect of our common stock. If we make distributions in respect of 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, subject to the tax treatment described in this section. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of capital, up to the 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 distributions will also be subject to the discussion below under the heading "FATCA."

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 including provision of a valid IRS Form W-8ECI (or applicable successor form) certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States). However, such U.S. effectively connected income, net of specified deductions and credits, is taxed in the hands of the non-U.S. holder at the same graduated U.S. federal income tax rates as would apply if such holder were a U.S. person (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is classified as a corporation for U.S. federal income tax purposes 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 W-8BEN-E (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.

Each non-U.S. holder is urged to consult its own tax advisor about the specific methods for satisfying these requirements.

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 for a refund with the IRS.

Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock

Subject to the discussion below under the heading "FATCA," a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on gain recognized 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 as would apply if it were a U.S. person, and, if the non-U.S. holder is a foreign 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 non-resident 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 certain U.S.-source capital losses of the non-U.S. holder recognized in the taxable year of the disposition, 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" 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. 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. If we are a U.S. real property holding corporation and either our common stock is not regularly traded on an established securities market or a non-U.S. holder holds more than 5% of our outstanding common stock, directly or indirectly, during the applicable testing period, such non-U.S. holder's gain on the disposition of shares of our common stock generally will be taxed in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply.

Information Reporting and Backup Withholding

We or a financial intermediary 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 generally will 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 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 W-BEN-E (or other applicable Form W-8), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code, 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 "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 non-U.S., 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. person (as defined in the Code) 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 not a citizen or resident of the United States (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 or other treaty provides otherwise.

FATCA

The Foreign Account Tax Compliance Act, or FATCA, generally imposes a 30% withholding tax on 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, or (iii) the foreign entity is otherwise exempt under FATCA.

Withholding under FATCA will only apply (1) to payments of dividends on our common stock made after June 30, 2014, and (2) to payments of gross proceeds from a sale or other disposition of our common stock made after December 31, 2016. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits of the tax. Non-U.S. holders should consult their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

The preceding discussion of material U.S. federal tax considerations is for general information only. It is not legal or 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.

UNDERWRITING

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 Cowen and Company, 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	
Cowen and Company, LLC	
RBC Capital Markets, LLC	
Oppenheimer & Co. Inc.	
Total	

The underwriters are collectively referred to as the “underwriters” and the representatives are collectively referred to as the “representatives”. 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 to purchase additional shares described below.

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. 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 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 shares of common stock.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by:	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

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 intend to apply to have our common stock listed on the NASDAQ Global Market under the trading symbol “OCUL”.

We and all directors and officers and the holders of % of our outstanding stock, warrants and stock options have agreed that, subject to specified exceptions, without the prior written consent of Morgan Stanley & Co. LLC and Cowen and Company, 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 or any securities convertible into or exercisable or exchangeable for shares of common stock; or
- 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 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 Cowen and Company, 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.

Morgan Stanley & Co. LLC, and Cowen and Company, LLC, 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 will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price are 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.

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 common stock offered hereby is being passed upon for us by Wilmer Cutler Pickering Hale and Dorr LLP. Ropes & Gray LLP is acting as counsel for the underwriters in connection with this offering.

EXPERTS

The financial statements as of December 31, 2013 and 2012 and for each of the two years in the period ended December 31, 2013 and, cumulatively, for the period from September 12, 2006 (date of inception) to December 31, 2013 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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 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.

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 SEC 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 *http://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. Following this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended and we will file reports, proxy statements and other information with the SEC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Ocular Therapeutix, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Ocular Therapeutix, Inc. (a development stage company) at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended and, cumulatively, for the period from September 12, 2006 (date of inception) to December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements 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. An audit 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.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
April 29, 2014

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2012	December 31, 2013	Pro Forma December 31, 2013 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 23,854	$ 17,505	$ 17,505
Accounts receivable from related party	45	19	19
Accounts receivable	—	250	250
Prepaid expenses and other current assets	363	240	240
Total current assets	24,262	18,014	18,014
Property and equipment, net	785	904	904
Restricted cash	228	228	228
Other assets	10	—	—
Total assets	$ 25,285	$ 19,146	$ 19,146
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)			
Current liabilities:			
Accounts payable	$ 583	$ 545	$ 545
Accrued expenses	1,086	741	741
Deferred revenue	—	250	250
Notes payable, net of discount, current	1,806	1,806	1,806
Total current liabilities	3,475	3,342	3,342
Preferred stock warrants	268	254	—
Deferred rent, long-term	71	27	27
Notes payable, net of discount, long-term	2,259	651	651
Total liabilities	6,073	4,274	4,020
Commitments and contingencies (Note 13)			
Redeemable convertible preferred stock (Series A, B, C, D and D-1), $0.001 par value; 30,979,025 and 33,979,025 shares authorized at December 31, 2012 and 2013, respectively; 30,008,853 and 32,842,187 shares issued and outstanding at December 31, 2012 and 2013, respectively; aggregate liquidation preference of $74,436 at December 31, 2013; no shares issued or outstanding pro forma at December 31, 2013 (unaudited)	65,823	74,344	—
Stockholders' equity (deficit):			
Common stock, $0.0001 par value; 42,000,000 and 45,000,000 shares authorized at December 31, 2012 and 2013, respectively; 6,753,304 and 7,066,408 shares issued and outstanding at December 31, 2012 and 2013, respectively; 39,908,595 shares issued and outstanding pro forma at December 31, 2013 (unaudited)	1	1	4
Additional paid-in capital	851	1,307	75,902
Deficit accumulated during the development stage	(47,463)	(60,780)	(60,780)
Total stockholders' equity (deficit)	(46,611)	(59,472)	15,126
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 25,285	$ 19,146	$ 19,146

The accompanying notes are an integral part of these financial statements.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
Revenue	$ 10	$ —	$ 95
Operating expenses:			
Cost of revenue	7	—	77
Research and development	11,540	10,517	47,163
Selling and marketing	657	625	4,359
General and administrative	1,477	1,761	8,448
Total operating expenses	13,681	12,903	60,047
Loss from operations	(13,671)	(12,903)	(59,952)
Other income (expense):			
Interest income	4	13	74
Interest expense	(377)	(441)	(1,616)
Other income (expense), net	(49)	14	714
Total other expense, net	(422)	(414)	(828)
Net loss and comprehensive loss	(14,093)	(13,317)	(60,780)
Accretion of redeemable convertible preferred stock to redemption value	(35)	(27)	(148)
Net loss attributable to common stockholders	$ (14,128)	$ (13,344)	$ (60,928)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.12)	$ (1.94)	
Weighted average common shares outstanding, basic and diluted	6,659,570	6,887,813	
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		$ (0.35)	
Pro forma weighted average common shares outstanding, basic and diluted (unaudited)		38,557,854	

The accompanying notes are an integral part of these financial statements.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(In thousands, except share data)

	Series A, B, C, D and D-1 Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
	Shares	Amount	Shares	Par Value			
Balances at Inception (September 12, 2006)	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of common stock and restricted common stock	—	—	6,535,200	1	18	—	19
Issuance of common stock upon exercise of stock options	—	—	107,776	—	7	—	7
Repurchase and retirement of common stock, at cost	—	—	(13,958)	—	—	—	—
Issuance of Series A redeemable convertible preferred stock, net of issuance costs of $5	1,145,836	1,141	—	—	—	—	—
Issuance of Series B redeemable convertible preferred stock, net of issuance costs of $51	3,257,329	5,949	—	—	—	—	—
Issuance of Series C redeemable convertible preferred stock, net of issuance costs of $83	10,243,901	20,917	—	—	—	—	—
Issuance of Series D redeemable convertible preferred stock, net of issuance costs of $89	5,691,057	13,911	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	701	—	701
Accretion of redeemable convertible preferred stock to redemption value	—	86	—	—	(86)	—	(86)
Net loss	—	—	—	—	—	(33,370)	(33,370)
Balances at December 31, 2011	20,338,123	42,004	6,629,018	1	640	(33,370)	(32,729)
Issuance of Series D redeemable convertible preferred stock, net of issuance costs of $6	9,670,730	23,784	—	—	—	—	—
Issuance of common stock	—	—	110,000	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	14,286	—	3	—	3
Stock-based compensation expense	—	—	—	—	243	—	243
Accretion of redeemable convertible preferred stock to redemption value	—	35	—	—	(35)	—	(35)
Net loss	—	—	—	—	—	(14,093)	(14,093)
Balances at December 31, 2012	30,008,853	65,823	6,753,304	1	851	(47,463)	(46,611)
Issuance of Series D-1 redeemable convertible preferred stock, net of issuance costs of $6	2,833,334	8,494	—	—	—	—	—
Issuance of restricted common stock	—	—	265,000	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	48,104	—	7	—	7
Stock-based compensation expense	—	—	—	—	476	—	476
Accretion of redeemable convertible preferred stock to redemption value	—	27	—	—	(27)	—	(27)
Net loss	—	—	—	—	—	(13,317)	(13,317)
Balances at December 31, 2013	32,842,187	$74,344	7,066,408	$ 1	$ 1,307	$ (60,780)	$ (59,472)

The accompanying notes are an integral part of these financial statements.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
Cash flows from operating activities:			
Net loss	$ (14,093)	$ (13,317)	$ (60,780)
Adjustments to reconcile net loss to net cash used in operating activities			
Stock-based compensation expense	243	476	1,617
Non-cash interest expense	86	46	203
Depreciation expense	404	404	1,927
Revaluation of preferred stock warrants	49	(14)	76
Changes in operating assets and liabilities:			
Accounts receivable from related party	77	26	(19)
Accounts receivable	—	(250)	(250)
Prepaid expenses and other current assets	(114)	118	(170)
Other assets	8	—	—
Accounts payable	145	(174)	409
Accrued expenses and deferred rent	610	(210)	947
Deferred revenue	—	250	250
Net cash used in operating activities	(12,585)	(12,645)	(55,790)
Cash flows from investing activities:			
Purchases of property and equipment	(203)	(387)	(2,892)
Proceeds from sales of property and equipment	—	—	197
Purchases of investments	—	—	(8,017)
Proceeds from sales or maturities of investments	4,017	—	8,017
Change in restricted cash	—	—	(288)
Net cash provided by (used in) investing activities	3,814	(387)	(3,119)
Cash flows from financing activities:			
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	23,784	8,494	73,999
Proceeds from issuance of notes payable and preferred stock warrants	4,417	—	7,717
Proceeds from issuance of common stock and restricted common stock	—	—	19
Proceeds from exercise of stock options	3	7	17
Repayment of notes payable	(909)	(1,818)	(5,444)
Issuance costs related to notes payable	—	—	(30)
Net cash provided by financing activities	27,295	6,683	76,278
Net increase (decrease) in cash and cash equivalents	18,524	(6,349)	17,505
Cash and cash equivalents at beginning of period	5,330	23,854	—
Cash and cash equivalents at end of period	$ 23,854	$ 17,505	$ 17,505
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 216	$ 289	$ 1,186
Supplemental disclosure of non-cash investing and financing activities:			
Accretion of redeemable convertible preferred stock to redemption value	$ 35	$ 27	$ 148
Additions to property and equipment included in accounts payable at balance sheet dates	$ —	$ 136	$ 136
Fair value of preferred stock warrants at grant date	$ —	$ —	$ 178

The accompanying notes are an integral part of these financial statements.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

1. Nature of the Business and Basis of Presentation

Ocular Therapeutix, Inc. (the "Company") (a development stage company) was incorporated on September 12, 2006 under the laws of the State of Delaware. The Company is a biotherapeutics company focused on the development of innovative therapies for diseases and conditions of the eye using its proven, proprietary hydrogel platform technology. Since inception, the Company's operations have been limited to organizing and staffing the Company, acquiring rights to intellectual property, business planning, raising capital, developing its technology, identifying potential product candidates, undertaking preclinical studies and clinical trials, manufacturing initial quantities of its products and product candidates and, beginning in the first quarter of 2014, commercializing ReSure Sealant. Accordingly, through the year ended December 31, 2013, the Company is considered to be in the development stage. In the first quarter of 2014, the Company began recognizing revenue from sales of ReSure Sealant, which was approved in January 2014 by the U.S. Food and Drug Administration ("FDA") as a product to close clear corneal incisions following cataract surgery.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, compliance with government regulations, regulatory approval, uncertainty of market acceptance of products and the need to obtain additional financing. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization.

As of December 31, 2013, the Company's lead product candidates were in the development stage. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants.

The Company's financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. The Company has experienced negative cash flows and has a deficit accumulated during the development stage of $60,780 as of December 31, 2013. As discussed in Note 18, on April 17, 2014, the Company entered into a new credit facility under which the Company issued promissory notes and received cash proceeds of $15,000, of which $1,898 was used to repay all amounts due under the Company's then-existing debt. The Company expects that its cash and cash equivalents as of December 31, 2013 as well as the net proceeds from the issuance of the promissory notes in April 2014 will enable it to fund its operating expenses and capital expenditures requirements for at least twelve months from the balance sheet date. The future viability of the Company is dependent on its ability to generate cash from operating activities or to raise additional capital to finance its operations. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies.

The Company is seeking to complete an initial public offering of its common stock. Upon closing of a qualified public offering on specified terms, the Company's outstanding redeemable convertible preferred stock will automatically convert into shares of common stock.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

In the event the Company does not complete an initial public offering, the Company expects to seek additional funding through private financings, debt financing, collaboration agreements or government grants. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into collaboration arrangements or obtain government grants. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

At December 31, 2013, the Company is considered a development stage enterprise. Until planned principal operations have commenced and significant revenue is generated, financial statements prepared in accordance with GAAP are required to report cumulative statements of operations and comprehensive loss, stockholders' equity (deficit) and cash flows from date of inception of the Company.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, revenue recognition, the accrual of research and development expenses and the valuation of common stock and stock-based awards and preferred stock warrants. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Unaudited Pro Forma Information

The accompanying unaudited pro forma balance sheet as of December 31, 2013 has been prepared to give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 32,842,187 shares of common stock and all warrants to purchase redeemable convertible preferred stock outstanding as of December 31, 2013 becoming warrants to purchase 136,836 shares of common stock as if the proposed initial public offering had occurred on December 31, 2013. In the accompanying statements of operations, unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2013 has been prepared to give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock and to the change in outstanding warrants to purchase of redeemable convertible preferred stock becoming warrants to purchase shares of common stock as if the proposed initial public offering had occurred on the later of January 1, 2013 or the issuance date of the redeemable convertible preferred stock.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

Cash Equivalents

The Company considers all short-term, highly liquid investments with original maturities of ninety days or less at date of purchase to be cash equivalents. Cash equivalents, which consist of money market accounts, are stated at fair value.

Investments

Short-term investments consist of investments with original maturities greater than ninety days and less than one year from the balance sheet date. The Company considers its investment portfolio as available-for-sale. Accordingly, these investments are recorded at fair value, which is based on quoted market prices. Realized gains and losses are determined on the specific identification basis and are included in other income (expense), net. The Company did not hold any investments as of December 31, 2012 or 2013.

Revenue Recognition

The Company recognizes revenue when the following four criteria are met in accordance with Accounting Standards Codification ("ASC") 605, *Revenue Recognition*: persuasive evidence of a sales arrangement exists; delivery of goods has occurred through transfer of title and risk and rewards of ownership; the selling price is fixed or determinable; and collectability is reasonably assured.

The Company records revenue from product sales net of applicable provisions for returns, chargebacks, discounts, wholesaler management fees, government and commercial rebates, and other applicable allowances in the same period in which the related sales are recorded, based on the underlying contract terms.

The Company analyzes multiple-element arrangements based on the guidance in ASC Topic 605-25, *Revenue Recognition—Multiple-Element Arrangements* ("ASC 605-25"). Pursuant to this guidance, the Company evaluates multiple-element arrangements to determine (1) the deliverables included in the arrangement and (2) whether the individual deliverables represent separate units of accounting or whether they must be accounted for as a combined unit of accounting. This evaluation involves subjective determinations and requires management to make judgments about the individual deliverables and whether such deliverables are separable from the other aspects of the contractual relationship. Deliverables are considered separate units of accounting provided that: the delivered item has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the Company. In assessing whether an item has standalone value, the Company considers factors such as the research, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. In addition, the Company considers whether the collaboration partner can use the other deliverables for their intended purpose without the receipt of the remaining elements, whether the value of the deliverable is dependent on the undelivered items and whether there are other vendors that can provide the undelivered elements.

Arrangement consideration that is fixed or determinable is allocated among the separate units of accounting using the relative selling price method. Then, the applicable revenue recognition criteria in ASC 605 are applied to each of the separate units of accounting in determining the appropriate period and pattern of recognition. The Company determines the selling price of a unit of accounting following the hierarchy of evidence prescribed by ASC 605-25. Accordingly, the Company determines the estimated selling price for units of accounting within

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

each arrangement using vendor-specific objective evidence ("VSOE") of selling price, if available; third-party evidence ("TPE") of selling price, if VSOE is not available; or best estimate of selling price ("BESP"), if neither VSOE nor TPE is available. The Company typically uses BESP to estimate the selling price as it generally does not have VSOE or TPE of selling price for its units of accounting. Determining the BESP for a unit of accounting requires significant judgment. In developing the BESP for a unit of accounting, the Company considers applicable market conditions and relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with the customer and estimated costs. The Company validates the BESP for units of accounting by evaluating whether changes in the key assumptions used to determine the BESP will have a significant effect on the allocation of arrangement consideration between multiple units of accounting.

The Company recognizes arrangement consideration allocated to each unit of accounting when all of the revenue recognition criteria in ASC 605 are satisfied for that particular unit of accounting. The Company will recognize as revenue arrangement consideration attributed to licenses that have standalone value relative to the other deliverables to be provided in an arrangement upon delivery. The Company will recognize as revenue arrangement consideration attributed to licenses that do not have standalone value relative to the other deliverables to be provided in an arrangement over the Company's estimated performance period, as the arrangement would be accounted for as a single unit of accounting.

At the inception of an arrangement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether: (i) the consideration is commensurate with either the Company's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the Company's performance to achieve the milestone, (ii) the consideration relates solely to past performance, and (iii) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, clinical, regulatory, commercial and other risks that must be overcome to achieve the respective milestone and the level of effort and investment required to achieve the respective milestone in making this assessment. There is considerable judgment involved in determining whether a milestone satisfies all of the criteria required to conclude that a milestone is substantive. Accordingly, pursuant to the guidance of ASC Topic 605-28, *Revenue Recognition—Milestone Method* ("ASC 605-28"), revenue from milestone payments will be recognized in its entirety upon successful accomplishment of the milestone, assuming all other revenue recognition criteria are met.

Other contingent, event-based payments received for which payment is either contingent solely upon the passage of time or the results of a collaborative partner's performance would not be considered milestones under ASC 605-28. In accordance with ASC 605-25, such payments will be recognized as revenue when all of the four basic revenue recognition criteria are met.

Inventory Valuation

Inventory is valued at the lower of cost or market, determined by the first-in, first-out ("FIFO") method.

Prior to approval by the FDA or other regulatory agencies of the Company's products, the Company expenses inventory costs in the period incurred as research and development expenses. After such time as the product receives approval, the Company begins to capitalize the inventory costs related to the product. The Company also reviews its inventories for potential obsolescence. The Company had no inventory as of December 31, 2012 or 2013.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

Restricted Cash

As of December 31, 2012 and 2013, the Company held a certificate of deposit to collateralize a credit card account with its bank of $60. This amount is included in prepaid expenses and other current assets on the Company's balance sheet. As of December 31, 2012 and 2013, the Company also held a certificate of deposit of $228, which is a security deposit for the lease of the Company's corporate headquarters. The Company has classified this as long-term restricted cash on its balance sheet.

Concentration of Credit Risk and of Significant Suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company has all cash and cash equivalents balances at one accredited financial institution, in amounts that exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company is dependent on a small number of third-party manufacturers to supply products for research and development activities in its preclinical and clinical programs and for sales of its ReSure Sealant product. The Company's development programs as well as revenue from future sales of ReSure Sealant could be adversely affected by a significant interruption in the supply of any of the components of these products.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and its preferred stock warrant liabilities are carried at fair value determined according to the fair value hierarchy described above (see Note 3). The carrying value of accounts receivable, accounts payable and accrued expenses approximate their fair value due to the short-term nature of these assets and liabilities. The carrying value of the Company's outstanding notes payable (see Note 7) approximates fair value, as estimated by the Company using a discounted cash flow analysis, reflecting discount rates currently available to the Company.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

Deferred Offering Costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly associated with in-process equity financings as other assets until such financings are consummated. After consummation of the equity financing, these costs are recorded in stockholders' equity (deficit) as a reduction of additional paid-in capital generated as a result of the offering or as a reduction to the carrying value of preferred stock issued, if such stock is classified outside of stockholders' equity (deficit). Should the equity financing no longer be considered probable of being consummated, the deferred offering costs would be expensed immediately as a charge to operating expenses in the statement of operations. The Company did not record any deferred offering costs as of December 31, 2012 or 2013.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized using the straight-line method over a three- to five-year estimated useful life. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. Expenditures for repairs and maintenance of assets are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation of assets disposed of are removed from the accounts and any resulting gain or loss is included in loss from operations.

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment. Long-lived assets to be held and used are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value, determined based on discounted cash flows. To date, the Company has not recorded any impairment losses on long-lived assets.

Research and Development Costs

Research and development costs are expensed as incurred. Included in research and development expenses are salaries, stock-based compensation and benefits of employees and other operational costs related to the Company's research and development activities, including external costs of outside vendors engaged to conduct preclinical studies and clinical trials, manufacturing costs of the Company's products prior to regulatory approval, and facility-related expenses.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other companies both inside and outside of the United States. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals

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for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are recorded as general and administrative expenses as incurred, as recoverability of such expenditures is uncertain.

Accounting for Stock-Based Compensation

The Company measures all stock options and other stock-based awards granted to employees and directors at the fair value on the date of the grant using the Black-Scholes option-pricing model. The fair value of the awards is recognized as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. The straight-line method of expense recognition is applied to all awards with service-only conditions.

For stock-based awards granted to consultants and non-employees, compensation expense is recognized over the period during which services are rendered by such consultants and non-employees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is re-measured using the then-current fair value of the Company's common stock and updated assumption inputs in the Black-Scholes option-pricing model.

The Company classifies stock-based compensation expense in its statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

The Company recognizes compensation expense for only the portion of awards that are expected to vest. In developing a forfeiture rate estimate, the Company has considered its historical experience to estimate pre-vesting forfeitures for service-based awards. The impact of a forfeiture rate adjustment will be recognized in full in the period of adjustment, and if the actual forfeiture rate is materially different from the Company's estimate, the Company may be required to record adjustments to stock-based compensation expense in future periods.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or in the Company's tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

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The Company accounts for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Segment Data

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company's singular focus is on advancing its hydrogel therapeutic products specifically for ophthalmology. All tangible assets are held in the United States.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity (deficit) that result from transactions and economic events other than those with stockholders. For the years ended December 31, 2012 and 2013 and for the cumulative period from inception (September 12, 2006) through December 31, 2013, there was no difference between net loss and comprehensive loss.

Net Income (Loss) Per Share

The Company follows the two-class method when computing net income (loss) per share, as the Company has issued shares that meet the definition of participating securities. The two-class method determines net income (loss) per share for each class of common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net income (loss) attributable to common stockholders is computed by adjusting income (loss) attributable to common stockholders to reallocate undistributed earnings based on the potential impact of dilutive securities, including outstanding stock options, unvested restricted common stock, and warrants for the purchase of redeemable convertible preferred stock. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and unvested restricted common stock.

The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in losses of the Company. Similarly, restricted stock awards granted by the Company entitle the holder of such awards to dividends declared or paid by the board of directors, regardless of whether such awards are unvested, as if such

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shares were outstanding common shares at the time of the dividend. However, the unvested restricted stock awards are not entitled to share in the residual net assets (deficit) of the Company. Accordingly, in periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The Company reported a net loss attributable to common stockholders for the years ended December 31, 2012 and 2013.

Recently Issued and Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued changes to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. These changes require an entity to present an unrecognized tax benefit as a liability in the financial statements if (i) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset to settle any additional income taxes that would result from the disallowance of a tax position. Otherwise, an unrecognized tax benefit is required to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. These changes will become effective for the Company as of January 1, 2014. Management has determined that the adoption of this guidance will not have a significant impact on the Company's financial statements.

3. Fair Value of Financial Assets and Liabilities

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2012 and 2013 and indicate the level of the fair value hierarchy utilized to determine such fair value:

	Fair Value Measurements as of December 31, 2012 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ —	$23,110	$ —	$23,110
Liabilities:				
Liability for preferred stock warrants	$ —	$ —	$ 268	$ 268

	Fair Value Measurements as of December 31, 2013 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ —	$17,272	$ —	$17,272
Liabilities:				
Liability for preferred stock warrants	$ —	$ —	$ 254	$ 254

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As of December 31, 2012 and 2013, the Company's cash equivalents that were invested in money market funds were valued based on Level 2 inputs. During the years ended December 31, 2012 and 2013, there were no transfers between Level 1, Level 2 and Level 3.

The warrant liability in the table above is comprised of the values of warrants for the purchase of Series A, B and D redeemable convertible preferred stock and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company's valuation of the redeemable convertible preferred stock warrants utilized the Black-Scholes option-pricing model, which incorporates assumptions and estimates to value the preferred stock warrants. The Company has assessed these assumptions and estimates on a quarterly basis as additional information impacting the assumptions is obtained. Changes in the fair value of the redeemable convertible preferred stock warrants are recognized in the statements of operations.

Related to the valuation of the warrants, the quantitative elements associated with the Company's Level 3 inputs impacting fair value measurement include the fair value per share of the underlying Series A, Series B and Series D redeemable convertible preferred stock, the remaining contractual term of the warrants, risk-free interest rate, expected dividend yield, and expected volatility of the price of the underlying preferred stock. The Company determines the fair value per share of the underlying preferred stock by taking into consideration its most recent sales of its redeemable convertible preferred stock as well as additional factors that the Company deems relevant. The Company historically has been a private company and lacks company-specific historical and implied volatility information of its stock. Therefore, it estimates its expected stock volatility based on the historical volatility of publicly traded peer companies for a term equal to the remaining contractual term of the warrants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining contractual term of the warrants. The Company has estimated a 0% dividend yield based on the expected dividend yield and the fact that the Company has never paid or declared dividends.

The following table provides a rollforward of the aggregate fair values of the Company's preferred stock warrants for which fair value is determined by level 3 inputs:

Fair value upon issuance	$178
Increase in fair value through December 31, 2011	41
Balance, January 1, 2012	219
Increase in fair value	49
Balance, December 31, 2012	268
Decrease in fair value	(14)
Balance, December 31, 2013	$254

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4. Property and Equipment, net

Property and equipment, net consisted of the following as of December 31, 2012 and 2013:

	December 31, 2012	December 31, 2013
Equipment	$ 1,671	$ 1,951
Leasehold improvements	360	398
Software	25	25
Construction in progress	—	205
	2,056	2,579
Less: Accumulated depreciation	(1,271)	(1,675)
	$ 785	$ 904

Depreciation expense was $404 for both of the years ended December 31, 2012 and 2013, and $1,927 for the period from inception (September 12, 2006) through December, 2013.

The construction in progress is related to the build-out of a clean room, which commenced in 2013.

5. Accrued Expenses

Accrued expenses consisted of the following as of December 31, 2012 and 2013:

	December 31, 2012	December 31, 2013
Accrued payroll and related expenses	$ 626	$464
Accrued refund	250	—
Accrued other	210	277
	$1,086	$741

The accrued refund as of December 31, 2012 related to funds received by the Company in error that were returned subsequent to December 31, 2012.

6. Feasibility Agreement

In September 2013, the Company entered into a feasibility agreement with a pharmaceutical company. Under this agreement, the pharmaceutical company will pay up to $500 for achieving certain milestones. In the event that the agreement is terminated in advance of the achievement of the milestones, the Company would be required to refund portions of the amounts received, based on the actual milestones achieved as of the date of termination. As of December 31, 2013, no milestones had been achieved and, accordingly, the Company did not record any revenue related to this agreement. As of December 31, 2013, the Company had accounts receivable and deferred revenue of $250 related to this agreement recorded on its balance sheet.

7. Notes Payable

On March 2, 2007, the Company entered into a Loan and Security Agreement (the “2007 Loan”) with a third party, whereby the Company borrowed $300 in June 2007. Per the terms of the 2007 Loan, interest under

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borrowings accrued at a rate of 10.75%, and borrowings were payable initially in six, monthly interest-only payments and thereafter in 30 monthly installments of interest and principal. Borrowings under the 2007 Loan were collateralized by substantially all of the assets of the Company. In conjunction with the debt agreement entered into in 2008, the total amount of principal and interest then due was paid and the 2007 Loan was terminated.

In connection with the 2007 Loan, the Company granted to the financial institution warrants to purchase 27,000 shares of Series A redeemable convertible preferred stock at an exercise price of $1.00 per share (see Note 8). The Company recorded the grant date fair value of the warrants of $13 as a discount to the debt and as a preferred stock warrant liability on the grant date. The debt discount was fully accreted to interest expense through 2008, when the 2007 Loan was terminated.

On November 13, 2008, the Company entered into a Loan and Security Agreement (the “2008 Loan Agreement”) with a third party, whereby the Company borrowed $3,000 in November 2008. Per the terms of the 2008 Loan Agreement, interest under the borrowings accrued at the rate of 9% per annum and borrowings were payable initially in six, monthly interest-only payments and thereafter in 36 monthly installments of interest and principal due through May 2012. In addition, borrowings under the 2008 Loan Agreement were collateralized by substantially all of the assets of the Company.

In October 2011, the Company entered into a Loan Modification Agreement (the “2011 Modification Agreement”), which modified the 2008 Loan Agreement and increased the total borrowing capacity to $5,000. The principal amount outstanding under the agreement was $4,091 and $2,273 as of December 31, 2012 and 2013, respectively. Outstanding borrowings under the 2011 Modification Agreement remain collateralized by substantially all of the assets of the Company. The 2011 Modification Agreement also provides for customary events of default, following which the lender may, at its option, accelerate the repayment of amounts outstanding. Events of default include, but are not limited to, failure of the Company to make payment of principal or interest on its due date or the occurrence of a material adverse change in the business, operations or financial condition of the Company, as described in the 2011 Modification Agreement. Commencing on July 1, 2012, outstanding borrowings under the modified loan are required to be repaid in 33 monthly installments of $152, plus interest on the principal balance at a rate of the greater of (i) 4.75% above the lender’s prime rate or (ii) 8% per annum. In addition to these principal payments, the Company is required to make a final payment of $225 in March 2015 (or upon earlier termination of the agreement) to the lender, which amount is being accreted to the carrying value of the debt, using the effective interest method. As of December 31, 2013, the Company had accreted $200 related to this additional payment. As of December 31, 2012 and 2013, the effective annual interest rate of the outstanding debt under the 2011 Modification Agreement was approximately 11%.

The annual repayment requirements for the 2011 Modification Agreement, inclusive of the final payment of $225 due at expiration, are as follows:

Year Ending December 31,	Principal	Interest and Final Payment	Total
2014	$ 1,818	$ 117	$1,935
2015	455	231	686
	$ 2,273	$ 348	$2,621

In connection with the 2008 Loan Agreement, the Company granted to the lender warrants to purchase 48,860 shares of Series B redeemable convertible preferred stock at an exercise price of $1.842 per share. The

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Company recorded the grant date fair value of the warrants of $53 as a discount to the debt and as a preferred stock warrant liability on the grant date. The debt discount was fully accreted to interest expense through the date of the 2011 Modification Agreement.

In connection with the 2011 Modification Agreement, the Company granted to the lender warrants to purchase 60,976 shares of Series D redeemable convertible preferred stock at an exercise price of $2.46 per share. The Company recorded the grant date fair value of the warrants of $112 as a discount to the debt and as a preferred stock warrant liability on the grant date. The unamortized debt discount related to the preferred stock warrants was $16 as of December 31, 2013.

8. Warrants for Preferred Stock

In March and June 2007, the Company issued warrants to purchase 27,000 shares of Series A redeemable convertible preferred stock in conjunction with the 2007 Loan Agreement (see Note 7). The warrants were exercisable immediately at a price of $1.00 per share and have a contractual term of ten years from issuance. The fair value of the warrants at issuance was estimated to be $13 and was recorded as a debt discount and as a preferred stock warrant liability.

In November 2008, the Company issued warrants to purchase 48,860 shares of Series B redeemable convertible preferred stock in conjunction with the 2008 Loan Agreement (see Note 7). The warrants were exercisable immediately at a price of $1.842 per share and have a contractual term of ten years from issuance. The fair value of the warrants at issuance was estimated to be $53 and was recorded as a debt discount and a as a preferred stock warrant liability.

In October 2011, the Company issued warrants to purchase 60,976 shares of Series D redeemable convertible preferred stock in conjunction with the 2011 Modification Agreement (see Note 7). The warrants were exercisable immediately at a price of $2.46 per share and have a contractual term of ten years from issuance. The fair value of the warrants at issuance was estimated to be $112 and was recorded as a debt discount and as a preferred stock warrant liability.

The Company is required to remeasure the fair value of the liability for these preferred stock warrants at each reporting date since their grant date, with any adjustments recorded as other income (expense). The warrants outstanding at each reporting date were remeasured using the Black-Scholes option-pricing model, and the resulting change in fair value was recorded in other income (expense) in the Company’s statement of operations. For the years ended December 31, 2012 and 2013 and for the cumulative period from inception (September 12, 2006) to December 31, 2013, the Company recorded other income (expense) of $(49), $14 and $(76), respectively, to reflect the change in fair value of these preferred stock warrants.

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The following table summarizes the Company's outstanding preferred stock warrants as of December 31, 2013:

Issuance Date	Term (in Years)	Redeemable Convertible Preferred Stock	Number of Preferred Shares Issuable under Warrant	Exercise Price	Warrant Fair Value as of December 31, 2013
March 2, 2007	10	Series A	18,000	$ 1.00	$ 23
June 26, 2007	10	Series A	9,000	$ 1.00	12
November 31, 2008	10	Series B	48,860	$ 1.84	85
October 27, 2011	10	Series D	60,976	$ 2.46	134
			136,836		$ 254

9. Redeemable Convertible Preferred Stock

As of December 31, 2013, the Company's Certificate of Incorporation, as amended and restated, authorizes the Company to issue 33,979,025 shares of $0.001 par value preferred stock.

The Company has issued Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock (collectively, the "Redeemable Preferred Stock"). The Redeemable Preferred Stock is classified outside of stockholders' equity (deficit) because the shares contain redemption features that are not solely within the control of the Company.

During 2006 and 2007, the Company issued a total of 1,075,000 shares of Series A redeemable convertible preferred stock at an issuance price equal to $1.00 per share and received gross proceeds of $1,075. In connection with these financings, the Company paid total issuance costs of $5. Additionally, in 2006, the Company issued 70,836 shares of Series A redeemable convertible preferred stock in exchange for consulting services received. The fair value of these services was determined to be $71 and was recognized as a research and development expense during the period ended December 31, 2006.

During 2008, the Company issued a total of 3,257,329 shares of Series B redeemable convertible preferred stock at an issuance price equal to $1.842 per share and received gross proceeds of $6,000. In connection with these financings, the Company paid total issuance costs of $51.

During 2009 and 2010, the Company issued a total of 10,182,237 shares of Series C redeemable convertible preferred stock at an issuance price equal to $2.05 per share and received gross proceeds of $20,874. In connection with this financing, the Company paid total issuance costs of $83. Additionally, in 2011, the Company issued 61,664 shares of Series C redeemable convertible preferred stock to a Company executive for services previously rendered and recorded compensation expense of $126.

During 2011, the Company issued 5,691,057 shares of Series D redeemable convertible preferred stock at an issuance price equal to $2.46 per share and received gross proceeds of $14,000. In connection with this financing, the Company paid total issuance costs of $89.

During 2012, the Company issued 9,670,730 shares of Series D redeemable convertible preferred stock at an issuance price equal to $2.46 per share and received gross proceeds of $23,790. In connection with this financing, the Company paid total issuance costs of $6.

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During 2013, the Company issued 2,833,334 shares of Series D-1 redeemable convertible preferred stock at an issuance price equal to $3.00 per share and received gross proceeds of $8,500. In connection with this financing, the Company paid total issuance costs of $6.

Redeemable Preferred Stock consisted of the following as of December 31, 2012:

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series A redeemable convertible preferred stock	1,172,836	1,145,836	$ 1,146	$ 1,145	1,145,836
Series B redeemable convertible preferred stock	3,306,189	3,257,329	6,000	5,986	3,257,329
Series C redeemable convertible preferred stock	10,500,000	10,243,901	21,000	20,964	10,243,901
Series D redeemable convertible preferred stock	16,000,000	15,361,787	37,790	37,728	15,361,787
	30,979,025	30,008,853	$ 65,936	$65,823	30,008,853

Redeemable Preferred Stock consisted of the following as of December 31, 2013:

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Liquidation Preference	Carrying Value	Common Stock Issuable Upon Conversion
Series A redeemable convertible preferred stock	1,172,836	1,145,836	$ 1,146	$ 1,145	1,145,836
Series B redeemable convertible preferred stock	3,306,189	3,257,329	6,000	5,989	3,257,329
Series C redeemable convertible preferred stock	10,500,000	10,243,901	21,000	20,973	10,243,901
Series D redeemable convertible preferred stock	16,000,000	15,361,787	37,790	37,742	15,361,787
Series D-1 redeemable convertible preferred stock	3,000,000	2,833,334	8,500	8,495	2,833,334
	33,979,025	32,842,187	$ 74,436	$74,344	32,842,187

The holders of the Redeemable Preferred Stock have the following rights and preferences:

Voting Rights

The holders of Redeemable Preferred Stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote. Each holder of Redeemable Preferred Stock is entitled to cast the number of votes equal to the number of whole shares of common stock into which such Redeemable Preferred Stock could convert on the record date for determination of stockholders entitled to vote.

Dividends

The holders of the Series D-1, Series D, Series C, Series B and Series A redeemable convertible preferred stock, in order of preference are entitled to receive, out of funds that are legally available, noncumulative dividends at an annual rate of 8%, of the Original Issue Price (as defined below) of each series, when and if declared by the board of directors. The Company may not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company unless the holders of the Redeemable Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Redeemable Preferred Stock in an amount at least equal to (i) in the case of a dividend on common stock or any

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class or series of stock that is convertible into common stock, that dividend per share of Redeemable Preferred Stock as would equal the product of (A) 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 (B) the number of shares of common stock issuable upon conversion of a share of Redeemable Preferred Stock, or (ii) in the case of a dividend on any class or series that is not convertible into common stock, at a rate per share of Redeemable Preferred Stock determined by (A) 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 of or other similar recapitalization affecting such shares) and (B) multiplying such fraction by an amount equal to the Original Issue Price of each series of Redeemable Preferred Stock. If the Company 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 Company, the dividend payable to the holders of the Redeemable Preferred Stock shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Redeemable Preferred Stock dividend. The Original Issue Price for Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock is $1.00, $1.842, $2.05, $2.462 and $3.00, respectively, per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Redeemable Preferred Stock or common stock of the Company. As of December 31, 2013, no dividends had been declared.

Liquidation Preference

In the event of any liquidation, voluntary or involuntary (exclusive out-license of all or substantially all of the intellectual property of the Company), dissolution or winding up of the Company (a “Deemed Liquidation Event”), the holders of the then outstanding Series D-1 redeemable convertible preferred stock are entitled to receive, prior and in preference to any distribution to the holders of the Series A, Series B, Series C and Series D redeemable convertible preferred stock or common stock, an amount equal to the greater of 75% of the Series D-1 Original Issue Price, plus 100% of dividends declared but unpaid or 75% of such amount per share as would have been payable had Series D-1 converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company (the “Primary Series D-1 Liquidation Amount”). In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among the holders of the Series D-1 redeemable convertible preferred stock in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After payments have been made in full to the holders of the Series D-1 redeemable convertible preferred stock, then, to the extent available, holders of Series D-1 and holders of Series D redeemable convertible preferred stock are entitled to receive, prior and in preference to any distribution to the holders of the Series A, Series B or Series C redeemable convertible preferred stock or common stock, an amount equal to, in the case of the Series D-1, the greater of 25% of the Series D-1 Original Issue Price or 25% of such amount per share as would have been payable had Series D-1 converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company (the “Secondary Series D-1 Liquidation Amount”) and with respect to Series D, an amount equal to the greater of the Series D Original Issue Price plus any dividends declared but unpaid or such amount per share as would have been payable had Series D converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company (the “Series D Liquidation Amount”). Collectively, the Secondary Series D-1 Liquidation Amount and the Series D Liquidation Amount are the Series D Cumulative Liquidation Amount. In the event that proceeds are not sufficient to permit payment in full of the Series D Cumulative Liquidation Amount, but after payment in full has been made of the Primary Series D-1 Liquidation Amount, the remaining proceeds will be ratably distributed among the holders of the

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Series D and Series D-1 redeemable convertible preferred stock of the Series D Cumulative Liquidation Amount in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After payments have been made in full to the holders of the Series D-1 and Series D redeemable convertible preferred stock, then, to the extent available, holders of Series C redeemable convertible preferred stock are entitled to receive, in preference to holders of Series B and Series A redeemable convertible preferred stock and common stockholders, and to the extent available, the greater of an amount equal to the Original Issue Price per share, plus all dividends declared but unpaid or such amount as would have been payable had the Series C redeemable convertible preferred stock converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company. In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among the Series C holders in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After payments have been made in full to the holders of the Series D-1, Series D and Series C redeemable convertible preferred stock, then, to the extent available, holders of Series B redeemable convertible preferred stock are entitled to receive, in preference to holders of Series A redeemable convertible preferred stock and common stockholders, and to the extent available, the greater of an amount equal to the Original Issue Price per share, plus all dividends declared but unpaid or such amount as would have been payable had the Series B redeemable convertible preferred stock converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company. In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among the Series B holders in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After payments have been made in full to the holders of the Series D-1, Series D, Series C and Series B redeemable convertible preferred stock, then, to the extent available, holders of Series A redeemable convertible preferred stock are entitled to receive, in preference to common stockholders, and to the extent available, the greater of an amount equal to the Original Issue Price per share, plus all dividends declared but unpaid or such amount as would have been payable had the Series A redeemable convertible preferred stock converted into common stock immediately prior to the liquidation, dissolution or winding-up of the Company. In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among the Series A holders in proportion to the full preferential amount each such holder is otherwise entitled to receive.

After payments have been made in full to the holders of the Redeemable Preferred Stock, then, to the extent available, holders of the common stock will receive the remaining amounts available for distribution ratably in proportion to the number of common shares held by them.

Conversion

Each share of Redeemable Preferred Stock is convertible into common stock at the option of the stockholder at any time after the date of issuance. In addition, each share of the preferred stock will automatically be converted into shares of common stock, at the applicable Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock conversion ratio then in effect, upon a qualified public offering with net proceeds of at least $30,000 and a price of at least $12.00 per share, subject to certain terms.

The conversion ratio of the Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock, as defined, is determined by dividing the Original Issue Price of each series of preferred stock by

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the Conversion Price of each series. The Conversion Price of each series shall initially be $1.00 for Series A, $1.842 for Series B, $2.05 for Series C, $2.46 for Series D and $3.00 for Series D-1. The Conversion Price is subject to adjustment as set forth in the Company's Certificate of Incorporation, as amended and restated, unless at least a majority of the series holders, with respect to their series, agree that no such adjustment shall be made to their series. As of December 31, 2013, all outstanding shares of Redeemable Preferred Stock were convertible into common stock on a 1-for-1 basis.

Redemption Rights

At the written election of at least 60% of the holders of the Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock, voting together as a single class on an as-converted basis, the shares of Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock outstanding are redeemable, at any time on or after May 31, 2018, in three equal annual installments commencing sixty days after receipt of the required vote, in an amount equal to the Original Issue Price per share of Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock plus all declared but unpaid dividends thereon.

The carrying values of the Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock are being accreted to their redemption values through their respective redemption dates.

10. Common Stock

As of December 31, 2013, the Company's Certificate of Incorporation, as amended and restated, authorizes the Company to issue 45,000,000 shares respectively, of $0.0001 par value common stock.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the board of directors, if any, subject to the preferential dividend rights of the Redeemable Preferred Stock. When dividends are declared on shares of common stock, the Company must declare at the same time a dividend payable to the holders of Redeemable Preferred Stock equivalent to the dividend amount they would receive if each preferred share were converted into common stock. The Company may not pay dividends to common stockholders until all dividends accrued or declared but unpaid on the Redeemable Preferred Stock have been paid in full. As of December 31, 2013, no dividends had been declared.

As of December 31, 2013, the Company had reserved 35,881,732 shares of common stock for the conversion of the outstanding shares of Series A, Series B, Series C, Series D and Series D-1 redeemable convertible preferred stock (see Note 9), the exercise of outstanding stock options and the number of shares remaining available for grant under the Company's 2006 Stock Option Plan (see Note 11), and the outstanding warrants to purchase redeemable convertible preferred stock becoming warrants to purchase common stock (see Note 8).

11. Stock-Based Awards

2006 Stock Option Plan

The Company's 2006 Stock Option Plan, as amended (the "2006 Plan"), provides for the Company to sell or issue common stock or restricted common stock, or to grant incentive stock options or nonqualified stock options for the purchase of common stock, to employees, members of the board of directors and consultants of the Company. The 2006 Plan is administered by the board of directors, or at the discretion of the board of directors,

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by a committee of the board. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or their committee if so delegated, except that the exercise price per share of stock options may not be less than 100% of the fair market value of the share of common stock on the date of grant and the term of stock options may not be greater than ten years.

Stock options granted under the 2006 Plan generally vest over four years and expire after ten years, although options have been granted with vesting terms less than four years.

The total number of shares of common stock that may be issued under the 2006 Plan was 5,539,417 shares as of December 31, 2013, of which 462,792 shares remained available for future grant at December 31, 2013. The Company generally grants stock-based awards with service conditions only ("service-based" awards).

As required by the 2006 Plan, the exercise price for stock options granted is not to be less than the fair value of common shares as determined by the Company as of the date of grant. The Company values its common stock by taking into consideration its most recently available valuation of common shares performed by management and the board of directors as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

Stock Option Valuation

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Because the Company is a private company and lacks company-specific historical and implied volatility information, it estimates its expected stock volatility based on the historical volatility of a publicly traded group of peer companies; the Company expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future. The assumptions that the Company used to determine the fair value of the stock options granted to employees and directors are as follows, presented on a weighted average basis:

	Year Ended December 31,	
	2012	2013
Risk-free interest rate	1.51%	1.23%
Expected term (in years)	6.25	5.38
Expected volatility	70.0%	74.6%
Expected dividend yield	0%	0%

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The following table summarizes the Company's stock option activity since January 1, 2012:

	Shares Issuable Under Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2012	1,584,099	$ 0.43	8.7	$ 114
Granted	88,060	0.46		
Exercised	(14,286)	0.23		
Forfeited	(33,116)	0.49		
Outstanding as of December 31, 2012	1,624,757	$ 0.43	7.5	$ 829
Granted	942,940	0.95		
Exercised	(48,104)	0.14		
Forfeited	(79,676)	0.52		
Outstanding as of December 31, 2013	2,439,917	$ 0.64	7.0	$ 1,986
Options vested and expected to vest as of December 31, 2013	2,381,018	$ 0.63	6.9	$ 1,942
Options exercisable as of December 31, 2013	1,136,964	$ 0.42	6.0	$ 1,167

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock. The aggregate intrinsic value of stock options exercised was $6 and $38 during the years ended December 31, 2012 and 2013, respectively.

The Company received cash proceeds from the exercise of stock options of $3 and $7 during the years ended December 31, 2012 and 2013, respectively.

The weighted average grant date fair value of stock options granted to employees and directors during the years ended December 31, 2012 and 2013 was $0.33 and $0.58 per share, respectively.

As of December 31, 2013, there were outstanding unvested service-based stock options held by non-employees for the purchase of 19,271 shares of common stock.

Restricted Common Stock

The 2006 Plan provides for the award of restricted common stock. The Company has granted restricted common stock with time-based vesting conditions. Unvested shares of restricted common stock may not be sold or transferred by the holder. These restrictions lapse according to the time-based vesting conditions of each award.

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The table below summarizes the Company's restricted stock activity since January 1, 2012:

	Shares	Weighted Average Grant Date Fair Value
Unvested restricted common stock as of January 1, 2012	41,083	$ 0.65
Issued	—	—
Vested	(22,625)	$ 0.65
Forfeited	—	—
Unvested restricted common stock as of December 31, 2012	18,458	$ 0.65
Issued	265,000	$ 0.94
Vested	(283,458)	$ 0.92
Forfeited	—	—
Unvested restricted common stock as of December 31, 2013	—	—

The aggregate intrinsic value of restricted stock awards is calculated as the positive difference between the prices paid, if any, of the restricted stock awards and the fair value of the Company's common stock. The aggregate intrinsic value of restricted stock awards that vested during the years ended December 31, 2012 and 2013 was $10 and $76, respectively. As of December 31, 2013, there are no shares of restricted common stock that were subject to repurchase.

Stock-based Compensation

The Company recorded stock-based compensation expense related to stock options and restricted common stock in the following expense categories of its statements of operations:

	Year Ended December 31,		Cumulative Period From Inception (September 12, 2006) to December 31, 2013
	2012	2013	
Research and development	$ 67	$ 70	$ 538
Selling and marketing	28	22	69
General and administrative	148	384	1,010
	$ 243	$ 476	$ 1,617

The amounts for the cumulative period from inception (September 12, 2006) to December 31, 2013 include $196 related to the issuance of redeemable convertible preferred stock for services rendered.

As of December 31, 2013, the Company had an aggregate of $628 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 7.8 years.

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12. Net Loss Per Share and Unaudited Pro Forma Net Loss Per Share

Net Loss Per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows for the years ended December 31, 2012 and 2013:

	Year Ended December 31,	
	2012	2013
Numerator:		
Net loss	$ (14,093)	$ (13,317)
Accretion of redeemable convertible preferred stock to redemption value	(35)	(27)
Net loss attributable to common stockholders	$ (14,128)	$ (13,344)
Denominator:		
Weighted average common shares outstanding, basic and diluted	6,659,570	6,887,813
Net loss per share attributable to common stockholders, basic and diluted	$ (2.12)	$ (1.94)

The Company excluded the following common stock equivalents, outstanding as of December 31, 2012 and 2013, from the computation of diluted net loss per share attributable to common stockholders for the years ended December 31, 2012 and 2013 because they had an anti-dilutive impact due to the net loss attributable to common stockholders incurred for the periods.

	December 31,	
	2012	2013
Stock options to purchase common stock	1,624,757	2,439,917
Unvested restricted common stock	18,458	—
Warrants for the purchase of redeemable convertible preferred stock	136,836	136,836
Redeemable convertible preferred stock (as converted to common stock)	30,008,853	32,842,187
	31,788,904	35,418,940

Unaudited Pro Forma Net Loss Per Share

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2013 gives effect to adjustments arising upon the closing of a qualified initial public offering. The unaudited pro forma net loss attributable to common stockholders used in the calculation of unaudited basic and diluted pro forma net loss per share attributable to common stockholders does not include the effects of the accretion of redeemable convertible preferred stock because it assumes that the conversion of redeemable convertible preferred stock into common stock had occurred on the later of January 1, 2013 or the issuance date of the redeemable convertible preferred stock.

The unaudited pro forma basic and diluted weighted average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2013 gives effect to the automatic conversion upon a qualified initial public offering of all outstanding shares of redeemable convertible preferred stock as of December 31, 2013 into

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32,842,187 shares of common stock as if the conversion had occurred on the later of January 1, 2013 or the issuance date of the redeemable convertible preferred stock.

The computation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders is as follows:

	Year Ended December 31, 2013 (unaudited)
Numerator:	
Net loss	$ (13,317)
Change in fair value of preferred stock warrant liability	(14)
Pro forma net loss attributable to common stockholders	$ (13,331)
Denominator:	
Weighted average common shares outstanding, basic and diluted	6,887,813
Pro forma adjustment for assumed automatic conversion of all outstanding shares of redeemable convertible preferred stock upon the closing of the proposed initial public offering	31,670,041
Pro forma weighted average common shares outstanding, basic and diluted	38,557,854
Pro forma net loss per share attributable to common stockholders, basic and diluted	$ (0.35)

13. Commitments and Contingencies

Leases

The Company leases office, laboratory and manufacturing space in Bedford, Massachusetts and certain office equipment under several noncancelable operating leases that expire at various dates between November 2014 and June 2015.

Future minimum lease payments for its operating leases as of December 31, 2013 were as follows:

Years Ending December 31,	
2014	$480
2015	245
Total	$725

During the years ended December 31, 2012 and 2013, the Company recognized $436 and $448, respectively, of rental expense, related to its office, laboratory and manufacturing space and office equipment. For the period from inception (September 12, 2006) through December 31, 2013, the Company recognized $2,168 of rental expense, net of sublease income, related to office space and office equipment. The Company did not generate any sublease income for the years ended December 31, 2012 and 2013.

On April 25, 2014, the Company entered into an amendment to its lease of office, laboratory and manufacturing space in Bedford, Massachusetts. The lease amendment provides for additional office space effective as of July 2014, with a term expiring in June 2017, and also extends the term of the original lease until

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June 2018. The aggregate annual base rent due under the amended lease is $627, $794, $812, $672 and $262 during the years ending December 31, 2014, 2015, 2016, 2017 and 2018, respectively, aggregating $3,167 in total minimum lease payments.

Intellectual Property Licenses

In April 2007, the Company entered into a license agreement with Incept, LLC (see Note 17) to use and develop certain patent rights (the "Incept License"). Under the Incept License, as amended and restated in January 2012, the Company was granted a worldwide, perpetual, exclusive license to develop and commercialize products that are delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to ophthalmic diseases or conditions. In exchange for these rights, the Company granted 1,169,700 shares of its common stock to Incept and is obligated to pay low single-digit royalties on net sales of commercial products developed using the licensed technology, commencing with the date of the first commercial sale of such products and until the expiration of the last to expire of the patents covered by the license. Any of the Company's sublicensees also will be obligated to pay Incept a royalty equal to a low single-digit percentage of net sales made by it and will be bound by the terms of the agreement to the same extent as the Company. The Company is obligated to reimburse Incept for its share of the reasonable fees and costs incurred by Incept in connection with the prosecution of the patent applications licensed to the Company under the Incept License. Through December 31, 2013, royalties payable under this agreement related to product sales totaled $3.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its financial statements as of December 31, 2012 or 2013.

14. Income Taxes

During the years ended December 31, 2012 and 2013, the Company recorded no income tax benefits for the net operating losses incurred in each year or interim period, due to its uncertainty of realizing a benefit from those items.

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A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2012	2013
Federal statutory income tax rate	(34.0)%	(34.0)%
Federal and state research and development tax credit	(1.2)	(6.6)
State taxes, net of federal benefit	(5.1)	(4.8)
Stock-based compensation	0.3	1.3
Change in deferred tax asset valuation allowance	40.0	44.1
Effective income tax rate	0.0%	0.0%

Net deferred tax assets as of December 31, 2012 and 2013 consisted of the following:

	December 31,	
	2012	2013
Net operating loss carryforwards	$ 6,160	$ 9,204
Research and development tax credit carryforwards	1,183	2,005
Capitalized start-up costs	2,649	2,426
Capitalized research and development expenses, net	9,274	11,571
Accrued expenses and other temporary differences	549	570
Total gross deferred tax assets	19,815	25,776
Valuation allowance	(19,815)	(25,776)
Net deferred tax assets	$ —	$ —

Changes in the valuation allowance for deferred tax assets during the years ended December 31, 2012 and 2013 related primarily to the increase in net operating loss carryforwards, capitalized research and development expenses and research and development tax credit carryforwards and were as follows:

	Year Ended December 31,	
	2012	2013
Valuation allowance as of beginning of year	$ 14,171	$ 19,815
Decreases recorded as benefit to income tax provision	—	—
Increases recorded to income tax provision	5,644	5,961
Valuation allowance as of end of year	$ 19,815	$ 25,776

As of December 31, 2013, the Company had net operating loss carryforwards for federal and state income tax purposes of $23,654 and $22,030, respectively, which begin to expire in 2026 and 2014, respectively. As of December 31, 2013, the Company also had available research and development tax credit carryforwards for federal and state income tax purposes of $1,350 and $979, respectively, which begin to expire in 2026 and 2023, respectively. Utilization of the net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable

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income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being presented as an uncertain tax position.

As of December 31, 2012 and 2013, the Company's gross deferred tax asset balance of $19,815 and $25,776, respectively, was comprised principally of net operating loss carryforwards, capitalized research and development expenses and research and development tax credit carryforwards. During the years ended December 31, 2012 and 2013, gross deferred tax assets increased due to additional net operating loss carryforwards, research and development tax credits generated and additional research and development expenses capitalized for tax purposes.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets. Management has considered the Company's history of cumulative net losses incurred since inception and its lack of commercialization of any products or generation of any revenue from product sales since inception and has concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation allowance has been established against the deferred tax assets as of December 31, 2012 and 2013. Management reevaluates the positive and negative evidence at each reporting period.

The Company has not recorded any amounts for unrecognized tax benefits as of December 31, 2012 or 2013.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending income tax examinations. The Company's tax years are still open under statute from 2010 to the present. Earlier years may be examined to the extent that tax credit or net operating loss carryforwards are used in future periods. The Company's policy is to record interest and penalties related to income taxes as part of its income tax provision.

15. 401(k) Savings Plan

The Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the board of directors. Through December 31 2013, no contributions have been made to the plan by the Company.

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16. Therapeutic Tax Credit

Through December 31, 2011, the Company had received payments of $733 from the Internal Revenue Service for research projects qualifying for grants under the Qualifying Therapeutic Discovery Project Credit program. The Company recorded the proceeds as other income in the statement of operations for the period from inception (September 12, 2006) through December 31, 2013. The Company does not anticipate recognizing any future income related to this program.

17. Related Party Transactions

In April 2007, the Company entered into a license agreement with Incept, LLC (“Incept”) to use and develop certain patent rights. Per the terms of the Incept License, as amended and restated in January 2012, the Company is required to pay low single-digit royalties on net sales of licensed products, as defined in the Incept License. Through December 31, 2013, royalties payable under this agreement related to product sales totaled $3. During the year ended December 31, 2009, the Company paid Incept $96 in cash for consulting services. Incept and certain owners of Incept participated in the Company’s Series A, Series B and Series C preferred stock financing and have also been granted shares of common stock and redeemable convertible preferred stock of the Company. In addition, certain employees of the Company are shareholders of Incept. The Company’s President and Chief Executive Officer is a general partner of Incept.

During the year ended December 31, 2009, the Company sold certain assets to Augmenix, Inc. (“Augmenix”) and received proceeds totaling $197. During the year ended December 31, 2011, the Company purchased office supplies and computer equipment on behalf of Augmenix totaling $31 and subleased office space to Augmenix for $162. During the years ended December 31, 2011, 2012 and 2013, the Company invoiced Augmenix $288, $366 and $232, respectively, for consulting and other services. Certain shareholders of Augmenix are holders of the Company’s redeemable convertible preferred stock and common stock. In addition, certain employees of the Company are shareholders of Augmenix. Through December 31, 2013, the Company’s President and Chief Executive was the Chief Executive Officer of Augmenix.

During the year ended December 31, 2009, the Company invoiced SquareOne, Inc. $34 for consulting services. Certain owners of this company are holders of the Company’s redeemable convertible preferred stock and common stock. In addition, certain employees of the Company were shareholders of SquareOne, Inc.

During the years ended December 31, 2009 and 2011, the Company invoiced AccessClosure, Inc. $21 for the sale of certain assets and $57 for consulting services, respectively. Certain owners of this company are holders of the Company’s redeemable convertible preferred stock and common stock. In addition, certain employees of the Company are shareholders of AccessClosure, Inc.

During the year ended December 31, 2012, the Company invoiced HotSpur Technologies, Inc. and Ostial Corporation for consulting services and travel expenses totaling $45. Certain owners of those companies are holders of the Company’s redeemable convertible preferred stock and common stock. In addition, certain employees of the Company are shareholders of these two companies.

18. Subsequent Events

For its financial statements as of December 31, 2013 and for the year then ended, the Company evaluated subsequent events through April 29, 2014, the date on which those financial statements were issued.

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Issuance of Common Stock to Related Party

On February 12, 2014, the Company issued to Incept 500,000 shares of its common stock in connection with the expansion of the scope of the license to include back of the eye technology held by Incept (see Note 13).

Increase in Shares Reserved for Issuance under the 2006 Plan

On March 31, 2014, the Company effected an increase in the number of shares of common stock reserved for issuance under the 2006 Plan to 6,877,417 shares (see Note 11).

On April 14, 2014, the Company effected an increase in the number of shares of common stock reserved for issuance under the 2006 Plan to 7,527,417 shares (see Note 11).

Increase in Number of Authorized Shares of Common Stock and Preferred Stock

On April 14, 2014, the Company effected an increase in the number of authorized shares of its common stock from 45,000,000 shares to 47,500,000 shares and an increase in the number of authorized shares of its preferred stock from 33,979,025 shares to 34,229,025 shares.

Credit Facility

On April 17, 2014, the Company entered into a credit and security agreement (the “Credit Facility”). The Credit Facility provides for initial borrowings of $15,000 under a term loan (“Tranche 1 loan”) and additional borrowings of up to $5,000 under a term loan (“Tranche 2 loan”), for a maximum of $20,000. On that same date, the Company received proceeds of $15,000 through the issuance of promissory notes to the lenders under the Tranche 1 loan. Borrowings under the Tranche 2 loan are available until December 31, 2014, contingent upon to the closing of an initial public offering with net proceeds to the Company of at least $50,000 (a “Qualified IPO”). All promissory notes issued under the Credit Facility mature on April 1, 2018 and are collateralized by substantially all of the Company’s personal property, other than its intellectual property. There are no financial covenants associated with the Credit Facility; however, there are negative covenants restricting the Company’s activities, including limitations on dispositions, mergers or acquisitions; encumbering or granting a security interest in its intellectual property; incurring indebtedness or liens; paying dividends; making certain investments; and certain other business transactions. The obligations under the Credit Facility are subject to acceleration upon the occurrence of specified events of default, including a material adverse change in the Company’s business, operations or financial or other condition.

The Company is obligated to make monthly, interest-only payments on any term loans funded under the Credit Facility until March 1, 2015 and, thereafter, to pay 36 consecutive, equal monthly installments of principal and interest from April 1, 2015 through March 1, 2018. Upon closing of a Qualified IPO on or before December 31, 2014, the term of monthly, interest-only payments will be extended until October 1, 2015. Term loans under the Credit Facility bear interest at an annual rate of 8.25%. In addition, a final payment equal to 3.75% of any amounts drawn under the Credit Facility is due upon its maturity date.

In connection with the Tranche 1 loan, the lenders received warrants to purchase 100,000 shares of the Company’s Series D-1 redeemable convertible preferred stock with an exercise price of $3.00 per share, which are exercisable until April 2021.

The lenders are entitled receive additional warrants to purchase shares of the Company’s common stock equal to 2% of any amounts funded under the Tranche 2 loan, with an exercise price equivalent to the 10-day average closing price per share of the Company’s common stock prior to the funding date for the Tranche 2 loan.

OCULAR THERAPEUTIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

The terms of the Credit Facility required that the existing outstanding borrowings to be repaid. Accordingly, on April 17, 2014, the Company used $1,898 of proceeds from the Tranche 1 loan to repay all amounts then due under the 2011 Modification Agreement, consisting of $1,667 of principal, $6 of interest and $225 of a final payment.

Until , 2014 (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 the Registrant. All amounts are estimates except the Securities and Exchange Commission, or SEC, registration fee and the Financial Industry Regulatory Authority, Inc., filing fee.

	Amount
Securities and Exchange Commission registration fee	$ *
Financial Industry Regulatory Authority, Inc. filing fee	*
NASDAQ Global Market initial listing fee	*
Accountant's fees and expenses	*
Legal fees and expenses	*
Blue sky fees and expenses	*
Transfer agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102 of the Delaware General Corporation Law, or the DGCL, 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 that will be effective upon the closing of this offering 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 DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the DGCL 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 indemnification for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation that will be effective upon the closing of the offering 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 that will be effective upon the closing of the offering 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 or, 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 certain of our directors and intend to enter into indemnification agreements with all of our directors prior to the closing of this offering. In general, these agreements provide that we will indemnify the director to the fullest extent permitted by law for claims arising in his or her capacity as a director 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 makes a claim for indemnification and establish certain presumptions that are favorable to the director.

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.

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.

Insofar as the forgoing provisions permit indemnification of directors, executive officers, or persons controlling us for liability arising under the Securities Act of 1933, as amended, or the Securities Act, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding shares of our common stock, shares of our preferred stock, warrants to purchase shares of our preferred stock, and stock options granted, by us within the past three years that were not registered under 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 SEC, under which exemption from registration was claimed.

(a) Issuances of Securities

Between April 2011 and April 2014, we issued and sold 9,670,730 shares of our series D preferred stock to 14 investors at a price per share of $2.46 for an aggregate purchase price of $23.8 million.

Between April 2011 and April 2014, we issued and sold 2,833,334 shares of our series D-1 preferred stock to two investors at a price per share of $3.00 for an aggregate purchase price of $8.5 million.

Between April 2011 and April 2014, we issued and sold 1,596,325 shares of our common stock to three investors at a weighted average price per share of $2.52 for an aggregate purchase price of $4.0 million.

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 thereunder relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All purchasers of shares of our preferred stock described above represented to us in connection with their purchase 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. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

(b) Stock Option Grants

Between April 2011 and April 2014, we granted options to purchase an aggregate of 3,837,375 shares of common stock, with exercise prices ranging from $0.46 to $3.33 per share, to our employees, directors, advisors and consultants pursuant to our 2006 Stock Incentive Plan. As of April 18, 2014, options to purchase 160,149 shares of our common stock had been exercised for aggregate consideration of $34,711, options to purchase 153,169 shares had been forfeited and options to purchase 4,174,030 shares of our common stock remained outstanding at a weighted average exercise price of $1.83.

The stock options and the common stock issuable upon the exercise of such options as described in this section (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with the Registrant’s 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 the Registrant or had access, through employment or other relationships, to such information.

(c) Issuance of Warrants

In connection with a credit facility, we issued to the lender in October 2011 warrants to purchase up to 60,976 shares of our series D preferred stock, at an exercise price of $2.46 per share.

In connection with a credit facility, we issued to the lenders in April 2014 warrants to purchase up to 100,000 shares of our series D-1 preferred stock, at an exercise price of $3.00 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 relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. The investor 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 their relationships with us, access to such information.

All of the foregoing securities described in sections (a), (b) and (c) of Item 15 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 had 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 agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 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 SEC such indemnification is against public policy as expressed in the 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 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 of 1933, 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 of 1933, 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, Commonwealth of Massachusetts, on this day of , 2014.

OCULAR THERAPEUTIX, INC.

By: _____
Amarpreet Sawhney, Ph.D.
President and Chief Executive Officer

SIGNATURES AND POWER OF ATTORNEY

We, the undersigned officers and directors of Ocular Therapeutix, Inc., hereby severally constitute and appoint Amarpreet Sawhney, Ph.D., Bradford Smith and James Fortune, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for her or him and in her or his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and any other registration statement for the same offering pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
_____ Amarpreet Sawhney, Ph.D.	Director, President and Chief Executive Officer (Principal Executive Officer)	, 2014
_____ Bradford Smith	Chief Financial Officer (Principal Financial and Accounting Officer)	, 2014
_____ Jaswinder Chadha	Director	, 2014
_____ Alan Crane	Director	, 2014
_____ James Garvey	Director	, 2014
_____ Richard L. Lindstrom, M.D.	Director	, 2014
_____ Charles Warden	Director	, 2014

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
1.1**	Form of Underwriting Agreement
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant, as amended
3.2	Bylaws of the Registrant
3.3**	Restated Certificate of Incorporation of the Registrant (to be effective upon the closing of this offering)
3.4**	Amended and Restated By-laws 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	Fourth Amended and Restated Investors' Rights Agreement of the Registrant
5.1**	Opinion of Wilmer Cutler Pickering Hale and Dorr LLP
10.1	2006 Stock Incentive Plan, as amended
10.2	Form of Stock Option Agreement under the 2006 Stock Incentive Plan
10.3	Form of Restricted Stock Agreement under the 2006 Stock Incentive Plan
10.4**	2014 Stock Incentive Plan
10.5**	Form of Incentive Stock Option Agreement under 2014 Stock Incentive Plan
10.6**	Form of Non-statutory Stock Option Agreement under 2014 Stock Incentive Plan
10.7†	Amended And Restated License Agreement, dated January 27, 2012, between the Registrant and Incept LLC
10.8	Lease Agreement dated September 2, 2009, by and between Registrant and RAR2-Crosby Corporate Center QRS, Inc., as amended
10.9**	2014 Employee Stock Purchase Plan
10.10	Credit and Security Agreement, by and among Midcap Financial SBIC, LP, Silicon Valley Bank, and Registrant
23.1**	Consent of PricewaterhouseCoopers 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)

** To be filed by amendment.

† Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

Exhibit 3.1

SIXTH AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF
OCULAR THERAPEUTIX, INC.

Pursuant to Section 242 and 245

of the General Corporation Law of

the State of Delaware

Ocular Therapeutix, Inc., 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 Ocular Therapeutix, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on September 12, 2006 under the name I-Therapeutix, Inc., and that the Corporation filed its Amended and Restated Certificate of Incorporation on January 25, 2008, a Second Amended and Restated Certificate of Incorporation on June 19, 2009, an amendment to the Second Amended and Restated Certificate of Incorporation on September 21, 2009, a Third Amended and Restated Certificate of Incorporation on December 21, 2010, a Fourth Amended and Restated Certificate of Incorporation on February 1, 2011, and a Fifth Amended and Restated Certificate of Incorporation on November 26, 2012.

2. That the Board of Directors of the Corporation (the "**Board of Directors**") duly adopted resolutions proposing to amend and restate the Fifth Amended and Restated Certificate of Incorporation 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 Fifth Amended and Restated Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST. The name of the Corporation is Ocular Therapeutix, Inc. (the "**Corporation**").

SECOND. The registered office of the Corporation in the State of Delaware is located at 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent. The name of its registered agent at such address is National Registered Agents, Inc.

THIRD. The purpose of 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: (i) 45,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**"), and (ii) 33,979,025 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, 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 the 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; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation 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 with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law.

B. PREFERRED STOCK

1,172,836 shares of the authorized Preferred Stock are hereby designated "**Series A Preferred Stock**", 3,306,189 shares of the authorized Preferred Stock are hereby designated "**Series B Preferred Stock**", 10,500,000 shares of the authorized Preferred Stock are hereby designated "**Series C Preferred Stock**", 16,000,000 shares of the authorized Preferred Stock are hereby designated "**Series D Preferred Stock**" and 3,000,000 shares of the authorized Preferred Stock are hereby designated "**Series D-1 Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. The Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock are collectively referred to as the "**Preferred Stock**." Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends.

1.1 Series D-1 Preferred Stock. Holders of Series D-1 Preferred Stock, in preference and prior to any declaration or payment of any dividend (other than dividends on shares of Common Stock payable in shares of Common Stock) on any other capital stock of this

Corporation, shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, dividends at the rate of eight percent (8%) of the Series D-1 Original Issue Price (as defined below) per calendar year on each outstanding share of Series D-1 Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be non-cumulative.

1.2 Series D Preferred Stock. After payment of dividends required by Section 1.1, holders of Series D Preferred Stock, in preference and prior to any declaration or payment of any dividend (other than dividends on shares of Common Stock payable in shares of Common Stock) on any other capital stock of this Corporation, shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, dividends at the rate of eight percent (8%) of the Series D Original Issue Price (as defined below) per calendar year on each outstanding share of Series D Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be non-cumulative.

1.3 Series C Preferred Stock. After payment of dividends required by Sections 1.1 and 1.2, holders of Series C Preferred Stock, in preference and prior to any declaration or payment of any dividend (other than dividends on shares of Common Stock payable in shares of Common Stock) on any other capital stock of this Corporation, shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, dividends at the rate of eight percent (8%) of the Series C Original Issue Price (as defined below) per calendar year on each outstanding share of Series C Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be non-cumulative.

1.4 Series B Preferred Stock. After payment of dividends required by Sections 1.1, 1.2 and 1.3, holders of Series B Preferred Stock in preference and prior to any declaration or payment of any dividend (other than dividends on shares of Common Stock payable in shares of Common Stock) on any other capital stock of this Corporation, shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, dividends at the rate of eight percent (8%) of the Series B Original Issue Price (as defined below) per calendar year on each outstanding share of Series B Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be non-cumulative.

1.5 Series A Preferred Stock. After payment of dividends required by Sections 1.1, 1.2, 1.3 and 1.4, holders of Series A Preferred Stock in preference and prior to any declaration or payment of any dividend (other than dividends on shares of Common Stock payable in shares of Common Stock) on any other capital stock of this Corporation, shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, dividends at the rate of eight percent (8%) of the Series A Original Issue Price (as defined below) per calendar year on each outstanding share of Series A Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be non-cumulative.

1.6 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) during any calendar year of this Corporation until dividends in the amounts set forth in Sections 1.1, 1.2, 1.3, 1.4 and 1.5 have

been paid to or declared and set apart upon all outstanding shares of Preferred Stock, during that calendar year. In addition, 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 the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) 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 B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock as the case may be as would equal the product of (A) 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 (B) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) 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 B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be determined by (A) 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 affecting such shares) and (B) multiplying such fraction by an amount equal to the Series A Original Issue Price (as defined below), Series B Original Issue Price (as defined below), Series C Original Issue Price (as defined below), Series D Original Issue Price (as defined below), or Series D-1 Original Issue Price (as defined below), as the case may be; 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 B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be, pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest dividend payable on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be. 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 B Original Issue Price**" shall mean $1.842 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 C Original Issue Price**" shall mean $2.05 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. The "**Series D Original Issue Price**" shall mean $2.46 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 D Preferred Stock. The "**Series D-1 Original Issue Price**" shall mean $3.00 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 D-1 Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Payments to Holders of Preferred Stock.

2.1.1 Preferred Payments to Holders of Series D-1 Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series D-1 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 Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) 75% of the Series D-1 Original Issue Price, plus 100% of any dividends declared but unpaid thereon, or (ii) 75% of such amount per share as would have been payable had each share of Series D-1 Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (i) above (assuming for purpose of such determination that all shares of Series D-1 Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up (the amounts payable pursuant to this sentence is hereinafter referred to as the "**Primary Series D-1 Liquidation Amount**"). 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 D-1 Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1.1, the holders of shares of Series D-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 of the Series D-1 Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.1.2 Payments to Holders of Series D-1 Preferred Stock and Holders of Series D Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payments set forth in Section 2.1.1 shall have been made in full to the holders of the Series D-1 Preferred Stock, the holders of shares of Series D-1 Preferred Stock then outstanding and Series D Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders on a pari passu basis in accordance with this Section 2.1.2 before any payment shall be made to the holders of Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share calculated as follows: (i) with respect to holders of Series D-1 Preferred Stock, an amount equal to the greater of (w) 25% of the Series D-1 Original Issue Price, or (x) 25% of such amount per share as would have been payable had each share of Series D-1 Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (i)(w) above (assuming for purpose of such determination that all shares of Series D-1 Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up (the amounts payable to the holders of Series D-1 Preferred Stock pursuant to this Section 2.1.2 is hereinafter referred to as the "**Secondary Series D-1 Liquidation Amount**") and (ii) with respect to the holders of Series D Preferred Stock, an amount equal to the greater of (y) the Series D Original Issue Price plus any dividends declared but unpaid thereon, or (z) such amount per share as would have been payable to each share of Series D Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (ii)(y) above (assuming for purpose of such determination that all shares of Series D Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4

immediately prior to such liquidation, dissolution or winding up (the amounts payable to the holders of Series D Preferred Stock pursuant to this Section 2.1.1 is hereinafter referred to as the "**Series D Liquidation Amount**", and together with the Secondary Series D-1 Liquidation Amount, the "**Series D Cumulative Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation, after payment to the holders of Series D-1 Preferred Stock of the full Primary Series D-1 Liquidation Amount, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series D-1 Preferred Stock and Series D Preferred Stock the full Series D Cumulative Liquidation Amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series D-1 Preferred Stock and Series D 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 of Series D-1 Preferred Stock and Series D Preferred Stock held by them upon such distribution of the Series D Cumulative Liquidation Amount if all amounts payable on or with respect to such shares were paid in full.

2.1.3 Payments to Holders of Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payments set forth in Section 2.1.1 and 2.1.2 shall have been made in full to the holders of the Series D-1 Preferred Stock and the Series D Preferred Stock, the holders of shares of Series C 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 Series B Preferred Stock, Series A Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series C Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had each share of Series C Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (i) above (assuming for purpose of such determination that all shares of Series C Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up (the amounts payable pursuant to this sentence is hereinafter referred to as the **"Series C Liquidation Amount"**). If upon any such liquidation, dissolution or winding up of the Corporation, after payment to the holders of Series D-1 Preferred Stock of the full Primary Series D-1 Liquidation Amount and to the holders of Series D-1 Preferred Stock and Series D Preferred Stock of the full Series D Cumulative Liquidation Amount, 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 of Series C Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.1.4 Payments to Holders of Series B Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payments set forth in Sections 2.1.1, 2.1.2, and 2.1.3 shall have been made in full to the holders of the Series D-1 Preferred Stock, Series D Preferred Stock and Series C Preferred Stock, the holders of shares of Series B 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 Series A Preferred Stock and Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series B Original Issue

Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had each share of Series B Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (i) above (assuming for purpose of such determination that all shares of Series B Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up (the amounts payable pursuant to this sentence is hereinafter referred to as the **"Series B Liquidation Amount"**). If upon any such liquidation, dissolution or winding up of the Corporation, after payment to the holders of Series D-1 Preferred Stock of the full Primary Series D-1 Liquidation Amount, to the holders of Series D-1 Preferred Stock and Series D Preferred Stock of the full Series D Cumulative Liquidation Amount, and to the holders of Series C Preferred Stock of the full Series C Liquidation Amount, the remaining assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series B 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 of Series B Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.1.5 Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payments set forth in Sections 2.1.1, 2.1.2, 2.1.3 or 2.1.4 shall have been made in full to the holders of the Series D-1 Preferred Stock, Series D Preferred Stock, Series C Preferred Stock and Series B Preferred Stock, the holders of shares of the 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 equal to the greater of (i) the Series A Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had each share of Series A Preferred Stock that would receive a greater amount upon conversion into Common Stock than pursuant to clause (i) above (assuming for purpose of such determination that all shares of Series A Preferred Stock were issued on the date that the first share of such series was issued) converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution or winding up (the amounts payable pursuant to this sentence is hereinafter referred to as the **"Series A Liquidation Amount"**). If upon any such liquidation, dissolution or winding up of the Corporation, after payment to the holders of Series D-1 Preferred Stock of the full Primary Series D-1 Liquidation Amount, to the holders of Series D-1 Preferred Stock and Series D Preferred Stock of the full Series D Cumulative Liquidation Amount, payment to the holders of Series C Preferred Stock of the full Series C Liquidation Amount and payment to the holders of Series B Preferred Stock of the full Series B Liquidation Amount, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of 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 of Series A Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. 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 Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of at least a majority of the outstanding shares of Preferred Stock elect otherwise by written notice sent to the Corporation prior to the effective date of any such event:

(a) a merger 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 2.3.1, 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.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) above 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 and 2.2 above.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b) above, 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 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 Preferred Stock, and (ii) if the holders of at least a majority of the then outstanding shares of Preferred Stock 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) (the "**Net Proceeds**"), to the extent legally available therefor, on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the Series A Liquidation Amount, in the case of the Series A Preferred Stock, the Series B Liquidation Amount, in the case of the Series B Preferred Stock, the Series C Liquidation Amount, in the case of the Series C Preferred Stock, the Series D Cumulative Liquidation Amount, in the case of the Series D and Series D-1 Preferred Stock, and the Primary Series D-1 Liquidation Amount, in the case of the Series D-1 Preferred Stock. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Net Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, or if the Corporation does not have sufficient lawfully available funds to effect such redemption, the Corporation shall redeem first a pro rata portion of each holder's shares of Series D-1 Preferred Stock sufficient to return the Primary Series D-1 Liquidation Amount, to the fullest extent of such Net Proceeds or such legally available funds, as the case may be, based on the respective amounts which would otherwise be payable in respect of the shares of Series D-1 Preferred Stock to be redeemed if the Net Proceeds and legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series D-1 Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; second, a pro rata portion of each holder's shares of Series D-1 Preferred Stock and Series D Preferred Stock, to the fullest extent of the remaining amount of such Net Proceeds or such legally available funds, as the case may be, based on the respective amounts which would otherwise be payable in respect of the shares of Series D-1 Preferred Stock and Series D Preferred Stock to be redeemed if the Net Proceeds and legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series D-1 Preferred Stock and Series D Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; third, a pro rata portion of each holder's shares of Series C Preferred Stock, to the fullest extent of such Net Proceeds or such legally available funds, as the case may be, based on the respective amounts which would otherwise be payable in respect of the shares of Series C Preferred Stock to be redeemed if the Net Proceeds and legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series C Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; fourth, a pro rata portion of each holder's shares of Series B Preferred Stock to the fullest extent of the remaining amount of such Net Proceeds or such legally available funds, as the case may be, based on the respective amounts which would otherwise be payable in respect of the shares of Series B Preferred Stock

to be redeemed if the remaining amount of such Net Proceeds and legally available funds 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 fifth, a pro rata portion of each holder's shares of Series A Preferred Stock to the fullest extent of the remaining amount of such Net Proceeds or such legally available funds, as the case may be, based on the respective amounts which would otherwise be payable in respect of the shares of Series A Preferred Stock to be redeemed if the remaining amount of such Net Proceeds and legally available funds 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. The provisions of Subsections 6.2 through 6.4 below shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Preferred Stock pursuant to this Subsection 2.3.2(b). Prior to the distribution or redemption provided for in this Subsection 2.3.2(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.

2.3.3 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. If the amount deemed paid or distributed under this Subsection 2.3.3 is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined as follows:

(a) For securities not subject to investment letters or other similar restrictions on free marketability,

(i) if traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 30-period ending three days prior to the closing of such transaction;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three days prior to the closing of such transaction; or

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(b) The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount (as determined in good faith by the Board of Directors) from the market value as determined pursuant to clause (a) above so as to reflect the approximate fair market value thereof.

2.3.4 Contingent Payments. In the event of a Deemed Liquidation Event, 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 applicable 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 and 2.2 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 and 2.2 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 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 Preferred Stock 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 the Certificate of Incorporation, holders of 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 Preferred Stock, exclusively and as a separate class, shall be entitled to elect three (3) directors of the Corporation (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 a majority 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 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 a majority of the 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 and of any other class or series of voting stock (including the 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 Preferred Stock Protective Provisions. So long as any shares of 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 the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least 60% of the then outstanding shares of Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a single class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(a) amend, alter or repeal any of the preferences, rights or privileges of the Preferred Stock;

(b) amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation (except, with respect to any amendment of the bylaws, if such amendment (i) does not alter or change any of the powers, preferences or other rights or privileges, or restrictions, of any of the Preferred Stock or otherwise adversely affect the holders of any of the Preferred Stock or the Common Stock and (ii) is approved by the Board of Directors, including the approval of a majority of the Preferred Directors);

(c) 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 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 and (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 or below their original purchase price;

(d) create, or authorize the creation 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 Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption or having any preference in excess of the purchase price thereof;

(e) effect a change of control, liquidation, dissolution or winding-up, merger, reincorporation, recapitalization, or sale, exclusive license or other transfer of a substantial part of the Corporation’s assets other than in the ordinary course of business or effect any other Deemed Liquidation Event or consent to any of the foregoing;

(f) effect any acquisition of the capital stock of another entity which results in the consolidation of that entity into the results of operations of the Corporation or acquisition of all or substantially all of the assets of another entity;

(g) increase or decrease the size of Board of Directors from seven (7) members;

(h) incur any indebtedness for borrowed money, which individually or in the aggregate, exceeds $500,000;

(i) effect any transfer or other conveyance of assets of the corporation other than in the ordinary course of business if the value of such transfer or conveyance, either individually or in the aggregate, would exceed $500,000; or

(j) create a new plan or a new arrangement for the grant of stock options or the issuance of restricted stock or increase the number of shares available under any such plan or arrangement.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of 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 (i) in the case of the Series A Preferred Stock, the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion, (ii) in the case of the Series B Preferred Stock, the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion, (iii) in the case of the Series C Preferred Stock, the Series C Original Issue Price by the Series C Conversion Price (as defined below) in effect at the time of conversion, (iv) in the case of the Series D Preferred Stock, the Series D Original Issue Price by the Series D Conversion Price (as defined below), and (v) in the case of the Series D-1 Preferred Stock, the Series D-1 Original Issue Price by the Series D-1 Conversion Price (as defined below). The "**Series A Conversion Price**" shall initially be equal to $1.00. The "**Series B Conversion Price**" shall initially be $1.842. The "**Series C Conversion Price**" shall initially be $2.05. The "**Series D Conversion Price**" shall initially be equal to $2.46. The "**Series D-1 Conversion Price**" shall initially be equal to $3.00. Such initial Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 Conversion Price, and the rate at which shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a notice of redemption of any shares of Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the 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 Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the 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. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of 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 Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of 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 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 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 "**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 Conversion Time, issue and deliver to such holder of 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 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 Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the 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 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 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 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 the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price,

Series D Conversion Price or Series D-1 Conversion Price, as the case may be, below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1, as the case may be, 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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be.

4.3.3 Effect of Conversion. All shares of 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 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 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 Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, shall be made for any declared but unpaid dividends on the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be, 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 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 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 Conversion Prices 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 D-1 Original Issue Date**" shall mean the date on which the first share of Series D-1 Preferred Stock was issued.

(c) "**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.

(d) "**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 on or after the Series D-1 Original Issue 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 Common Stock, Options or Convertible Securities issued as a dividend or distribution on Preferred Stock;

(ii) 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 below;

(iii) up to 5,539,417 shares of Common Stock or Options (which number includes shares of Common Stock already issued and shares underlying Options already issued pursuant to any such plan) 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, including the approval of a majority of the Preferred Directors, if any;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) 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, including the approval of a majority of the Preferred Directors, if any; or

(vi) securities issued solely in consideration for the acquisition (whether by merger or otherwise) by the Corporation or any of its subsidiaries of all or substantially all of the stock or assets of any other entity approved by the Board of Directors, including the approval of a majority of the Preferred Directors, if any.

4.4.2 No Adjustment of Conversion Price. No adjustment in the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-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 a majority of the then outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as applicable, agreeing that no such adjustment to the conversion price of such series 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 Series D-1 Original Issue 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, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price pursuant to the terms of Subsection 4.4.4 below, 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, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, 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, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price to an amount which exceeds the lower of (i) the such Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) such Conversion Price 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, the Series B Conversion Price, Series C Conversion Price, pursuant to the terms of Subsection 4.4.4 below (either because the consideration per share (determined pursuant to Subsection 4.4.5 hereof) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, then in effect, or because such Option or Convertible Security was issued before the Series D-1 Original Issue Date), are revised after the Series D-1 Original Issue 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) above) 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, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price pursuant to the terms of Subsection 4.4.4 below, the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, shall be readjusted to such Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, 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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price, as the case may be, 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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 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 Conversion Prices Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series D-1 Original Issue 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, in the case of the Series A Preferred Stock, the Series B Conversion Price, in the case of the Series B Preferred Stock, the Series C Conversion Price, in the case of the Series C Preferred Stock, the Series D Conversion Price, in the case of the Series D Preferred Stock, or the Series D-1 Conversion Price, in the case of the Series D-1 Preferred Stock, in effect immediately prior to such issue, then the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and/or Series D-1 Conversion Price, as the case may be, 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:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the applicable Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP_1" shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(e) “C” 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; 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.

(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 B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 Conversion Price pursuant to the terms of Subsection 4.4.4 above then, upon the final such issuance, the applicable Conversion Price 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 Series D-1 Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 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 Series D-1 Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price and the Series D-1 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 Series D-1 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 Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price and Series D-1 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 applicable 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 applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable 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 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 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 Series D-1 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 and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of 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 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 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the 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 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 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) 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 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 applicable 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 Preferred Stock.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price or Series D-1 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 Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the 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 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 applicable 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 the Preferred Stock.

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 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 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 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 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 in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, at a price of at least $12.00 per share (subject to appropriate adjustment for stock splits, stock dividends, combinations and other similar recapitalizations affecting such shares), resulting in at least Thirty Million Dollars ($30,000,000) of proceeds to the Corporation (collectively, a "**Qualified IPO**"), or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least 60% of the then outstanding shares of Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of 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, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 5. At the Mandatory Conversion Time, all outstanding shares of Preferred Stock shall be deemed to have been converted into shares of Common Stock, which shall be deemed to be outstanding of record, and all rights with respect to the Preferred Stock so converted, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate, 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 last sentence of this Subsection 5.2. 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. As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for 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 Preferred Stock.

5.3 Effect of Mandatory Conversion. All shares of Preferred Stock shall, from and after the Mandatory Conversion Time, no longer be deemed to be outstanding and, notwithstanding the failure of the holder or holders thereof to surrender the certificates for such shares on or prior to such time, all rights with respect to such shares shall immediately cease and terminate at the Mandatory 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. Such converted 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 Preferred Stock accordingly.

6. Redemption.

6.1 Redemption. All of the Shares of Preferred Stock shall be redeemed by the Corporation out of funds lawfully available therefor at a price equal to (i) the Series A Original Issue Price per share, in the case of the Series A Preferred Stock, (ii) the Series B Original Issue Price, in the case of the Series B Preferred Stock, (iii) in the case of the Series C Preferred Stock, the Series C Original Issue Price, (iv) in the case of the Series D Preferred Stock, the Series D Original Issue Price and (v) in the case of the Series D-1 Preferred Stock, the Series D-1 Original Issue Price, plus in each case, any dividends declared but unpaid thereon (collectively, the "**Redemption Price**"), in three annual installments commencing 60 days after receipt by the Corporation at any time on or after the fifth anniversary of the Series D-1 Original Issue Date from the holders of at least 60% of the then outstanding shares of Preferred Stock, of written notice requesting redemption of all shares of Preferred Stock (the date of each such installment being referred to as a "**Redemption Date**"). On each Redemption Date, the Corporation shall redeem, on a pro rata basis in accordance with the number of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock owned by each holder, that number of outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock determined by dividing (i) the total number of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, as the case may be, outstanding immediately prior to such Redemption Date by (ii) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies). If the Corporation does not have sufficient funds legally available to redeem on any Redemption Date all shares of Preferred Stock to be redeemed on such Redemption Date, then the Corporation shall redeem first, a pro rata portion of each holder's redeemable shares of Series D-1 Preferred Stock sufficient to return the Primary Series D-1 Liquidation Amount to the fullest extent of the funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares of Series D-1 Preferred Stock to be redeemed if the funds legally available therefor were sufficient to redeem all such shares, and shall redeem the remaining shares of Series D-1 Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor, until all shares of Series D-1 Preferred Stock to have been redeemed as of such Redemption Date shall have been redeemed in full, and second, a pro rata portion of each holder's redeemable shares of Series D-1 Preferred Stock and Series D Preferred Stock sufficient to return the Series D Cumulative Liquidation Amount to the fullest extent of the funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares of Series D Preferred Stock to be redeemed if the funds legally available therefor were sufficient to redeem all such shares, and shall redeem the remaining shares of Series D Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor, until all shares of Series D Preferred Stock to have been redeemed as of such Redemption Date shall have been redeemed in full, and third, a pro rata portion of each holder's redeemable shares of Series C Preferred Stock to the fullest extent of the funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares of Series C Preferred Stock to be redeemed if the funds legally available therefor were sufficient to redeem all such shares, and shall redeem the remaining shares of Series C Preferred

Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor, until all shares of Series C Preferred Stock to have been redeemed as of such Redemption Date shall have been redeemed in full, and fourth, a pro rata portion of each holder's redeemable shares of Series B Preferred Stock out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series B Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor, until all shares of Series B Preferred Stock to have been redeemed as of such Redemption Date shall have been redeemed in full, and fifth, a pro rata portion of each holder's redeemable shares of Series A Preferred Stock out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series A Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor.

6.2 Redemption Notice. Written notice of the mandatory redemption (the "**Redemption Notice**") shall be sent to each holder of record of Preferred Stock not less than 40 days prior to each Redemption Date. Each Redemption Notice shall state:

(a) the number of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(b) the Redemption Date and the applicable Redemption Price;

(c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(d) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

6.3 Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall surrender the certificate or certificates representing such shares (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) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Preferred Stock shall promptly be issued to such holder.

6.4 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock which 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 Preferred Stock following redemption.

8. Waiver. Any of the rights of the holders of Preferred Stock, taken together, set forth herein may be modified, altered or waived by the affirmative consent or vote of the holders of at least 60% of the then outstanding shares of Preferred Stock consenting or voting (as the case may be) together as a single class, provided such modification, alteration or waiver by its terms is equally applicable to the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock. Any of the rights of only the holders of Series A Preferred Stock set forth herein may be waived (in a manner that does not apply to the holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock) by the affirmative consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding. Any of the rights of only the holders of Series B Preferred Stock set forth herein may be waived (in a manner that does not apply to the holders of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock) by the affirmative consent or vote of the holders of at least a majority of the shares of Series B Preferred Stock then outstanding. Any of the rights of only the holders of Series C Preferred Stock set forth herein may be waived (in a manner that does not apply to the holders of Series A Preferred Stock, Series B Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock) by the affirmative consent or vote of the holders of at least a majority of the shares of Series C Preferred Stock then outstanding. Any of the rights of only the holders of Series D Preferred Stock set forth herein may be waived (in a manner that does not apply to the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D-1 Preferred Stock) by the affirmative consent or vote of the holders of at least a majority of the shares of Series D Preferred Stock then outstanding. Any of the rights of only the holders of Series D-1 Preferred Stock set forth herein may be waived (in a manner that does not apply to the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock) by the affirmative consent or vote of the holders of at least a majority of the shares of Series D-1 Preferred Stock then outstanding.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of 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. The Corporation is to have perpetual existence.

SIXTH. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

A. The Board of Directors is expressly authorized to adopt, amend, or repeal the by-laws of the Corporation, subject to the right of the stockholders set forth herein, including, without limitation, the right of the stockholders entitled to vote with respect thereto to alter and repeal the by-laws made by the Board of Directors.

B. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

C. The books of the Corporation may be kept at such place within or without the State of Delaware as the by-laws of the Corporation may provide or as may be designated from time to time by the Board of Directors.

SEVENTH. Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholders thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

EIGHTH. The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries (a "**Covered Person**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director 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 Corporation shall, to the maximum extent permitted from time to time under the law of the State of Delaware, indemnify and upon request shall advance expenses to any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was or has agreed to be a director or officer of the Corporation or while a director or officer is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorney's fees and expenses), judgments, fines, penalties and amounts paid in settlement incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim; provided, however, that the foregoing shall not require the Corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding or claim initiated by or on behalf of such person or any counterclaim against the Corporation initiated by or on behalf of such person. Such indemnification shall not be exclusive of other indemnification rights arising under any by-law, agreement, vote of directors or stockholders or otherwise and shall inure to the benefit of the heirs and legal representatives of such person. Any person seeking indemnification under this Article Tenth shall be deemed to have met the standard of conduct required for such indemnification unless the contrary shall be established. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of a director or officer of the Corporation with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

ELEVENTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Fourth Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

* * *

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 Sixth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's Amended and Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Sixth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 31st day of May, 2013.

By: /s/ Amarpreet Sawhney
President

CERTIFICATE OF AMENDMENT

OF THE

SIXTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

OCULAR THERAPEUTIX, INC.

Ocular Therapeutix, Inc. (the "**Corporation**"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware, hereby certifies on this 14th day of April, 2014 that:

1. The Board of Directors of the Corporation duly adopted the following resolution in accordance with the provisions of the General Corporation Law of the State of Delaware, Section 141 and Section 242:

RESOLVED, that the Board of Directors hereby declares it advisable and in the best interests of the Corporation that the first paragraph of Article FOURTH of the Certificate of Incorporation of the Corporation be amended to read as follows, and that the first paragraph of Section B of Article Fourth be amended to read as follows, the remainder of Article FOURTH shall remain the same:

"**FOURTH**. The total number of shares of all classes of stock which this Corporation shall have authority to issue is: (i) 47,500,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 34,229,025 shares of Preferred Stock, $0.001 par value per share ("**Preferred Stock**").

"B. PREFERRED STOCK

1,172,836 shares of the authorized Preferred Stock are hereby designated "**Series A Preferred Stock**", 3,306,189 shares of the authorized Preferred Stock are hereby designated "**Series B Preferred Stock**", 10,500,000 shares of the authorized Preferred Stock are hereby designated "**Series C Preferred Stock**", 16,000,000 shares of the authorized Preferred Stock are hereby designated "**Series D Preferred Stock**", 3,250,000 shares of the authorized Preferred Stock are hereby designated "**Series D-1 Preferred Stock**", with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. The Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock are collectively referred to as the "**Preferred Stock**". Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

2. This amendment to the Sixth Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted by the holders of a majority of the issued and outstanding shares of the Corporation's Common Stock, and outstanding shares of the Corporation's Preferred Stock in accordance with the provisions of General Corporation Law of the State of Delaware, Section 242, such holders being all of the holders of the Corporation's capital stock entitled to vote thereon.

IN WITNESS WHEREOF, this Certificate of Amendment of the Sixth Amended and Restated Certificate of Incorporation has been executed by Amarpreet Sawhney, the President of the Corporation as of the date first written above.

OCULAR THERAPEUTIX, INC.

By: /s/ Amarpreet Sawhney
Amarpreet Sawhney, President

Exhibit 3.2

OCULAR THERAPEUTIX, INC.

BY-LAWS

INTRODUCTION

This document constitutes the By-laws of Ocular Therapeutix, Inc. (the "Corporation"). In the event of any conflict between a provision of these By-laws and the Corporation's Certificate of Incorporation, as amended and restated from time to time, the Certificate of Incorporation shall control even without a specific reference to the Certificate of Incorporation herein. In the event of a conflict between a provision of these By-laws and the General Corporation Law of the State of Delaware (the "DGCL"), the DGCL will control even without a specific reference to the DGCL.

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be located at such place in the State of Delaware as the Board of Directors of the Corporation (the "Board") may from time to time decide. The registered agent of the Corporation shall be appointed by and serve at the pleasure of the Board.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Time and Place of Meetings. All meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, within or without the State of Delaware, as may be designated by the Board, or by the Chairman or the Secretary in the absence of a designation by the Board, and stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings may be held by remote communication to the extent permitted by the DGCL and other applicable law.

Section 2. Annual Meeting. An annual meeting of the stockholders shall be held on such date and time as shall be designated from time to time by the Board, at which meeting the stockholders shall elect by a plurality vote the directors to succeed those whose terms expire and shall transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law or by the Certificate of Incorporation, may be called by the Board or by the Chairman of the Board, and shall be called by the Chairman, at the request in writing of stockholders owning at least a majority of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall be sent to the Chairman and the Secretary and shall state the purpose or purposes of the proposed meeting.

Section 4. Notice of Meetings. Written notice (or notice by electronic transmission to the extent authorized in Article IV below) of every meeting of the stockholders, stating the place, date and hour of the meeting, the means of remote communication and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting, except as otherwise provided herein or by law. When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, written notice of the place, date and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting. Business transacted at any meeting of stockholders shall be limited to the purposes stated in the notice unless otherwise permitted by the DGCL.

Section 5. Stockholder Records. The officer who has charge of the stock ledger of the Corporation shall prepare and make available in the form and with the content, and at the times, required by the DGCL a complete list of the stockholders entitled to vote at the meeting. Such list shall be open to the examination of any stockholder in accordance with the requirements of the DGCL.

Section 6. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by law or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 7. Voting. Except as otherwise provided by law or by the Certificate of Incorporation, each stockholder shall be entitled at every meeting of the stockholders to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the Corporation on the record date for the meeting and such votes may be cast either in person or by written proxy. Every proxy must be duly executed and filed with the Secretary of the Corporation. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. No proxy shall be acted upon after three (3) years from its date unless the proxy provides for a longer period. The vote upon any question brought before a meeting of the stockholders may be by voice vote, unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting shall so determine. Every vote taken by written ballot shall be counted by one or more inspectors of election appointed by the Board. When a quorum is present at any meeting, the vote of the holders of a majority of the stock

which has voting power present in person or represented by proxy shall decide any question properly brought before such meeting, unless the question is one upon which by express provision of law, the Certificate of Incorporation or these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. Remote Communications. Subject to compliance with the DGCL, if authorized by the Board, and subject to such guidelines as the Board may adopt, stockholders and proxyholders may participate by means of remote communication in any meeting of stockholders and may be deemed present in person and vote at a meeting by remote communication. Any reference to a stockholder being present or acting "in person" shall include participation by such remote communication for all purposes.

Section 9. Action Without a Meeting. Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing or a consent by electronic transmission meeting the requirements of the DGCL, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Such consents shall be delivered to the Secretary of the Corporation for inclusion in the minutes or for filing in the corporate records. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written or electronic transmission consent shall be given to those stockholders who shall not have consented in writing or, if consented to by such stockholder, by electronic transmission. The record date for determining stockholders entitled to express such written consent or electronic transmission consent to corporate action, when no prior action by the Board is necessary, shall be the date on which the first written consent or electronic transmission consent is expressed. No written consent shall be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation in the manner provided above, a written consent signed by a sufficient number of stockholders to take the action set forth therein is delivered to the Corporation in the manner provided above.

ARTICLE III

DIRECTORS

Section 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders.

Section 2. Number and Term of Office. The Board shall consist of one or more members. The number of directors which shall constitute the whole Board shall be determined by resolution of the Board or by the stockholders at any annual or special meeting or otherwise pursuant to action of the stockholders. Subject to any limitation which may be contained within the Certificate of Incorporation, the number of directors may be increased at any time by vote of

a majority of directors then in office. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 3 of this Article III, and each director elected shall hold office until his successor is elected and qualified, except as required by law. Directors need not be stockholders.

Section 3. Vacancies and New Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors which occur between annual meetings of the stockholders may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so elected shall hold office until the next annual meeting of the stockholders and until their successors are elected and qualified, except as required by law. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 4. Regular Meetings. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

Section 5. Special Meetings. Special meetings of the Board may be called by the Board, the Chairman or the President by adequate notice (as described below) to each director by whom such notice is not waived and shall be called by the Chairman, the President or the Secretary in like manner and on like notice on the written request of any two directors, unless the Board consists of only one director, in which case special meetings shall be called by the Chairman, the President or the Secretary in like manner and on like notice on the written request of the sole director. Notice of any special meeting shall be given, by the Secretary or by another person authorized by the Board, to each director at his business or residence in writing, or by telegram, facsimile transmission, telephone communication or electronic transmission. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four (24) hours before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be deemed adequately delivered when transmitted at least twenty-four (24) hours before such meeting with the recipient’s receipt acknowledged by a facsimile or electronic transmission report indicating a successful transmission. If by telephone, the notice shall be deemed adequately delivered if given at least twenty-four (24) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these By-laws as provided under Article IX hereof.

Section 6. Quorum. At all meetings of the Board, a majority of the total number of directors then in office shall constitute a quorum for the transaction of business and, unless otherwise required by law, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time to another place, time or date, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Action Without a Meeting; Electronic Transmission. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission. The writings or electronic transmission shall be filed with the minutes or proceedings of the Board. Electronic transmissions 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.

Section 8. Telephone Meetings. Members of the Board may participate in a meeting of the Board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 9. Committees of Directors. A resolution approved by a majority vote of the directors at a meeting of the Board may establish committees having the authority of the Board in the management of the business of the Corporation to the extent provided in the resolution. The Board 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. Committees shall be subject at all times to the direction and control of the Board. In the case of all committees:

(a) Each member of a committee must be a member of the Board.

(b) If specifically provided in the resolution constituting the corresponding committee, all of the members of the committee shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the members of the committee present may adjourn a meeting from time to time and reschedule such meeting upon proper notices to the members of the committee, provided, however, that if a quorum is not present at any such rescheduled meeting those members in attendance at such rescheduled meeting shall constitute a quorum for the transaction of business. If a quorum is present when a duly called or held meeting is convened, the members present may continue to transact business until adjournment, even though the withdrawal of a number of the members originally present leaves less than the proportion or number otherwise required for a quorum.

(c) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

(d) Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board 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, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending or repealing any provision of these By-laws.

(e) The procedures applicable to the Board in Sections 7 and 8 above and in Article IV hereof shall apply to all committees.

Section 10. Compensation of Directors. Unless otherwise restricted by law or by the Certificate of Incorporation or these By-laws, the Board shall have the authority to fix the compensation, if any, of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board or any committee and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be paid like compensation for attending committee meetings.

Section 11. Removal of Directors. Unless otherwise provided by the Certificate of Incorporation or these By-laws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV

NOTICES

Section 1. Generally. Subject to Article III, Section 5 hereof, whenever by law or under the provisions of the Certificate of Incorporation or these By-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile transmission or telephone. In all cases of notices to the directors or stockholders, such notices may be given by electronic transmission if such electronic transmission satisfies the requirements of Section 232 of the DGCL and other applicable sections of the DGCL and, where applicable, the additional requirements of these By-laws.

Section 2. Waivers. Whenever any notice is required to be given by law or under the provisions of the Certificate of Incorporation or these By-laws, a waiver thereof in writing (or by electronic transmission if the requirements of the DGCL are satisfied), signed by the person or persons entitled to such notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to such notice. 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.

ARTICLE V

OFFICERS

Section 1. Generally. The officers of the Corporation shall be elected by the Board and shall consist of a Chairman, a President, a Secretary, and a Treasurer and such other officers as the Board may establish and elect from time to time. The Board may also choose one or more Vice-Presidents and such Assistant Secretaries and Assistant Treasurers as they may deem proper. Any number of offices may be held by the same person unless the Certificate of Incorporation or these By-laws provide otherwise.

Section 2. Compensation. The compensation of all officers and agents of the Corporation who are also directors of the Corporation shall be fixed by the Board. The Board may delegate the power to fix the compensation of other officers and agents of the Corporation to an officer of the Corporation.

Section 3. Succession. The officers of the Corporation shall hold office until their successors are elected and qualified. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the directors. Any vacancy occurring in any office of the Corporation may be filled by the Board.

Section 4. Authority and Duties. Each of the officers of the Corporation shall have such authority and shall perform such duties as are stated in these By-laws or as may be specified by the Board in a resolution which is not inconsistent with these By-laws.

Section 5. Chairman of the Board of Directors. The Chairman shall preside at all meetings of the stockholders and of the Board and shall have such others duties and responsibilities as may be assigned to him by the Board. The Chairman may delegate to any qualified person authority to chair any meeting of the stockholders, either on a temporary or a permanent basis. The Board may determine not to elect a Chairman, in which case the President shall perform the duties of the Chairman.

Section 6. President. The President shall be responsible for the active management and direction of the business and affairs of the Corporation. In case of the inability or failure of the Chairman to perform the duties of that office or in the case of a vacancy in that position, the President shall perform the duties of the Chairman, unless otherwise determined by the Board. Unless otherwise determined by the Board, the President shall also serve as the Corporation’s chief executive officer and shall have all the duties and responsibilities of a chief executive officer.

Section 7. Execution of Documents and Action with Respect to Securities of Other Corporations. Each of the Chairman and the President shall have and is hereby given, full power and authority, except as otherwise required by law, or directed by the Board, (a) to execute, on behalf of the Corporation, all duly authorized contracts, agreements, deeds, conveyances or other obligations of the Corporation, applications, consents, proxies and other powers of attorney, and other documents and instruments and (b) to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders (or with respect to any action of such stockholders) of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities of such other corporation. In addition, each of the Chairman and the President may delegate to other officers, employees and agents of the Corporation the

power and authority to take any action which the Chairman or the President is authorized to take under this Section 7, with such limitations as the Chairman or the President may specify; such authority so delegated by the Chairman or the President shall not be re-delegated by the person to whom such execution authority has been delegated.

Section 8. Vice President. Each Vice President, however titled, shall perform such duties and services and shall have such authority and responsibilities as shall be assigned to or required from time to time by the Board or the President.

Section 9. Secretary and Assistant Secretaries.

(a) The Secretary shall attend all meetings of the stockholders and all meetings of the Board and record all proceedings of the meetings of the stockholders and of the Board. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board. The Secretary shall perform such duties as may be prescribed by the Board or the President. The Secretary shall have charge of the seal of the Corporation and authority to affix the seal to any instrument. The Secretary or any Assistant Secretary may attest to the corporate seal by handwritten or facsimile signature. The Secretary shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent has been designated or is otherwise properly accountable.

(b) Assistant Secretaries shall assist the Secretary and, if the Secretary is unavailable or fails to act, perform the duties and exercise the authorities of the Secretary.

Section 10. Treasurer and Assistant Treasurers.

(a) The Treasurer shall have the custody of the funds and securities belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Treasurer with the prior approval of the Board or the President. The Treasurer shall disburse the funds and pledge the credit of the Corporation as may be directed by the Board and shall render to the Board and the President, as and when required by them, or any of them, an account of all transactions by the Treasurer.

(b) Assistant Treasurers shall assist the Treasurer and, if the Treasurer is unavailable or fails to act, perform the duties and exercise the authorities of the Treasurer.

ARTICLE VI

STOCK

Section 1. Certificates. Certificates representing shares of stock of the Corporation shall be in such form as shall be determined by the Board, subject to applicable legal requirements. Such certificates shall be numbered and their issuance recorded in the books of the Corporation, and such certificate shall exhibit the holder’s name and the number of shares and shall be signed by, or in the name of the Corporation by the President and the Treasurer of the Corporation and shall bear the corporate seal if there shall exist a seal. Any or all of the signatures and the seal of the Corporation, if any, upon such certificates may be facsimiles, engraved or printed.

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 qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, 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.

Section 2. Transfer. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue, or to cause its transfer agent to issue, a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Lost, Stolen or Destroyed Certificates. The Secretary may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact, satisfactory to the Secretary, by the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates the Secretary may require the owner of such lost, stolen or destroyed certificate or certificates to give the Corporation a bond in such sum and with such surety or sureties as the Secretary may direct as indemnity against any claims that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of the new certificate.

Section 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful actions, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto. 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 may fix a new record date for the adjourned meeting.

Section 5. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the DGCL.

ARTICLE VII

INDEMNIFICATION AND INSURANCE

Section 1. Indemnification.

(a) To the fullest extent permitted and in the manner prescribed by the laws of the State of Delaware, the Corporation shall indemnify any person who was or is a party or is 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 is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he 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 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 the person did not act in good faith and in a manner which he 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 conduct was unlawful.

(b) To the fullest extent permitted and in the manner prescribed by the laws of the State of Delaware, the Corporation shall indemnify any person who was or is a party 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 he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of 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 of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all 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.

(c) The Corporation shall indemnify any such director, officer, employee or agent in connection with a proceeding initiated by such director, officer, employee or agent only if such proceeding was authorized by the Board of the Corporation.

(d) The Corporation's obligation to provide indemnification under this Section 1 shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Corporation or any other person.

(e) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this Article VII Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(f) Any indemnification under subsection (a) and (b) of this Article VII Section 1 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this Section 1 of Article VII. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceedings, or (2) if such a quorum of disinterested directors is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(g) Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of a written undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

(h) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(i) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 2. Insurance. The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any officer, director, employee, trustee or agent of the Corporation or any person who is or was serving at the request of the Corporation as an officer, director, employee, partner (general or limited), trustee or agent of another enterprise against any liability asserted against him or incurred by him in any such capacity or status whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be fixed from time to time by the Board.

Section 2. Corporate Seal. The Board may adopt a corporate seal and use the same by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 3. Reliance upon Books, Reports and Records. Each director and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees or by any other person as to matters the director or officer believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Time Periods. In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded and the day of the event shall be included.

Section 5. Dividends. The Board may from time to time declare and the Corporation may pay dividends upon its outstanding shares of capital stock, in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 6. Reserve for Dividends. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their sole discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors think conducive to the interests of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE IX

AMENDMENTS

These By-laws may be altered, amended or repealed, or new By-laws may be adopted, by the stockholders or the Board, when such power is conferred upon the Board by the Certificate of Incorporation at any regular meeting of the stockholders or of the Board or at any special

meeting of the stockholders or of the Board if notice of such alteration, amendment, repeal or adoption of new By-laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal By-laws is conferred upon the Board by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal these By-laws.

Exhibit 4.2

OCULAR THERAPEUTIX, INC.

FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

May 31, 2013

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OCULAR THERAPEUTIX, INC.

FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

This Fourth Amended and Restated Investor Rights Agreement (this "Agreement") dated as of May 31, 2013 is entered into by and among Ocular Therapeutix, Inc., a Delaware corporation (the "Company"), Incept, LLC and Amarpreet Sawhney and Farhad Khosravi (each, a "Founder" and collectively, the "Founders") and the individuals and entities listed on Exhibit A attached hereto (individually, an "Investor" and collectively, the "Investors").

Recitals

WHEREAS, the Company and certain of the Investors entered into that certain Third Amended and Restated Investor Rights Agreement dated as of February 1, 2011 (the "Prior Agreement");

WHEREAS, the Company and certain of the Investors have entered into a Series D-1 Preferred Stock Purchase Agreement of even date herewith for the purchase of shares of the Company's Series D-1 Preferred Stock, $0.001 par value per share (the "Series D-1 Preferred Stock") by such Investors (the "Purchase Agreement"); and

WHEREAS, the Company and the Investors party to the Prior Agreement wish to amend and restate the Prior Agreement to conform to the terms of the new investment.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties hereto agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliated Party" means, with respect to any Investor, any person or entity which, directly or indirectly, controls, is controlled by or is under common control with such Investor, including, without limitation, any general partner, managing member, officer or director of such Investor and any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company as, such Investor.

"Available Undersubscription Amount" means the difference between the total of all of the Basic Amounts available for purchase by Qualified Investors pursuant to Section 3.1 and the Basic Amounts subscribed for pursuant to Section 3.1.

"Basic Amount" means, with respect to a Qualified Investor, its pro rata portion of the Offered Securities determined by multiplying the number of Offered Securities by a fraction, the numerator of which is the aggregate number of shares of Common Stock issued or

issuable upon conversion of all Shares then held by such Qualified Investor and the denominator of which is the total number of shares of Common Stock then outstanding (giving effect to the conversion into Common Stock of all outstanding shares of convertible preferred stock and to the issuance of all shares of Common Stock reserved for issuance under employee stock plans of the Company.)

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Common Stock" means the common stock, $0.0001 par value per share, of the Company.

"Company" has the meaning ascribed to it in the introductory paragraph hereto.

"Company Subsidiary" means any corporation, partnership, trust, limited liability company or other non-corporate business enterprise in which the Company (or another Company Subsidiary) holds stock or other ownership interests representing (a) more than 50% of the voting power of all outstanding stock or ownership interests of such entity or (b) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon a liquidation or dissolution of such entity.

"Confidential Information" means any information that is labeled as confidential, proprietary or secret which an Investor obtains from the Company pursuant to financial statements, reports and other materials provided by the Company to such Investor pursuant to this Agreement or pursuant to visitation or inspection rights granted hereunder, provided that the following shall not be deemed Confidential Information: information that (a) is known or becomes known to the public in general (other than as a result of a breach by the Investor of its confidentiality obligations, (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Holder" means any Investor (and any persons or entities to whom the rights granted to the Investors under this Agreement are transferred by the Investors, their successors or permitted assigns pursuant to Section 6.1) or any Founder.

"Indemnified Party" means a party entitled to indemnification pursuant to Section 2.5.

"Indemnifying Party" means a party obligated to provide indemnification pursuant to Section 2.5.

"Initial Public Offering" means the initial underwritten public offering of shares of Common Stock pursuant to an effective Registration Statement, at a price of at least $12.00 per share (subject to appropriate adjustment for stock splits, stock dividends, combinations and other similar recapitalizations affecting such shares), resulting in at least Thirty Million Dollars ($30,000,000) of proceeds to the Corporation (net of the underwriting discounts or commissions and offering expenses).

"Initiating Holders" means the Investors initiating a request for registration pursuant to Section 2.1(a).

"Investor" has the meaning ascribed to it in the introductory paragraph hereto.

"Major Investor" means any Investor that, individually or together with such Investor's Affiliated Parties, holds a minimum of 200,000 shares and at least 20% of the Preferred Stock originally purchased by such Investor from the Company (as adjusted for any stock split, stock dividend, combination, or other recapitalization or similar events occurring after the date hereof).

"Notice of Acceptance" means a written notice from a Investor to the Company containing the information specified in Section 3.1(b).

"Offer" means a written notice of any proposed or intended issuance, sale or exchange of Offered Securities containing the information specified in Section 3.1(a).

"Offered Securities" means (a) any shares of its Common Stock, (b) any other equity securities of the Company, including, without limitation, shares of preferred stock, (c) any option, warrant or other right to subscribe for, purchase or otherwise acquire any equity securities of the Company, or (d) any debt securities convertible into capital stock of the Company.

"Other Holders" means holders of securities of the Company (other than Holders) who are entitled, by contract with the Company, to have securities included in a Registration Statement.

"Preferred Stock" means shares of the Company's Series A Preferred Stock, $0.001 par value per share (the "Series A Preferred Stock"), Series B Preferred Stock, $0.001 par value per share (the "Series B Preferred Stock"), Series C Preferred Stock, $0.001 par value per share (the "Series C Preferred Stock"), Series D Preferred Stock, $0.001 par value per share (the "Series D Preferred Stock"), and Series D-1 Preferred Stock.

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by an amendment or prospectus supplement, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Qualified Investor" means an Investor that is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

"Refused Securities" means those Offered Securities as to which a Notice of Acceptance has not been given by the Qualified Investors pursuant to Section 3.1.

"Registrable Shares" means (a) the shares of Common Stock issued or issuable upon conversion of the shares of Preferred Stock, (b) any shares of Common Stock, and any shares of Common Stock issued or issuable upon the conversion or exercise of any other securities, held by an Investor after the date hereof (but not, for avoidance of doubt, any shares of Common Stock held by any Founder, whether held on the date hereof or subsequently acquired, and (c) any other shares of Common Stock issued in respect of such shares (because of stock splits, stock dividends, reclassifications, recapitalizations or similar events); provided, however, that shares of Common Stock which are Registrable Shares shall cease to be Registrable Shares (i) upon any sale of such Registrable Shares pursuant to a Registration Statement or Rule 144 under the Securities Act or (ii) upon any sale of such Registrable Shares in any manner to a person or entity which is not entitled, pursuant to Section 6, to the rights under this Agreement or (iii) at such time, following an Initial Public Offering, as such Registrable Shares become eligible for sale pursuant to Rule 144(b)(1) under the Securities Act. Wherever reference is made in this Agreement to a request or consent of holders of a certain percentage of Registrable Shares, the determination of such percentage shall include shares of Common Stock issuable upon conversion of the shares of Preferred Stock even if such conversion has not been effected.

"Registration Expenses" means all expenses incurred by the Company in complying with the provisions of Section 2, including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fees and expenses of counsel for the Company and the fees and expenses of one counsel selected by the selling Holders to represent the selling Holders, state Blue Sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions and the fees and expenses of selling Holders' own counsel (other than the counsel selected to represent all selling Holders).

"Registration Statement" means a registration statement filed by the Company with the Commission for a public offering and sale of securities of the Company (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Shares" means shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock.

"Undersubscription Amount" means, with respect to a Qualified Investor, any additional portion of the Offered Securities attributable to the Basic Amounts of other Qualified Investors as such Qualified Investor indicates it will purchase or acquire should the other Qualified Investors subscribe for less than their Basic Amounts.

2. Registration Rights.

2.1 Required Registrations.

(a) If at any time following the earlier of (i) five (5) years after the date of this Agreement or (ii) six months after the closing of the Initial Public Offering, an Investor or Investors holding in the aggregate at least 50% of the Registrable Shares then outstanding may request, in writing, that the Company effect the registration on Form S-1 (or any successor form) of Registrable Shares owned by such Investor or Investors having an aggregate value of at least $10,000,000 (based on the market price or fair value on the date of such request), then the Company shall (i) within ten (10) days after the date such request is given, give notice thereof (the "Demand Notice") to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within ninety (90) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Shares that the Initiating Holders requested to be registered and any additional Registrable Shares requested to be included in such registration by any other Holder, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.1(e).

(b) If at any time after the Company becomes eligible to file a Registration Statement on Form S-3 (or any successor form relating to secondary offerings), an Investor or Investors holding Registrable Shares may request, in writing, that the Company effect the registration on Form S-3 (or such successor form), of Registrable Shares having an aggregate value of at least $1,000,000 (based on the public market price on the date of such request), then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Shares requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.1(e).

(c) If the Initiating Holders intend to distribute the Registrable Shares covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Sections 2.1(a) or (b) and the Company shall include such information in the Demand Notice. In such event, (i) the right of any other Holder to include its Registrable Shares in such registration pursuant to Sections 2.1(a) or (b), shall be conditioned upon such other Holder's participation in such underwriting on the terms set forth herein, and (ii) all Holders including Registrable Shares in such registration shall enter into an underwriting agreement upon customary terms with the underwriter or underwriters managing the offering; provided that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of the Holders materially greater than the obligations of

the Holders pursuant to Section 2.5. The Initiating Holders shall have the right to select the managing underwriter(s) for any underwritten offering requested pursuant to Sections 2.1(a) or (b), subject to the approval of the Company, which approval will not be unreasonably withheld, conditioned or delayed. If any Holder who has requested inclusion of its Registrable Shares in such registration as provided above disapproves of the terms of the underwriting, such Holder may elect, by written notice to the Company, to withdraw its Registrable Shares from such Registration Statement and underwriting. If the Company desires that any officers or directors of the Company holding securities of the Company be included in any registration for an underwritten offering requested pursuant to Section 2.1 or if Other Holders request such inclusion, the Company may include the securities of such officers, directors and Other Holders in such registration and underwriting on the terms set forth herein applicable to the Holders. If the managing underwriter advises the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, the shares held by officers or directors of the Company and by Other Holders (other than Registrable Shares) shall be excluded from such Registration Statement and underwriting to the extent deemed advisable by the managing underwriter, and if a further reduction of the number of shares is required, the number of shares that may be included in such Registration Statement and underwriting shall be allocated among all Holders requesting registration in proportion, as nearly as practicable, to the respective number of Registrable Shares held by them on the date of the request for registration made by the Initiating Holders pursuant to Section 2.1(a) or (b), as the case may be. If any such Holder would thus be entitled to include more shares than such Holder requested to be registered, the excess shall be allocated among other participating Holders pro rata in the manner described in the preceding sentence. If the managing underwriter has not limited the number of Registrable Shares or other securities to be underwritten, the Company may include securities for its own account in such registration if the managing underwriter so agrees and if the number of Registrable Shares and other securities which would otherwise have been included in such registration and underwriting will not thereby be limited.

(d) The Company shall not be required to effect more than two (2) registrations pursuant to Section 2.1(a). In addition, the Company shall not be required to effect any registration within six months after the effective date of the Registration Statement relating to the Initial Public Offering. For purposes of this Section 2.1(d), a Registration Statement shall not be counted until such time as such Registration Statement has been declared effective by the Commission (unless the Initiating Holders withdraw their request for such registration (other than as a result of information concerning the business or financial condition of the Company which is made known to the Holders after the date on which such registration was requested) and elect not to pay the Registration Expenses therefor pursuant to Section 2.4). For purposes of this Section 2.1(d), a Registration Statement shall not be counted if, as a result of an exercise of the underwriter's cut-back provisions, less than 50% of the total number of Registrable Shares that Holders have requested to be included in such Registration Statement are so included.

(e) If at the time of any request to register Registrable Shares by Initiating Holders pursuant to this Section 2.1, the Company is engaged or has plans to engage within 30 days of the time of the request in a registered public offering of securities for its own account or is engaged in any other activity which, in the good faith determination of the Company's Board of Directors (the "Board of Directors"), would be adversely affected by the

requested registration, then the Company may at its option direct that such request be delayed for a period not in excess of 30 days from the date of such request, such right to delay a request to be exercised by the Company not more than once in any 12-month period.

2.2 Incidental Registration.

(a) Whenever the Company proposes to file a Registration Statement covering shares of Common Stock (other than a Registration Statement relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered) at any time and from time to time, it will, prior to such filing, give written notice to all Holders of its intention to do so. Upon the written request of a Holder or Holders given within 20 days after the Company provides such notice (which request shall state the intended method of disposition of such Registrable Shares), the Company shall use its best efforts to cause all Registrable Shares, and any other shares of Common Stock held by such Holder on the date hereof, which the Company has been requested by such Holder or Holders to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of such Holder or Holders; provided that the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 2.2 without obligation to any Holder.

(b) If the registration for which the Company gives notice pursuant to Section 2.2(a) is a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 2.2(a). In such event, (i) the right of any Holder to include its Registrable Shares in such registration pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in such underwriting on the terms set forth herein and (ii) all Holders including Registrable Shares in such registration shall enter into an underwriting agreement upon customary terms with the underwriter or underwriters selected for the underwriting by the Company. If any Holder who has requested inclusion of its Registrable Shares in such registration as provided above disapproves of the terms of the underwriting, such person may elect, by written notice to the Company, to withdraw its shares from such Registration Statement and underwriting. If the managing underwriter advises the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, the shares held by holders of securities of the Company other than Holders and Other Holders shall be excluded from such Registration Statement and underwriting to the extent deemed advisable by the managing underwriter, and, if a further reduction of the number of shares is required, the number of shares that may be included in such Registration Statement and underwriting shall be allocated among all Investors first, and all Founders second, and any remaining shares to the Other Holders requesting registration in proportion, as nearly as practicable, to the respective number of shares of Common Stock (on an as-converted basis) held by them on the date the Company gives the notice specified in Section 2.2(a). If any Holders or Other Holder would thus be entitled to include more shares than such holder requested to be registered, the excess shall be allocated among other requesting Holders and Other Holders pro rata in the manner described in the preceding sentence.

2.3 Registration Procedures.

(a) If and whenever the Company is required by the provisions of this Agreement to use its best efforts to effect the registration of any Registrable Shares under the Securities Act, the Company shall:

(i) file with the Commission a Registration Statement with respect to such Registrable Shares and use its best efforts to cause that Registration Statement to become effective as soon as possible and remain effective for 180 days from the effective date or such lesser period until all such Registrable Shares are sold;

(ii) as expeditiously as possible prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to comply with the provisions of the Securities Act (including the anti-fraud provisions thereof) and to keep the Registration Statement effective for 12 months from the effective date or such lesser period until all such Registrable Shares are sold;

(iii) as expeditiously as possible furnish to each selling Holder such reasonable numbers of copies of the Prospectus, including any preliminary Prospectus, in conformity with the requirements of the Securities Act, and such other documents as such selling Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by such selling Holder;

(iv) as expeditiously as possible use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under the securities or Blue Sky laws of such states as the selling Holders shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the selling Holders to consummate the public sale or other disposition in such states of the Registrable Shares owned by the selling Holders; provided, however, that the Company shall not be required in connection with this paragraph (iv) to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or to amend its Certificate of Incorporation or By-laws in a manner that the Board of Directors determines is inadvisable;

(v) as expeditiously as possible, cause all such Registrable Shares to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;

(vi) promptly provide a transfer agent and registrar for all such Registrable Shares not later than the effective date of such Registration Statement;

(vii) promptly make available for inspection by the selling Holders, any managing underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent

corporate documents and properties of the Company and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such Registration Statement;

(viii) notify each selling Holder, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any Prospectus forming a part of such Registration Statement has been filed; and

(ix) as expeditiously as possible following the effectiveness of such Registration Statement, notify each seller of such Registrable Shares of any request by the Commission for the amending or supplementing of such Registration Statement or Prospectus.

(b) If the Company has delivered a Prospectus to the selling Holders and after having done so the Prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify the selling Holders and, if requested, the selling Holders shall immediately cease making offers of Registrable Shares and return all Prospectuses to the Company. The Company shall promptly provide the selling Holders with revised Prospectuses and, following receipt of the revised Prospectuses, the selling Holders shall be free to resume making offers of the Registrable Shares.

(c) In the event that, in the judgment of the Company, it is advisable to suspend use of a Prospectus included in a Registration Statement due to pending material developments or other events that have not yet been publicly disclosed and as to which the Company believes public disclosure would be detrimental to the Company, the Company shall notify all selling Holders to such effect, and, upon receipt of such notice, each such selling Holder shall immediately discontinue any sales of Registrable Shares pursuant to such Registration Statement until such selling Holder has received copies of a supplemented or amended Prospectus or until such selling Holder is advised in writing by the Company that the then current Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. Notwithstanding anything to the contrary herein, the Company shall not exercise its rights under this Section 2.3(c) to suspend sales of Registrable Shares for a period in excess of 30 days consecutively or 60 days in any 365-day period.

2.4 Allocation of Expenses. The Company will pay all Registration Expenses for all registrations under this Agreement; provided, however, that if a registration under Section 2.1 is withdrawn at the request of the Initiating Holders (other than as a result of information concerning the business or financial condition of the Company which is made known to the selling Holders after the date on which such registration was requested) and if the Initiating Holders elect not to have such registration counted as a registration requested under Section 2.1, the selling Holders shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Shares included in such registration.

2.5 Indemnification and Contribution.

(a) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each selling Holder and the partners, members, officers, directors and stockholders of such Holder, each underwriter of such Registrable Shares, and each other person, if any, who controls such selling Holder or underwriter within the meaning of the Securities Act or the Exchange Act against any losses, claims, damages or liabilities, joint or several, to which such selling Holder, underwriter, controlling person or other aforementioned person or entity may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, (ii) the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the Registration Statement or the offering contemplated thereby; and the Company will reimburse such selling Holder, underwriter, each such controlling person and or other aforementioned person or entity for any legal or any other expenses reasonably incurred by such selling Holder, underwriter, controlling person or other aforementioned person or entity in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with information furnished to the Company, in writing, by or on behalf of such selling Holder, underwriter, controlling person or other aforementioned person or entity specifically for use in the preparation thereof.

(b) In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, each of its directors and officers and each underwriter (if any) and each person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which the Company, such directors and officers, underwriter or controlling person may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or (ii) any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if and to the extent (and only to the extent) that the statement or omission was made in reliance upon and in conformity with information relating to such selling Holder furnished in writing to the Company by such selling Holder specifically for use in connection

with the preparation of such Registration Statement, prospectus, amendment or supplement; provided, however, that the obligations of a selling Holder hereunder shall be limited to an amount equal to the net proceeds to such selling Holder of Registrable Shares sold in connection with such registration.

(c) Each Indemnified Party shall give notice to the Indemnifying Party promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld, conditioned or delayed); and, provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2.5 except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnifying Party shall pay such expense if the Indemnified Party reasonably concludes that representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding; provided further that in no event shall the Indemnifying Party be required to pay the expenses of more than one law firm per jurisdiction as counsel for the Indemnified Party. The Indemnifying Party also shall be responsible for the expenses of such defense if the Indemnifying Party does not elect to assume such defense. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 2.5 is due in accordance with its terms but for any reason is held to be unavailable to an Indemnified Party in respect to any losses, claims, damages and liabilities referred to herein, then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities to which such party may be subject in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the selling Holders on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the selling Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of material fact related to information supplied by the Company or the selling Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.5(d) were determined by pro rata allocation or by any other method of allocation

which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 2.5(d), (i) in no case shall any one selling Holder be liable or responsible for any amount in excess of the net proceeds received by such selling Holder from the offering of Registrable Shares and (ii) the Company shall be liable and responsible for any amount in excess of such proceeds; provided, however, that 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. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 2.5(d), notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve such party from any other obligation it or they may have thereunder or otherwise under this Section 2.5(d). No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The rights and obligations of the Company and the selling Holders under this Section 2.5 shall survive the termination of this Agreement.

2.6 Other Matters with Respect to Underwritten Offerings. In the event that Registrable Shares are sold pursuant to a Registration Statement in an underwritten offering pursuant to Section 2.1, the Company agrees to (a) enter into an underwriting agreement containing customary representations and warranties with respect to the business and operations of the Company and customary covenants and agreements to be performed by the Company, including without limitation customary provisions with respect to indemnification by the Company of the underwriters of such offering; (b) use its best efforts to cause its legal counsel to render customary opinions to the underwriters with respect to the Registration Statement; and (c) use its best efforts to cause its independent public accounting firm to issue customary “cold comfort letters” to the underwriters with respect to the Registration Statement.

2.7 Information by Holder. Each holder of Registrable Shares included in any registration shall furnish to the Company such information regarding such holder and the distribution proposed by such holder as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

2.8 “Lock-Up” Agreement; Confidentiality of Notices. Each Holder, if requested by the Company and the managing underwriter of the Initial Public Offering, shall not sell or otherwise transfer or dispose of any Registrable Shares or other securities of the Company (excluding securities acquired in the Initial Public Offering or in the public market after such offering) held by such Holder for a period of 180 days following the effective date of the Registration Statement for the Initial Public Offering; provided, that all stockholders of the

Company then holding at least 2% of the outstanding Common Stock (on an as-converted basis) and all officers and directors of the Company enter into similar agreements, and any discretionary modification, waiver or termination of the restrictions of such agreements (including this agreement) by the Company or the managing underwriter shall apply to all persons subject to such agreements on a pro rata basis, based upon the number of shares held by each subject to such agreements.

The Company may impose stop-transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restriction until the end of such 180-day period, which period may be extended upon the request of the managing underwriter, to the extent required by any FINRA rules, for an additional period of up to fifteen (15) days if the Company issues or proposes to issue an earnings or other public release within (15) days of the expiration of the 180-day lockup period.

Any Holder receiving any written notice from the Company regarding the Company's plans to file a Registration Statement shall treat such notice confidentially and shall not disclose such information to any person other than as necessary to exercise its rights under this Agreement.

Notwithstanding the foregoing, any person or entity to which any Shares or Registrable Shares are transferred by a Holder, whether voluntarily or by operation of law, shall be bound by the obligations under Section 2.8 to the same extent as if such transferee were a Holder hereunder and no Holder shall transfer any Shares or Registrable Shares unless the transferee provides a written instrument to the Company notifying the Company of such transfer and agreeing in writing to be bound by the terms of Section 2.8.

2.9 Rule 144 Requirements. After the earliest of (i) the closing of the sale of securities of the Company pursuant to a Registration Statement, (ii) the registration by the Company of a class of securities under Section 12 of the Exchange Act, or (iii) the issuance by the Company of an offering circular pursuant to Regulation A under the Securities Act, the Company agrees to:

(a) make and keep current public information about the Company available, as those terms are understood and defined in Rule 144;

(b) use its best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) furnish to any holder of Registrable Shares upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as such holder may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration.

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Shares then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Shares of the Holders that are included or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to any additional Investor who becomes a party to this Agreement pursuant to Section 6.1.

2.11 Termination. All of the Company's obligations to register Registrable Shares under Sections 2.1 and 2.2 shall terminate upon the earliest of (a) five (5) years after the closing of the Initial Public Offering, (b) the date on which no Holder holds any Registrable Shares or (c) the closing of a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation.

3. Right of First Refusal.

3.1 Rights of Investors to Acquire Offered Securities.

(a) So long as at least 15% (subject to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement) of the shares of Preferred Stock (or the Common Stock issuable or issued upon conversion of the Preferred Stock) outstanding as of the date hereof remains outstanding, the Company shall not issue, sell or exchange, agree to issue, sell or exchange, or reserve or set aside for issuance, sale or exchange, any Offered Securities, unless in each such case the Company shall have first complied with this Section 3.1. The Company shall deliver to each Investor an Offer, which shall (i) identify and describe the Offered Securities, (ii) describe the price and other terms upon which they are to be issued, sold or exchanged, and the number or amount of the Offered Securities to be issued, sold or exchanged, (iii) identify the persons or entities (if known) to which or with which the Offered Securities are to be offered, issued, sold or exchanged, and (iv) offer to issue and sell to or exchange with such Investor that is a Qualified Investor (A) such Qualified Investor's Basic Amount and (B) such Qualified Investor's Undersubscription Amount based on the Available Undersubscription Amount.

(b) To accept an Offer, in whole or in part, a Qualified Investor must deliver to the Company, on or prior to the date 30 days after the date of delivery of the Offer, a Notice of Acceptance providing a representation letter certifying that such Qualified Investor is an accredited investor within the meaning of Rule 501 under the Securities Act and indicating the portion of the Qualified Investor's Basic Amount that such Qualified Investor elects to purchase and, if such Qualified Investor shall elect to purchase all of its Basic Amount, the Undersubscription Amount (if any) that such Qualified Investor elects to purchase. If the Basic Amounts subscribed for by all Qualified Investors are less than the total of all of the Basic Amounts available for purchase, then each Qualified Investor who has set forth an Undersubscription Amount in its Notice of Acceptance shall be entitled to purchase, in addition

to the Basic Amounts subscribed for, the Undersubscription Amount it has subscribed for; provided, however, that if the Undersubscription Amounts subscribed for exceed the Available Undersubscription Amount, each Qualified Investor who has subscribed for any Undersubscription Amount shall be entitled to purchase only that portion of the Available Undersubscription Amount as the Undersubscription Amount subscribed for by such Qualified Investor bears to the total Undersubscription Amounts subscribed for by all Investors, subject to rounding by the Board of Directors to the extent it deems reasonably necessary.

(c) In the event that Notices of Acceptance are not given by such Investors in respect of all Offered Securities, the Company shall have 90 days after the date of delivery of the Offer set forth in Section 3.1(a) to issue, sell or exchange all or any part of the Offered Securities (subject to reserving any Offered Securities required to satisfy any outstanding Offers to Investors), but only to the offerees or Investors described in the Offer (if so described therein) and only upon terms and conditions (including, without limitation, unit prices and interest rates) which are not more favorable, in the aggregate, to the acquiring person or persons or less favorable to the Company than those set forth in the Offer.

(d) In the event the Company shall propose to sell less than all the Refused Securities, then each Qualified Investor may, at its sole option and in its sole discretion, reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to an amount that shall be not less than the number or amount of the Offered Securities that the Qualified Investor elected to purchase pursuant to Section 3.1(b) multiplied by a fraction, (i) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold to Qualified Investors pursuant to Section 3.1(b) prior to such reduction) and (ii) the denominator of which shall be the original amount of the Offered Securities. In the event that any Qualified Investor so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Qualified Investors in accordance with Section 3.1(a).

(e) Upon the closing of the issuance, sale or exchange of all or less than all of the Refused Securities, such Qualified Investor or Investors shall acquire from the Company and the Company shall issue to such Qualified Investor or Investors, the number or amount of Offered Securities specified in the Notices of Acceptance, as reduced pursuant to Section 3.1(d) if any of the Qualified Investors has so elected, upon the terms and conditions specified in the Offer.

(f) The purchase by the Qualified Investors of any Offered Securities is subject in all cases to the preparation, execution and delivery by the Company and the Qualified Investors of a purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to the Qualified Investors and their respective counsel.

(g) Any Offered Securities not acquired by the Qualified Investors or other persons in accordance with Section 3.1(c) may not be issued, sold or exchanged until they are again offered to the Qualified Investors under the procedures specified in this Agreement.

(h) The rights of the Qualified Investors under this Section 3.1 shall not apply to:

(i) the issuance of any shares of Common Stock as a stock dividend to holders of Common Stock or upon any subdivision or combination of shares of Common Stock;

(ii) the issuance of any shares of Common Stock upon conversion of shares of convertible preferred stock;

(iii) the issuance of shares of Common Stock or options with respect thereto (subject in either case to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement), issued or issuable to employees, directors or officers of, or consultants to, the Company or any Company Subsidiary pursuant to any plan, agreement or arrangement approved by the Board of Directors including the directors elected by the holders of the Preferred Stock (the "Preferred Directors"), if any;

(iv) the issuance of securities solely in consideration for the acquisition (whether by merger or otherwise) by the Company or any Company Subsidiary of all or substantially all of the stock or assets of any other entity approved by the Board of Directors including the Preferred Directors;

(v) the issuance of shares of Common Stock by the Company in the Initial Public Offering; or

(vi) the issuance of shares of Common Stock, or the grant of options or warrants therefor, in connection with any present or future borrowing, line of credit, leasing or similar financing arrangement approved by the Board of Directors, including the Preferred Directors, if any.

3.2 Termination. This Section 3 shall terminate upon the earlier of the closing of a Deemed Liquidation Event or the closing of an Initial Public Offering.

4. Covenants.

4.1 Affirmative and Negative Covenants. So long as at least 20% (subject to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement) of the shares of Preferred Stock (or the Common Stock issuable or issued upon conversion of the Preferred Stock) outstanding as of the date hereof are outstanding, the Company covenants and agrees that it will perform and observe the following covenants and provisions and will cause each Company Subsidiary to perform and observe such of the following covenants and provisions as are applicable to such Company Subsidiary:

(a) Maintenance of Insurance. Maintain with responsible and reputable insurance companies or associations, directors and officers insurance, in such amounts and covering such risks as may be approved by the Preferred Directors, if any.

(b) Key Person Life Insurance. The Company shall obtain as promptly as practicable following the date of this Agreement and shall thereafter maintain "key person" life insurance on Amarpreet Sawhney in an amount equal to $1,000,000 which names the Company as loss payee, from financially sound and reputable insurers at the time the policy is purchased until such time as the Board of Directors, including the Preferred Directors, determines that such insurance should be discontinued.

(c) Confidentiality and Proprietary Information Agreements. The Company will cause (i) each person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets or who develops or creates intellectual property for the Company or any subsidiary to enter into a nondisclosure and proprietary rights assignment agreement and (ii) each person now or hereafter employed by it or by any subsidiary to enter into a one (1) year noncompetition and nonsolicitation agreement, substantially in the form presently used by the Company unless otherwise approved by the Board of Directors, including the Preferred Directors. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of the Preferred Directors.

(d) Stock Options. Unless otherwise authorized by the Board of Directors (including the Preferred Directors), all stock options or shares of restricted stock granted after the date hereof to employees of the Company shall be subject to vesting over a period of four (4) years, with 25% vesting on the first anniversary of the grant date and the remaining vesting monthly thereafter in equal amounts until fully vested on the fourth anniversary of the grant date, and shall contain a market "stand-off" provision substantially similar to Section 2.8. In addition, unless otherwise approved by the Board of Directors, the Company shall retain a "right of first refusal" on employee transfers until the Company's Initial Public Offering and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

(e) Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least monthly in accordance with an agreed-upon schedule. The Company shall reimburse the nonemployee directors and the CHV Observer (as defined below) and Baxter Observer (as defined below) for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board of Directors. The Company shall cause to be established and will maintain a compensation committee, which shall consist of two Preferred Directors and an outside independent director. The compensation committee shall recommend compensation for the president and chief executive officer of the Company and other senior management of the Company, including option grants and other equity compensation and shall consider such other matters as may be delegated to it by the Board of Directors.

(f) Qualified Small Business Stock. The Company shall use commercially reasonable efforts to cause the shares of Preferred Stock, as well as any shares into which such shares are converted, within the meaning of Section 1202(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to constitute "qualified small business stock" as defined in Section 1202(c) of the Code; provided, however, that such requirement shall not be applicable if the Board of Directors determines, in its good-faith business judgment, that such qualification is inconsistent with the best interests of the Company. The Company shall submit to its stockholders (including the Investors) and to the Internal Revenue Service any reports that may be required under Section 1202(d)(1)(C) of the Code and the regulations promulgated thereunder. In addition, within twenty (20) business days after any Investor's written request therefor, the Company shall, at its option, either (i) deliver to such Investor a written statement indicating whether (and what portion of) such Investor's interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code or (ii) deliver to such Investor such factual information in the Company's possession as is reasonably necessary to enable such Investor to determine whether (and what portion of) such Investor's interest in the Company constitutes "qualified small business stock" as defined in Section 1202(c) of the Code.

4.2 Inspection. So long as at least 20% (subject to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement) of the shares of Preferred Stock (or the Common Stock issuable or issued upon conversion of the Preferred Stock) are outstanding as of the date hereof, the Company shall permit each Major Investor, or any authorized representative thereof, to visit and inspect the properties of the Company, including its corporate and financial records, and to discuss its business and finances with officers of the Company, during normal business hours following reasonable notice and as often as may be reasonably requested; provided, however, that the Company shall not be obligated pursuant to this Section 4.2 to provide access to any information which it reasonably considers to be a trade secret.

4.3 Financial Statements and Other Information.

(a) So long as at least 20% (subject to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement) of the shares of Preferred Stock (or the Common Stock issuable or issued upon conversion of the Preferred Stock) are outstanding as of the date hereof, the Company shall deliver to each Major Investor:

(i) within 90 days after the end of each fiscal year of the Company, an audited balance sheet of the Company as at the end of such year and audited statements of income and of cash flows of the Company for such year, certified by certified public accountants of established national reputation selected by the Company, and prepared in accordance with generally accepted accounting principles consistently applied;

(ii) within 45 days after the end of each fiscal quarter of the Company (other than the fourth quarter), an unaudited balance sheet of the Company as at the end of such quarter, and unaudited statements of income and of cash flows of the Company for such fiscal quarter and for the current fiscal year to the end of such fiscal quarter;

(iii) within 15 days after the end of each calendar month, an unaudited balance sheet of the Company as at the end of such month, and unaudited statement of income and of cash flows of the Company for such calendar month and for the current fiscal year to the end of such fiscal month; and

(iv) as soon as available, but in any event prior to the commencement of each new fiscal year, a business plan and projected financial statements for such fiscal year.

4.4 Observer Rights. (i) As long as CHV II, LP ("CHV") or its Affiliated Parties owns shares of Preferred Stock (or Common Stock issued upon conversion thereof), the Company shall invite a representative of CHV (the "CHV Observer") to attend all meetings of the Board of Directors in a nonvoting observer capacity and (ii) as long as Baxter Healthcare Corporation ("Baxter") or its Affiliated Parties owns shares of Preferred Stock (or Common Stock issued upon conversion thereof), the Company shall invite a representative of Baxter (the "Baxter Observer") to attend all meetings of the Board of Directors in a nonvoting observer capacity and, in this respect, shall give the CHV Observer and Baxter Observer copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that each of the CHV Observer and Baxter Observer shall agree to hold in confidence all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude the CHV Observer or Baxter Observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or the CHV Observer or Baxter Observer is a competitor of the Company.

4.5 Termination of Covenants. All covenants of the Company contained in this Section 4 shall terminate upon the earlier of the closing of a Deemed Liquidation Event or the closing of an Initial Public Offering.

5. Confidentiality. Each Investor agrees that he, she or it will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company, any Confidential Information; provided, however, that an Investor may disclose Confidential Information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (ii) to any prospective purchaser of any Shares from such Investor as long as such prospective purchaser agrees to be bound by terms of a confidentiality agreement reasonably approved by the Company, (iii) to any Affiliated Party of such Investor, provided that such party is obligated not to disclose, divulge or use any Confidential Information to the same extent as the Investors, or (iv) as may otherwise be required by law, provided that the Investor takes reasonable steps to minimize the extent of any such required disclosure. Notwithstanding the foregoing, such information shall not be deemed confidential for the purpose of enforcing this Agreement.

6. Transfers of Rights; Calculation of Share Numbers.

6.1 Transfer of Rights. This Agreement, and the rights and obligations of each Investor hereunder, may be assigned by such Investor to (a) any person or entity to which at least 5% (subject to appropriate adjustment for stock splits, stock dividends, recapitalizations and similar events occurring after the date of this Agreement) of the shares of Preferred Stock (or the Common Stock issuable or issued upon conversion of the Preferred Stock) owned by such Investor as of the date hereof are transferred by such Investor, or (b) to any Affiliated Party, shareholder or partner of such Investor, and, in each case, such transferee shall be deemed a "Investor" for purposes of this Agreement; provided that such assignment of rights shall be contingent upon the transferee providing a written instrument to the Company notifying the Company of such transfer and assignment and delivering to the Company a counterpart signature page hereto pursuant to which such transferee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement, including Section 2.8. Notwithstanding the foregoing, no Investor shall transfer any Shares to (a) any entity which, in the reasonable determination of the Board of Directors, directly or indirectly competes with the Company or (b) any customer, distributor or supplier of the Company, if the Board of Directors should reasonably determine that such transfer would result in such customer, distributor or supplier receiving information that would place the Company at a competitive disadvantage with respect to such customer, distributor or supplier.

6.2 Calculation of Share Numbers. In determining the number of Shares owned by an Investor for purposes of exercising rights under this Agreement, (a) Shares owned by an Investor shall be deemed to include shares of Preferred Stock which have been converted into Common Stock so long as such Common Stock is owned by such Investor and (b) all Shares held by an Affiliated Party of such Investor shall be aggregated together (provided that no shares shall be attributed to more than one entity or person within any such group of Affiliated Parties).

7. General.

7.1 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

7.2 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction.

7.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

7.4 Notices. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed delivered (i) three business days after being sent by registered or certified mail, return receipt requested, postage prepaid or (ii) one business day after being sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, in each case to the intended recipient as set forth below:

If to the Company, at 204 2nd Avenue, Waltham, MA 02451, Attention: President, or at such other address as may have been furnished in writing by the Company to the other parties hereto, with a copy (which shall not constitute notice) to Steven Cagnetta, Company Counsel, LLC, 28 Stone Avenue, Winchester, MA 01890; or

If to a Investor, at its address set forth on Exhibit A, or at such other address as may have been furnished in writing by such Investor to the other parties hereto; and if notice is given to such Investors, a copy (which shall not constitute notice) shall also be given to Michael P. Earley, Jones Day, 77 W. Wacker Dr., Chicago, IL 60601, Fax No: (312) 782-8585 and Michael H. Bison, Esq., Goodwin Procter LLP, 53 State Street, Boston, MA 02109, Fax: (617) 523-1231.

Any party may give any notice, request, consent or other communication under this Agreement using any other means (including, without limitation, personal delivery, messenger service, telecopy, first class mail or electronic mail), but no such notice, request, consent or other communication shall be deemed to have been duly given unless and until it is actually received by the party for whom it is intended. Any party may change the address to which notices, requests, consents or other communications hereunder are to be delivered by giving the other parties notice in the manner set forth in this Section 7.4.

7.5 Termination of Prior Agreement; Complete Agreement. The parties hereto who are also parties to the Prior Agreement, agree that this Agreement amends and restates in its entirety the Prior Agreement and the Prior Agreement shall have no further force or effect. This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

7.6 Amendments and Waivers. This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all parties to this Agreement (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and Investors holding Shares representing at least a majority of the voting power of all Shares then held by Investors; provided that any amendment, termination or waiver to the terms of Section 2 (or a defined term used therein) that occurs after the closing of the Initial Public Offering shall instead require the written consent of the Company and Investors holding Registrable Shares representing at least a majority of the voting power of all Registrable Shares then held by all Investors. Notwithstanding the foregoing, (a) this Agreement may not be amended or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor unless such amendment, termination or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 3 with respect to a particular transaction shall be deemed to apply to all Qualified Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Qualified Investors may nonetheless, by agreement with the Company, purchase securities in such transaction) and (b) neither the rights of Baxter or CHV pursuant to Section 4.4 of this Agreement, the terms of such section nor this clause (b) may be amended, terminated or waived without the written consent of Baxter or CHV, as applicable. The Company shall give prompt written notice of any amendment or termination hereof or waiver

hereunder to any party hereto that did not consent in writing to such amendment, termination or waiver. Any amendment, termination or waiver effected in accordance with this Section 7.6 shall be binding on all parties hereto, even if they do not execute such consent. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

7.7 Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

7.8 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

7.9 Section Headings and References. The section headings are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties. Any reference in this agreement to a particular section or subsection shall refer to a section or subsection of this Agreement, unless specified otherwise.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Fourth Amended and Restated Investor Rights Agreement as of the date first written above.

COMPANY:

OCULAR THERAPEUTIX, INC.

By: /s/ Amarpreet Sawhney
Name: Amarpreet Sawhney
Title: President

SIGNATURE PAGE TO FOURTH AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

By executing this page in the space provided, the undersigned hereby agrees (i) that he, she or it is an "Investor" as defined in the Fourth Amended and Restated Investor Rights Agreement dated as of May 31, 2013 (as the same may be amended, modified or restated from time to time, the "Investor Rights Agreement"), by and among Ocular Therapeutix, Inc. and the parties named therein, (ii) that he, she or it is a party to the Investor Rights Agreement for all purposes and (iii) that he, she or it is bound by all terms and conditions of the Investor Rights Agreement.

EXECUTED this 31st day of May, 2013.

BAXTER HEALTHCARE CORPORATION

By: /s/ Robert J. Hombach
Title: CVP, Chief Financial Officer

Address: One Baxter Parkway

Deerfield, IL 60015

Phone: (224) 948-4310

Facsimile: (224) 948-2590

Email: bob_hombach@baxter.com

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

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EXECUTED this 31st day of May, 2013.

CHV II, LP

By: /s/ Matthew I. Hermann
Title: Senior Managing Director

Address: 101 South Hanley Road,

Suite 200

Clayton, MO 63015

Amount invested: $2,000,001

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

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EXECUTED this 31st day of May, 2013.

JAMES FORTUNE

By: /s/ James Fortune
Title: Chief Operating Officer

Address: 35 Shepherd Street

Foxboro, MA 02035

Email: jfortune@ocutx.com

Fax: (781) 357-4001

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

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EXECUTED this 31st day of May, 2013.

SPARTA GROUP MA LLC SERIES 12

By: /s/ Nirav Desai
Title: Managing Director

Address: 92 Montvale Avenue

Suite 2500

Stoneham, MA 02180

Email: serge@spartagroupllc.com

Fax: (781) 481-9155

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

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EXECUTED this 31st day of May, 2013.

SV LIFE SCIENCES FUND IV, L.P.

By: SV Life Sciences Fund IV (GP), L.P.
its sole General Partner

By: SVLSF IV, LLC
its sole General Partner

By: /s/ Denise W. Marks
Title: SVLSF IV, LLC, Member

Address: One Boston Place

Suite 3900

Boston, MA 02108

Email: denise.marks@svlsa.com

Fax: (617) 367-1590

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

By executing this page in the space provided, the undersigned hereby agrees (i) that he, she or it is an "Investor" as defined in the Fourth Amended and Restated Investor Rights Agreement dated as of May 31, 2013 (as the same may be amended, modified or restated from time to time, the "Investor Rights Agreement"), by and among Ocular Therapeutix, Inc. and the parties named therein, (ii) that he, she or it is a party to the Investor Rights Agreement for all purposes and (iii) that he, she or it is bound by all terms and conditions of the Investor Rights Agreement.

EXECUTED this 31st day of May, 2013.

SV LIFE SCIENCES FUND IV
STRATEGIC PARTNERS, L.P.

By: SV Life Sciences Fund IV (GP), L.P.
its sole General Partner

By: SVLSF IV, LLC
its sole General Partner

By: /s/ Denise W. Marks
Title: SVLSF IV, LLC, Member

Address: One Boston Place

Suite 3900

Boston, MA 02108

Email: denise.marks@svlsa.com

Fax: (617) 367-1590

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Investor Signature Page

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EXECUTED this 31st day of May, 2013.

VERSANT VENTURE CAPITAL III, L.P.
VERSANT SIDE FUND III, L.P

By: /s/ Charles Warden
Title: Managing Director

Address: 3000 Sand Hill Road

Building 4, Suite 210

Menlo Park, CA 94025

Email: cwarden@versantventures.com

Fax: (650) 854-9513

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Founder Signature Page

By executing this page in the space provided, the undersigned hereby agrees (i) that he, she or it is an "Founder" as defined in the Fourth Amended and Restated Investor Rights Agreement dated as of May 31, 2013 (as the same may be amended, modified or restated from time to time, the "Investor Rights Agreement"), by and among Ocular Therapeutix, Inc. and the parties named therein, (ii) that he, she or it is a party to the Investor Rights Agreement for all purposes and (iii) that he, she or it is bound by all terms and conditions of the Investor Rights Agreement.

EXECUTED this 31st day of May, 2013.

AMARPREET S. SAWHNEY

By: /s/ Amarpreet S. Sawhney

Address: 6 Porter Lane

Lexington, MA 02420

Email:

Fax:

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Founder Signature Page

By executing this page in the space provided, the undersigned hereby agrees (i) that he, she or it is an "Founder" as defined in the Fourth Amended and Restated Investor Rights Agreement dated as of May 31, 2013 (as the same may be amended, modified or restated from time to time, the "Investor Rights Agreement"), by and among Ocular Therapeutix, Inc. and the parties named therein, (ii) that he, she or it is a party to the Investor Rights Agreement for all purposes and (iii) that he, she or it is bound by all terms and conditions of the Investor Rights Agreement.

EXECUTED this 31st day of May, 2013.

FARHARD KHOSRAVI

By: /s/ Farhad Khosravi

Address: 25698 Elena Road

Los Altos Hills, CA 94022

Email: fkhosravi@me.com

Fax:

OCULAR THERAPEUTIX, INC.

Fourth Amended and Restated Investor Rights Agreement

Founder Signature Page

By executing this page in the space provided, the undersigned hereby agrees (i) that he, she or it is an "Founder" as defined in the Fourth Amended and Restated Investor Rights Agreement dated as of May 31, 2013 (as the same may be amended, modified or restated from time to time, the "Investor Rights Agreement"), by and among Ocular Therapeutix, Inc. and the parties named therein, (ii) that he, she or it is a party to the Investor Rights Agreement for all purposes and (iii) that he, she or it is bound by all terms and conditions of the Investor Rights Agreement.

EXECUTED this 31st day of May, 2013.

INCEPT, LLC

By: /s/ Farhad Khosravi
Title: Manager

Address: 25698 Elena Road

Los Altos Hills, CA 94022

Email: fkhosravi@me.com

Fax: _____

Exhibit A

Investors

Incept, LLC	c/o Farhad Khosravi, 1198 Longfellow Ave., Campbell, CA 95008
Glevel, LLC	3200 Alpine Road, Portola Valley, California 94028, Attn Stephen Bonelli
Versant Venture Capital III, L.P.	3000 Sand Hill Road, Bldg 4, Suite 210, Menlo Park, CA 94025, Attn: Charles Warden
Versant Side Fund III, L.P.	3000 Sand Hill Road, Bldg 4, Suite 210, Menlo Park, CA 94025, Attn: Charles Warden
Ann A. Hopkins	49 Cleveland Avenue, Buffalo, NY 14222
Richard L. Lindstrom, M.D.	710 E. 24th Street Suite 106 Minneapolis, MN 55404
Running Brook LP	C/o Mark Hughes, 73 Chatham Street, Brookline, MA 02446
Navdeep Chadha	6 Reed Dr. North, Princeton Jct., NJ 08550
Jaswinder Chadha	31 Strawberry Lane, Warren, NJ 07059
Farhad Khosravi & Flora Shirzad Khosravi Trust u/a/d 10/19/2004	25698 Elena Road, Los Altos Hills, CA 94022
The Mehta Family Trust for Anjali Mehta	c/o Anjali Bhagwati-Mehta, 5 Granger Pond Way, Lexington, MA 02420
Quechee Partners, LLC	Francis J. Feeney, Jr., DLA Piper, 33 Arch Street, Boston, MA 02110
Ravijit Paintal	15 Idylwilde Road, Lexington, MA 02421-7601
Stephen Ramee	348 Bellaire Dr., New Orleans, LA 70124
Shingleton Family Limited Partnership	c/o Bradford J. Shingleton, 43 Chestnut Street, Boston, MA 02108
SV Life Sciences Fund IV, L.P.	SV Life Sciences, 60 State Street, Suite 3650, Boston, MA. 02109
SV Life Sciences Fund IV Strategic Partners L.P.	SV Life Sciences, 60 State Street, Suite 3650, Boston, MA. 02109
PINNACLE VENTURES II-A, L.P.	Pinnacle Ventures, L.L.C., 130 Lytton Avenue, Suite 220, Palo Alto, CA 94301
PINNACLE VENTURES II-B, L.P.	Pinnacle Ventures, L.L.C., 130 Lytton Avenue, Suite 220, Palo Alto, CA 94301
PINNACLE VENTURES II-C, L.P.	Pinnacle Ventures, L.L.C., 130 Lytton Avenue, Suite 220, Palo Alto, CA 94301

PINNACLE VENTURES II-R, L.P.	Pinnacle Ventures, L.L.C., 130 Lytton Avenue, Suite 220, Palo Alto, CA 94301
Atul Sharma	1406 Oakridge View Drive, Mableton, GA 30126
Polaris Venture Partners V, L.P.	1000 Winter Street, Suite 3350, Waltham, MA 02451
Polaris Venture Partners Entrepreneurs' Fund V, L.P.	1000 Winter Street, Suite 3350, Waltham, MA 02451
Polaris Venture Partners Founders' Fund V, L.P.	1000 Winter Street, Suite 3350, Waltham, MA 02451
Polaris Venture Partners Special Founders' Fund V, L.P.	1000 Winter Street, Suite 3350, Waltham, MA 02451
Baxter Healthcare Corporation	One Baxter Parkway, Deerfield, Illinois 60015
CHV II LP	101 South Hanley Road, Suite 200, Clayton, MO 63105

OCULAR THERAPEUTIX, INC.

2006 STOCK INCENTIVE PLAN, AS AMENDED

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the terms set forth on Exhibit A—Definitions, shall have the meanings used therein.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Key Employees and by directors of and consultants to the Company, its Affiliates and Strategic Partners in order to attract such people, to induce them to work for the benefit of the Company and its Affiliates and to provide incentive for them to promote the success of the Company and its Affiliates. The Plan provides for the granting of ISOs, Non-Qualified Options and Stock Grants.

3. SHARES SUBJECT TO THE PLAN.

(a) The maximum number of Shares which shall be reserved and available for Stock Rights pursuant to this Plan shall be 7,527,417 shares, subject to adjustment in accordance with Paragraph 16 hereof. Shares issued under the Plan may be authorized but unissued shares of Common Stock or shares of Common Stock held in treasury.

(b) To the extent that any Option shall lapse, terminate, expire or otherwise be cancelled without the issuance of Shares, or if the Company shall reacquire any Shares issued pursuant to a Stock Grant, the Shares shall be available for the granting of other Stock Rights under the Plan.

(c) Shares issuable under the Plan may be subject to such restrictions on transfer, repurchase rights or other restrictions as shall be determined by the Administrator.

4. ADMINISTRATION OF THE PLAN.

(a) At the discretion of the Company's Board of Directors, the Administrator of the Plan shall be either (i) by the full Board of Directors of the Company or (ii) by a committee (the "Committee") consisting of two or more members of the Company's Board of Directors. In the event the full Board of Directors is the Administrator of the Plan, references herein to the Committee shall be deemed to mean the full Board of Directors. The Board of Directors may from time to time appoint a member or members of the Committee in substitution for or in addition to the member or members then in office and may fill vacancies on the Committee however caused. The Committee may choose one of its members as Chairman and shall hold meetings at such times and places as it shall deem advisable. A majority of the members of the Committee shall constitute a quorum and any action may be taken by a majority of those present and voting at any meeting.

(b) Any action may also be taken without the necessity of a meeting by a written instrument signed by a majority of the Committee. The decision of the Committee as to all questions of interpretation and application of the Plan shall be final, binding and conclusive on all persons. The Committee shall have the authority to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option Agreement or Stock Grant Agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and shall be the sole and final judge of such expediency. No Committee member shall be liable for any action or determination made in good faith.

(c) Subject to the terms of the Plan, the Administrator is authorized to:

i. Interpret the provisions of the Plan or of any Option or Stock Grant and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

ii. Determine which persons shall be considered eligible Participants in the Plan and which of such eligible persons shall be granted Stock Rights;

iii. Determine the number of Shares for which Stock Rights shall be granted; and

iv. Specify the terms and conditions upon which Stock Rights may be granted, including, but not limited to, the time or times when Stock Rights may be granted, shall become exercisable and the duration of the exercise period, and the price of Shares subject to each Stock Right.

Notwithstanding the foregoing, all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be a Key Employee, director or consultant of the Company, an Affiliate, or of a Strategic Partner at the time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an employee, director or consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the delivery of the Agreement evidencing such Stock Right. ISOs may be granted only to Key Employees. Non-Qualified Options and Stock Grants may be granted to any Key Employee, director or consultant of the Company, an Affiliate or Strategic Partner or any other eligible Participant. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights.

In determining the eligibility of an individual to be granted an Option or Stock Grant, as well as in determining the number of Shares to be optioned or granted to any individual, the Administrator shall take into account the position and responsibilities of the individual being considered, the nature and value to the Company or an Affiliate of his or her service and accomplishments, his or her present and potential contribution to the success of the Company or an Affiliate, and such other factors as the Committee may deem relevant.

No Option designated as an ISO shall be granted to any Key Employee of the Company or an Affiliate if such Key Employee owns, immediately prior to the grant of an Option, stock representing more than 10% of the combined voting power of all classes of stock of the Company or an Affiliate, unless the purchase price for the stock under such Option shall be at least 110% of its Fair Market Value at the time such Option is granted and the Option, by its terms, shall not be exercisable more than five years from the date it is granted. In determining the stock ownership under this paragraph, the provisions of Section 424(d) of the Code shall be controlling.

Subject to the provisions hereof relating to adjustments upon changes in the shares of Common Stock, no employee shall be eligible to be granted Options covering more than 1,000,000 shares of Common Stock during any calendar year, except that this restriction shall not apply at any time prior to the date on which the Company lists any shares of its securities on any securities exchange. The restriction contained in this paragraph shall also not apply until the earliest of: (1) the first material modification of the Plan (including any increase in the number of shares of Common Stock reserved for issuance hereunder); (2) the issuance of all of the shares of Common Stock reserved for issuance under the Plan; (3) the expiration of the Plan; (4) the first meeting of stockholders at which Directors are to be elected that occurs after the close of the third (3rd) calendar year following the calendar year in which occurred the first registration of an equity security by the Company under Section 12 of the Securities Act of 1934, as amended; or (5) such other date required by Section 162(m) of the Code.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed on behalf of the Company and by the Participant to whom such Option is granted. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto.

(a) Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

(i) Option Price: Each Option Agreement shall state the option price (per Share) of the Shares covered by each Option, which option price shall be determined by the Administrator but shall not be less than the par value per share of Common Stock.

(ii) Each Option Agreement shall state the number of Shares to which it pertains;

(iii) Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated goals or events; and

(iv) Exercise of any Option may be conditioned upon the Participant's execution of certain agreements in form satisfactory to the Administrator providing for certain protections for the Company and its shareholders including, without limitation, requirements that:

A. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

B. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

(b) ISOs: Each Option intended to be an ISO shall be issued only to a Key Employee of the Company (and not any other person including a Key Employee of a Strategic Partner) and shall be subject to the following terms and conditions and to such additional restrictions or changes as the Administrator determines are appropriate but that are not in conflict with Section 422 of the Code:

(i) Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(a) above, except clause (i) thereunder.

(ii) Option Price: Immediately before the Option is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

A. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Shares on the date of the grant of the Option as determined by the Administrator in accordance with Section 422 of the Code.

B. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred ten percent (110%) of the said Fair Market Value on the date of grant.

(iii) Term of Option: For Participants who own:

A. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each Option shall terminate not more than ten (10) years from the date of the grant or at such earlier time as the Option Agreement may provide.

B. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, each Option shall terminate not more than five (5) years from the date of the grant or at such earlier time as the Option Agreement may provide.

(iv) Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of Options which may be exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed one hundred thousand dollars ($100,000), provided that this subparagraph (d) shall have no force or effect if its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as ISOs pursuant to Section 422(d) of the Code.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each offer of a Stock Grant to a Participant shall state the date prior to which the Stock Grant must be accepted by the Participant, and the principal terms of each Stock Grant shall be set forth in a Stock Grant Agreement, duly executed by the Company and the Participant. The Stock Grant Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(a) Each Stock Grant Agreement shall state the purchase price (per share), if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the par value on the date of the grant of the Stock Grant;

(b) Each Stock Grant Agreement shall state the number of Shares to which the Stock Grant pertains; and

(c) Each Stock Grant Agreement shall include the terms of any right of the Company to reacquire the Shares subject to the Stock Grant, including the time and events upon which such rights shall accrue and the purchase price therefor, if any.

8. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

To the extent that the right to purchase Shares under an Option has accrued and is in effect, an Option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal executive office, together with payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such written notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement.

Each Option granted under the Plan shall, subject to the other provisions of this Plan, be exercisable at such time or times and during such period as shall be set forth in the Option Agreement.

To the extent that an Option to purchase shares is not exercised by a Participant when it becomes initially exercisable, it shall not expire but shall be carried forward and shall be exercisable, on a cumulative basis, until the expiration of the exercise period. No partial exercise may be made for less than one hundred (100) full shares of Common Stock.

Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, and so long as there is no adverse tax or accounting impact to the Company, through delivery of shares of Common Stock owned by the Participant for at least six (6) months and having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest at a fair market interest rate in accordance with applicable accounting practice for such note, or at 100% of the applicable Federal rate ("AFR"), as defined in Section 1274(d) of the Code, if the AFR is greater than a fair market interest rate, or (d) at the discretion of the Administrator, by any combination of (a), (b) and (c) above.

When an Option is exercised, the Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires or makes it desirable for the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be evidenced by an appropriate certificate or certificates for fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 26) if such acceleration would violate any vesting limitation contained in Section 422(d) of the Code.

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such amendment is permitted by the Plan, (ii) any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, and (iii) any such amendment of any ISO shall be made only after the Administrator, after consulting the counsel for the Company, determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holder of such ISO.

9. ACCEPTANCE OF STOCK GRANT AND ISSUE OF SHARES.

A Stock Grant (or any part or installment thereof) shall be accepted by executing the Stock Grant Agreement and delivering it to the Company at its principal office, together with payment of the full purchase price, if any, in accordance with this Paragraph for the Shares as to which such Stock Grant is being accepted, and upon compliance with any other conditions set forth in the Stock Grant Agreement. Payment of the purchase price for the Shares as to which such Stock Grant is being accepted shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator and only so long as there is no adverse tax or accounting impact to the Company, through delivery of shares of Common Stock owned by the Participant for at least six (6) months and having a fair market value equal as of the date of acceptance of the Stock Grant to the purchase price of the Stock Grant determined in good faith by the Administrator, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest at a fair market interest rate in accordance with applicable accounting practice for such note, or at 100% of the applicable Federal rate ("AFR"), as defined in Section 1274(d) of the Code, if the AFR is greater than a fair market interest rate, or (d) at the discretion of the Administrator, by any combination of (a), (b) and (c) above.

The Company shall then reasonably promptly (as determined in paragraph 8 above) deliver the Shares as to which such Stock Grant was accepted to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the Stock Grant Agreement.

The Administrator may, in its discretion, amend any term or condition of an outstanding Stock Grant or Stock Grant Agreement provided (i) such amendment is permitted by the Plan, and (ii) any such amendment shall be made only with the consent of the Participant to whom the Stock Grant was made, if the amendment is adverse to the Participant.

10. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right, except after: (a) due exercise of the Option or acceptance of the Stock Grant in compliance with the terms of the Stock Right and tender of the full purchase price, if any, for the Shares being purchased pursuant to such exercise or acceptance; and (b) registration of the Shares in the Company's share register in the name of the Participant.

11. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be assignable or transferable by the Participant other than (i) by will or by the laws of descent and distribution, except that an optionee may transfer Stock Rights that are not ISOs granted under the Plan to the Participant's spouse or children or to a trust or partnership for the benefit of the Participant or Participant's spouse or children, or (ii) as otherwise determined by the Administrator and set forth in the applicable Option Agreement or Stock Grant Agreement. The designation of a beneficiary of a Stock Right by a Participant shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, a Stock Right shall only be exercisable or may only be accepted, during the Participant's lifetime, by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any Stock Right granted under the Plan shall be null and void and without effect upon the bankruptcy of the Participant to whom the Stock Right is granted, or upon any attempted transfer, assignment, pledge, hypothecation or other disposition except as herein provided, including without limitation any disposition, attachment, divorce, trustee process or similar process, whether legal or equitable upon such Stock Right.

12. EFFECT ON OPTIONS OF TERMINATION OF SERVICE.

(a) Termination Other Than "For Cause", Death or Disability. Except as otherwise provided in the pertinent Option Agreement, in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(i) A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any reason other than termination "for cause", Disability, or death for which events there are special rules in Subparagraphs B, C and D, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in the pertinent Option Agreement. Notwithstanding the above, however, regarding any Shares purchased upon the exercise of the Option, the Company shall maintain the repurchase rights set forth in section 13 regarding vested Shares.

(ii) Except as provided elsewhere in this Paragraph, in no event may an Option Agreement provide, if an Option is intended to be an ISO, that the time for exercise be later than three (3) months after the Participant's termination of employment.

(iii) The provisions of this Paragraph, and not the provisions of subparagraph C or D, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy, provided, however, in the case of a Participant's Disability or death within three (3) months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one (1) year after the date of the Participant's termination of employment, but in no event after the date of expiration of the term of the Option.

(iv) Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause", then such Participant shall forthwith cease to have any right to exercise any Option.

(v) A Participant to whom an Option has been granted under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

(vi) Except as required by law or as set forth in the pertinent Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

(b) Termination For Cause. Except as otherwise provided in the pertinent Option Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause":

(i) All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated "for cause", whether vested or unvested, will immediately be forfeited and the Company shall have the right to repurchase all Shares previously issued to the Participant upon exercise by the Participant of Options at a purchase price per Share equal to the per Share Option price paid by the Participant upon exercise of such options.

(ii) For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, breach of fiduciary duty, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, material failure or refusal to comply with Company's published policies generally applicable to all employees, and conduct materially harmful to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.

(iii) "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause", then the right to exercise any Option is forfeited.

(iv) Any definition in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to such Participant.

(c) Termination for Disability. Except as otherwise provided in the pertinent Option Agreement, a Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

(i) To the extent exercisable but not exercised on the date of Disability; and

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights as would have accrued had the Participant not become Disabled prior to the end of the accrual period which next ends following the date of Disability. The proration shall be based upon the number of days of such accrual period prior to the date of Disability.

A Disabled Participant may exercise such rights only within the period ending one (1) year after the date of the Participant's termination of employment, directorship or consultancy, as the case may be, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

(d) Termination Due to Death. Except as otherwise provided in the pertinent Option Agreement, in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:

(i) To the extent exercisable but not exercised on the date of death; and

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights which would have accrued had the Participant not died prior to the end of the accrual period which next ends following the date of death. The proration shall be based upon the number of days of such accrual period prior to the Participant's death.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one (1) year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

13. EFFECT OF TERMINATION OF SERVICE ON STOCK GRANTS.

(a) General. In the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate for any reason before the Participant has accepted the offer of, and complied with all purchase or acquisition requirements under, a Stock Grant in accordance with its terms, such offer of a Stock Grant shall terminate.

For purposes of this Paragraph 13, a Participant to whom a Stock Grant has been offered under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a "Disability"), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 13, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment, director status or consultancy so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

Except as otherwise provided in the pertinent Stock Grant Agreement, in the event of a termination of service (whether as an employee, director or consultant), other than termination "for cause," Disability, or death for which events there are special rules in subparagraphs B, C, and D, the Company shall have the right to repurchase all unvested Shares at the original purchase price. Further, the vested Shares may be repurchased by the Company, at its sole option and upon notice to Participant within ninety (90) days of the date of termination of employment of such Participant, for a price equal to (i) the valuation of the Shares as determined

in connection with the most recent equity financing, the grant of Options or issuance of Shares to Participants or in consideration for an acquisition or joint venture, if any, occurring within the six (6) months prior to such termination (each a "Valuation Event"), or (ii), if no Valuation Event has occurred within six (6) months, the valuation set by the Administrator, in its discretion (an "Administrator Valuation"). Such notice shall set forth the valuation of such Shares and the intended date of closing (the "Call Notice"). If the valuation is set by an Administrator Valuation, the Participant may, within ten (10) days of the Call Notice, object in writing to such valuation as set forth in the Call Notice and request that an independent business valuation expert be appointed to provide a separate valuation. In such case, the fair market value shall promptly be determined by an independent valuation expert selected by the Participant from a group of three (3) experts recommended in writing by the Company within ten (10) days of receipt by the Company of the written objection by the Participant. The parties shall be bound by the determination of such expert. All costs of any appraisal hereunder shall be paid by the Participant, except to the extent that the valuation set by the arbitrator exceeds the Administrator Valuation by 10% or more. In the latter case, the costs of the arbitrator shall be paid by the Company. To the extent an appraisal is requested, the closing shall occur promptly upon the completion of the appraisal.

(b) Termination For Cause. Except as otherwise provided in the pertinent Stock Grant Agreement, upon a termination of employment for cause, all Shares subject to any Stock Grant shall be immediately subject to repurchase by the Company at the purchase price, if any, thereof. For all purposes of this Plan, including this paragraph 13, "cause" shall have the meanings used in and shall be determined as provided in paragraph 12.

(c) Termination Due to Disability. Except as otherwise provided in the pertinent Stock Grant Agreement, if a Participant ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability, the Company and shall have the right to purchase all unvested Shares at the original purchase price, to the extent such rights of repurchase are to lapse periodically after the date of Disability, such rights of repurchase shall lapse on a pro rata portion of the Shares subject to such Stock Grant as would have lapsed had the Participant not become Disabled prior to the end of the vesting period which next ends following the date of Disability. The proration shall be based upon the number of days of such vesting period prior to the date of Disability.

(d) Termination Due to Death. Except as otherwise provided in the pertinent Stock Grant Agreement in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, the Company shall have the right to repurchase unvested Shares at the original purchase price. To the extent such rights of repurchase are to lapse periodically after the date of death, such rights of repurchase shall lapse on a pro rata portion of the Shares subject to such Stock Grant as would have lapsed had the Participant not died prior to the end of the vesting period following the date of death. The proration shall be based upon the number of days of such vesting period prior to the Participant's death.

14. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise or acceptance of a Stock Right shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

(a) The person(s) who exercise(s) or accept(s) such Stock Right shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

(b) At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise or acceptance in compliance with the 1933 Act without registration thereunder.

15. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants which have not been accepted will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation.

16. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in the pertinent Option Agreement or Stock Grant Agreement:

(a) Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the exercise or acceptance of such Stock Right shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such events.

(b) Consolidations or Mergers. In the event of (i) any merger, consolidation, sale of all or substantially all of the business or assets of the Company or any sale or issuance of stock, in a single or related series of transactions, where the number of shares of voting stock outstanding immediately before the effective date of such transaction are converted into, exchanged for or represent less than 50% percent of the voting stock of the surviving or resulting company immediately after such transaction, or (ii) the acquisition by any "person" (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934) of beneficial ownership, directly or indirectly, of securities of the Company representing 50.1% or more of the combined voting power of the Company's then outstanding securities other than as a result of the purchase of equity securities directly from the Company in connection with a financing transaction, provided, however, such events shall not include any transaction where shares of the Company's capital stock are sold or otherwise issued as part of an equity financing of the Company (any such event provided for in subsection (i) or (ii), an "Acquisition"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (x) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition or securities of any successor or acquiring entity; or (y) upon written notice to the Participants, provide that all Options must be exercised (to the extent then exercisable after taking into account any applicable acceleration of vesting) at the end of which period the Options shall terminate; or (z) terminate all Options in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Options (to the extent then exercisable after taking into account any applicable acceleration of vesting) over the exercise price thereof.

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall either (i) make appropriate provisions for the continuation of such Stock Grants by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Acquisition or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that all Stock Grants must be accepted (to the extent then subject to acceptance) within a specified number of days of the date of such notice, at the end of which period the offer of the Stock Grants shall terminate; or (iii) terminate all Stock Grants in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Stock Grants over the purchase price thereof, if any. In addition, in the event of an Acquisition, the Administrator may waive any or all Company repurchase rights with respect to outstanding Stock Grants.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company (other than a transaction described in Subparagraph B above) pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising or accepting a Stock Right shall be entitled to receive, for the purchase price, if any, paid upon such exercise or acceptance, the securities which would have been received if such Stock Right had been exercised or accepted prior to such recapitalization or reorganization.

(d) Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B or C with respect to ISOs shall be made only after the Administrator, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the ISO.

17. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

18. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

19. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period or reducing the exercise price of the appropriate installments of such Options. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

20. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the exercise or acceptance of a Stock Right or in connection with a Disqualifying Disposition (as defined in Paragraph 21) or upon the lapsing of any right of repurchase, the Company may withhold from the Participant's compensation, if any,

or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise and shall not exceed the minimum amount required by law to be withheld. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

21. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Key Employee who receives an ISO must agree to notify the Company in writing immediately after the Key Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such shares before the later of (a) two years after the date the Key Employee was granted the ISO, or (b) one year after the date the Key Employee acquired Shares by exercising the ISO. If the Key Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

22. TERMINATION OF THE PLAN.

The Plan will terminate on, the date which is ten (10) years from the earlier of the date of its adoption and the date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders of the Company. Notwithstanding the above, the termination of the Plan shall not affect any Option Agreements or Stock Grant Agreements still in force as of the date of such termination, and the Plan shall remain in effect to the extent necessary to govern the terms of such agreements.

23. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, and to the extent necessary to qualify the shares issuable upon exercise or acceptance of any outstanding Stock Rights granted, or Stock Rights to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Option Agreements and Stock Grant Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Option Agreements and Stock Grant Agreements may be amended by the Administrator in a manner which is not adverse to the Participant.

24. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Option Agreement or Stock Grant Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

25. RESTRICTION ON ISSUE OF SHARES.

(a) Notwithstanding the provisions of Paragraph 8, the Company may delay the issuance of Shares covered by the exercise of an option and the delivery of a certificate for such Shares until the delivery or distribution of any shares issued under this Plan complies with all applicable laws (including without limitation, the Securities Act of 1933, as amended), and with the applicable rules of any stock exchange upon which the shares of the Company are listed or traded.

(b) It is intended that all exercises of options shall be effective, and the Company shall use its best efforts to bring about compliance with all applicable legal and regulatory requirements within a reasonable time, except that the Company shall be under no obligation to qualify Shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purpose of covering the issue of Shares in respect of which any option may be exercised, except as otherwise agreed to by the Company in writing.

26. RESERVATION OF STOCK.

The Company shall at all times during the term of the Plan reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

27. NOTICES.

Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, if to the Company, to its principal place of business, attention: Secretary, and, if to a Participant, to the address as appearing on the records of the Company.

28. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the Commonwealth of Massachusetts.

29. APPROVAL OF STOCKHOLDERS**.**

The Plan shall be subject to approval by the vote of stockholders holding at least a majority of the voting stock of the Company present, or represented, and entitled to vote at a duly held stockholders' meeting, or by written consent of the stockholders as provided for under

applicable state law, within twelve (12) months after the adoption of the Plan by the Board of Directors and shall take effect as of the date of adoption by the Board of Directors upon such approval. The Committee may not grant Stock Rights under the Plan prior to such approval.

Adopted by the Board of Directors on September 12, 2006.
Amended by the Board of Directors on: November 12, 2007 (amendment No. 1), March 14, 2008 (amendment No. 2), June 18, 2009 (amendment No. 3), April 1, 2010 (amendment No. 4), January 31, 2011 (amendment No. 5), August 12, 2011 (amendment No. 6), February 15, 2012 (amendment No. 7), January 31, 2013 (amendment No. 8), March 31, 2014 (amendment No. 9) and April 14, 2014 (amendment No. 10).

Adopted by the Stockholders on October 30, 2006.
Amendments approved by the Stockholders on: November 14, 2007 (amendment No. 1), March 14, 2008 (amendment No. 2), June 19, 2009 (amendment No. 3), April 1, 2010 (amendment No. 4), January 31, 2011 (amendment No. 5), August 12, 2011 (amendment No. 6), February 24, 2012 (amendment No. 7), January 31, 2013 (amendment No. 8), March 31, 2014 (amendment No. 9) and April 14, 2014 (amendment No. 10).

EXHIBIT A

DEFINITIONS

"Administrator" means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

"Affiliate" means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

"Board of Directors" means the Board of Directors of the Company.

"Code" means the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder by the regulatory agencies with authority thereunder.

"Committee" means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

"Common Stock" means shares of the Company's common stock without par value.

"Company" means Ocular Therapeutix., Inc. a Delaware corporation.

"Disability" or "Disabled" means permanent and total disability as defined in Section 22(e)(3) of the Code. The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

"Fair Market Value" of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for the trading day immediately preceding the applicable date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded immediately preceding the applicable date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

"ISO" means an option meant to qualify as an incentive stock option under Section 422 of the Code.

"Key Employee" means an employee of the Company, an Affiliate or a Strategic Partner (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

"Non-Qualified Option" means an option which is not intended to qualify as an ISO.

"Option" means an ISO or Non-Qualified Option granted under the Plan.

"Option Agreement" means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

"Participant" means a Key Employee, director or consultant of the Company or its Affiliates to whom one or more Stock Rights are granted under the Plan and who are eligible to participate in this Plan under Paragraph 2. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

"Plan" means this 2006 Stock Incentive Plan.

"Shares" means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of the Plan.

"Stock Grant" means a grant by the Company of Shares under the Plan also means the grant by the Company of a right to purchase Shares under a restricted stock purchase arrangement on terms that the Administrator deems appropriate.

"Stock Grant Agreement" means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

"Stock Right" means a right to Shares of the Company granted pursuant to the Plan under an ISO, a Non-Qualified Option or a Stock Grant.

"Strategic Partners" means any contractor, joint venture partner or other entity having a relationship with the Company, which relationship the Administrator, at its discretion, determines will promote the success of the Company.

"Survivors" means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

Exhibit 10.2

OCULAR THERAPEUTIX, INC.
2006 STOCK INCENTIVE PLAN
STOCK OPTION AGREEMENT

To: (the "Optionee"):

As per the general terms and conditions set forth on this Stock Option Agreement (the "Agreement"), and the 2006 Stock Incentive Plan (the "Plan"), which is attached hereto as Exhibit A, you have been granted an option (the "Option") to purchase the number of shares set forth below (the "Shares") of common stock ("Common Stock") of Ocular Therapeutix, Inc. (the "Company"), for the aggregate Purchase Price set forth below (the "Purchase Price"), with the following specific terms and conditions:

Date of Grant:	_____
Vesting Commencement Date	_____
Exercise Price Per Share:	_____
Total Number of Shares Subject to Option:	_____
Total Purchase Price:	_____
Type of Option:	_____ Incentive Stock Option _____ Nonqualified Stock Option
Vesting Schedule:	Until otherwise terminated under the Plan or this Agreement, the Shares underlying this Option shall vest in accordance with the following schedule: [_____]
Term/Expiration Date:	Ten years from the date hereof or as set forth in Section 2.

By the signatures set forth below, you and the Company agree that this option is granted under and governed by the terms and conditions of this Agreement and the Plan, which is made a part of this document.

OPTIONEE:

_____
Signature

_____
Print Name

Address: _____
_____

_____

OCULAR THERAPEUTIX, INC.

By: _____
President

OCULAR THERAPEUTIX, INC.
2006 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

TERMS AND CONDITIONS

The Optionee hereby accepts the Option, subject to the terms and conditions set forth in the Plan (as fully as if they were set forth herein) and to the following additional terms and conditions:

1. Grant of Option. The terms relating to this grant of this Option to purchase the Shares, including the number of shares, the purchase price, the vesting schedule and the date of grant are set forth on the cover page of this Agreement.

2. Term of Options; Exercisability.

(a) Term. The Option shall expire ten (10) years from the date of this Agreement, but shall be subject to earlier termination as provided below (and as more fully described in and subject to Section 12 of the Plan):

(1) Except as otherwise provided in the Plan and this Section 2, the Option shall terminate (and the right to exercise the Option shall terminate) three months following the date the employment or consulting relationship terminates between the Optionee and the Company or one of its subsidiaries other than for "cause" (as defined in the Plan) or death or disability, or on the date on which the Option expires by its terms, whichever occurs first.

(2) If such termination is because the death of the Optionee or because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option shall terminate (and the right to exercise the Option shall terminate) one year following the date the employment or consulting relationship is terminated, or on the date on which the Option expires by its terms, whichever occurs first.

(3) If such termination is for "Cause" (as defined in the Plan), the Option will immediately be forfeited as of the time the Optionee is notified his or her service is terminated.

(b) Exercisability. The Option shall be exercisable only to the extent that the Shares underlying the Option have become vested on the date the employment or consulting relationships terminates between the Optionee and the Company or one of its subsidiaries.

(c) Good Reason. "Good Reason" shall mean the occurrence of any of the following circumstances without the Participant's written consent: (i) a material reduction in Participant's position in responsibilities or compensation relative to his then current position in responsibilities or compensation, (ii) breach by the Company of its obligation to pay the Participant's compensation, or (iii) Participant's relocation to, or requirement to perform significant services at, a facility or location more than sixty (60) miles from his then-current work location.

3. Manner of Exercise of Option.

(a) To the extent that the right to exercise the Option has accrued and is in effect, the Option may be exercised in full or in part by giving written notice to the Company stating the number of Shares exercised and accompanied by payment in full for such Shares. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, and so long as there is no adverse tax or accounting impact to the Company, through delivery of shares of Common Stock owned by the Participant for at least six (6) months and having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest at a fair market interest rate in accordance with applicable accounting practice for such note, or at 100% of the applicable Federal rate ("AFR"), as defined in Section 1274(d) of the Code, if the AFR is greater than a fair market interest rate, or (d) at the discretion of the Administrator, by any combination of (a), (b) and (c) above. Upon such exercise, delivery of a certificate for paid-up, non-assessable Shares shall be made at the principal office of the Company to the person exercising the Option, not more than thirty (30) days from the date of receipt of the notice by the Company.

(b) The Company shall at all times during the term of the Option reserve and keep available such number of Shares of its common stock as will be sufficient to satisfy the requirements of the Option. The Optionee shall not have any of the rights of a stockholder of the Company in respect of the Shares until one or more certificates for such Shares shall be delivered to him or her upon the due exercise of the Option.

4. Non-Transferability. The right of the Optionee to exercise the Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution and the Option shall be exercisable during the lifetime of the Optionee only by the Optionee. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

5. Permitted Transfers; Take Along Right. Subject to the provisions of Section 4, Shares issuable upon exercise of the Options may only be transferred pursuant to the specific terms and conditions set forth in either paragraph (a) or (b) of this Section 5:

(a) Right of First Refusal. The Optionee may sell Shares to a third party in a bona fide transaction for fair value payable in cash or the equivalent currently or in future installments, provided that the Optionee extends to the Company a right of first refusal with respect to such sale in accordance with the following provisions. The Optionee shall first give written notice of such proposed sale to the Company, identifying the proposed purchaser, the number of Shares to be sold, and the purchase price and terms of the proposed sale. The Company shall have the right, exercisable by written notice to the Optionee within 30 days after

receipt of the Optionee's notice, to purchase all, but not less than all, of the Shares referred to in the Optionee's notice, at the price and on the terms set forth in said notice. The Company shall designate in such notice a date, time and place for the closing of the repurchase (the "Closing"), which shall not be more than 60 days after the date of the Company's notice, unless otherwise agreed by the parties. If the Company is prohibited by applicable law from purchasing Shares, the Company may assign its rights hereunder with respect to a particular transfer by written notice to the Optionee at or prior to the Closing. The Closing shall take place at the offices of the Company or of its counsel, unless otherwise agreed by the parties. At the Closing, the Company or its assignee (the "Purchaser") shall purchase from the Optionee the Shares referenced in the Optionee's notice, at the price and on the terms set forth therein, and the Optionee shall sell such Shares to the Purchaser by delivery of the certificate or certificates representing such Shares, duly endorsed for transfer, free and clear of any liens, pledges or encumbrances. If the Company does not exercise its purchase right within 30 days after the Optionee's notice to the Company, the Optionee may complete the sale of Shares to the proposed purchaser at the price and on the terms specified in the Stockholder's notice to the Company at any time within 60 days after the expiration of said 30-day period. No sale may be made to a different purchaser, at a different price, on different terms or after the expiration of said 60-day period without renewed compliance with this Section 5(a). Any Shares purchased in accordance with the provisions of this Section 5(a) shall thereafter remain subject to the provisions of Section 5(c), but shall no longer be subject to any of the other terms of this Agreement. This Section 5 shall terminate on the closing of the Company's first underwritten public offering of its securities.

(b) Transfer to Related Person. The Optionee may transfer Shares: (i) to the Optionee's spouse, parents, brothers, sisters, children, stepchildren or grandchildren or any trust or individual retirement account for the exclusive benefit of any of them or the Optionee; or (ii) upon the Optionee's death to the Optionee's estate, executors, administrators and personal representatives and then to such Optionee's heirs, legatees or distributees; provided that any Shares transferred under this Section 5(b) shall remain subject to the provisions of this Agreement. Any transferee of Shares under this Section 5(b) shall become a party to this Agreement by executing a counterpart hereof, and shall be bound by the provisions of this Agreement whether or not such transferee does so.

(c) Take Along Right. If, at any time the Company shall determine to enter into a transaction which will result in a Change of Control, then, upon written request of the Company (the "Sale Request"), the Optionee shall be obligated to, and shall (i) sell, transfer and deliver, or cause to be sold, transferred and delivered, that percentage of the Shares then held by him that is equal to the percentage of the aggregate holding of all shares sold by the other stockholders of the Company that is being sold or exchanged in the transaction constituting the Change of Control at the same price per share and on the same terms applicable to the other stockholders selling Common Stock and, upon request, (ii) if stockholder approval of the transaction is required, vote his Shares in favor thereof. For purposes of this Agreement, a "Change of Control" of the Company shall mean (i) sale of all or substantially all of the assets of the Company to an unaffiliated third party, or (ii) any merger or consolidation or other transaction whereby persons who held less than 20% of the voting control of the Company prior thereto own at least 67% of such voting control thereafter.

(d) Public Offering Lockup. The Optionee and his transferees will not, without the prior written consent of the Company, offer, sell, contract to sell or grant any option to purchase or otherwise dispose of any of the Shares for a period of 180 days following the effectiveness of a registration statement under the Securities Act of 1933, as amended, in connection with the Company's initial public offering of securities.

6. Representation Letter and Investment Legend.

(a) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933, as amended (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the person exercising the Option shall give a written representation to the Company in the form attached hereto as Annex A and the Company shall place an "investment legend", so-called, as described in Annex A, upon any certificate for the Shares issued by reason of such exercise.

(b) The Company shall be under no obligation to qualify Shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purposes of covering the issue of Shares.

(c) In order to enable the Company to determine when it is entitled to a tax deduction upon the disposition of any Shares issued upon exercise of this Option, for the periods during which such a disposition would entitle the Company to such a deduction (generally, a disposition within two years from the date of grant of the Option or within one year from the date of exercise of the Option will entitle the Company to a deduction), all stock certificates of such Shares shall be held by the Optionee in his or her name and not in the name of a broker, nominee or other person or entity, and shall bear a legend reflecting that such Shares were obtained upon exercise of an incentive stock option. The Optionee acknowledges that the Company may send a Form W-2, W-2c or substitute therefor, as appropriate, to the Optionee with respect to any income recognized by the Optionee upon a disposition of the Shares for the periods during which such a disposition would entitle the Company to such a deduction. Nothing in this Section 6(c) shall restrict the Optionee from selling, transferring or otherwise disposing of such Shares at any time, but only from holding such Shares in other than his or her own name.

7. Recapitalizations, Reorganizations, Changes in Control and the Like. Adjustments and other matters relating to recapitalizations, reorganizations, sale of the assets of the Company, changes in control and the like shall be made and determined in accordance with Section 23 of the Plan, as in effect on the date of this Agreement.

8. No Special Employment or Other Contract Rights. Nothing contained in this Agreement shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment or consulting relationship of the Optionee for the period within which this Option may be exercised. However, during the period of the Optionee's employment or consulting relationship, the Optionee shall render diligently and faithfully the services which are assigned to the Optionee from time to time by the Board of Directors or by the executive officers of the Company, provided that such services are consistent with the services usually required to be performed by the Optionee. The Optionee shall at no time take any action which directly or indirectly would be inconsistent with the best interests of the Company.

9. Withholding Taxes. The Company's obligation to deliver Shares upon the exercise of the Option shall be subject to the payment by the Optionee of any applicable federal, state and local withholding tax. The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Optionee any federal, state or local taxes required to be withheld with respect to such payment. Subject to the right of the Committee to disapprove any such election and require the withholding tax in cash, the Optionee shall have the right to elect to pay the withholding tax with shares of Common Stock to be received upon exercise of the Option or which are otherwise owned by the Optionee. Any election to pay withholding taxes with stock shall be irrevocable once made.

10. Amendment and Waiver. This Agreement may be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may be given, provided that the same are in writing and signed by the parties.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

12. Notices. Any notices or other communications required to be given hereunder shall be given by hand delivery or by first class mail with all fees prepaid and addressed, if to the Company, to it at its principal place of business, Attn: President, and if to Optionee, to him at the address set forth in the signature page hereto.

13. Qualification under Section 422. Under certain circumstances, the Company may designate an option granted under the Plan to be an "incentive stock option" as defined in Section 422 of the Code. Such designation by the Company shall be set forth on the Notice. If such designation has been set forth in the Notice for the Option granted hereunder, the Optionee understands that in order to obtain the benefits of an incentive stock option under Section 421 of the Code, no sale or other disposition may be made of any Shares acquired upon exercise of the Option within the one-year period beginning on the day after the day of the transfer of such Shares to him or her, nor within the two-year period beginning on the day after the grant of the Option. If the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any such Shares within said periods, he or she will notify the Company within thirty (30) days after such disposition.

[FOR USE ONLY UPON THE EXERCISE OF THE OPTION]

ANNEX A
TO STOCK OPTION AGREEMENT

Gentlemen:

In connection with the exercise by me as to the number shares of common stock of Ocular Therapeutix, Inc. (the "Company") on the signature page below under the applicable stock option agreement, I hereby acknowledge that I have been informed as follows:

1. The shares of common stock of the Company to be issued to me pursuant to the exercise of said option have not been registered under the Securities Act of 1933, as amended (the "Act"), and accordingly, must be held indefinitely unless such shares are subsequently registered under the Act, or an exemption from such registration is available.

2. Routine sales of securities made in reliance upon Rule 144 under the Act can be made only after the holding period and in limited amounts in accordance with the terms and conditions provided by that Rule, and in any sale to which that Rule is not applicable, registration or compliance with some other exemption under the Act will be required.

3. The Company is under no obligation to me to register the shares or to comply with any such exemptions under the Act.

4. The availability of Rule 144 is dependent upon adequate current public information with respect to the Company being available and, at the time that I may desire to make a sale pursuant to the Rule, the Company may neither wish nor be able to comply with such requirement.

5. In consideration of the issuance of certificates for the shares to me, I hereby represent and warrant that I am acquiring such shares for my own account for investment, and that I will not sell, pledge or transfer such shares in the absence of an effective registration statement covering the same, except as permitted by the provisions of Rule 144, if applicable, or some other applicable exemption under the Act. In view of this representation and warranty, I agree that there may be affixed to the certificates for the shares to be issued to me, and to all certificates issued hereafter representing such shares (until in the opinion of counsel, which opinion must be reasonably satisfactory in form and substance to counsel for the Company, it is no longer necessary or required) a legend as follows:

> "The shares of common stock represented by this certificate have not been registered under the Securities Act of 1933, as amended, and were acquired by the registered holder, pursuant to a representation and warranty that such holder was acquiring such shares for his own account and for investment, with no intention to transfer or dispose of the same, in violation

of the registration requirements of that Act. These shares may not be sold, pledged, or transferred in the absence of an effective registration statement under the Securities Act of 1933, as amended, or an opinion of counsel, which opinion is reasonably satisfactory to counsel to the Company, to the effect that registration is not required under said Act."

6. I further agree that the Company may place a stop order with its Transfer Agent, prohibiting the transfer of such shares, so long as the legend remains on the certificates representing the shares.

OPTION EXERCISE INFORMATION

Print Name (for Stock Certificate): _____
Address: _____
Tax ID (Social Security): _____
Option Grant Date: _____
Number of Shares Exercised: _____
Exercise Price Per Share: _____
Total Exercise Price: _____
Date of Exercise and Payment: _____

Very truly yours,

_____
Sign here

STOCK REPURCHASE AGREEMENT

This Stock Repurchase Agreement (the "Agreement"), made and entered into on the date set forth below by and between Ocular Therapeutix, Inc., a Delaware corporation with its principal place of business in 36 Crosby Drive, Suite 101, Bedford, MA 01730 (the "Company") and the party designated on the signature page below (the "Participant").

WITNESSETH:

WHEREAS, the Company has granted to the Participant and the Participant has this day purchased from the Company shares of the Company's common stock, par value $.0001 per share (the "Shares"), in amounts as at a price per share as set forth below, pursuant to the Company's 2006 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Plan provides that the Company may have the right to repurchase the Shares in accordance with a separate Stock Repurchase Agreement with each Participant; and

WHEREAS, a condition to the grant of the Shares to the Participant is that the Participant execute this Agreement;

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

1. Right to Repurchase Upon Termination of Relationship. In the event Participant's relationship with the Company terminates, for any reason whatsoever, whether due to voluntary or involuntary action, death, disability or otherwise, the Company shall have the right to repurchase at the original price paid therefor all or any portion of the Shares that are not Vested Shares (as defined in Section 4 below), which right may be exercised at any time and from time to time within ninety (90) days after the date of such termination.

2. Acceleration Upon Change of Control. In the event there shall occur the closing of an Acquisition, [ ] ([ ]%) of the remaining Shares that are not Vested Shares immediately prior to such closing shall immediately be deemed to become Vested Shares, pursuant to the terms of the Plan.

[Notwithstanding the above, in the event that the Participant's relationship with the Company is terminated by the Company (which shall include for purposes of this section any successor entity) without Cause or by the Participant due to Good Reason within one (1) year following an Acquisition, then [____] Shares that are not yet Vested Shares shall be deemed to become Vested Shares, pursuant to the terms of the Plan.

For the purpose of this Section 1, "Cause" shall mean the occurrence of any of the following: (i) the Participant's willful failure (other than as a result of illness or disability), neglect or refusal to carry out the written Company policies or the reasonable and lawful instructions of the President or Board of Directors; (ii) a material breach by Participant of his obligations under the Company's proprietary information and inventions agreement; (iii) the Participant's conviction of, or pleading guilty or no contest to, a felony; (iv) a willful act or omission by the Participant against the interests of the Company or which causes or is intended to cause substantial harm to the Company or its stockholders; or (v) the commission by the Participant of an act of fraud or embezzlement upon the Company.

For the purpose of this Section 1, "Good Reason" shall mean the occurrence of any of the following circumstances without the Participant's express written consent: (i) a material reduction in Participant's position in responsibilities or compensation relative to his then current position in responsibilities or compensation, (ii) breach by the Company of its obligation to pay the Participant's compensation, or (iii) Participant's relocation to, or requirement to perform significant services at, a facility or location more than sixty (60) miles from his then-current work location.]

3. Exercise of Right of Repurchase. The Company may exercise its right of repurchase by providing written notice to the Participant stating the number of Shares to be repurchased, the aggregate price to be paid (the "Repurchase Price") and the date (the "Repurchase Date") such repurchase shall occur (which shall be a date not fewer than five (5) and not more than thirty (30) days from the date of such notice). On the Repurchase Date, the Company shall deliver the Repurchase Price to the Participant, by check or wire of immediately available funds, against delivery of the certificate or certificates representing the Shares to be repurchased and duly endorsed stock powers.

4. Vesting of Shares. So long as the Participant continues his or her relationship with the Company, the Shares will be deemed to become "Vested Shares" as set forth on the signature page below.

5. Restrictions on Transfers. Other than as set forth herein, Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer"), any of the Shares, or any interest therein, unless and until such Shares are Vested Shares. Thereafter, if, at any time after the date of this Agreement, Participant or Participant's transferee desires to sell or transfer Shares, Participant shall first offer such Shares for sale to the Company by means of a written notice (the "Transfer Notice") stating the name and address of each proposed transferee and the terms and conditions upon which Purchaser proposes to dispose of such Shares. For a period of thirty (30) days following receipt by the Company of the Transfer Notice, the Company shall have the right to purchase such Shares upon the same terms as (or terms as similar as reasonably possible to) the terms contained in the Transfer Notice (the "Right of First Refusal"). If the Company desires to exercise the Right of First Refusal, it shall so notify the Participant in writing within such thirty-day period. In the event the

Shares are not disposed of on the terms proposed in the Transfer Notice within thirty (30) days following the lapse of the right of first refusal, or if at any time Purchaser proposes to change the price or other terms to make them more favorable to the buyer, then the Shares shall once again be subject to the right of first refusal. Thereafter, such Shares may be transferred only pursuant to the specific terms and conditions set forth in the Corporation's Right of First Refusal and Co-Sale Agreement, between the Corporation and its stockholders, as may be established, amended or restated from to time. The Participant shall execute a counterpart signature page to such Agreement, or any such amendments and restatements, as may be requested by the Corporation from time to time.

6. Term. This Agreement shall terminate immediately prior to (a) the consummation of the Company's initial public offering of equity securities under Securities Act of 1933, as amended, or (b) the tenth anniversary of the date of this Agreement, whichever occurs first.

7. Failure to Deliver Shares. If the Participant becomes obligated to sell any Shares to the Company under this Agreement and fails to deliver such Shares in accordance with the terms of this Agreement, the Company may, at its option, in addition to all other remedies it may have, send to the defaulting Participant the purchase price for such Shares as is herein specified. Thereupon, the Company, upon written notice to the defaulting Participant, shall cancel on its books the certificate or certificates representing the Shares to be sold, and all of the defaulting Participant's rights in and to such Shares shall terminate.

8. Specific Enforcement. The Participant expressly agrees that the Company may be irreparably damaged if this Agreement is not specifically enforced. Upon a breach or threatened breach of the terms, covenants and/or conditions of this Agreement by Participant, the Company shall, in addition to all other remedies, each be entitled to apply for a temporary or permanent injunction, and/or a decree for specific performance, in accordance with the provisions hereof.

9. Legend. Each certificate evidencing any of the Shares now owned or hereafter acquired by the Participant shall bear a legend substantially as follows:

"Any sale, assignment, transfer or other disposition of, or the voting of, the shares represented by this certificate is restricted by, and subject to, the terms and provisions of a certain Stock Repurchase Agreement. A copy of said Agreement is on file with the Secretary of the Corporation."

10. Notices. Notices given hereunder shall be deemed to have been duly given on the date of personal delivery or on the date of postmark if mailed by certified or registered mail, return receipt requested, to the party being notified at his, her or its address specified on the signature page hereto or such other address as the addressee may subsequently notify the other parties of in writing.

11. Entire Agreement and Amendments. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and neither this Agreement nor any provision hereof may be waived, modified, amended or terminated except by a written agreement signed by the parties hereto. No waiver of any breach or default hereunder shall be considered valid unless in writing, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

12. Governing Law; Successors and Assigns. This Agreement shall be governed by the internal laws of the Commonwealth of Massachusetts without giving effect to the conflicts of laws principles thereof and, except as otherwise provided herein, shall be binding upon the heirs, personal representatives, executors, administrators, successors and assigns of the parties.

13. Severability. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this Agreement, and this Agreement shall be carried out as if any such illegal, invalid or unenforceable provision were not contained herein.

14. Captions. Captions are for convenience only and are not deemed to be part of this Agreement.

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

* * *

OCULAR THERAPEUTIX, INC.

Stock Repurchase Agreement

Specific Terms and Counterpart Signature Page

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth below.

Number of Shares: _____

Price Per Share: _____

Vesting Commencement Date _____

Vesting [Insert Vesting Schedule.]

COMPANY:

OCULAR THERAPEUTIX, INC.

By: _____
Name:
Title:

PARTICIPANT:

_____

Print Name: _____

Date: _____

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

CONFIDENTIAL TO INCEPT, LLC,
AND OCULAR THERAPEUTIX, INC.

AMENDED AND RESTATED LICENSE AGREEMENT

This AMENDED AND RESTATED LICENSE AGREEMENT ("Agreement") is made and entered into as of January 27, 2012 ("Effective Date"), between Incept LLC, a Delaware Limited Liability Company with its principal place of business in Mountain View, California ("Incept"), and Ocular Therapeutix, Inc., formerly Ocular, Inc., a Delaware corporation with its principal place of business in Bedford, Massachusetts ("Ocular").

RECITALS

WHEREAS, Incept is an intellectual property holding company owning certain technology and patent rights that it is desirous to exclusively license to Ocular within a specified Field of Use (as defined below);

WHEREAS, Ocular desires to license and use the technology and patent rights from Incept on an exclusive basis for the purpose of developing and commercializing products within the specified Field of Use;

WHEREAS, Incept and Ocular are parties to a License Agreement ("Original License") having an effective date of April 12, 2007; and

WHEREAS, Incept and Ocular desire modify the Field of Use, confirm the expiration of (former) Section 4, and update Exhibit A, respectively, in the Original License;

NOW THEREFORE in consideration for the mutual covenants contained herein, Incept and Ocular hereby agree that the Original License shall be amended and restated as follows:

AGREEMENT

1.0 Definitions As used herein, the following terms shall have the designated meanings:

1.1. "Affiliate" means any corporation or other entity that is directly or indirectly controlled by, or under common control with Ocular. For purposes of this definition, "control" shall mean the direct or indirect ownership of at least fifty percent (50%) of the shares or other equity interests of the subject entity entitled to vote in the election of directors, or in the case of an entity that is not a corporation, for the election of the corresponding managing authority.

1.2. "Field of Use" means the research, design, development, manufacturing and commercialization of products that are delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to Ophthalmic diseases or conditions.

1.3. "Licensed Methods" means any processes or methods whose use or practice would constitute an infringement of a Valid Claim.

1.4. "Licensed Patent(s)" means, subject to the provisions of Section 5.3, (a) the patents and patent applications listed in Exhibit A, and any patents issuing there from and reissues thereof, (b) any patent or patent application, including provisional applications, that is assigned or obligated to be assigned by Ocular to Incept pursuant to Section 2.6 of this Agreement, (c) any patents or patent applications that claim priority, whether directly or through other patents or patent applications, to any of the foregoing patents and patent applications, and (d) the non-U.S. counterparts of any of the foregoing patents and patent applications.

1.5. "Licensed Products" means products, devices, materials, including components thereof and methods of their manufacture, that are designed or developed by or for Ocular and intended for use in the Field of Use, and including methods of their use within the Field of Use, which are covered, or the use of which is covered, by one or more Valid Claims of a Licensed Patent or that incorporate or use the Licensed Technology.

1.6. "Licensed Technology" means all proprietary materials and knowledge transferred from Incept to Ocular in the Field of Use, including without limitation trade secrets, formulas, test results, reports, models, samples, formulations, chemical protocols, clinical results, lists of service providers, and know-how.

1.7. "Net Sales" means all gross revenues actually received by Ocular and its Affiliates from the sale of Licensed Products, less (a) normal and customary rebates, and cash and trade discounts, (b) sales, use, withholding and/or other excise taxes or duties actually paid, (c) the cost of any packages and packing separately billed and paid, (d) insurance costs and outbound transportation charges prepaid or allowed, (e) import and/or export duties actually paid, and (f) amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

1.8. "Ocular Patent Application" means any patent application filed at any time and in any country for which one or more inventors are under an obligation of assignment to Ocular.

1.9. "Sublicensee" means a party that sublicenses a Licensed Patent or Licensed Technology from Ocular.

1.10. "Valid Claim" means a claim of an issued and unexpired Licensed Patent that has not been held invalid in an unappealed or unappealable final decision rendered by a court of competent jurisdiction.

2.0 License Terms

2.1 License Grant Incept hereby grants to Ocular and any Affiliate an exclusive, except as provided for in Section 2.5, royalty-bearing, non-transferable, except as provided in Section 9.1, worldwide, perpetual, irrevocable license, subject to the terms and conditions of this Agreement, in order to make, have made, use, offer for sale, sell, sublicense, have sublicensed, offer for sublicense and import Licensed Products, and to practice and have practiced Licensed Methods and Licensed Technology, in the Field of Use.

2.2 Scope of License The scope of the license granted to Ocular and any Affiliate in Section 2.1 of this Agreement is intended to cover any customer, direct or indirect, of products, components or materials manufactured by or for Ocular and/or any Affiliates and/or Sublicensee, provided, however that the inventions, discoveries and information covered by the Licensed Technology, Licensed Patents or Licensed Methods may only be practiced by Ocular, its Affiliates, Sublicensees, and/or such direct or indirect customers, in connection with the application or use of such products, components, or materials in the Field of Use.

2.3 Right to Sublicense; Affiliate bound by Agreement Ocular and any Affiliate may grant sublicenses within the Field of Use provided that such Sublicensee agrees in writing to be bound by this Agreement to the same extent as Ocular. Any Affiliate of Ocular is also bound by this Agreement to the same extent as Ocular.

2.4 Patent Marking Ocular shall mark all Licensed Products, or the packaging thereof, with an appropriate patent marking for all patents issued or pending from the Licensed Patents as provided for under the laws of the countries in which such products are licensed.

2.5 Exceptions to Exclusivity of Grant US Patent No. 6,632,457 and foreign counterparts thereof, including CA 2,339,482, EP 99941154.9, ad JP3000-564591, and any other US and foreign patent applications that claim priority thereto (collectively, "the '457 patent family"), are the subject of a prior, nonexclusive license grant from Incept to Genzyme Corporation without any restriction as to field of use.

2.6 New Patent Applications Ocular shall assign to INCEPT its rights in any Ocular Patent Application, regardless of the filing or priority date of such patent application.

3.0 Consideration and Royalties

3.1 License Fee to Incept In consideration of the rights and Licenses granted by Incept to Ocular under this License, Ocular has previously granted to Incept 1,169,700 fully paid and non-assessable shares of Ocular common stock, par value $0.001 per share, which prior stock grant is hereby confirmed by Incept.

3.2 Royalty In further consideration of the rights and Licenses granted by Incept to Ocular under this Agreement, Ocular agrees to pay to Incept a royalty of [**] percent ([**]%) of Net Sales of Licensed Products.

3.3 Non-Royalty Sales No royalty shall be payable under Section 3.2 with respect to sales of Licensed Products among Ocular and its Affiliates for resale; nor shall a royalty be payable hereunder with respect to sales of Licensed Products for use in research and/or development, in clinical trials or as samples.

3.4 Royalty Term The royalties under Section 3.2 shall be payable only for Net Sales of Licensed Products commencing with the date of the first commercial sale of such Licensed Products and until the expiration of the last to expire of the patents within the Licensed Patents.

3.5 Reports Beginning with the first accrual of Net Sales on which a royalty is due hereunder, Ocular shall provide to Incept a quarterly royalty report, as follows: Within thirty (30) days after the end of each calendar quarter, Ocular shall deliver to Incept a royalty report, stating (a) the total of Net Sales; (b) the calculation of royalties; and (c) the total royalties so calculated and due to Incept. Simultaneously with the delivery of each such report, Ocular shall pay to Incept the total royalties, if any, due to Incept for the period of such report. If no royalties are due, Ocular shall so report. Incept shall not provide to third parties any information contained in reports provided to Ocular hereunder, without the prior written permission of Ocular.

3.6 Payments All amounts payable hereunder by Ocular shall be payable in United States Dollars. If any currency conversion shall be required in connection with the payment of royalties hereunder, such conversion shall be made by using the exchange rates used by Ocular in calculating Ocular's own revenues for financial reporting purposes. Any withholding or other tax that Ocular or any of its Affiliates are required by law to withhold and pay on behalf of Incept shall be deducted from said royalties and paid to the taxing authority. In regard to any tax so deducted, Ocular shall furnish Incept with proper evidence of the taxes paid.

4.0 Representations and Indemnification

4.1 Representations Each party hereto represents that it has the requisite power and authority, corporate and otherwise, to execute and perform under this Agreement.

4.2 Indemnification Ocular will indemnify and hold harmless Incept, its shareholders, officers, agents, and employees from and against any and all loss, damage, claim, injury, cost or expense, including reasonable attorneys' fees, either awarded as damages or incurred as part of Incept's or Ocular's defense, and expenses of litigation, in connection with (i) any litigation related to the sale of Licensed Products, including product liability litigation, except to the extent that such litigation is caused by willful acts of Incept, its officers, agents, or employees; or (ii) any claim, suit, demand or allegation that the design, use, sale, manufacture, or application of Licensed Products infringes any patent or other intellectual property right of any third party.

5.0 Patent Ownership, Prosecution, and Notice

5.1 Prosecution Incept has and shall continue to have sole control and responsibility for ongoing prosecution of the Licensed Patents in all countries, including the payment of maintenance and annuity fees, and for the filing of any new, divisional, continuation, continuation-in-part or reissue application that claims priority to an existing Licensed Patent. Incept will promptly provide copies to Ocular of any correspondence submitted to, or received from, the United States Patent and Trademark Office ("PTO"), non-U.S. counterparts of the PTO, and appointed representatives ("foreign associates") handling prosecution of non-U.S. Licensed Patents on behalf of Incept. Incept will also provide by email or other essentially

contemporaneous means, at least one month in advance of any deadline for submission, any proposed communication to the PTO, non-U.S. counterpart of the PTO, or foreign associate regarding any Licensed Patent. Ocular will provide Incept with input regarding the proposed communication at least two weeks prior to the submission deadline. Notwithstanding the foregoing, in the event a deadline for responding to a communication from any patent office is less than six weeks from the mailing date of the communication, Incept will provide its proposed response at least two weeks in advance of the submission deadline, and Ocular will provide Incept with input regarding the proposed response at least one week prior to the submission deadline. Incept will evaluate timely received input from Ocular regarding any proposed submission and, based on the business judgment of Incept, and at Incept's sole discretion, modify the proposed communication accordingly. Ocular will promptly provide Incept with any materials known to Ocular that may reasonably be required under 37 CFR 1.56 to be submitted to the PTO in an Information Disclosure Statement for a Licensed Patent. Incept will not allow a Licensed Patent to become abandoned without providing at least one month's written notice to Ocular in advance of any deadline for making a submission or payment of fee required to maintain such patent, should Incept determine it does not desire to continue the prosecution, appeal, or maintenance thereof. Upon receipt of such notice, Ocular may request in writing that Incept continue the prosecution, appeal, or maintenance of such patent, at Ocular's expense as provided in Section 5.2, and Incept will do so long as such written notice from Ocular is received not less than one week before the respective deadline.

5.2 Fees Subject to Section 5.3, within 30 days of receiving an invoice from Incept for same, Ocular shall reimburse Incept for its share of the reasonable fees and costs incurred by Incept for the prosecution of the Licensed Patents on or after the execution date of this Agreement, including maintenance fees and annuities. Ocular's share of such fees and costs for a given Licensed Patent shall be equal to 1/x, where "x" equals the number of exclusive licensees of that Licensed Patent. Upon reasonable request by Ocular, Incept will provide an accounting of its fees and costs incurred for, and a listing of all exclusive licensees of, the Licensed Patents. Incept will itemize each invoice seeking reimbursement to show the total amount paid by Incept and the amount owed by Ocular for its share for each Licensed Patent.

5.3 Election of Licensed Patents Ocular may, by written notification to Incept, designate the patent or serial numbers of one or more patents and patent applications in any country to be removed from the Licensed Patents, and for which it will no longer be a licensee. Ocular will not be responsible for any prosecution costs, maintenance fees or annuities incurred for the removed patents and applications as provided for in Section 5.2 after delivery of such written notification to Incept, except that such notice must be received by Incept at least one month in advance of the deadline for submission of any maintenance fee or annuity payment. In the event Incept files a patent application, including without limitation any divisional, continuation, continuation-in-part or reissue application, which claims priority to a Licensed Patent, or to a patent or application previously removed from the list of Licensed Patents, Incept shall provide notice of same to Ocular, and Ocular shall have up to thirty days to request such new application be deleted from the list of Licensed Patents, in which case Ocular will not be responsible for any costs borne by Incept related to the new application.

5.4 Small Entity Status Change Ocular shall notify Incept immediately in writing should Ocular no longer qualify for small entity status under the PTO rules and regulations, including upon undertaking an obligation to assign this Agreement (subject to Section 9.1) or sublicense any of the Licensed Patents to a party in which such obligation to assign or sublicense may possibly disqualify Ocular or Incept from such small entity status with respect to such Licensed Patents.

5.5 Licensed Patents The Licensed Patents shall continue to be owned by Incept. Nothing herein shall be read to constitute an assignment or transfer of any rights to the Licensed Patents from Incept to Ocular or any third party except for the license within the Field of Use explicitly granted herein.

6.0 Patent Infringement

6.1 Right of Patent Enforcement in Field of Use Ocular shall have the right to bring suit against third parties who infringe a Licensed Patent in the Field of Use, provided that, before communicating to any third party about the possible infringement of a Licensed Patent, and/or filing a complaint in any court alleging infringement of a Licensed Patent by a third party, Ocular must first notify Incept in writing. If requested by either party, Ocular and Incept agree

to enter into a Joint Defense and Prosecution Agreement, the same or substantially similar to that provided in Exhibit B, for the purpose of allowing the parties to share confidential and attorney-client privileged information regarding the possible infringement of one or more Licensed Patents by third parties in the Field of Use. Notwithstanding the foregoing, if Ocular has reason to believe that one or more other exclusive licensee and/or Sublicensee of the Licensed Patents are infringing the Licensed Patents in the Field of Use, Ocular shall notify Incept and such other licensee(s) and/or Sublicensee(s) of same in writing. Within 10 days of receiving such notice, Incept and Ocular shall commence good faith discussions with such other licensee(s) and/or Sublicensee(s) in an effort to settle the matter without litigation. In the event such discussions are not successful, and not less than ninety days after providing such notice, Ocular may then bring an infringement suit against such other licensee(s) and/or Sublicensee(s) of the Licensed Patents.

6.2 Costs of Litigation; Allocation of Recoveries All costs of prosecuting any infringement action brought by Ocular against a third party pursuant to Section 6.1 will be borne by Ocular, and Ocular is entitled to any recovery it obtains as a result of such infringement action, whether by settlement or judgment.

6.3 Cooperation in Litigation At the request and expense of Ocular, Incept agrees to be joined as a party in any suit or other enforcement, defense or maintenance action brought by Ocular against a third party, including any other licensee or Sublicensee, pursuant to Section 6.1, and to reasonably cooperate with Ocular in such proceeding.

6.4 Settlement Incept and Ocular agree not to settle any suit or other enforcement, defense or maintenance action brought by Ocular against a third party pursuant to Section 6.1 with the prior written consent of each other, provided such consent shall not be unreasonably withheld.

6.5 Notification Involving a Licensed Patent Incept will promptly notify Ocular if Incept is aware of any pleading filed in any court that alleges infringement, invalidity or unenforceability of a Licensed Patent, or of any request for reexamination, reissue, interference or other post issuance challenge in any patent office of a Licensed Patent.

6.6 Right of Participation Nothing in this Agreement prevents Incept or Ocular from joining any action involving the Licensed Patent, and each of Incept and Ocular each agree to not

contest the joining of any action involving a Licensed Patent by any exclusive licensee of a Licensed Patent in any field of use, in which case all parties to such action may also agree in writing as to allocations of costs and expenses, as well as any recoveries, whether by settlement or judgment.

7.0 Confidential Information

7.1 Definition As used in this Section 7, "Confidential Information" shall mean any information of a party disclosed to the other party during the term of this Agreement, which is identified as confidential to the disclosing party, including, but not limited to: trade secrets; data, technical processes and chemical processes, suppliers, customers, polymer chemistry; sales, cost and other unpublished financial information; product and business plans and projections; marketing data; client and user lists and information; and this Agreement and all Exhibits hereto. To be within the foregoing definition, such information shall be disclosed in writing and specifically identified that information which is confidential. "Confidential Information" shall not include information that: (a) is known or becomes known to the recipient directly or indirectly from a third-party source other than one having an obligation of confidentiality to the disclosing party; (b) is or becomes publicly available or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the recipient; or (c) is or was independently developed by the recipient without use of or reference to the disclosing party's Confidential Information, as shown by evidence in the recipient's possession and satisfactorily demonstrated to the disclosing party.

7.2 Non-Disclosure/Non-Use Obligations Each party agrees, for a period of three (3) years after disclosure of Confidential Information, to hold and maintain all such Confidential Information of the other party in confidence to the same extent that it protects its own similar Confidential Information, but with no less than a reasonable degree of care, and to use such Confidential Information only as permitted under this Agreement. Each party agrees to take all reasonable precautions to prevent any unauthorized disclosure or use of the other party's Confidential Information including, without limitation, disclosing such Confidential Information only to its employees or contractors: (a) who have a need to know to further permitted uses of such information; (b) who are informed of the nondisclosure/non-use obligations imposed by this

Section 7.2; and (c) who are parties to appropriate written agreements sufficient to comply with the obligations imposed by this Section 7.2. The parties acknowledge and agree that each may disclose Confidential Information: (x) as required by law or the rules of any applicable securities exchange; (y) to their respective directors, officers, employees, attorneys, accountants, advisors, potential investors and strategic partners who are under an obligation of confidentiality, on a "need-to-know" basis; or (z) pursuant to an enforceable order of a court or government agency having appropriate jurisdiction, provided that each party will limit disclosure to that purpose and apply all appropriate judicial safeguards, *provided*, *however*, that in the event a party is required to disclose the other party's Confidential Information as required by law, such party will, as soon as practicable prior to such disclosure, provide the other party with prompt written notice of such requirement to enable it to seek a judicial protective order.

8.0 Termination

8.1 Term Unless terminated earlier pursuant to Section 8.2 or Section 8.3, this Agreement expires upon the expiration of the last Valid Claim.

8.2 Breach of Agreement In the event a party breaches any material obligation under this Agreement or any provision hereof and fails to cure such breach within sixty (60) days after receipt of notice thereof from the non-breaching party, the non-breaching party shall have the right to terminate this Agreement immediately upon notice to the breaching party.

8.3 Bankruptcy In the event a party files a voluntary petition for bankruptcy, has an involuntary petition for bankruptcy filed against it which is not dismissed within sixty (60) days, makes an assignment for the benefit of its creditors, or has a receiver appointed for all or a portion of its property, the party not experiencing such event shall have the right to terminate this Agreement immediately upon notice to the party experiencing such event. All rights and licenses granted under or pursuant to this Agreement by Incept to Ocular are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The parties agree that Ocular, as a licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code.

8.4 Effect of Termination The provisions of Sections 1, 4, 7, 8.4 and 9, along with any payment obligation owed under Section 3 as of the date of termination or expiration, shall survive any termination or expiration of this Agreement. Section 7 shall survive for a period of three (3) years following the date of last disclosure of any Confidential Information. Termination or expiration of this Agreement shall not relieve either party of any obligation which has accrued prior to such termination or expiration. Notwithstanding the foregoing, upon the expiration, but not the earlier termination of this Agreement, Ocular shall have an exclusive, fully paid-up right and license to use and exploit the Licensed Technology within the Field of Use.

9.0 Miscellaneous Provisions

9.1 Prior Written Consent This Agreement may not be assigned by either party without the prior written consent of the non-assigning party, except to a third party that succeeds to all or substantially all of the assigning party's business or assets relating to this Agreement whether by sale, merger, operation of law or otherwise; provided that such assignee or transferee promptly agrees in writing to be bound by the terms and conditions of this Agreement.

9.2 No Joint Venture The parties have entered into this Agreement solely as independent contractors and nothing contained herein shall be construed as giving rise to joint venture, partnership or other form of business organization.

9.3 Written Notices All notices given hereunder shall be in writing and sent by certified mail, return receipt requested, addressed as follows, provided that a party may change its address for notice by notice thereof. Addresses are: Incept LLC, 645 Clyde Avenue, Mountain View, CA 94043; and Ocular Therapeutix, Inc., 36 Crosby Drive, Suite 101, Bedford, MA 01730.

9.4 Governing Law This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware. The parties agree to submit to the jurisdiction of the State of Delaware.

9.5 Invalidity of Provisions In the event any provision of this Agreement shall be held to be invalid or unenforceable in whole or in part, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect, and such invalid or unenforceable provision shall be enforced to the maximum extent permissible.

9.6 Headings The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in any construction or interpretation of this Agreement.

9.7 Entire Agreement This Agreement and its Exhibits constitute the entire agreement between the parties concerning its subject matter and supersedes any prior or contemporaneous agreements and understandings in connection therewith, including the Original License dated April 12, 2007. This Agreement may be amended, waived or revoked only by a written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals under seal as of the date first written above.

/s/ Fred Khosravi
Fred Khosravi
General Partner
Incept, LLC

/s/ Amar Sawhney
Amar Sawhney
President and CEO
Ocular Therapeutix, Inc.

EXHIBIT A

Licensed Patents

Ref. No.	Matter	Inventors	Serial No. (Filing Date)	Priority	Status

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of nine pages were omitted. [**]

EXHIBIT B

JOINT DEFENSE AND ENFORCEMENT AGREEMENT

RECITALS

Whereas Incept, LLC ("Incept"), and Ocular Therapeutix, Inc. ("Ocular"), have entered into a certain Amended and Restated License Agreement in which Incept has granted an exclusive license to Ocular to certain patents and patent applications in a specified field of use,

Whereas Incept and Ocular desire to enjoy the commercial and legal rights and privileges associated with the aforesaid patent and patent applications,

Whereas Incept and Ocular have a common interest in exchanging information to enforce these legal rights and privileges, and in the exchange of all such information that may be relevant in the pursuit of these legal rights and privileges, and

Whereas the parties are represented by legal counsel for enforcing these rights and privileges, and the sharing of relevant information is in the parties' common interest reasonably necessary to achieve the purpose for which their attorneys were engaged;

Now therefore, the parties hereto hereby agree as follows:

JOINT AGREEMENT

1.0 Definitions shall be as set forth in the Amended and Restated License Agreement, with additional definitions, for purposes of this Joint Defense and Enforcement Agreement only, being:

1.1 Joint Agreement shall mean this Joint Defense and Enforcement Agreement.

1.2 Information means any information, written or oral, including, but not limited to: documents, electronic data, emails, telephone logs, conversations, memos, opinions, analysis, reports, annotations or comments, and tests.

1.3 Shared Information means Information possessed by a Party as a result of the gathering or transfer of Information under this Joint Agreement that, as to a Party, either individually or jointly, is subject to attorney client privilege or attorney work product.

1.4 Parties means Incept and Ocular, and attorneys, agents, employees, consultants, or representatives thereof, and combinations of the same.

1.5 Party means an entity that is one of the Parties.

1.6 Counsel means an attorney or an agent for an attorney.

1.7 Common Interest means a common legal interest formed between Parties, either before or after the execution of the Joint Agreement, including, but not limited to, attorney-client privilege, attorney work product, joint defense privilege, and/or joint attorney work product.

2.0 Confidentiality

2.1 Duration All Shared Information disclosed by a Party pursuant to this Agreement will be held to be confidential by the other Parties as long as necessary to effectuate the purposes of this Joint Agreement and/or preserve the confidentiality of Shared Information.

2.2 Limited Disclosure Counsel for Parties will be directed to limit disclosure of Shared Information disclosed pursuant to this Joint Agreement to attorneys and agents for the attorneys that are actually using the Information for legal representation of a client.

3.0 Joint Defense The Parties agree to cooperate with respect to the sharing of Information as necessary to defend a patent application or patent that is the subject of a license between Incept and Ocular.

4.0 Joint Enforcement The Parties agree to cooperate with respect to the sharing of Information as necessary to enforce a patent application or patent that is the subject of a license between Incept and Ocular.

5.0 Information related to other matters The Parties agree to cooperate with respect to the sharing of Information as necessary to accomplish their mutual purposes, and recognize that the scope of discovery and additional legal claims that may be litigated in association with the matters described herein may require disclosure of Information not directly related to patent matters.

6.0 Cooperation in Litigation Incept and Ocular agree to cooperate in Litigation as set forth in Section 6.3 of the Amended and Restated License Agreement.

7.0 Disclaimers and Waivers

7.1 Attorney-Client relationships Attorney-Client relationships will not be created by a Common Interest. An attorney-client relationship may be formed between a Party and a Counsel before formation of a Common Interest, or by a writing executed by a Counsel and by a Party after formation of a Common Interest. Each Party is represented solely by their own Counsel, unless otherwise specifically agreed in writing.

7.2 Disqualification Waiver Information shared pursuant to this Joint Agreement will not be a basis for disqualifying representation of a Party to this Joint Agreement by a particular attorney or law firm that is otherwise in conformance with this Joint Agreement and applicable rules of professional responsibility.

7.3 Existence of Common Interest Execution of this Joint Agreement is not an admission that a prior Common Interest does not already exist.

8.0 Termination and Miscellaneous Provisions

8.1 Non-severance of Confidentiality Confidentiality terms of this Joint Agreement shall survive its termination.

8.2 Settlement Settlement of a legal claim by a Party is not a basis for disclosing Shared Information.

8.3 Prior Written Consent. This Joint Agreement may not be assigned by either party without the prior written consent of the non-assigning party, except to a third party that succeeds to all or substantially all of the assigning party's business or assets relating to this Joint Agreement whether by sale, merger, operation of law or otherwise; provided that such assignee or transferee promptly agrees in writing to be bound by the terms and conditions of the Joint Agreement.

8.4 No Joint Venture. Nothing contained herein shall be construed as giving rise to joint venture, partnership or other form of business organization.

8.5 Written Notices. All notices given hereunder shall be in writing by facsimile with proof of receipt and/or sent by certified mail, return receipt requested, addressed as follows, provided that a party may change its address for notice by notice thereof. Addresses are: Incept LLC, 645 Clyde Ave., Mountain View, CA 94043; and Ocular Therapeutix, Inc., 36 Crosby Drive, Suite 101, Bedford, MA 01730.

8.6 Governing Law. This Joint Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to that body of law known as "conflicts of law".

8.7 Invalidity of Provisions. In the event any provision of this Agreement shall be held to be invalid or unenforceable in whole or in part, the remainder of this Joint Agreement shall not be affected thereby and shall remain in full force and effect, and such invalid or unenforceable provision shall be enforced to the maximum extent permissible.

/s/ Fred Khosravi	/s/ Amar Sawhney
Fred Khosravi	Amar Sawhney
General Partner	President and CEO
Incept, LLC	Ocular Therapeutix, Inc.

LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Pages. The Phase I Premises and the Phase II Premises are depicted on the floor plan attached hereto as **Exhibit A,** and the Building is depicted on the site plan attached hereto as **Exhibit A-1.** The Reference Pages, including all terms defined thereon, are incorporated as part of this Lease.

1. **USE AND RESTRICTIONS ON USE.**

1.1. The Premises are to be used solely for general office, research and development, and light manufacturing purposes, all only to the extent permitted by applicable law (collectively, the "Permitted Uses"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them, or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose, or commit any waste. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained. Tenant shall comply with all applicable governmental laws, ordinances and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in the Building or appurtenant land, or in or upon, or in connection with, the Premises, caused or resulting from the specific use by Tenant, all at Tenant's sole expense. Notwithstanding the foregoing, Landlord shall be responsible for remedying any non-compliance with applicable governmental laws, ordinances and regulations in or about the Premises or the Building existing as of the Commencement Date upon receipt of a written notification of violation from the government entity with jurisdiction over such matter. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof. Notwithstanding the foregoing, following the Commencement Date with respect to the Phase I Premises and following the Phase II Commencement Date with respect to the Phase II Premises, Tenant shall be responsible for ensuring that the (a) Tenant's layout of its personal property, including without limitation, partitions, cubicles and equipment, but excluding the Landlord's Work, and (b) any alterations to the Phase I Premises and the Phase II Premises, respectively, comply with the Americans With Disabilities Act of 1990, and any amendments thereto, at Tenant's sole cost and expense. Subject to emergencies, Landlord's after-hours security measures and events beyond Landlord's reasonable control, Tenant shall have access to the Premises on a twenty-four (24) hour per day, seven (7) day per week basis; provided, however, that Tenant shall be responsible for furnishing its own security for the Premises at Tenant's sole cost and expense.

1.2. Tenant, except as provided herein, shall not and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees (collectively, the "Tenant Entities") to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes (collectively "Hazardous Materials"), presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for the Permitted Uses; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous Materials to contaminate the Premises, Building and appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 31) harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred from the delivery of any portion of the Premises until the later of (a) the end of the Term or (b) the end of Tenant's use or occupancy of the Premises by reason of any actual failure of Tenant to fully comply with all applicable Environmental Laws, or the presence, handling, use or disposition in or from the Premises of any Hazardous Materials by Tenant or any Tenant Entity in violation of applicable Environmental Laws or the provisions of this Lease, or by reason of any actual failure of Tenant to keep, observe, or perform any provision of this Section 1.2. Notwithstanding anything herein to the contrary, Tenant shall not be responsible for the costs or expenses incurred in connection with the removal or remediation of any Hazardous Materials not brought onto the Premises or the Building or appurtenant land by Tenant or any Tenant Entities or any incident of non-compliance with Environmental Laws existing as of the Commencement Date (unless caused by Tenant or any Tenant Entities following their initial entry upon the Parcel) or caused by any act or omission of the Landlord Entities.

1.3. During the Term, Tenant and the Tenant Entities will be entitled to the non-exclusive use, in common with others entitled thereto, of: (a) the common areas of the Building as they exist from time to time during the Term, including the common loading dock at the Building for shipping and receiving, subject to Landlord's rules and regulations regarding such use and provided that long term staging of packages and/or freight will not be permitted in the common loading dock area; (b) the Parking Facility (as hereinafter defined) serving the Building, subject to the terms and provisions of Article 30 and Landlord's rules and regulations regarding such use; (c) the full-service cafeteria located (i) between the buildings known as and numbered 20 Crosby Drive and 22 Crosby Drive (collectively, the "Amenity Complex"), and (ii) in the building located at 34 Crosby Drive, subject to Landlord's and any operator's rules and regulations regarding such use and subject to any expenses or fees charged by Landlord or such operator from time to time in connection therewith; (d) the conference center for the Crosby Corporate Center (the "Park") located within the Amenity Complex, subject to Landlord's and any operator's rules and regulations regarding such use and subject to any expenses or fees charged by Landlord or such operator from time to time in connection therewith; and (e) the fitness center for the Park located within the Amenity Complex, subject to Landlord's and any operator's rules and regulations regarding such use and subject to any expenses or fees charged by Landlord or such operator from time to time in connection therewith. Notwithstanding the foregoing, in no event will Tenant or the Tenant Entities park more vehicles in the Parking Facility than provided in the Reference Pages. Except as otherwise expressly set forth in this Lease, the foregoing shall not be deemed to provide Tenant with an exclusive right to any parking spaces or any guaranty of the availability of any particular parking spaces.

1.4. Tenant will not place on the exterior of the Premises (including both interior and exterior surfaces of doors and interior surfaces of windows) or on any part of the Building outside the Premises or any portion of the Premises visible from outside the Premises, any sign, symbol, advertisement or the like visible to public view outside of the Premises. Landlord will not withhold consent for any signs and lettering to the entry doors to the Premises, provided that such signs or lettering comply with law and conform to any sign standards of Landlord, and provided that Tenant has submitted to Landlord a plan or sketch in reasonable detail (showing, without limitation, size, color, location, materials and method of affixation) of the sign to be placed on such entry doors. Notwithstanding the foregoing to the contrary, Landlord shall provide Building standard signage for Tenant on the building directory and main entrance to the Premises, as well as interior directional signage in the Building, all at Landlord's sole cost and expense, all of which signage shall be non-exclusive.

2. **TERM.**

2.1. The Term of this Lease shall begin on the Commencement Date and shall terminate on the Termination Date, unless sooner terminated or extended pursuant to the provisions of this Lease. Landlord shall tender possession of (a) the Phase I Premises with the Landlord's Phase I Work to be performed by Landlord pursuant to **Exhibit B** substantially completed in a good and workmanlike manner and in compliance with all applicable laws, ordinances, codes and regulations, and (b) the Phase II Premises with the Landlord's Phase II Work to be performed by Landlord pursuant to **Exhibit B** substantially completed, as determined in accordance with **Exhibit B**, in a good and workmanlike manner and in compliance with all applicable laws, ordinances, codes and regulations. Tenant shall deliver a punch list of items not completed within thirty (30) days after Landlord tenders possession of each of the Phase I Premises and the Phase II Premises, respectively, and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of **Exhibit C** attached hereto, setting forth the Commencement Date, the Phase I Premises Rent Commencement Date, the Phase II Premises Commencement Date, the Phase II Premises Rent Commencement Date, the Termination Date and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum provided by Landlord shall be conclusively presumed to be agreed and correct.

2.2. Tenant agrees that in the event of the inability of Landlord to deliver possession of the Phase I Premises on the Phase I Premises Scheduled Commencement Date for any reason, Landlord shall not be liable for any damage resulting from such inability, but Tenant shall not be liable for any rent until the time when Landlord, after notice to Tenant, delivers possession of the Phase I Premises to Tenant. No such failure to give possession on the Phase I Premises Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that if Landlord is unable to deliver possession of the Phase I Premises within one hundred twenty (120) days after the Phase I Premises Scheduled Commencement Date (other than as a result of strikes, shortages of materials, holdover tenancies or similar matters beyond the reasonable control of Landlord and Tenant is notified by Landlord in writing as to such delay), Tenant shall have the option to terminate this Lease unless said delay is as a result of: (a) Tenant's failure to agree to plans and specifications and/or construction cost estimates or bids; (b) Tenant's request for materials, finishes or installations other than Landlord's

standard except those, if any, that Landlord shall have expressly agreed to furnish without extension of time agreed by Landlord; (c) Tenant's change in any plans or specifications; (d) performance or completion by a party employed by Tenant; or (e) any of the events described in section 4.3 of **Exhibit B** to this Lease (each of the foregoing, a "Tenant Delay"). If any delay is the result of a Tenant Delay, the Commencement Date under this Lease shall be accelerated by the number of days of such Tenant Delay. Tenant further agrees that in the event of the inability of Landlord to deliver possession of the Phase II Premises on the Phase II Premises Scheduled Commencement Date for any reason, Landlord shall not be liable for any damage resulting from such inability, but Tenant shall not be liable for any rent until the time when Landlord, after notice to Tenant, delivers possession of the Phase II Premises to Tenant and following the expiration of the Free Base Rent Period. No such failure to give possession on the Phase II Premises Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that (i) if Landlord is unable to deliver possession of the Phase II Premises within sixty (60) days after the Phase II Premises Scheduled Commencement Date (other than as a result of strikes, shortages of materials, holdover tenancies or similar matters beyond the reasonable control of Landlord and Tenant is notified by Landlord in writing as to such delay), the Free Base Rent Period shall be extended for an additional ½ day for each day of delay unless said delay is as a result of a Tenant Delay and (ii) if Landlord is unable to deliver possession of the Phase II Premises within one hundred twenty (120) days after the Phase II Premises Scheduled Commencement Date (other than as a result of strikes, shortages of materials, holdover tenancies or similar matters beyond the reasonable control of Landlord and Tenant is notified by Landlord in writing as to such delay), Tenant shall have the option to terminate this Lease unless said delay is as a result of a Tenant Delay. If any delay is the result of a Tenant Delay, the Phase II Premises Commencement Date and the Phase II Premises Rent Commencement Date under this Lease shall be accelerated by the number of days of such Tenant Delay.

2.3. In the event that Landlord permits Tenant, or any agent, employee or contractor of Tenant, to enter, use or occupy the Phase I Premises prior to the Commencement Date and/or the Phase II Premises prior to the Phase II Premises Commencement Date, such entry, use or occupancy shall be subject to all the provisions of this Lease other than the payment of Annual Rent, including, without limitation, Tenant's compliance with the insurance requirements of Article 11; provided, however, if (a) Tenant commences its business operations in the Phase I Premises during such early entry, then the Commencement Date will be deemed to have occurred as of such date and Tenant's obligation to pay all other charges under this Lease (other than Annual Rent for the Phase II Premises, which obligation shall commence on the Phase II Premises Rent Commencement Date) shall commence, and (b) Tenant commences its business operations in the Phase II Premises during such early entry, then the Phase II Premises Commencement Date will be deemed to have occurred as of such date and Tenant's obligation to pay all other charges under this Lease (other than Annual Rent for the Phase II Premises, which obligation shall commence on the Phase II Premises Rent Commencement Date) shall commence.

3. **RENT.**

3.1. Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first (1st) day of each full calendar month during the Term, except that the first (1st) full month's rent shall be paid upon the execution of this Lease. The Monthly Installment of Rent in effect at any time shall be one-twelfth (1/12) of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon the number of days in such month. Said rent shall be paid to Landlord, without deduction or offset and without notice or demand, at the Address for Rent Payment, as set forth on the Reference Pages, or to such other person or at such other place as Landlord may from time to time designate in writing. Unless specified in this Lease to the contrary, all amounts and sums payable by Tenant to Landlord pursuant to this Lease shall be deemed additional rent.

3.2. Tenant recognizes that late payment of any rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if rent or any other sum is not paid within five (5) days following notice from Landlord that such payment is overdue, then a late charge shall be imposed in an amount equal to the greater of: (a) Fifty Dollars ($50.00); or (b) five percent (5%) of the unpaid rent or other payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive month until paid. The provisions of this Section 3.2 shall in no way relieve Tenant of the obligation to pay rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord's remedies pursuant to Article 19 of this Lease in the event said rent or other payment is unpaid after the date due.

4. **RENT ADJUSTMENTS.**

4.1. For the purpose of this Article 4, the following terms are defined as follows:

4.1.1. **Lease Year:** Each fiscal year (as determined by Landlord from time to time) falling partly or wholly within the Term.

4.1.2. **Expenses:** All costs of operation, maintenance, repair, replacement and management of the Building (including the amount of any credits which Landlord may grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam, gas; waste disposal; the cost of janitorial services; the cost of security and alarm services (including any central station signaling system); costs of cleaning, repairing, replacing and maintaining the common areas, including parking and landscaping, the Amenity Complex, window cleaning costs; labor costs; costs and expenses of managing the Building including management fees; air conditioning maintenance costs; elevator maintenance fees and supplies; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting fees; any sales, use or service taxes incurred in connection therewith; and any repair, management, insurance and maintenance costs and expenses related to the common areas of all buildings in the Park, including the parking areas and other properties surrounding such buildings. In addition, Landlord shall be entitled to recover, as additional rent (which, along with any other capital expenditures constituting Expenses, Landlord may either include in Expenses or cause to be billed to Tenant along with Expenses and Taxes but as a separate item), Tenant's Proportionate Share For Expenses of: (i) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses; and (ii) other capital expenses which are required under any governmental laws, regulations or ordinances which were not applicable to the Building at the time it was constructed; but the costs described in this sentence shall be amortized over the reasonable life of such expenditures in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, with interest on the unamortized amount at one percent (1%) in excess of the Wall Street Journal prime lending rate announced from time to time. Expenses shall not include Taxes, depreciation or amortization of the Building or equipment in the Building except as provided herein, loan principal payments, costs of alterations of tenants' premises, leasing commissions, advertising and promotional costs; principal or interest payments on any mortgages or other financing arrangements; legal fees; expenses incurred in connection with negotiating and enforcing leases with tenants in the Building; build out allowances, moving expenses, and other concessions incurred in connection with leasing spacing in the Building; the cost of any item or service to the extent Landlord is reimbursed by tenants, third parties or insurance; cost of any service or material provided by a related party to the extent that the cost of such service or material exceeds the competitive cost of such service or material absent such relationship; fines or penalties (unless such fines or penalties were the result of the acts or omissions of Tenant or any Tenant Entities); any costs incurred by Landlord in the event that the Building does not comply with governmental rules in effect as of the Term Commencement Date; wages, salaries, or other compensation paid to any executive employees above the grade of building manager; and the cost of installing any sculpture, painting or other objects of art in the Building.

4.1.3. **Taxes:** Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Parcel and the buildings thereon, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located on the Parcel and used in connection with the operation of such buildings and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any Lease Year. Taxes shall not include any corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Parcel (or any individual components thereof) or any taxes to be paid by Tenant pursuant to Article 28. For purposes of determining Tenant's Proportionate Share For Taxes, the "Parcel" shall mean, collectively, the three (3) buildings located at 32 Crosby Drive, 34 Crosby Drive and 36 Crosby Drive, all located in Bedford, Massachusetts, it being understood and agreed that all of the foregoing buildings, collectively, are treated as a single parcel for purposes of determining Taxes. In calculating Tenant's Proportionate Share For Taxes with respect to the Premises, the "Rentable Square Footage of the Parcel" described in the Reference Pages above reflects the combined rentable area in the foregoing buildings, collectively, and "Tenant's Proportionate Share For Taxes" with respect to the Premises, as described above, is

based upon the foregoing Rentable Square footage of the Parcel (i.e., 257,527). However, notwithstanding the foregoing, if one or more buildings are removed from the group of buildings comprising the Parcel, as described above in this Section, whether as a result of a sale or demolition of the building(s), a reconfiguration of the Parcel or otherwise, or if one or more buildings owned by Landlord are added to the group of buildings comprising the Parcel, as described above in this Section, then the definition of "Parcel" and the "Rentable Square Footage of the Parcel," as described above, and "Tenant's Proportionate Share For Taxes" with respect to the Premises, shall be appropriately modified or adjusted to reflect the deletion or addition of such buildings, and, if Tenant's Proportionate Share For Taxes with respect to the Premises is based upon increases in Taxes over a Base Year, then Taxes for the Base Year shall be restated on a going forward basis effective as of the date such buildings are deleted or added to the definition of Parcel as described in this Section.

4.2. If in any Lease Year, Expenses paid or incurred shall exceed Expenses paid or incurred in the Base Year (Expenses), Tenant shall pay, as additional rent for such Lease Year, Tenant's Proportionate Share For Expenses of such excess. If in any Lease Year, Taxes paid or incurred by Landlord in any Lease Year shall exceed the amount of such Taxes which become due and payable in the Base Year (Taxes), Tenant shall pay as additional rent for such Lease Year, Tenant's Proportionate Share For Taxes of such excess.

4.3. The annual determination of Expenses shall be made by Landlord and shall be binding upon Landlord and Tenant, subject to the provisions of this Section 4.3. During the Term, Tenant may review, at Tenant's sole cost and expense, the books and records supporting such determination in an office of Landlord, or Landlord's agent, during normal business hours, upon giving Landlord ten (10) days advance written notice within ninety (90) days after receipt of such determination, but in no event more often than once in any one (1) year period, subject to execution of a confidentiality agreement acceptable to Landlord, and provided that if Tenant utilizes an independent accountant to perform such review it shall be one of national standing which is reasonably acceptable to Landlord, is not compensated on a contingency basis and is also subject to such confidentiality agreement. If Tenant fails to object to Landlord's determination of Expenses within one hundred and twenty (120) days after receipt, or if any such objection fails to state with specificity the reason for the objection, Tenant shall be deemed to have approved such determination and shall have no further right to object to or contest such determination. If, as a result of such audit, it becomes clear that an error was made in the calculation of the Expenses or of Tenant's Proportionate Share of Expenses, then an appropriate adjustment shall be made within thirty (30) days of Landlord's receipt from Tenant of a copy of such audit together with Tenant's demand for reimbursement and, if Landlord has understated Base Year Expenses or overstated any subsequent years' Expenses by more than five percent (5%), in both cases in the aggregate, or if the amount by which Landlord over-charged Tenant exceeds five percent (5%) of Tenant's Proportionate Share of Expenses in the aggregate, then Landlord shall pay the reasonable actual out-of-pocket costs and expenses paid by Tenant for the audit. In the event that during all or any portion of any Lease Year or Base Year, the Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year. Following its annual determination of Expenses pursuant to this Article 4, in no event shall Landlord recover from Tenant more than Tenant's Proportionate Share of the actual Expenses paid or incurred by Landlord.

4.4. Prior to the actual determination thereof for a Lease Year, Landlord may from time to time estimate Tenant's liability for Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the Lease Year or portion thereof. Landlord will give Tenant written notification of the amount of such estimate and Tenant agrees that it will pay, by increase of its Monthly Installments of Rent due in such Lease Year, additional rent in the amount of such estimate. Any such increased rate of Monthly Installments of Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant pursuant hereto.

4.5. When the above mentioned actual determination of Tenant's liability for Expenses and/or Taxes is made for any Lease Year and when Tenant is so notified in writing, then:

4.5.1. If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is less than Tenant's liability for Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2. If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is more than Tenant's liability for Expenses and/or Taxes, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 4, or, if the Lease has terminated, refund the difference in cash. Tenant shall not be entitled to a credit by reason of actual Expenses and/or Taxes in any Lease Year being less than Expenses and/or Taxes in the Base Year (Expenses and/or Taxes).

4.6. If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Expenses and Taxes for the Lease Year in which said Commencement Date occurs shall be prorated based upon a three hundred sixty-five (365) day year.

5. **SECURITY DEPOSIT**. The required Security Deposit shall be in the form of an Irrevocable Standby Letter of Credit (the "letter of credit") in the amount set forth in the Reference Pages. Under any circumstance under which Landlord is entitled to the use of all or any part of the Security Deposit, then Landlord, in addition to all other rights and remedies provided under this Lease, shall have the right to draw down all or a portion of the full balance of the letter of credit and retain the proceeds as cash security but otherwise subject to the provisions of this Article 5. The following terms and conditions shall govern the letter of credit:

5.1. Upon expiration of the Term, the letter of credit shall be returned to Tenant when Tenant is entitled to a return of its Security Deposit.

5.2. The letter of credit shall be in favor of Landlord, shall be issued by a commercial bank reasonably acceptable to Landlord, shall comply with all of the terms and conditions of this Article 5 and shall otherwise be in form reasonably acceptable to Landlord. If, at any time while the letter of credit is outstanding, (a) the issuing bank is declared insolvent or taken into receivership by the Federal Deposit Insurance Corporation or any other governmental agency, or is closed for any reason, or (b) Landlord reasonably believes that the issuing bank may be or become insolvent or otherwise unable to meet its obligations, then, not later than thirty (30) days after written notice from Landlord, Tenant shall cause the existing letter of credit to be replaced by a new letter of credit issued by another commercial bank reasonably acceptable to Landlord, with such new letter of credit to comply with all of the terms and conditions of this Section 5.2. If Tenant fails to deliver an acceptable replacement letter of credit within such thirty (30) day period, Landlord shall have the right to present the existing letter of credit to the issuing bank for payment, and the entire sum so obtained shall be paid to Landlord, to be held by Landlord as cash security but otherwise subject to the provisions of this Article 5 until Tenant would otherwise be entitled to the return of the letter of credit.

5.3. The initial letter of credit shall have an expiration date not earlier than fifteen (15) months after the Commencement Date. A draft of the form of letter of credit must be submitted to Landlord for its approval prior to issuance.

5.4. The letter of credit or any replacement letter of credit shall be irrevocable for the term thereof and shall automatically renew on a year to year basis until a period ending not earlier than three (3) months after the Termination Date (the "End Date") without any action whatsoever on the part of Landlord; provided that the issuing bank shall have the right not to renew the letter of credit by giving written notice to Landlord not less than sixty (60) days prior to the expiration of the then current term of the letter of credit that it does not intend to renew the letter of credit. Tenant understands that the election by the issuing bank not to renew the letter of credit shall not, in any event, diminish the obligation of Tenant to maintain such an irrevocable letter of credit in favor of Landlord through such date.

5.5. Landlord, or its then managing agent, shall have the right from time to time to make one or more draws on the letter of credit at any time that Landlord has the right to use all or a part of the Security Deposit pursuant to this Article 5, and the proceeds may be applied as permitted under this Article 5. The letter of credit must state that it can be presented for payment at the office of the issuer or an approved correspondent in the metropolitan area in which the Building is located. Funds may be drawn down on the letter of credit upon presentation to the issuing or corresponding bank of Landlord's (or Landlord's then managing agent's) certificate stating as follows:

> ""[Beneficiary] is entitled to the use of Applicant's Security Deposit pursuant to that certain Lease dated August , 2009, between RAR2-Crosby Corporate Center QRS, Inc., as Landlord, and I-Therapeutix, Inc., as Tenant, as amended from time to time."

It is understood that if Landlord or its managing agent be a corporation, partnership or other entity, then such statement shall be signed by an officer (if a corporation), a general partner (if a partnership), or any authorized party (if another entity).

5.6. Tenant acknowledges and agrees (and the letter of credit shall so state) that the letter of credit shall be honored by the issuing bank without inquiry as to the truth of the statements set forth in such draw request and regardless of whether the Tenant disputes the content of such statement.

5.7. In the event of a transfer of Landlord's interest in the Premises, Landlord shall have the right to transfer the letter of credit to the transferee and Tenant shall take whatever action necessary to effectuate such transfer and thereupon the Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of said letter of credit to a new landlord; provided, however, that Landlord or the new landlord pays all fees to the issuer necessary to evidence such transfer.

5.8. Without limiting the generality of the foregoing, if the letter of credit expires earlier than the End Date, or the issuing bank notifies Landlord that it will not renew the letter of credit, Landlord shall accept a renewal thereof or substitute letter credit (such renewal or substitute letter of credit to be in effect not later than thirty (30) days prior to the expiration of the expiring letter of credit), irrevocable and automatically renewable as above provided to the End Date upon the same terms as the expiring letter of credit or upon such other terms as may be acceptable to Landlord. However, if (a) the letter of credit is not timely renewed, or (b) a substitute letter of credit, complying with all of the terms and conditions of this Section is not timely received, then Landlord may present the expiring letter of credit to the issuing bank, and the entire sum so obtained shall be paid to Landlord, to be held by Landlord in accordance with this Article 5. Notwithstanding the foregoing, Landlord shall be entitled to receive from Tenant a fee in an amount up to but not exceeding Five Hundred and No/100 Dollars ($500.00) for actual attorneys' fees incurred in connection with the review of any proposed substitute letter of credit pursuant to this Section 5.8.

5.9. Notwithstanding the above, so long as (a) there is no uncured Event of Default (as defined below) at the end of the twelve (12) month period following the Phase II Premises Commencement Date (the "First Anniversary Date"), (b) I-Therapeutix, Inc. or a Permitted Transferee (as defined below) shall then still be in occupancy of at least 70% of the entire Premises under this Lease, and (c) Tenant has provided Landlord with its financial statements certified by Tenant's Chief Financial Officer ("Certified Financial Statements") evidencing that Tenant has earned a net profit for the two (2) fiscal quarters immediately preceding the First Anniversary Date as determined in accordance with generally accepted accounted principles consistently applied ("GAAP") and otherwise satisfactory to Landlord (acting reasonably), then Tenant shall have the right, by notice given to Landlord, to request that the Security Deposit be reduced to $189,615.83. If such notice is properly given by Tenant and the Security Deposit is then being held in cash, Landlord shall return, within fifteen (15) days of Tenant's notice, the applicable portion of the Security Deposit to Tenant to yield such $189,615.83 remaining amount, and if the Security Deposit is being held in the form of a letter of credit, Tenant shall cause a replacement letter of credit in such $189,615.83 amount to be issued to Landlord meeting the requirements of this Article 5 within fifteen (15) days of Tenant's notice, whereupon Landlord shall simultaneously return the original letter of credit to Tenant. Notwithstanding the above, whether or not the Security Deposit shall have been previously reduced to $189,615.83, so long as (i) there is no uncured Event of Default at the end of the twenty-four (24) month period following the Phase II Premises Commencement Date (the "Second Anniversary Date"), (ii) I-Therapeutix, Inc. or a Permitted Transferee shall then still be in occupancy of at least 70% of the entire Premises under this Lease, and (iii) Tenant has provided Landlord with Certified Financial Statements evidencing that Tenant has earned a net profit for the two (2) fiscal quarters immediately preceding the Second Anniversary Date as determined in accordance with GAAP and otherwise satisfactory to Landlord (acting reasonably), then Tenant shall have the right, by notice given to Landlord, to request that the Security Deposit be reduced to $151,692.66. If such notice is properly given by Tenant and the Security Deposit is then being held in cash, Landlord shall return, within fifteen (15) days of Tenant's notice, the applicable portion of the Security Deposit to Tenant to yield such $151,692.66 remaining amount, and if the Security Deposit is being held in the form of a letter of credit, Tenant shall cause a replacement letter of credit in such $151,692.66 amount to be issued to Landlord meeting the requirements of this Article 5 within fifteen (15) days of Tenant's notice, whereupon Landlord shall simultaneously return the original letter of credit to Tenant. Further notwithstanding the above, whether or not the Security Deposit shall have been previously reduced to $151,692.66, so long as (x) there is no uncured Event of Default at the end of the thirty-six (36) month period following the Phase II Premises Commencement Date (the "Third Anniversary Date"), (y) I-Therapeutix, Inc. or a Permitted Transferee shall then still be in occupancy of at least 70% of the entire Premises under this Lease, and (z) Tenant has provided Landlord with Certified Financial Statements evidencing that Tenant has earned a net profit for the two (2) fiscal quarters immediately preceding the Third Anniversary Date as determined in accordance with GAAP and otherwise satisfactory to Landlord (acting reasonably), then Tenant shall have the right, by notice given to Landlord, to request that the Security Deposit be reduced to $113,769.49. If such notice is properly given by Tenant and the Security Deposit is then being held in cash, Landlord shall return, within fifteen (15) days of Tenant's notice, the applicable portion of the Security Deposit to Tenant to yield such $113,769.49 remaining amount, and if the Security Deposit is being held in the form of a letter of credit, Tenant shall cause a replacement letter of credit in such $113,769.49 amount to be issued to Landlord meeting the requirements of this Article 5 within fifteen (15) days of Tenant's notice, whereupon Landlord shall simultaneously return the original letter of credit to Tenant. Within ten (10) days following Landlord's request therefor, Tenant shall provide Landlord with its audited financial statements for any of the foregoing periods once they are obtained by Tenant. If any such audited financial statements indicate that Tenant had not earned a net profit for the two (2) fiscal quarters immediately preceding the applicable date on which the Security Deposit had been

reduced pursuant to this Section 5.9 (each, a "Security Deposit Reduction Date"), then Landlord shall have the right to increase the Security Deposit by the same amount that the Security Deposit was reduced by on the applicable Security Deposit Reduction Date pursuant to this Section 5.9. Notwithstanding any of the foregoing to the contrary, in no event shall the Security Deposit under this Lease ever be less than $113,769.49.

5.10. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant and not as an advance rental deposit or as a measure of Landlord's damage in case of Tenant's default. If Tenant defaults with respect to any provision of this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to reimburse Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion is so used, Tenant shall within ten (10) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. The Security Deposit or any balance thereof shall be returned to Tenant at such time after termination of this Lease when Landlord shall have determined that all of Tenant's obligations under this Lease have been fulfilled but in no event more than thirty (30) days after the Termination Date if such conditions have been satisfied.

6. **ALTERATIONS.**

6.1. Except for those, if any, specifically provided for in **Exhibit B** to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any improvements as required by Article 7, without the prior written consent of Landlord. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. Landlord's consent shall not be unreasonably withheld with respect to alterations which (a) are not structural in nature, (b) are not visible from the exterior of the Building, (c) do not affect or require modification of the Building's electrical, mechanical, plumbing, HVAC or other systems, and (d) in the aggregate do not cost more than Ten and No/100 Dollars ($10.00) per rentable square foot of that portion of the Premises affected by the alterations in question.

6.2. In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made by using either Landlord's contractor or a contractor reasonably approved by Landlord, in either event at Tenant's sole cost and expense. If Tenant shall employ any contractor other than Landlord's contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. Landlord may charge Tenant a construction management fee not to exceed three percent (3%) of the cost of such work to cover its overhead as it relates to such proposed work, plus third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due thirty (30) days after Landlord's demand; provided, however, Landlord shall not charge Tenant such construction management fee for work that costs less than One Hundred Thousand and No/100 Dollars ($100,000.00) in the aggregate for any particular work project.

6.3. All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all government laws, ordinances, rules and regulations, using Building standard materials where applicable, and Tenant shall, prior to construction, provide the additional insurance required under Article 11 in such case, and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable; at Landlord's election said sums shall be paid in the same way as sums due under Article 4. Landlord may, as a condition to its consent to any particular alterations or improvements, require Tenant to deposit with Landlord the amount reasonably estimated by Landlord as sufficient to cover the cost of removing such alterations or improvements and restoring the Premises, to the extent required under Section 26.2.

7. **REPAIR.**

7.1. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in **Exhibit B** attached to this Lease and except that Landlord shall repair and maintain in good working order and condition the structural portions of the Building, including the roof, foundation, structural supports, exterior walls, windows, elevators, basic plumbing, air conditioning, heating, and electrical systems (but excluding any supplemental HVAC systems) and shall clean and maintain the Building common areas, including parking areas, and provide snow removal. By taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition in which Landlord is obligated to deliver them, except as set forth in the punch list to be delivered pursuant to Section 2.1. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease. Notwithstanding the foregoing, Landlord shall cause all base building systems, including HVAC, electrical, plumbing and sewer, to be in good working order and sufficient for the Permitted Uses at Tenant's intended occupancy levels as of the Commencement Date.

7.2. Tenant shall, at all times during the Term, keep the Premises in good condition and repair excepting normal wear and tear and damage by fire, or other casualty, and in compliance with all applicable governmental laws, ordinances and regulations, promptly complying with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense. Notwithstanding the foregoing, Tenant shall not be responsible for remedying any incident of non-compliance in or upon, or connected with, the Premises existing as of the Commencement Date (unless the same was caused by Tenant or any Tenant Entities following their initial entry upon the Premises).

7.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

7.4. Except as provided in this Lease, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Landlord shall use reasonable efforts to minimize disruption to Tenant's business operations during Landlord's performance of any such repairs, alterations or improvements. However, if Landlord fails to make any repairs or to perform any maintenance required of Landlord hereunder and within Landlord's reasonable control, and such failure shall persist for an unreasonable time (not less than thirty (30) days) after written notice of the need for such repairs or maintenance is given to Landlord and any mortgagee (of which Tenant has written notice) by Tenant, and such mortgagee is afforded an additional reasonable opportunity (not less than thirty (30) days) to effect such repairs, and unless Landlord or such mortgagee has commenced such repairs or maintenance during such period and is diligently pursuing the same, and if due to such failure Tenant is unable to reasonably conduct its business in the Premises, Tenant's obligation to pay rent hereunder shall prospectively abate until such failure is cured. Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

8. **LIENS**. Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant fails, within ten (10) days following the imposition of any such lien, to either cause the same to be released of record or provide Landlord with insurance against the same issued by a major title insurance company or such other protection against the same as Landlord shall accept (such failure to constitute an Event of Default), Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be payable to it by Tenant within ten (10) days of Landlord's demand.

9. **ASSIGNMENT AND SUBLETTING.**

9.1. Except as otherwise expressly set forth in this Section 9.1, Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned or delayed, and said restrictions shall be binding upon any and all assignees of the Lease and subtenants of the Premises. In the event Tenant desires to sublet, or permit such occupancy of, the Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least ten (10) business days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial

information of the proposed subtenant or assignee. Notwithstanding the foregoing to the contrary, either (a) a merger or consolidation of Tenant with another entity, (b) the assignment of this Lease or a sublease of a portion of the Premises to a subsidiary or Affiliate (as hereinafter defined) of Tenant, or (c) a transaction with a corporation to which substantially all of Tenant's assets are transferred, shall all be deemed an assignment of this Lease or a sublease of a portion of the Premises, as the case may be (any of such entity being, for the purposes of this Lease, a "Permitted Transferee"), but Landlord's consent shall not be required therefor so long as: (A) such Permitted Transferee executes an assignment and assumption agreement or a sublease agreement with Tenant, as the case may be, and such agreement contains (1) an assumption by such Permitted Transferee of all of the obligations of Tenant hereunder with respect to such assignment or sublease, as the case may be, including without limitation, the obligation to pay the Annual Rent, the additional rent and all other amounts provided for under this Lease in case of an assignment, and (2) an agreement by such Permitted Transferee to be and remain liable, jointly and severally, for all of Tenant's obligations under this Lease (and in the event that I-Therapeutix, Inc. remains a separate entity from such Permitted Transferee following such transaction, I-Therapeutix, Inc. shall so agree in writing as well), and in either case a copy of such agreement is delivered to Landlord within ten (10) days of such transaction; and (B) in the case of an assignment pursuant to item (b) hereinabove or a transaction described in item (c) hereinabove, at the time of such assignment or transaction, the Permitted Transferee has a tangible net worth (specifically excluding good will), computed in accordance with GAAP, at least equal to the greater of (y) the net worth of Tenant on the Lease Reference Date, and (z) the tangible net worth of Tenant on the date of the proposed assignment or transaction, and proof of such tangible net worth satisfactory to Landlord shall have been delivered to Landlord at least ten (10) business days prior to the effective date of any such assignment or transaction. For the purposes hereof, an "Affiliate" of Tenant shall mean any entity which (v) controls, is controlled by or is under common control with Tenant, (w) results from a merger or consolidation with Tenant, (x) acquires the business being conducted on the Premises by Tenant or substantially all of the assets of Tenant, (y) has entered into a management contract with Tenant, or (z) has at least a ten percent (10%) ownership interest in Tenant.

9.2. Notwithstanding any assignment or subletting, permitted or otherwise, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of Default, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3. Intentionally Omitted.

9.4. In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as additional rent an amount equal to fifty percent (50%) of any Increased Rent (as hereinafter defined), less the Costs Component (as hereinafter defined), when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (i) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (ii) the rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith. The "Costs Component" is that amount which, if paid monthly, would fully amortize on a straight-line basis, over the entire period for which Tenant is to receive Increased Rent, the reasonable costs incurred by Tenant for leasing commissions and tenant improvements in connection with such sublease, assignment or other transfer.

9.5. Notwithstanding any other provision hereof, it shall be considered reasonable for Landlord to withhold its consent to any assignment of this Lease or sublease of any portion of the Premises if at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any uncured Event of Default of Tenant, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation; (b) is already an occupant of the Building unless Landlord is unable to provide the amount of space required by such occupant; (c) is a governmental agency; (d) is incompatible with the character of occupancy of the Building and/or the Park in Landlord's opinion; (e) with which the payment for the sublease or assignment is determined in whole or in part based upon its net income or profits; or (f) would subject the Premises to a use which would: (i) involve increased personnel or wear and tear upon the Premises and/or the Building beyond the reasonable wear and tear that would reasonably be expected to be imposed upon the Premises and/or the Building in connection with the Permitted Uses; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises or the Building in order to comply with building code or other governmental requirements; or (iv) involve a violation of Section 1.2. Tenant expressly agrees that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord, Landlord's refusal to consent to any assignment or sublease for any of the reasons described in this Section 9.5, shall be conclusively deemed to be reasonable.

9.6. Upon any request to assign or sublet, Tenant shall reimburse Landlord for reasonable attorney's fees actually incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regardless of whether Landlord shall consent to, refuse consent, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

10. **INDEMNIFICATION**. None of the Landlord Entities shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises, the Building or the Park by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Subject to Article 12, Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual act, neglect, fault, or omission by or of Tenant or any Tenant Entity to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's failure to comply with any and all governmental laws, ordinances and regulations applicable to the condition or use of the Premises or its occupancy, subject to any other applicable provisions of this Lease; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease unless in any such case arising from the negligence or intentional misconduct of Landlord, or its agents, servants, employees or contractors. Subject to Article 12, Landlord shall protect, indemnify and hold Tenant harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) arising out of the gross negligence or willful misconduct of Landlord or its agents or employees. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

11. **INSURANCE.**

11.1. Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord Entities against any liability to the public or to any invitee of Tenant or a Landlord Entity incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than $1,000,000 per occurrence and not less than $3,000,000 in the annual aggregate, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and $1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than $1,000,000 per accident; (c) Worker's Compensation Insurance with limits as required by statute with Employers Liability and limits of $500,000 each accident, $500,000 disease policy limit, $500,000 disease—each employee; (d) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and (e) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income.

11.2. The aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord Entities as additional insureds (General Liability) and loss payee (Property—Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A-:VII" during the Term; and (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice (ten (10) days for non-payment of premium) shall have been given to Landlord; a certificate of Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 27 shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.3. Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises ("Work") the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work.

12. **WAIVER OF SUBROGATION**. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. **SERVICES AND UTILITIES.**

13.1. Subject to the other provisions of this Lease, Landlord agrees to furnish to the Premises the following services and utilities subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for the Permitted Uses; (b) heat and air conditioning required for the use and occupation of the Premises for the Permitted Uses during Building Business Hours (and if requested by Tenant after Building Business Hours at the After Hours HVAC Cost); (c) cleaning and janitorial service; (d) elevator service by nonattended automatic elevators, if applicable; and (e) equipment to bring to the Premises electricity for lighting, convenience outlets and other normal office use. To the extent that Tenant is not billed directly by a public utility, Tenant shall pay, within ten (10) days of Landlord's demand, for all electricity used by Tenant in the Premises as measured by a submeter, including, all electricity for lights, plugs and supplemental HVAC. Except as otherwise set forth below in Section 13.1.1, the charge shall be at the rates charged for such services by the local public utility. Landlord will include electricity costs to operate the base building HVAC system in Expenses. In the absence of Landlord's gross negligence or willful misconduct, Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing, unless such failure shall persist for an unreasonable time after written notice of such failure is given to Landlord by Tenant and provided further that Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall use reasonable efforts to remedy any interruption in the furnishing of services and utilities.

13.1.1. Notwithstanding the foregoing to the contrary, if and to the extent that electricity for the Premises is submetered by Landlord then as payment for such electricity, Landlord may elect to require Tenant to remit to Landlord as additional rent a sum equal to $1.50 per rentable square foot of the Premises per annum, which is Landlord's estimate of the appropriate electricity charge for the Premises as of the Lease Reference Date, with such amount to be increased from time to time by notice from Landlord to Tenant based on historical usage and cost or to the extent that the market therefor increases based upon Landlord's judgment (the "Estimated Electricity Submeter Charge"), with 1/12 of such amount being due and payable in monthly installments concurrently with Tenant's payment of Monthly Installment of Rent hereunder.

13.1.2. On not less than an annual basis (or on such other billing cycle as Landlord shall determine), Landlord shall review the total Estimated Electricity Submeter Charge paid by Tenant during such applicable billing period and if the Estimated Electricity Submeter Charge that Tenant pays pursuant to Section 13.1.1 is less than the actual charges as measured by Landlord's submetering for such electricity for such applicable billing period, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor. If the Estimated Electricity Submeter Charge that Tenant pays during such applicable billing period pursuant to Section 13.1.1 is more than the actual charges as measured by Landlord's submetering for such electricity, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Section 13.1, or, if the Lease has been terminated, refund the difference to Tenant in cash.

13.2. Should Tenant require HVAC service outside of Building Business Hours, Landlord shall, upon reasonable advance notice by Tenant, furnish such additional HVAC service outside of Building Business Hours, and Tenant agrees to pay Landlord the After Hours HVAC Cost as may be agreed upon but in no event at a charge less than Landlord's actual costs plus overhead for such additional service and ,where appropriate, a reasonable allowance for depreciation of any systems being used to provide such service. The current charge for after-hours HVAC service, which is subject to change at any time, is specified on the Reference Pages.

13.3. Wherever heat generating machines or equipment are used by Tenant in the Premises which affect the temperature otherwise maintained by the air conditioning system or Tenant allows occupancy of the Premises by more persons than the heating and air conditioning system is designed to accommodate, in either event whether with or without Tenant's approval, Landlord reserves the right to install supplementary heating and/or air conditioning units in or for the benefit of the Premises and the cost thereof, including the cost of installation and the cost of operations and maintenance, shall be paid by Tenant to Landlord within ten (10) days of Landlord's demand; provided, however, that before Landlord shall have the right to install such supplementary heating and/or air conditioning units for such purpose, Landlord shall first notify Tenant in writing of Landlord's intention to do so and if Tenant shall fail to commence the remediation of the

conditions that are giving rise to the need to install such units within five (5) days of such written notice and thereafter diligently pursue such remediation until completion following such written notice (provided, however, that such remediation period shall in no event exceed thirty (30) days), then Landlord shall have the right to proceed with the installation of such units as more particularly set forth hereinabove.

13.4. Tenant will not, without the written consent of Landlord, use any equipment or devices in the Premises, including but not limited to, electronic data processing machines and machines using current in excess of 2000 watts and/or 20 amps or 120 volts in the aggregate, which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises for the Permitted Uses, nor connect with electric current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device for the purposes of using electrical current or water. If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Premises for the Permitted Uses, Tenant shall procure the prior written consent of Landlord for the use thereof, which Landlord shall not unreasonably withhold or delay. Landlord shall install an electric submeter in the Premises at Landlord's cost as part of Landlord's Work in accordance with **Exhibit B**. In the event that Landlord reasonably believes that Tenant is using water in excess of that usually furnished or supplied for use of the Premises for the Permitted Uses, then Landlord may cause a water meter to be installed so as to measure the amount of any excess water usage. The cost of any such water meter shall be paid for by Tenant. Tenant agrees to pay to Landlord within thirty (30) days of Landlord's demand, the cost of all such excess water and electric current consumed (as shown by said meters) at the rates charged for such services by the local public utility or agency, as the case may be, furnishing the same.

13.5. Tenant will not, without the written consent of Landlord, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas, which is not previously providing such service to other tenants in the Building. Subject to Landlord's reasonable rules and regulations and the provisions of Articles 6 and 26, Tenant shall be entitled to the use of wiring ("Communications Wiring"), at its own risk, from the existing telecommunications nexus in the Building to the Premises, sufficient for the Permitted Uses. Tenant shall not install any additional Communications Wiring, nor remove any Communications Wiring, without in each instance obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Landlord shall in no event be liable for disruption in any service obtained by Tenant pursuant to this paragraph.

14. **HOLDING OVER**. Tenant shall pay Landlord for each day Tenant retains possession of the Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate (the "Holdover Rate") which shall be One Hundred Fifty Percent (150%) of the greater of (a) the amount of the Annual Rent for the last period prior to the date of such termination plus all Rent Adjustments under Article 4; and (b) the then market rental value of the Premises as determined by Landlord assuming a new lease of the Premises of the then usual duration and other terms, in either case, prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. In the event of such holdover, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. **SUBORDINATION**. Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver within ten (10) days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to obtain a subordination, non-disturbance and attornment agreement from any such mortgagee, ground lessor or deed of trust holder on such mortgagee's, ground lessor's or holder's standard form recognizing Tenant's rights under this Lease subject to the terms, provisions and conditions set forth therein. Landlord represents that there are no ground leases, mortgages or deeds of trust now encumbering the Building or Parcel.

16. **RULES AND REGULATIONS**. Tenant shall faithfully observe and comply with all the rules and regulations as set forth in **Exhibit D** to this Lease and all reasonable and non-discriminatory modifications of and additions to them from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any such rules and regulations.

17. **REENTRY BY LANDLORD.**

17.1. Landlord reserves and shall at all reasonable times have the right to re-enter the Premises upon advance notice to Tenant, which may be oral (except in the event of an emergency in which event no advance notice shall be required) to inspect the same, to supply janitor service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or, during the last twelve (12) months of the Term, prospective tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent, and may for that purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Building and the Premises shall not be blocked thereby, and further provided that Landlord shall use reasonable efforts to minimize disruption to the business of Tenant. Landlord shall have the right at any time to change the arrangement and/or locations of entrances, or passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known; provided, that, Landlord shall reimburse Tenant for the reasonable and actual cost of replacing Tenant's stationery which contain the Building's name, number or designation. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17.

17.2. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such means as Landlord shall elect and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within ten (10) days of Landlord's demand.

18. **DEFAULT.**

18.1. Except as otherwise provided in Article 20, the following events shall be deemed to be Events of Default under this Lease:

18.1.1. Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the rent reserved by this Lease, any other amount treated as additional rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as additional rent under this Lease, and such failure shall continue for a period of seven (7) days after written notice that such payment was not made when due, but if any such notice shall be given more than two (2) times during any twelve (12) month period commencing with the date of the first such notice, the failure to pay within seven (7) days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such period shall be an Event of Default, without notice.

18.1.2. Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within thirty (30) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant provided, however, that such failure shall not be an event of default if such failure could not reasonably be cured during such thirty (30) day period, Tenant has commenced the cure within such thirty (30) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

18.1.3. Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4. Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5. A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

19. **REMEDIES.**

19.1. Except as otherwise provided in Article 20, upon the occurrence of any of the Events of Default described or referred to in Article 18, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently or consecutively and not alternatively:

19.1.1. Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

19.1.2. Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3. Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all rent, including any amounts treated as additional rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the then present value of the rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as additional rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue.

19.1.4. Upon any termination of Tenant's right to possession only without termination of the Lease:

19.1.4.1. Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the rent, including any amounts treated as additional rent, under this Lease for the full Term, and if Landlord so elects Tenant shall continue to pay to Landlord the entire amount of the rent as and when it becomes due, including any amounts treated as additional rent under this Lease, for the remainder of the Term plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2. Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof. Landlord and Tenant agree that nevertheless Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally and that in any case that Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises or portions thereof over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available and that Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable, and Tenant shall pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord, within ten (10) days of Landlord's demand. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a credit-worthiness acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Article 9.

19.1.4.3. Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all rent, including any amounts treated as additional rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Article 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.2. Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises to cure such Event of Default, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom and Tenant agrees to reimburse Landlord within ten (10) days of Landlord's demand as additional rent, for any expenses which Landlord may incur in thus curing Tenant's Event of Default, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

19.3. Intentionally Omitted.

19.4. If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs. **TENANT EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY.**

19.5. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

19.6. No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Event of Default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

19.7. Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof unless any damage thereto is caused by Landlord's negligence or willful misconduct, but the same shall be subject to Article 12. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control.

20. **TENANT'S BANKRUPTCY OR INSOLVENCY.**

20.1. If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each a "Debtor's Law"):

20.1.1. Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1. Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2. Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of rent an amount equal to the larger of: (a) three (3) months' rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5; and shall have provided Landlord with adequate other assurance of the future performance of the obligations of the Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of the Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of the Tenant's obligations under this Lease.

20.1.1.3. The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4. Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. **QUIET ENJOYMENT**. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord or anyone claiming by, under or through Landlord, subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance.

22. **CASUALTY.**

22.1. In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in substantially the same condition as immediately before such damage.

22.2. If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days, Landlord and Tenant shall each have the option of giving the other, at any time within ninety (90) days after such damage, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in Section 22.1.

22.3. Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4. In the event that Landlord should fail to complete such repairs and material restoration within thirty (30) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon the Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord (each, a "Force Majeure Event"), the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5. Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant within thirty (30) days of such damage and if such damages shall render any material portion of the Premises untenantable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6. In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, it shall be Tenant's responsibility upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

23. **EMINENT DOMAIN**. If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses. Tenant shall make no claim for the value of any unexpired Term.

24. **SALE BY LANDLORD**. In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. **ESTOPPEL CERTIFICATES**. Within ten (10) days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement; and (e) such other matters as may be requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. **SURRENDER OF PREMISES.**

26.1. Tenant shall arrange to meet Landlord for two (2) joint inspections of the Premises, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the Premises. In the event of Tenant's failure to arrange such joint inspections and/or participate in either such inspection, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2. All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting (collectively, "Alterations"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, if Landlord elects by notice given to Tenant at the time that Landlord consents to such Alterations or receives notices that such Alterations are being made pursuant to Section 6.1, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal prior to vacating the Premises. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "Personalty"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such Personalty, as well as any damage caused by such removal.

26.3. All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the amount incurred by Landlord to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, with any excess to be returned to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

27. **NOTICES**. Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent contract delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at its address set forth on the Reference Pages, or at such other address as it has then last specified by written notice delivered in accordance with this Article 27. Any such notice or document may also be personally delivered if a receipt is signed by and received from, the individual, if any, named in Tenant's Notice Address.

28. **TAXES PAYABLE BY TENANT**. In addition to rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or on the gross or net rent payable under this Lease, including without limitation any gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government with respect to the receipt of such rent; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the

Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. **INTENTIONALLY OMITTED.**

30. **PARKING.**

30.1. During the Term of this Lease, Tenant agrees to lease from Landlord and Landlord agrees to lease to Tenant, the number and type of parking spaces as set forth on the Reference Pages of this Lease. This right to park in the Building's parking facilities (the "Parking Facility") shall be on an unreserved, nonexclusive, "first come, first served basis," for passenger-size automobiles, subject to the following terms and conditions:

30.1.1. Tenant shall at all times abide by and shall cause each of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants (collectively, "Tenant's Parties") to abide by any rules and regulations ("Rules") for use of the Parking Facility that Landlord or Landlord's garage operator reasonably establishes from time to time, and otherwise agrees to use the Parking Facility in a safe and lawful manner. Landlord reserves the right to adopt, modify and enforce the Rules governing the use of the Parking Facility from time to time including any key-card, sticker or other identification or entrance system and hours of operation. Landlord may refuse to permit any person who violates such Rules to park in the Parking Facility, and any violation of the Rules shall subject the car to removal from the Parking Facility.

30.1.2. The parking spaces hereunder shall be provided on a non-designated "first-come, first-served" basis. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, disabled persons or for other tenants or guests, and Tenant shall not park and shall not allow Tenant's Parties to park in any such assigned or reserved spaces. Tenant may validate visitor parking by such method as Landlord may approve, at the validation rate from time to time generally applicable to visitor parking. Tenant acknowledges that the Parking Facility may be closed entirely or in part in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the Parking Facility, or if required by casualty or any other Force Majeure Event. Landlord shall use reasonable efforts to minimize interference with Tenant's use of the parking facilities during such maintenance and renovations.

30.1.3. Tenant acknowledges that to the fullest extent permitted by law, Landlord shall have no liability for any damage to property or other items located in the parking areas of the Park (including without limitation, any loss or damage to tenant's automobile or the contents thereof due to theft, vandalism or accident), nor for any personal injuries or death arising out of the use of the Parking Facility by Tenant or any Tenant's Parties, unless arising from Landlord's gross negligence or willful misconduct. Without limiting the foregoing, if Landlord arranges for the parking areas to be operated by an independent contractor not affiliated with Landlord, Tenant acknowledges that Landlord shall have no liability for claims arising through acts or omissions of such independent contractor. Tenant and Tenant's Parties each hereby voluntarily releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant or any of Tenant's Parties arising as a result of parking in the Parking Facility, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant's Parties look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the Parking Facility. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or Landlord's agents.

30.1.4. In the event any surcharge or regulatory fee is at any time imposed by any governmental authority with reference to parking, Tenant shall (commencing after two (2) weeks' notice to Tenant) pay, per parking pass, such surcharge or regulatory fee to Landlord in advance on the first day of each calendar month concurrently with the month installment of rent due under this Lease. Landlord will enforce any surcharge or fee in an equitable manner amongst the Building tenants.

30.2. If Tenant violates any of the terms and conditions of this Article, the operator of the Parking Facility shall have the right to remove from the Parking Facility any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such violation, without liability therefor whatsoever.

31. **DEFINED TERMS AND HEADINGS**. The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification or insurance of Landlord shall apply to and inure to the benefit of all the following "Landlord Entities", being Landlord, Landlord's investment manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be. In any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by the Landlord on the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable square footage of the Premises and Tenant's Proportionate Share For Expenses and Tenant's Proportionate Share For Taxes shown on the Reference Pages; however, Landlord may adjust either or both figures if there is manifest error, addition or subtraction to the Building or any business park or complex of which the Building is a part, remeasurement or other circumstance reasonably justifying adjustment. The term "Building" refers to the structure in which the Premises are located and the common areas (parking lots, sidewalks, landscaping, etc.) appurtenant thereto. If the Building is part of a larger complex of structures, the term "Building" may include the entire complex, where appropriate (such as shared Expenses or Taxes) and subject to Landlord's reasonable discretion.

32. **TENANT'S AUTHORITY**. If Tenant signs as a corporation, partnership, trust or other legal entity each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions. Tenant agrees to deliver to Landlord, simultaneously with the delivery of this Lease, a corporate resolution, proof of due authorization by partners, opinion of counsel or other appropriate documentation reasonably acceptable to Landlord evidencing the due authorization of Tenant to enter into this Lease.

Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (ii) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

33. **FINANCIAL STATEMENTS AND CREDIT REPORTS**. At Landlord's request, Tenant shall deliver to Landlord a copy, certified by an officer of Tenant as being a true and correct copy, of Tenant's most recent audited financial statement, or, if unaudited, certified by Tenant's chief financial officer as being true, complete and correct in all material respects. Tenant hereby authorizes Landlord to obtain one or more credit reports on Tenant at any time, and shall execute such further authorizations as Landlord may reasonably require in order to obtain a credit report. Landlord may share such financial information with its attorneys, accountants, lenders, prospective lenders, and prospective purchasers, provided that Landlord and all such parties shall keep all such financial information strictly confidential.

34. **COMMISSIONS**. Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Pages. Landlord shall be responsible for payment of any broker's or finder's fee due the Brokers described on the Reference Pages.

35. **TIME AND APPLICABLE LAW**. Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

36. **SUCCESSORS AND ASSIGNS**. Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

37. **ENTIRE AGREEMENT**. This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by the Landlord or any of its representatives or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

38. **EXAMINATION NOT OPTION**. Submission of this Lease shall not be deemed to be a reservation of the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. This Lease shall not be binding on Tenant until a fully executed copy is delivered to Tenant. Notwithstanding anything contained in this Lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first month's rent as set forth in Article 3 and any sum owed pursuant to this Lease.

39. **RECORDATION**. Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident such recording or registration.

40. **OPTION TO EXTEND**. Provided that (a) this Lease is in full force and effect and there is no ongoing Event of Default at the time of notification or commencement, and (b) I-Therapeutix, Inc. or a Permitted Transferee shall then be in occupancy of at least 70% of the entire Premises under this Lease at the time of commencement, then Tenant shall have one (1) option to extend the Term of this Lease for a period of five (5) years, for the portion of the Premises being leased by Tenant as of the date the extension term is to commence, on the same terms and conditions set forth in this Lease, except as modified by the terms, covenants and conditions as set forth below:

a. If Tenant elects to exercise said option, then Tenant shall provide Landlord with written notice no earlier than the date which is twelve (12) months prior to the Termination Date, but no later than the date which is nine (9) months prior to the Termination Date. If Tenant fails to timely provide such written notice, Tenant shall have no further or additional right to extend the Term of Lease.

b. The Annual Rent and Monthly Installment of Rent in effect as of the day immediately preceding the Termination Date shall be increased to reflect the current fair market rental for comparable space in the Building and in other similar buildings in the same rental market as of the date the extension term is to commence, taking into account the specific provisions of this Lease which will remain constant; provided, however, in no event shall the Annual Rent and Monthly Installment of Rent for the extension term be less than the Annual Rent and Monthly Installment of Rent in effect as of the day immediately preceding the Termination Date. Landlord shall advise Tenant of the new Annual Rent and Monthly Installment of Rent for the Premises no later than thirty (30) days after receipt of Tenant's written request therefor. Said request shall be made no earlier than sixty (60) days prior to the first date on which Tenant may exercise its option under this Article 40. Said notification of the new Annual Rent and Monthly Installment of Rent may include a provision for their escalation to provide for a change in fair market rental between the time of notification and the commencement of the extension term. If Tenant and Landlord are unable to agree on a mutually acceptable rental rate not later than sixty (60) days prior to the Termination Date, then Landlord and Tenant shall each appoint a qualified commercial real estate broker with at least ten (10) years experience doing business in the area, in turn those two (2) independent commercial real estate brokers shall appoint a third (3rd) independent commercial real estate broker with at least ten (10) years experience doing business in the area and the majority shall decide upon the fair market rental for the Premises as of the Termination Date. Landlord and Tenant shall equally share in the expense of this appraisal except that in the event the Annual Rent and Monthly Installment of Rent is found to be within ten (10%) of the original rate quoted by Landlord, then Tenant shall bear the full cost of all the appraisal process.

c. This option is not transferable; the parties hereto acknowledge and agree that they intend that the aforesaid option to extend this Lease shall be "personal" to I-Therapeutix, Inc. and its Permitted Transferees as set forth above and that in no event will any assignee or sublessee other than a Permitted Transferee have any rights to exercise the aforesaid option to extend.

41. **RIGHT OF FIRST OFFER**. Provided that (a) there is no ongoing Event of Default and (b) I-Therapeutix, Inc. or a Permitted Transferee shall then be in occupancy of at least 70% of the entire Premises under this Lease at the time it exercises any of the following rights set forth in this Article 41 and at the time the Right of First Offer Space (as hereinafter defined) is to be added to the original Premises, subject to the rights of other tenants in the Building and subject to the right of Landlord to extend or renew any then current lease (or enter into a new lease with the same tenant even if no extension or renewal rights are contained in the then current lease), Tenant shall have a one-time right (the "Right of First Offer") to lease approximately 18,417 rentable square feet of space in the Building located directly across the main lobby from the Premises as shown on **Exhibit E** attached hereto (the "Right of First Offer Space") at such time as Landlord desires to offer the Right of First Offer Space to the public for lease. In such event, Landlord shall give written notice to Tenant of the availability of the Right of First Offer Space and the terms and conditions on which Landlord intends to offer it to the public and Tenant shall have a period of ten (10) business days thereafter in which to exercise Tenant's right to lease the Right of First Offer Space pursuant to the terms and conditions contained in Landlord's notice, failing which Landlord may lease the Right of First Offer Space to any third party on whatever basis Landlord desires, and Tenant shall have no further rights with respect to the Right of First Offer Space. If Tenant exercises its Right of First Offer hereunder, effective as of the date that Landlord delivers the Right of First Offer Space to Tenant (the "Delivery Date"), the Right of First Offer Space shall automatically be included within the Premises and subject to all the terms and conditions of this Lease, except as set forth in Landlord's notice and as follows:

a. Tenant's Proportionate Share For Expenses and Tenant's Proportionate Share For Taxes shall be recalculated, using the total rentable square footage of the Premises, as increased by the Right of First Offer Space.

b. The Right of First Offer Space shall be leased on an "as is" basis and Landlord shall have no obligation to improve the Right of First Offer Space or grant Tenant any improvement allowance thereon.

c. The Termination Date under this Lease shall be automatically extended to be co-terminous with the lease term set forth in Landlord's notice and the Annual Rent for the original Premises shall (i) remain as set forth in this Lease for the period prior to such automatically extended period, and (ii) be the same Annual Rent on a per rentable square foot basis as that set forth in Landlord's notice for the Right of First Offer Space for such automatically extended period.

d. If requested by Landlord, Tenant shall, prior to the beginning of the term for the Right of First Offer Space, execute a written memorandum confirming the inclusion of the Right of First Offer Space and the Annual Rent and Monthly Installment of Rent for the Right of First Offer Space.

42. **LIMITATION OF LANDLORD'S LIABILITY.** Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building. The obligations of

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Landlord under this Lease are not intended to be and shall not be personally binding on, nor shall any resort be had to the private properties of, any of its or its investment manager's trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder for any lost profits, damage to business, or any form of special, indirect or consequential damages.

LANDLORD:	**TENANT:**
RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation	I-THERAPEUTIX, INC., a Delaware corporation
By: RREEF Management Company, a Delaware corporation, its Authorized Agent	
By: /s/ Edward Reiss	By: /s/ James Fortune
Name: Edward Reiss	Name: JF Fortune
Title: VP/DM	Title: COO
Dated: 9/2/09	Dated: 9/1/09

EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES
attached to and made a part of Lease bearing the
Lease Reference Date of August 31, 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
I-THERAPEUTIX, INC., as Tenant

Exhibit A is intended only to show the general layout of the Phase I Premises and the Phase II Premises as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

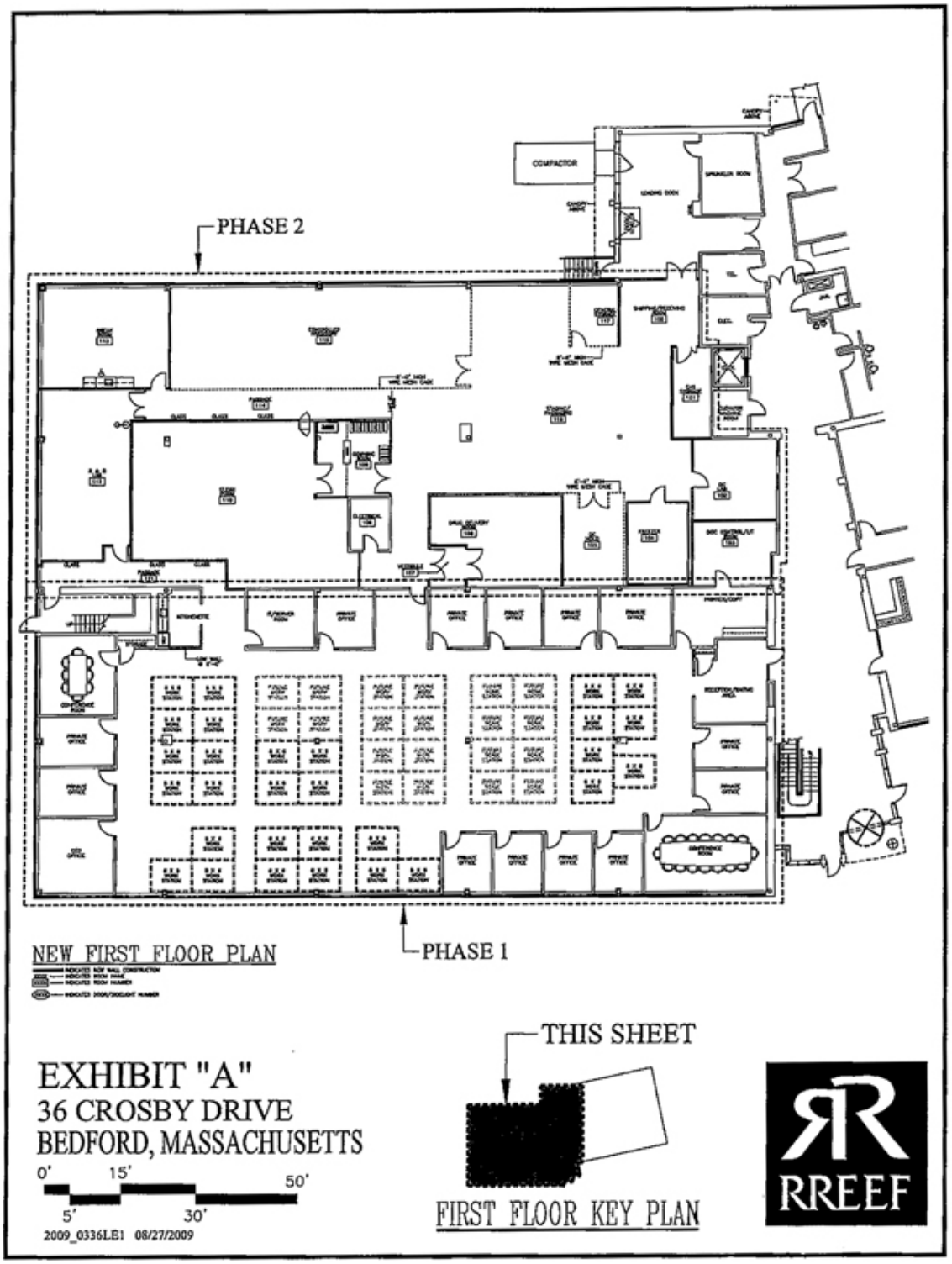


EXHIBIT "A"

36 CROSBY DRIVE
BEDFORD, MASSACHUSETTS

0' 15' 50'

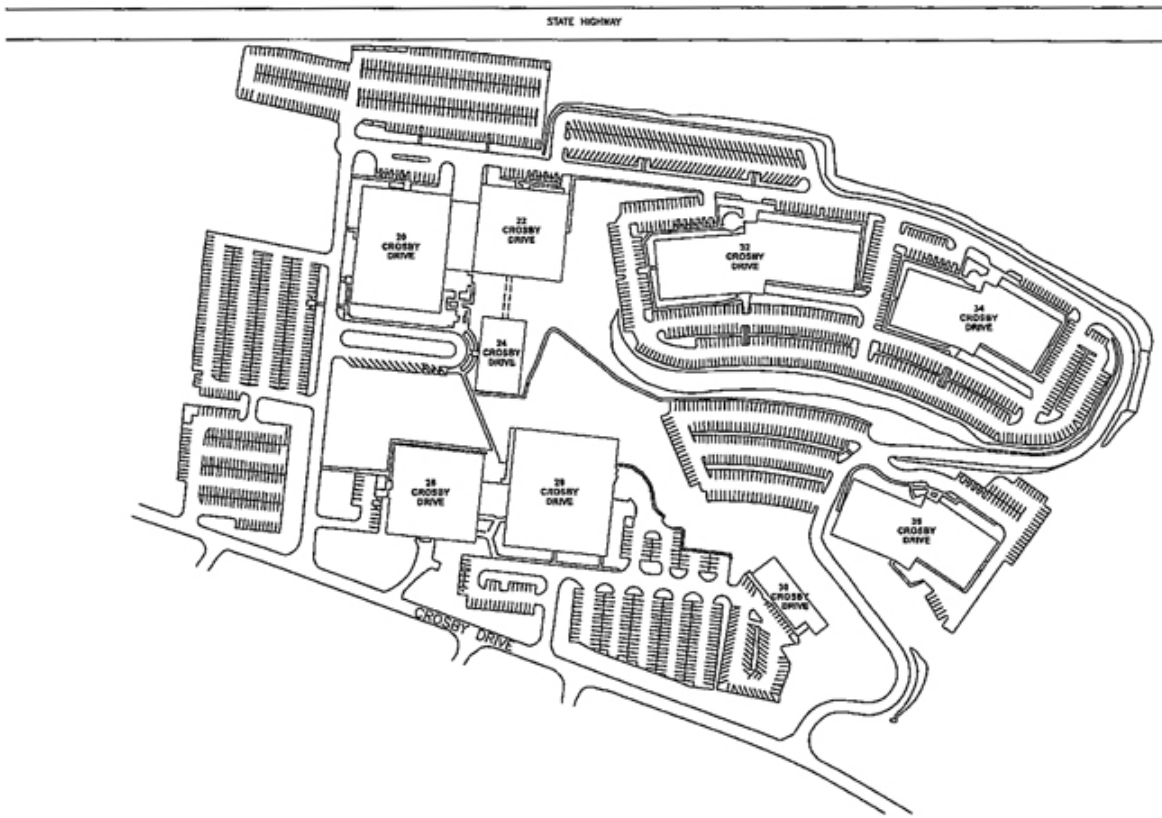
5' 30'

2009_0336LE1 08/27/2009

RREEF

EXHIBIT A-1 – SITE PLAN
attached to and made a part of Lease bearing the
Lease Reference Date of August _____, 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
I-THERAPEUTIX, INC., as Tenant

Exhibit A-1 is intended only to show the general location of the Building as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



CROSBY CORPORATE CENTER - BEDFORD, MASSACHUSETTS

EXHIBIT B – INITIAL ALTERATIONS
attached to and made a part of Lease bearing the
Lease Reference Date of August 31, 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
I-THERAPEUTIX, INC., as Tenant

1. Landlord's Work. In relation to the construction of improvements and alterations in the Phase I Premises and the Phase II Premises prior to Tenant's occupancy thereof, the "Landlord's Work" shall consist of, collectively, (a) the painting, carpeting and demising of the Phase I Premises as set forth on the concept plan attached as Schedule I hereto (the "Concept Plan") and as described in the work letter set forth on Schedule II hereto (the "Work Letter") (the "Landlord's Phase I Work"), and (b) the work related to the Phase II Premises as set forth on the Concept Plan and as described in the Work Letter (the "Landlord's Phase II Work"), all of which Landlord shall perform and construct in a good and workmanlike manner at Landlord's sole cost and expense in accordance with all applicable laws, codes and regulations and the specifications set forth in the Work Letter and the terms and provisions set forth in this Exhibit B and this Lease, but which shall not include (i) furnishings or any data/telecommunications cabling, wiring or systems required by Tenant for the Premises (collectively, "Tenant's Tel/Data Work"), or (ii) any materials, finishes, equipment, installations or specialty items not specifically provided for in the Concept Plan or the Work Letter, all of which shall be paid for and provided by Tenant at its sole cost and expense. Landlord's Phase I Work and Landlord's Phase II Work shall include all labor, material, equipment and services reasonably necessary to complete the project in accordance with the Concept Plan and Work Letter and to fulfill the Landlord's obligation to deliver the Phase I Premises and the Phase II Premises, unless specifically and expressly excluded under the Concept Plan or Work Letter. Tenant shall contract with its vendors and contractors (collectively, "Tenant's Tel/Data Contractors") directly for the performance of the Tenant's Tel/Data Work and shall be entirely responsible for the costs and expenses incurred in connection therewith.

2. Plans and Specifications.

2.1. Landlord shall employ its consultants (collectively, the "Consultants") for preparation of the necessary architectural, mechanical and electrical plans, drawings and specifications (collectively, the "Plans") pertaining to the Landlord's Phase II Work based upon the Concept Plan and the Work Letter. Upon completion, Landlord shall provide copies of the Plans to Tenant, whereupon Tenant shall have five (5) business days to object to any portion of the Plans as not being in compliance with the terms of this Lease and this **Exhibit B**. Landlord shall promptly make any changes to the Plans, which are required to bring them into compliance.

2.2. If, after the Lease Reference Date, Tenant shall request any additions, modifications, revisions or changes to (a) the Concept Plan or the Work Letter, or (b) the Plans at any time after Tenant's initial approval thereof (other than to correct errors or to bring the Plans into compliance with the Concept Plan or the Work Letter), then Landlord shall have the right, in its sole discretion, to reject such request. If Landlord approves such post-approval request or any request for changes which are not required to bring the Plans into compliance with the Lease and this **Exhibit B**, then the entire incremental increased cost of the Landlord's Work as a result of such changes, including, without limitation, the cost of revising the Concept Plan, the Work Letter or the Plans or the cost of preparing new plans, shall be borne by Tenant and any delay occasioned thereby shall constitute a Tenant Delay.

3. Construction. Landlord agrees to cause the Landlord's Work to be constructed by Landlord's contractor (the "Contractor"), and Landlord shall use commercially reasonable efforts to complete the (a) Landlord's Phase I Work by the Phase I Premises Scheduled Commencement Date, and (b) Landlord's Phase II Work by the Phase II Premises Scheduled Commencement Date, subject in both cases to delays caused by a Force Majeure Event or Tenant Delay.

4. Completion of the Landlord's Work.

4.1. In the event that Landlord anticipates that the Landlord's Phase I Work shall not be completed by the Phase I Premises Scheduled Commencement Date, Landlord shall give Tenant not less than ten (10) days' notice in writing of the date upon which Landlord expects to tender the Phase I Premises with the Landlord's Phase I Work substantially completed and ready for occupancy and Landlord shall take such action as may be necessary to promptly complete the Landlord's Phase I Work and shall notify Tenant in writing as soon as such work has been completed. In the event of any dispute as to when and whether the Landlord's Phase I Work has been substantially completed, either (i) the certificate of occupancy (whether temporary or permanent) issued by the local governmental authority, (ii) written authorization to occupy the Premises by the

local building code enforcement officer, or (iii) if a certificate of occupancy is not required by such local governmental authority, such written sign-offs as are required under applicable municipal law (any of the authorizations referred to in such items (i), (ii) or (iii) are referred to hereunder as, a "Certificate of Occupancy") shall be conclusive evidence of such completion, effective on the date of the delivery of a copy of any such Certificate of Occupancy to Tenant.

4.2. In the event that Landlord anticipates that the Landlord's Phase II Work shall not be completed by the Phase II Premises Scheduled Commencement Date, Landlord shall give Tenant not less than ten (10) days' notice in writing of the date upon which Landlord expects to tender the Phase II Premises with the Landlord's Phase II Work substantially completed and ready for occupancy and Landlord shall take such action as may be necessary to promptly complete the Landlord's Phase II Work and shall notify Tenant in writing as soon as such work has been completed. In the event of any dispute as to when and whether the Landlord's Phase II Work has been substantially completed, a Certificate of Occupancy shall be conclusive evidence of such completion, effective on the date of the delivery of a copy of any such Certificate of Occupancy to Tenant.

4.3. If Landlord shall be delayed in substantially completing the Landlord's Phase I Work, the Landlord's Phase II Work or in obtaining the Certificate of Occupancy for the Phase II Premises or a certificate of substantial completion for either the Phase I Premises or the Phase II Premises as a result of any act or omission by Tenant, its agents, employees, representatives or contractors, or any one or more of them, including, without limitation, the following:

4.3.1. Tenant's failure to pay any amounts required hereunder within the period set forth herein; or

4.3.2. Tenant's request for any materials, finishes, equipment, installations or specialty items other than as listed on Schedule I and Schedule II hereof; or

4.3.3. Tenant's delay in supplying any of the Consultants or the Contractor with any requested information; or

4.3.4. Tenant's changes after the Lease Reference Date in any one or more of the Concept Plan, the Work Letter or the Plans (other than to correct errors or to bring the Plans into compliance with the Concept Plan or the Work Letter), regardless of Landlord's approval of any such changes; or

4.3.5. The performance or completion by Tenant, or any person or entity employed by Tenant, of any work on or about the Premises, including, without limitation, any disharmony, labor disturbance or interference caused by such performance or completion; or

4.3.6. Any other act or omission by Tenant or any of its agents, employees, representatives or contractors;

then, notwithstanding the fact that substantial completion has not occurred, (a) the Commencement Date shall be accelerated by the number of days of such Tenant Delay, and (b) any increase in cost of the Landlord's Work as a result of such Tenant Delay.

5. Tenant's Default. If Tenant shall fail to comply with any term, provision or agreement hereunder, and if any such failure is not cured within five (5) business days following written notice to Tenant, then, in addition to any other remedies granted Landlord under the Lease in the case of default by Tenant and any remedies provided for elsewhere in this **Exhibit B** or available at law or equity, Landlord may elect, upon notice to Tenant, to:

5.1.1. discontinue all work hereunder until such default is cured; or

5.1.2. complete the Landlord's Phase I Work, tendering possession to Tenant upon substantial completion thereof, the date of such tender being deemed to be the Phase I Premises Commencement Date; or

5.1.3. complete the construction of the Landlord's Phase II Work pursuant to the Plans as approved by Landlord and Tenant or complete any work which Landlord and Tenant have agreed to in writing, tendering possession to Tenant upon substantial completion thereof, the date of such tender being deemed to be the Phase II Premises Commencement Date under the Lease.

6. Early Entry. Landlord shall permit Tenant and Tenant's Tel/Data Contractors to enter the Premises prior to the Commencement Date so that Tenant may perform the Tenant's Tel/Data Work and such license shall be subject to the condition that Tenant and Tenant's Tel/Data Contractors shall work in harmony and not interfere with Landlord, Landlord's Contractor and their agents and contractors in doing their work or with any other tenants and occupants of the Building. If at any time such entry shall cause or threaten to cause such disharmony or interference, Landlord, in its sole discretion, shall have the right to withdraw and cancel such license upon forty-eight (48) hours written notice to Tenant and any further prior entry shall be prohibited. Tenant agrees that any entry into and any occupation of the Premises shall be deemed to be under all of the terms, covenants, conditions and provisions of the Lease, except as to the covenant to pay the Monthly Installment of Rent. In addition to any other conditions or limitations on such license to enter the Premises prior to the Commencement Date, Tenant expressly agrees that neither it nor any of Tenant's Tel/Data Contractors shall enter the Premises prior to the Commencement Date unless and until each of them shall furnish such assurances to Landlord, including but not limited to, insurance coverages, waivers of lien, surety company performance bonds and personal guaranties of individuals of substance, as Landlord shall require to protect Landlord against any loss, casualty, liability, liens or claims.

7. Miscellaneous.

7.1. Tenant expressly assumes the responsibility and obligation of supplying the Consultants and the Contractor with all information concerning Tenant's requirements with respect to the Landlord's Work as and when requested by any of the Consultants.

7.2. Except as set forth in this **Exhibit B** and the Lease, Landlord has no other agreement with Tenant and has no obligation to perform any work except the (a) Landlord's Phase I Work with respect to the Phase I Premises, and (b) Landlord's Phase II Work with respect to the Phase II Premises, and (c) Landlord's repair and maintenance obligations. Any other work in the Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and provisions of this Lease and such additional requirements as Landlord deems necessary or desirable.

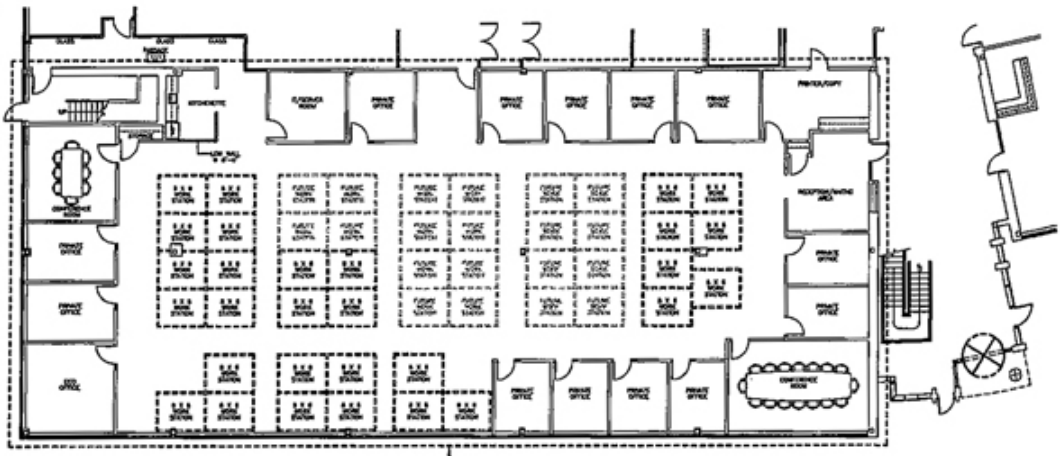
7.3. All rights and remedies of Landlord herein created or otherwise existing at law or equity are cumulative, and the exercise of one or more such rights or remedies shall not be deemed to exclude or waive the right to the exercise of any other rights or remedies. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as deemed desirable.

7.4. This **Exhibit B** shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under this Lease or otherwise, or to any portion of the original Premises or any additions thereto in the event of an extension of the original Term of the Lease, whether by any options under the Lease or otherwise.

SCHEDULE I

CONCEPT PLAN

[See attached Concept Plan dated August 27, 2009 from Walsh Cochis]



NEW FIRST FLOOR PLAN

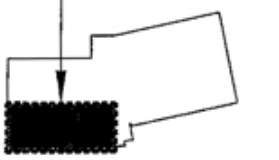
PHASE 1

EXHIBIT "B"
PHASE 1
36 CROSBY DRIVE
BEDFORD, MASSACHUSETTS

0' 15' 50'

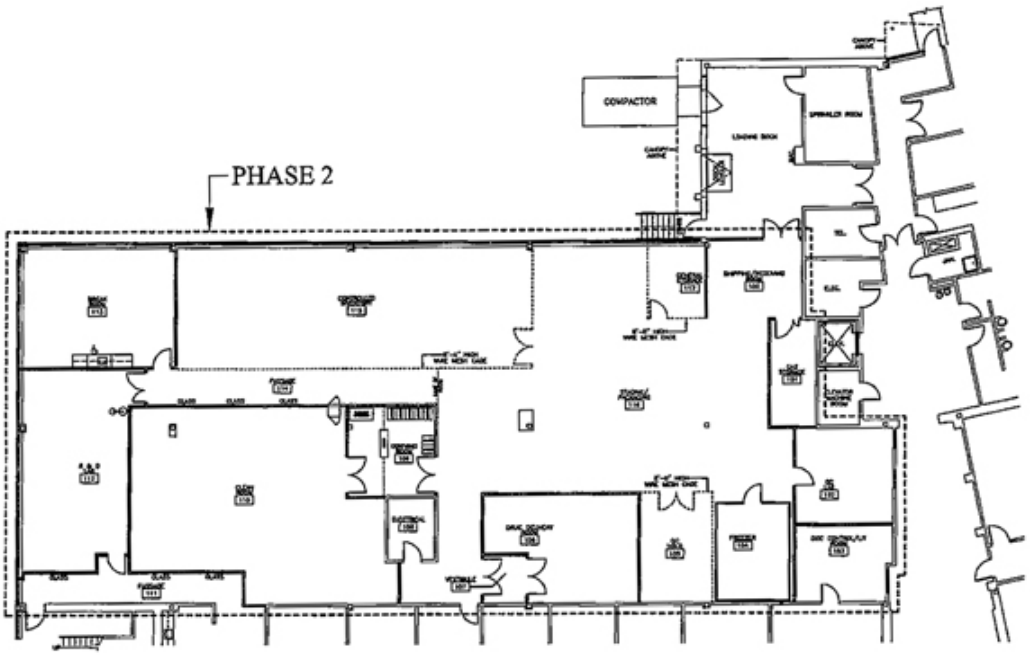
5' 30'

2009_0336LE2 08/27/2009



FIRST FLOOR KEY PLAN

RREEF

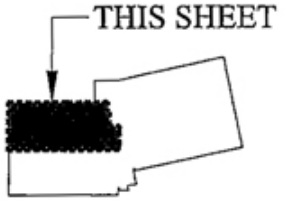


NEW FIRST FLOOR PLAN

EXHIBIT "B"
PHASE 2
36 CROSBY DRIVE
BEDFORD, MASSACHUSETTS

0' 15' 50'
5' 30'

2009_0336LE3 08/27/2009



FIRST FLOOR KEY PLAN

RREEF

SCHEDULE II

WORK LETTER

[See attached “Proposed Tenant Improvements for I-Therapeutix,” revised July 22, 2009]

PHASE 1
WORK LETTER
I-THERAPEUTIX
36 Crosby Drive, Building #9, Bedford, MA
7-22-2009

Reference Floor Plan: Exhibit “B” Phase 1

1. Demolition:

Remove all existing finish flooring and base.

Remove all walls and other items to obtain required layout.

Removal of ceiling tiles and grid system is selective. Ceilings in individual rooms which are not demolished are to remain. Ceilings in large areas are to remain and be extended into areas where rooms have been demolished.

Save doors and frames for reuse.

2. Interior Partitions:

New interior walls shall be constructed of 3-5/8” x 25 Ga. metal studs at 16” O/C with 1/2” gypsum wallboard on both sides. Walls shall extend to 6” above the ceiling grid, except full height at large Conference Room.

3. Doors, Frames and Hardware:

Reuse existing doors, frames and hardware wherever possible. Provide new units (to match existing) as required by new layout, including Tenant Entry.

4. Ceilings:

Existing grid to remain and be repaired, with new grid (to match adjacent areas) only as required by new layout. Also refer to demolition notes above.

5. Lighting:

Existing fixtures shall be reused wherever possible. Provide new fixtures (to match existing) as required.

Provide one fixture for every 80 SF of floor area.

Each room and area shall be individually switched.

6. Power:

Provide 12 dedicated 20A circuits for tenant’s open office work stations.

Provide 3 dedicated 20A receptacles for tenant’s office equipment at locations to be determined.

Provide 4 dedicated 20A receptacles at the IT/Server Room.

Provide pull strings and plaster rings for tel/data drops.

7. HVAC:

Existing system diffusers and ductwork will be relocated, with new ductwork, diffusers, controls & equipment as required by new layout at office areas.

Provide exhaust fan in IT/Server Room.

8. Floor Finishes:

Provide Shaw Metro loop pile carpet at reception area, all open office areas, private offices and conference rooms.

Provide Armstrong Standard Excelon vinyl floor tile at Kitchenette, IT/Server Room and Copy Room.

Provide new 4" vinyl base on all walls.

9. Paint:

Gypsum board walls throughout shall be painted, and shall receive one primer and two finish coats of latex eggshell finish paint.

All door frames shall receive a primer and two finish coats of semi gloss paint.

10. Fire Protection:

Existing sprinkler system is to be modified as required by new layout.

11. Life Safety:

Modify and add to existing emergency lighting, exit signs, fire extinguishers and fire alarm horn/strobe units as required by new layout.

12. Misc:

Repair existing perimeter window blinds as required for proper operation and uniform appearance.

14. Work not included:

Installation of telephone and computer wiring, outlets and equipment.

Furnishings including, but not limited to, open office work stations and reception desk.

Security system.

END

PHASE 2
WORK LETTER
I-THERAPEUTIX
36 Crosby Drive, Building #9, Bedford, MA
7-22-2009

Reference Floor Plan: Exhibit “B” Phase 2

1. Demolition:

Remove all existing finish flooring and base.

Remove all walls and other items to obtain required layout.

Removal of ceiling tiles and grid system is selective. Ceilings in individual rooms which are not demolished are to remain. Ceilings in large areas are to remain and be extended into areas where rooms have been demolished.

Save doors and frames for reuse.

2. Interior Partitions:

New interior walls shall be constructed of 3-5/8” x 25 Ga. metal studs at 16” O/C with 1/2” gypsum wallboard on both sides. Walls shall extend to 6” above the ceiling grid.

Walls surrounding Clean Room and Gowning Room shall extend to the underside of floor deck above.

3. Doors, Frames and Hardware:

Reuse existing doors, frames and hardware wherever possible. Provide new units (to match existing) as required by new layout.

Provide interlocking doors (metal doors) between Clean Room and Gowning Room.

4. Ceilings:

Existing grid to remain and be repaired, with new grid (to match adjacent areas) only as required by new layout. Also refer to demolition notes above.

Provide clean room type vinyl faced ceiling tile with gasketed grid system at Clean Room and Gowning Room.

5. Lighting:

Provide new 2x4 recessed fluorescent fixtures with gaskets, acrylic lens and 3 - T8 - 34W lamps at Clean Room and Gowning Room.

Existing fixtures shall be reused at all other areas Provide new fixtures (to match existing) as required by new layout.

Provide one fixture for every 80 SF of floor area.

Each room and area shall be individually switched.

6. Power:

Provide 4 dedicated 20A receptacles in the new Break Room.

Provide 2- 208/230V single phase receptacles at the R & D Lab.

Provide 208/230V single phase power to the tenant furnished freezer.

Provide 6- 208/230V single phase receptacles at the Clean Room.

Provide power for new air compressor/dryer unit.

Provide pull strings and plaster rings for tel/data drops.

7. HVAC:

The Clean Room must meet a class 100,000 rating (ISO class 8) and HEPA filters are required in the Clean Room.

Provide $70,000 allowance for work at lab areas to include 2 split systems (Clean Room & Drug Delivery room) and ductwork associated with fume hood supplied by I-Therapeutix.

8. Plumbing:

Provide an ADA compliant stainless steel sink at the new Break Room.

Provide nitrogen drops at the following locations (Nitrogen tanks and manifold to be furnished and installed by Tenant’s gas vendor); 4 at Drug Delivery, 6 at R & D Lab, 12 at Clean Room and 2 at QC Lab.

Provide compressed air drops at the following locations (also provide an oil-less air compressor and dryer); 4 at Drug Delivery, 6 at R & D Lab, 6 at Clean Room and 2 at QC Lab.

Install sink/eyewash units supplied by I-Therapeutix at Drug Delivery and R & D.

Furnish and install emergency shower unit at R & D.

Provide new 80 gallon water heater and tempered water loop.

9. Floor Finishes:

Provide Armstrong Standard Excelon vinyl floor tile at Breakroom, Controlled Inventory, General Storage, Gas Storage, Staging/Packaging, R&D Lab, Shipping Receiving, Drug Delivery, QC Hold, QC Lab, and Doc Control.

Provide sheet vinyl floor with welded seams and 4” flash type base at Clean Room and Gowning Room.

Provide new 4" vinyl base on all walls.

10. Paint:

Gypsum board walls throughout shall be painted, and shall receive one primer and two finish coats of latex eggshell finish paint.

Epoxy paint on Clean and Gowning Room walls.

All door frames shall receive a primer and two finish coats of semi gloss paint.

11. Fire Protection:

Existing sprinkler system is to be modified as required by new layout.

12. Life Safety:

Modify and add to existing emergency lighting, exit signs, fire extinguishers and fire alarm horn/strobe units as required by new layout.

13. Misc:

Provide plastic laminate clad base and wall cabinets and counter at new Break Room.

Repair existing perimeter window blinds as required for proper operation and uniform appearance.

Provide 8’ high wire mesh partition system at QC Hold and Controlled Inventory.

Provide a 24” x 24” pass-through box at the Clean Room.

14. Work not included:

Installation of telephone and computer wiring, outlets and equipment.

Furnishings including, but not limited to, open office work stations and reception desk.

Security system.

Nitrogen tanks and manifold.

END

EXHIBIT C – COMMENCEMENT DATE MEMORANDUM

attached to and made a part of Lease bearing the
Lease Reference Date of August , 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
I-THERAPEUTIX, INC., as Tenant

COMMENCEMENT DATE MEMORANDUM

THIS COMMENCEMENT DATE MEMORANDUM (this "Memorandum"), made as of , 20 , by and between RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation ("Landlord"), and I-THERAPEUTIX, INC., a Delaware corporation ("Tenant").

Recitals:

A. Landlord and Tenant are parties to that certain Lease, dated for reference , 20 (the "Lease") for certain premises (the "Premises") consisting of approximately 19,786 rentable square feet at the building commonly known as 36 Crosby Drive, Bedford, Massachusetts.

B. Tenant is in possession of the Premises and the Term of the Lease has commenced.

C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date, the Phase I Premises Rent Commencement Date, the Phase II Premises Commencement Date, the Phase II Premises Rent Commencement Date and the Termination Date and other matters under the Lease.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. The actual Commencement Date is , 2009.

2. The actual Phase I Premises Rent Commencement Date is , 2009.

3. The actual Phase II Premises Commencement Date is , 2009.

4. The actual Phase II Premises Rent Commencement Date is , 2010.

5. The actual Termination Date is .

6. The schedule of the Annual Rent and the Monthly Installment of Rent set forth on the Reference Pages is deleted in its entirety, and the following is substituted therefor:

[insert rent schedule]

7. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

LANDLORD:

RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation

By: RREEF Management Company, a Delaware corporation, its Authorized Agent

By: _____DO_NOT_SIGN_____

Name:

Title:

Dated: _____

TENANT:

I-THERAPEUTIX, INC., a Delaware corporation

By: _____DO_NOT_SIGN_____

Name:

Title:

Dated: _____

EXHIBIT D – RULES AND REGULATIONS
attached to and made a part of Lease bearing the
Lease Reference Date of August 31, 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
I-THERAPEUTIX, INC., as Tenant

1. Intentionally Omitted.

2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the opinion of Landlord, from outside the Premises.

3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, or stairways of the Building. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building.

4. Any directory of the Building, if provided, will be exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names. Landlord reserves the right to charge for any changes to Tenant's directory listing subsequent to the initial installation thereof.

5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord by a Class A qualified bonded cleaning service. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.

6. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown into any of them, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.

7. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. Tenant will comply with any and all recycling procedures designated by Landlord.

8. Landlord will furnish Tenant two (2) keys free of charge to each door in the Premises that has a passage way lock. Landlord may charge Tenant a reasonable amount for any additional keys, and Tenant shall not make or have made additional keys on its own. Tenant shall not alter any lock or install a new or additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

9. If Tenant requires telephone, data, burglar alarm or similar service, the cost of purchasing, installing and maintaining such service shall be borne solely by Tenant. No boring or cutting for wires will be allowed without the prior written consent of Landlord which consent shall not be unreasonably withheld or delayed.

10. No equipment, materials, furniture, packages, bulk supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord. The persons employed to move such equipment or materials in or out of the Building must be acceptable to Landlord.

11. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Heavy objects shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space in the Building to such a degree as to be objectionable to Landlord or to any tenants shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the noise or vibration. Landlord will not be responsible for loss of or damage to any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

12. Landlord shall in all cases retain the right to control and prevent access to the Building of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation or interests of the Building and its tenants, provided that nothing contained in this rule shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person.

13. Tenant shall not use any method of heating or air conditioning other than that supplied or approved in writing by Landlord, except that Tenant shall be permitted to use personal space heaters in the Premises, provided that such heaters are used in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

14. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

15. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without Landlord’s prior written consent, which consent shall not be unreasonably withheld or delayed, and which consent may in any event be conditioned upon Tenant’s execution of Landlord’s standard form of license agreement. Tenant shall be responsible for any interference caused by such installation.

16. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork, plaster, or drywall (except for pictures, tackboards and similar office uses) or in any way deface the Premises. Tenant shall not cut or bore holes for wires without Landlord’s prior consent, which consent shall not be unreasonably withheld or delayed. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord, which approval shall not be unreasonably withheld or delayed. Tenant shall repair any damage resulting from noncompliance with this rule.

17. Tenant shall not install, maintain or operate upon the Premises any vending machine without Landlord’s prior written consent, except that Tenant may install food and drink vending machines solely for the convenience of its employees.

18. No cooking shall be done or permitted by any tenant on the Premises, except that Underwriters’ Laboratory approved microwave ovens, toaster ovens or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

19. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with the rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

20. Tenant shall not permit any motor vehicles to be washed or mechanical work or maintenance of motor vehicles to be performed in any parking lot.

21. Tenant shall not use the name of the Building or any photograph or likeness of the Building in connection with or in promoting or advertising Tenant’s business without Landlord’s prior consent, which consent shall not be unreasonably withheld or delayed except that Tenant may include the Building name in Tenant’s address. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name and address of the Building.

22. Tenant requests for services must be submitted to the Building office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

23. Tenant shall not permit smoking or carrying of lighted cigarettes or cigars other than in areas designated by Landlord as smoking areas.

24. Canvassing, soliciting, distribution of handbills or any other written material in the Building is prohibited and each tenant shall cooperate to prevent the same. No tenant shall solicit business from other tenants or permit the sale of any good or merchandise in the Building without the written consent of Landlord.

25. Tenant shall not permit any animals other than service animals, e.g. seeing-eye dogs, to be brought or kept in or about the Premises or any common area of the Building.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

27. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building, and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations which are adopted. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant’s employees, agents, clients, customers, invitees and guests.

[REMAINDER OF THE PAGE LEFT INTENTIONALLY BLANK]

EXHIBIT E – RIGHT OF FIRST OFFER SPACE
attached to and made a part of Lease bearing the
Lease Reference Date of August 31, 2009 between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord and
I-THERAPEUTIX, INC., as Tenant

[See attached.]

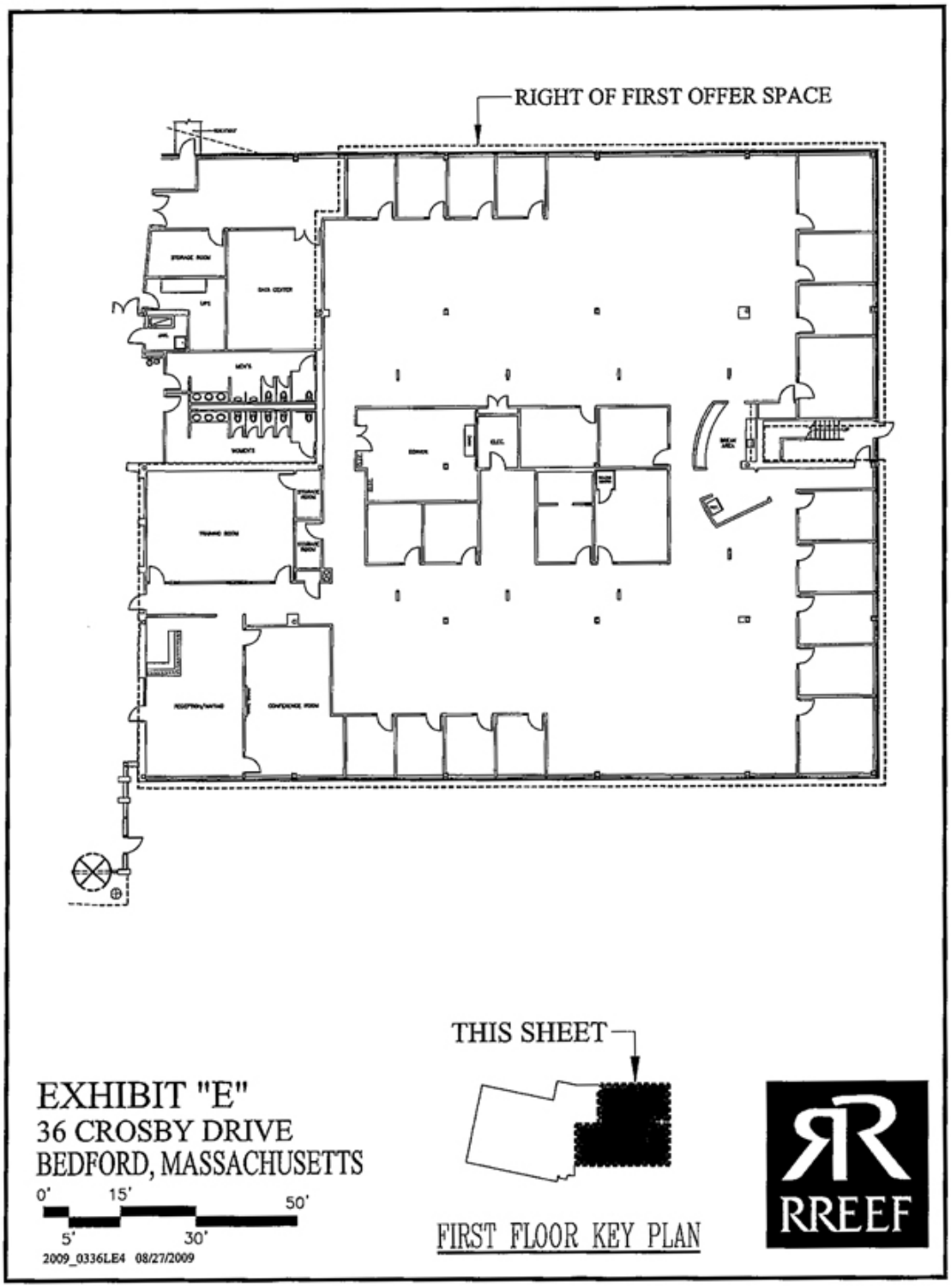


EXHIBIT "E"

36 CROSBY DRIVE
BEDFORD, MASSACHUSETTS

0' 15' 50'
5' 30'

2009_0336LE4 08/27/2009

FIRST FLOOR KEY PLAN

RREEF

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") dated as of this 25th day of April, 2014 (the "**Effective Date**"), is entered into by and between RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation ("**Landlord**"), and OCULAR THERAPEUTIX, INC., a Delaware corporation (f/k/a I-Therapeutix, Inc.) ("**Tenant**"), relating to the premises located in the (a) building (the "**34 Crosby Building**") located in the Town of Bedford, County of Middlesex, Commonwealth of Massachusetts, commonly known as 34 Crosby Drive (the "**34 Crosby Property**"), and (b) building (the "**36 Crosby Building**") located in the Town of Bedford, County of Middlesex, Commonwealth of Massachusetts, commonly known as 36 Crosby Drive (the "**36 Crosby Property**," and together with the 34 Crosby Property, the "**Property**").

WITNESSETH:

WHEREAS, Landlord, as landlord, and Tenant, as tenant, entered into that certain Lease bearing a Lease Reference Date of August 31, 2009, with respect to approximately 19,786 rentable square feet located on the first (1st) floor of the 36 Crosby Building (the "**Existing Premises**"), as affected by the Commencement Date Memorandum dated as of December 29, 2009, by and between Landlord, as landlord, and Tenant, as tenant (together, the "**Lease**");

WHEREAS, Landlord is the current owner of the Property and the current holder of the landlord's interest under the Lease and Tenant, as a result of a name change from I-Therapeutix, Inc. to Ocular Therapeutix, Inc., is the current holder of the tenant's interest under the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease to, among other things, expand the Existing Premises by approximately 11,756 rentable square feet on the first (1st) floor of the 34 Crosby Building, all as more fully set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreements

1. Capitalized Terms. Unless otherwise specifically set forth herein, all capitalized terms herein shall have the same meaning as set forth in the Lease.

2. Recitals. The recitals above set forth are true and complete and are incorporated herein by reference.

3. Amendments. Except as otherwise expressly set forth hereinbelow, as of the Effective Date, the Lease is hereby amended as follows:

a. Reference Pages. The Reference Pages set forth on pages iii through vi of the Lease are hereby amended, restated and superseded in their entirety as set forth on **Schedule I** attached hereto

b. I-Therapeutix, Inc. The Lease is hereby amended by replacing any and all references to the name "I-Therapeutix, Inc." with the name "Ocular Therapeutix, Inc."

c. Premises. The introductory paragraph of the Lease is hereby amended by deleting the second (2nd) sentence thereof in its entirety and replacing it with the following:

"The Phase I Premises, the Phase II Premises and the Phase III Premises are depicted on the floor plan attached hereto as **Exhibit A**, and the 34 Crosby Building and the 36 Crosby Building are depicted on the site plan attached hereto as **Exhibit A-1**."

d. Use of the Premises. Section 1.1 of the Lease is hereby amended by deleting the second (2nd) to the last sentence thereof in its entirety and replacing it with the following:

"Notwithstanding the foregoing, following the Commencement Date with respect to the Phase I Premises, following the Phase II Premises Commencement Date with respect to the Phase II Premises and following the Phase III Premises Commencement Date with respect to the Phase III Premises, Tenant shall be responsible for ensuring that the (a) Tenant's layout of its personal property, including without limitation, partitions, cubicles and equipment, but excluding the Landlord's Work, and (b) any alterations to the Phase I Premises, the Phase II Premises and the Phase III Premises, respectively, comply with the Americans With Disabilities Act of 1990, and any amendments thereto, at Tenant's sole cost and expense."

e. Term. Section 2.1 of the Lease is hereby amended by deleting the first (1st) sentence thereof in its entirety and replacing it with the following:

"The Term of this Lease shall begin on the Commencement Date and shall terminate on the (i) 34 Crosby Premises Termination Date with respect to the 34 Crosby Premises, and (ii) Termination Date with respect to the 36 Crosby Premises, unless sooner terminated or extended pursuant to the terms and provisions of this Lease."

f. Expenses. Section 4.1.2 of the Lease is hereby amended by inserting the words "For each of the 34 Crosby Building and the 36 Crosby Building," immediately prior to the words "all costs of operation . . ." in the first (1st) sentence thereof.

g. Rentable Square Footage of the Parcel. Section 4.1.3 of the Lease is hereby amended by deleting the words "Rentable Square Footage of the Parcel (i.e., 257,527)" therefrom and replacing them with the words "Rentable Square Footage of the Parcel (i.e., 258,393)".

h. Base Years. Section 4.2 of the Lease is hereby amended to read in its entirety as follows:

"4.2 If in any Lease Year, (a) Expenses paid or incurred with respect to the 34 Crosby Building shall exceed Expenses paid or incurred in the Base Year (Expenses) For 34 Crosby Premises, then Tenant shall pay, as additional rent for such Lease Year, Tenant's Proportionate Share For Expenses For 34 Crosby Premises of such excess, and (b) Expenses paid or incurred with respect to the 36 Crosby Building shall exceed Expenses paid or incurred in the Base Year (Expenses) For 36 Crosby Premises, then Tenant shall pay, as additional rent for such Lease Year, Tenant's Proportionate Share For Expenses For 36 Crosby Premises of such excess. If in any Lease Year, (i) Taxes paid or incurred by Landlord in any Lease Year shall exceed the amount of such Taxes which become due and payable in the Base Year (Taxes) For 34 Crosby Premises, then Tenant shall pay as additional rent for such Lease Year, Tenant's Proportionate Share For Taxes For 34 Crosby Premises of such excess, and (ii) Taxes paid or incurred by Landlord in any Lease Year shall exceed the amount of such Taxes which become due and payable in the Base Year (Taxes) For 36 Crosby Premises, then Tenant shall pay as additional rent for such Lease Year, Tenant's Proportionate Share For Taxes For 36 Crosby Premises of such excess."

i. Audit Rights. Section 4.3 of the Lease is hereby amended by deleting the last three (3) sentences thereof in their entirety and replacing them with the following:

"If, as a result of such audit, it becomes clear that an error was made in the calculation of the Expenses for the 34 Crosby Building, of the Expenses for the 36 Crosby Building, of Tenant's Proportionate Share For Expenses For 34 Crosby Premises or of Tenant's Proportionate Share For Expenses For 36 Crosby Premises, all as applicable, then an appropriate adjustment shall be made within thirty (30) days of Landlord's receipt from Tenant of a copy of such audit together with Tenant's demand for reimbursement and, if Landlord has understated Base Year (Expenses) For 34 Crosby Premises and/or Base Year (Expenses) For 36 Crosby Premises, as applicable, or overstated any subsequent years' Expenses with respect to the applicable Building by more than five percent (5%), in each respective case in the aggregate, or if the amount by which Landlord over-charged Tenant exceeds five percent (5%) of (a) Tenant's Proportionate Share For Expenses For 34 Crosby Premises with respect to the 34 Crosby Premises in the aggregate, or (b) Tenant's Proportionate Share For Expenses For 36

Crosby Premises with respect to the 36 Crosby Premises in the aggregate, then, in each applicable and respective case, Landlord shall pay the reasonable actual out-of-pocket costs and expenses paid by Tenant for the audit. In the event that during all or any portion of any Lease Year or Base Year (Expenses) For 34 Crosby Premises, the 34 Crosby Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the 34 Crosby Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the 34 Crosby Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year. In the event that during all or any portion of any Lease Year or Base Year (Expenses) For 36 Crosby Premises, the 36 Crosby Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the 36 Crosby Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the 36 Crosby Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year. Following its annual determination of Expenses pursuant to this Article 4, in no event shall Landlord recover from Tenant more than (i) Tenant's Proportionate Share For Expenses For 34 Crosby Premises of the actual Expenses paid or incurred by Landlord for the 34 Crosby Building, and (ii) Tenant's Proportionate Share For Expenses For 36 Crosby Premises of the actual Expenses paid or incurred by Landlord for the 36 Crosby Building."

j. Expenses and Taxes. Section 4.5.2 of the Lease is hereby amended by deleting the last sentence thereof in its entirety and replacing it with the following:

"Tenant shall not be entitled to a credit by reason of (a) actual Expenses for the 34 Crosby Building and/or Taxes in any Lease Year being less than Expenses and/or Taxes in the Base Year (Expenses and/or Taxes) For 34 Crosby Premises, and/or (b) actual Expenses for the 36 Crosby Building and/or Taxes in any Lease Year being less than Expenses and/or Taxes in the Base Year (Expenses and/or Taxes) For 36 Crosby Premises."

k. Holding Over. Article 14 of the Lease is hereby amended to read in its entirety as follows:

"14. **HOLDING OVER**. Tenant shall pay Landlord for each day Tenant retains possession of the (a) 34 Crosby Premises or part of them after the 34 Crosby Premises Termination Date or earlier termination of this Lease with respect to the 34 Crosby Premises, by lapse of time or otherwise, and/or (b) 36 Crosby Premises or part of them after the Termination Date or earlier termination of this Lease with respect to the 36 Crosby Premises, by lapse of time or otherwise, in each case at the rate (the "Holdover Rate") which shall be One Hundred Fifty Percent (150%) of the greater of the (i) amount of the Annual Rent in effect for the applicable Premises for the last period prior to the date of such termination plus all Rent Adjustments under Article 4; and (ii) then market rental value of the applicable Premises as determined by Landlord assuming a new lease of the applicable Premises of the then usual duration and other terms, in either case, prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. In the event of such holdover, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law."

l. Events of Default. Section 18.1.3 of the Lease is hereby amended to read in its entirety as follows:

"18.1.3 Tenant shall fail to vacate the 34 Crosby Premises immediately upon the 34 Crosby Premises Termination Date and/or the 36 Crosby Premises immediately upon the Termination Date, or in either or both cases immediately upon the earlier termination of this Lease, by lapse of time or otherwise, or upon Tenant's right to possession only."

m. Casualty. Section 22.1 of the Lease is hereby amended by: (a) deleting the words "the Premises or the Building" from the first (1st) sentence thereof and replacing them with the words "that either the 34 Crosby Premises, the 36 Crosby Premises, the 34 Crosby Building and/or the 36 Crosby Building, as applicable,"; and (b) deleting the word "Premises" from the second (2nd) sentence thereof and replacing it with the word "34 Crosby Premises and/or the 36 Crosby Premises, as applicable,".

Section 22.2 of the Lease is hereby amended by deleting the first (1st) and second (2nd) sentences thereof and replacing them with the following:

"If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days, Landlord and Tenant shall each have the option of giving the other, at any time within ninety (90) days after such damage, notice terminating this Lease with respect to the portion of the Premises in the damaged Building as of the date of such damage. In the event of the giving of such notice, this Lease shall expire

with respect to the portion of the Premises in the damaged Building only and all interest of the Tenant in such portion of the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term."

Section 22.4 of the Lease is hereby amended by: (a) inserting the words "with respect to the portion of the Premises in the damaged Building only" immediately following the words "Tenant may at its option and as its sole remedy" therein; and (b) inserting the words "with respect to the portion of the Premises in the damaged Building only" immediately following the words "whereupon the Lease shall end" therein.

Section 22.5 of the Lease is hereby amended by inserting the words "with respect to the portion of the Premises in the damaged Building only" immediately following the words "Tenant shall have the right to terminate this Lease" therein.

n. Eminent Domain. Article 23 of the Lease is hereby amended to read in its entirety as follows:

"23. **EMINENT DOMAIN**. If all or any substantial part of the 34 Crosby Premises and/or the 36 Crosby Premises, as applicable, shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease with respect to the portion of the Premises that is subject to such taking only, except that Tenant may only exercise such right if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the applicable Premises. If neither party to this Lease shall so elect to terminate this Lease with respect to the portion of the Premises that is subject to such taking, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the 34 Crosby Building and/or the 36 Crosby Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises in such Building or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease with respect to such applicable Building. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses. Tenant shall make no claim for the value of any unexpired Term."

o. Sale By Landlord. Article 24 of the Lease is hereby amended by deleting the first (1st) sentence thereof in its entirety and replacing it with the following:

"In event of a sale or conveyance by Landlord of the 34 Crosby Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant with respect to the 34 Crosby Building, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. In event of a sale or conveyance by Landlord of the 36 Crosby Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant with respect to the 36 Crosby Building, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease."

p. Surrender of Premises. Section 26.1 of the Lease is hereby amended to read in its entirety as follows:

"26.1 Tenant shall arrange to meet Landlord for two (2) joint inspections of the 34 Crosby Premises, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the 34 Crosby Premises Termination Date, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the 34 Crosby Premises. Tenant shall arrange to meet Landlord for two (2) joint inspections of the 36 Crosby Premises, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the Termination Date, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the 36 Crosby Premises In the event of Tenant's failure to arrange such joint inspections and/or participate in either such inspection, Landlord's inspection at or after Tenant's vacating the applicable Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration. Notwithstanding anything to the contrary set forth in this Article 26 below, the term "Premises," as used in this Article 26, shall be deemed to refer to the 34 Crosby Premises and/or the 36 Crosby Premises, in each case as applicable, and the term "Term," as used in this Article 26, shall be deemed to refer to the "34 Crosby Premises Termination Date" with respect to the 34 Crosby Premises and the "Termination Date" with respect to the 36 Crosby Premises, in each case as applicable."

q. Extension Option. Notwithstanding anything to the contrary set forth in Article 40 of the Lease, Landlord and Tenant hereby acknowledge and agree that Tenant's extension option thereunder shall apply only to the 36 Crosby Premises, and not to the 34 Crosby Premises.

r. Right of First Offer. Article 41 of the Lease is hereby amended to read in its entirety as follows:

"41. **RIGHT OF FIRST OFFER**. Provided that (a) there is no ongoing Event of Default, and (b) Ocular Therapeutix, Inc. or a Permitted Transferee shall then be in occupancy of at least 70% of the entire Premises under this Lease at the time it exercises any of the following rights set forth in this Article 41 and at the time the Right of First Offer Space (as hereinafter defined) is to be added to the then current Premises, subject to the rights of other tenants in the Building and subject to the right of Landlord to extend or renew any then current lease (or enter into a new lease with the same tenant even if no extension or renewal rights are contained in the then current lease), Tenant shall have a one-time right (the "Right of First Offer") to lease approximately 18,417 rentable square feet of space in the 36 Crosby Building located directly across the main lobby from the 36 Crosby Premises as shown on **Exhibit E** attached hereto (the "Right of First Offer Space") at such time as Landlord desires to offer the Right of First Offer Space to the public for lease. In such event, Landlord shall give written notice to Tenant of the availability of the Right of First Offer Space and the terms and conditions on which Landlord intends to offer it to the public and Tenant shall have a period of ten (10) business days thereafter in which to exercise Tenant's right to lease the Right of First Offer Space pursuant to the terms and conditions contained in Landlord's notice, failing which Landlord may lease the Right of First Offer Space to any third party on whatever basis Landlord desires, and Tenant shall have no further rights with respect to the Right of First Offer Space. If Tenant exercises its Right of First Offer hereunder, effective as of the date that Landlord delivers the Right of First Offer Space to Tenant (the "Delivery Date"), the Right of First Offer Space shall automatically be included within the Premises and subject to all the terms and conditions of this Lease, except as set forth in Landlord's notice and as follows:

a. Tenant's Proportionate Share For Expenses and Tenant's Proportionate Share For Taxes shall be recalculated, using the total rentable square footage of the Premises, as increased by the Right of First Offer Space.

b. The Right of First Offer Space shall be leased on an "as is" basis and Landlord shall have no obligation to improve the Right of First Offer Space or grant Tenant any improvement allowance thereon.

c. The Termination Date under this Lease (but not the 34 Crosby Premises Termination Date) shall be automatically extended to be co-terminous with the lease term set forth in Landlord's notice and the Annual Rent for the then existing original Premises shall (i) remain as set forth in this Lease

for the period prior to such automatically extended period, and (ii) be the same Annual Rent on a per rentable square foot basis as that set forth in Landlord's notice for the Right of First Offer Space for such automatically extended period.

d. If requested by Landlord, Tenant shall, prior to the beginning of the term for the Right of First Offer Space, execute a written memorandum confirming the inclusion of the Right of First Offer Space and the Annual Rent and Monthly Installment of Rent for the Right of First Offer Space."

s. Exhibit A. As of the Effective Date, **Exhibit A** to the Lease is hereby deleted in its entirety and replaced with **Exhibit A** attached hereto.

4. Condition of Premises; Landlord's Allowance. Tenant hereby acknowledges and agrees that the 34 Crosby Premises and the 36 Crosby Premises are being leased by Tenant in their condition as of the Effective Date and the Phase III Premises Commencement Date, respectively, "As Is," without representation or warranty by Landlord; provided, however, that Landlord shall deliver the 34 Crosby Premises to Tenant with the mechanical, electrical and plumbing systems serving the 34 Crosby Premises in good working order, condition and repair. Tenant acknowledges that Tenant is the current tenant of the 36 Crosby Premises and, as of the Effective Date, it has inspected the 34 Crosby Premises, the 36 Crosby Premises and the common facilities of the 34 Crosby Building and the 36 Crosby Building and has found the same to be satisfactory.

Subject to the terms and provisions set forth hereinbelow, so long as (a) this Lease is in full force and effect, (b) no Event of Default has occurred hereunder which has not been cured, and (c) Landlord has received sworn statements, waivers of lien and other documents and assurances pertaining to the 34 Crosby Premises Expenses (as defined below) reasonably sufficient to protect Landlord against mechanics' liens, then Landlord hereby agrees to pay to Tenant an amount not to exceed Fifty-Eight Thousand Seven Hundred Eighty and No/100 Dollars ($58,780.00) (the "34 Crosby Premises Allowance") to reimburse Tenant for Tenant's actual costs and expenses incurred in performing alterations to the 34 Crosby Premises, including, without limitation, paint and carpeting (collectively, the "34 Crosby Premises Expenses"); provided, however, that any of such alterations shall be performed in accordance with, and shall be subject to, the terms and provisions of Article 6 of the Lease. So long as the above terms and conditions are fully satisfied, at Tenant's written request, within thirty (30) days following Landlord's receipt of documentation of said costs reasonably satisfactory to Landlord, Landlord shall reimburse Tenant for the 34 Crosby Premises Expenses up to the amount of the 34 Crosby Premises Allowance.

Notwithstanding the foregoing to the contrary, all amounts of the 34 Crosby Premises Allowance shall be either disbursed or applied on or before June 30, 2015, or such amounts shall be deemed forfeited by Tenant and Landlord shall have no further obligation with respect thereto. Tenant hereby acknowledges and agrees that (a) in the event that the 34 Crosby Premises Expenses exceed the amount of the 34 Crosby Premises Allowance, then Tenant shall be solely responsible for the amount of such excess (it being understood that Landlord is providing no more than the 34 Crosby Premises Allowance to cover the 34 Crosby Premises Expenses), and (b) no portion of the 34 Crosby Premises Allowance shall be applied to any other costs or expenses of Tenant (including, without limitation, rent or additional rent) other than towards such alterations, painting and/or carpeting for the 34 Crosby Premises, subject to the foregoing terms.

Landlord shall permit Tenant and Tenant's contractors (collectively, the "Tel/Data Contractors") to enter the 34 Crosby Premises on and after June 1, 2014 so that Tenant may install its furnishings and/or any data/telecommunications cabling, wiring or systems required by Tenant for the Permitted Uses in the 34 Crosby Premises (collectively, the "Tel/Data Work") and such license shall be subject to the condition that Tenant and Tenant's Tel/Data Contractors shall work in harmony and not interfere with Landlord or with any other tenants and occupants of the 34 Crosby Building. If at any time such entry shall cause or threaten to cause such disharmony or interference, Landlord, in its sole discretion, shall have the right to withdraw and cancel such license upon forty-eight (48) hours written notice to Tenant and any further prior entry shall be prohibited. Tenant agrees that any entry into and any occupation of the 34 Crosby Premises shall be deemed to be under all of the terms, covenants, conditions and provisions of the Lease, except as to the covenant to pay the Monthly Installment of Rent and additional rent. In addition to any other conditions or limitations on such license to enter the 34 Crosby Premises prior to the Phase III Premises Commencement Date, Tenant expressly agrees that neither it nor any of Tenant's Tel/Data Contractors shall enter the 34 Crosby Premises prior to the Phase III Premises Commencement Date unless and until each of them shall furnish such assurances to Landlord, including but not limited to, insurance coverages, waivers of lien, surety company performance bonds and personal guaranties of individuals of substance, as Landlord shall require to protect Landlord against any loss, casualty, liability, liens or claims.

5. Miscellaneous. Tenant hereby acknowledges that (a) except as set forth in Section 4 of this Amendment, Landlord has no undischarged obligations under the Lease to perform any work or improvements to the Premises or to provide any tenant improvement allowance under the Lease, (b) there are no offsets or defenses that Tenant has against the full enforcement of the Lease by Landlord, (c) neither Landlord nor Tenant is in any respect in default under the Lease, and (d) Tenant has not assigned, transferred or hypothecated the Lease or any interest therein or subleased all or any portion of the Premises.

6. Brokers. Landlord and Tenant hereby represent and warrant to each other that neither has dealt with any real estate broker or agent in connection with the procurement of this Amendment except Cushman & Wakefield of Massachusetts, Inc. and Cassidy Turley, whose commissions shall be paid by Landlord by separate agreement upon the completion and full execution of this Amendment, and not otherwise. Tenant shall indemnify and hold Landlord harmless from any costs, expense or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any real estate broker or agent other than the aforementioned brokers in connection with the procurement of this Amendment because of any act or statement by Tenant. Landlord shall indemnify and hold Tenant harmless from any costs, expense or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by any real estate broker or agent other than the aforementioned brokers in connection with the procurement of this Amendment because of any act or statement by Landlord.

7. Effective Date. The parties agree that this Amendment shall be effective from and after the Effective Date and not to any period of time prior thereto. To the extent this Amendment contains language which purports to amend the Lease with respect to periods of time prior to the Effective Date, such language is for clarification purposes only and shall not be deemed to change the obligations of the parties with respect thereto. In no event shall this Amendment be construed to impose any liability on Landlord for any period of time preceding its ownership of the Property.

8. Options to Extend. Tenant (a) has no further option to extend the Term of Lease with respect to the 34 Crosby Premises, which expires on June 30, 2017, and (b) has one (1) remaining option to extend the Term of Lease with respect to the 36 Crosby Premises pursuant to the terms and provisions of Article 40 of the Lease.

9. Ratification of Lease Provisions. Except as otherwise expressly amended, modified and provided for in this Amendment, Tenant hereby ratifies all of the provisions, covenants and conditions of the Lease, and such provisions, covenants and conditions shall be deemed to be incorporated herein and made a part hereof and shall continue in full force and effect.

10. Entire Amendment. This Amendment contains all the agreements of the parties with respect to the subject matter hereof and supersedes all prior dealings between the parties with respect to such subject matter.

11. Binding Amendment. This Amendment shall be binding upon, and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

12. Landlord's Liability. Redress for any claims against Landlord under this Amendment or under the Lease shall only be made against Landlord to the extent of Landlord's interest in the Property to which the Premises are a part. The obligations of Landlord under this Amendment and the Lease shall not be

personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, the general partners thereof or any beneficiaries, stockholders, employees or agents of Landlord, or its investment manager.

13. Governing Law. This Amendment shall be governed by the law of the state in which the Property is located.

14. Authority. Landlord and Tenant each warrant to the other that the person or persons executing this Amendment on its behalf has or have authority to do so and that such execution has fully obligated and bound such party to all terms and provisions of this Amendment.

15. Severability. If any clause or provision of this Amendment is or should ever be held to be illegal, invalid or unenforceable under any present or future law applicable to the terms hereof, then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby, and that in lieu of each such clause or provision of this Amendment that is illegal, invalid or unenforceable, such clause or provision shall be judicially construed and interpreted to be as similar in substance and content to such illegal, invalid or unenforceable clause or provision, as the context thereof would reasonably suggest, so as to thereafter be legal, valid and enforceable.

16. No Reservation. Submission of this Amendment for examination or signature is without prejudice and does not constitute a reservation, option or offer, and this Amendment shall not be effective until execution and delivery by all parties.

17. Counterparts. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have executed the Amendment as of the day and year first written above.

LANDLORD:

RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation

By: RREEF AMERICA, LLC, a Delaware limited liability company, its Authorized Agent

By: /s/ David F. Crane
Name: David F. Crane
Title: Vice President

TENANT:

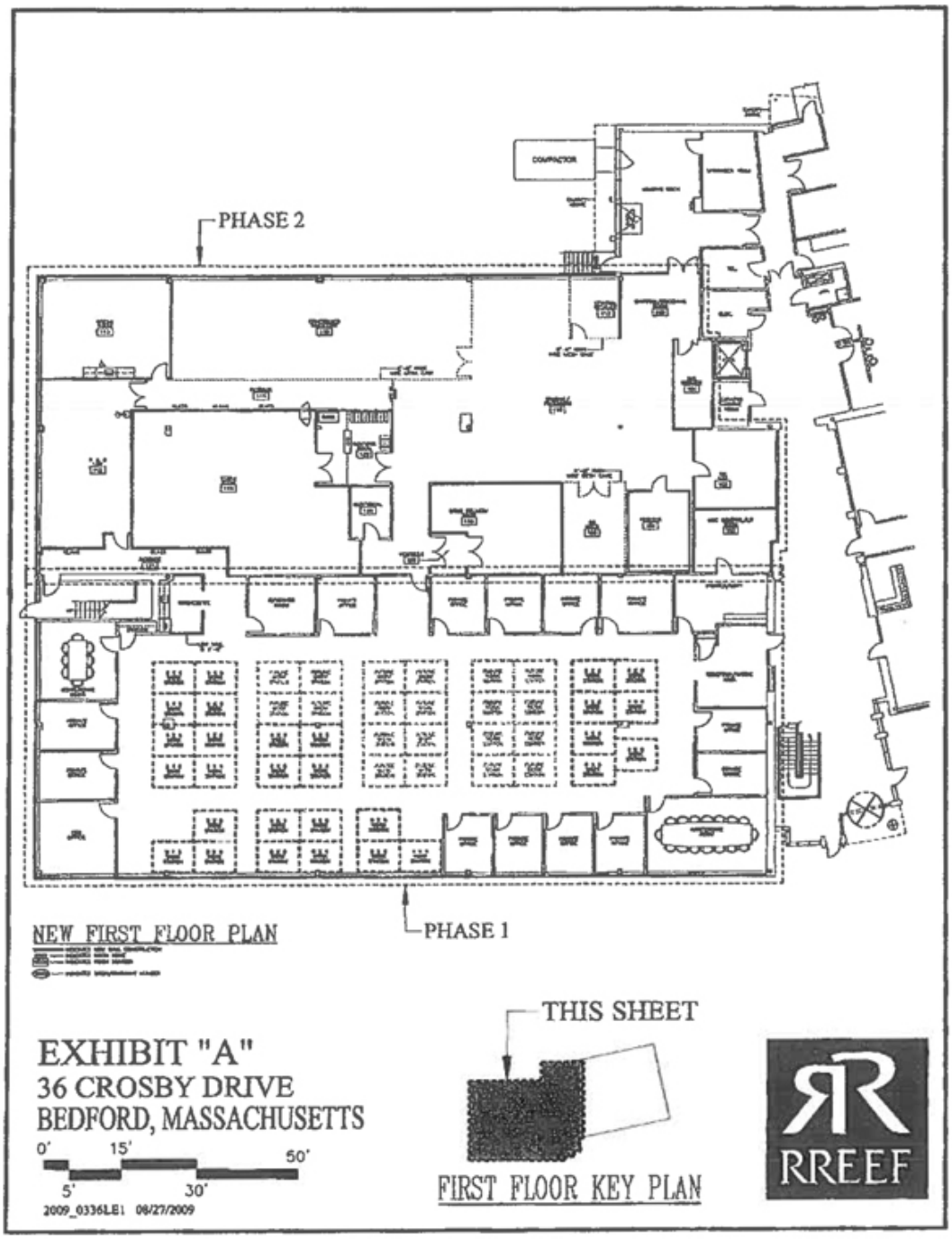
OCULAR THERAPEUTIX, INC., a Delaware corporation

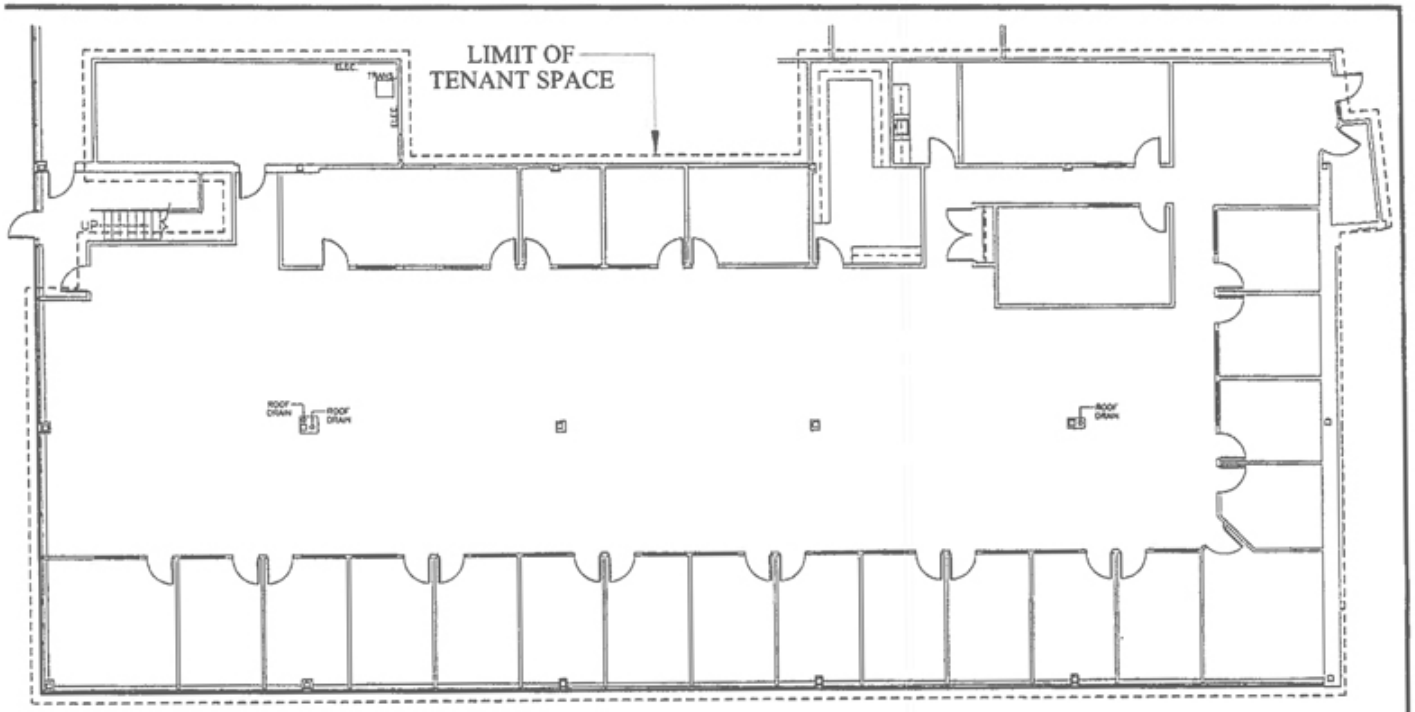
By: /s/ Jim Fortune
Name: Jim Fortune
Title: Chief Operating Officer

EXHIBIT A – FLOOR PLAN DEPICTING THE PREMISES
attached to and made a part of Lease bearing an Effective Date
of August 31, 2009, between
RAR2-CROSBY CORPORATE CENTER QRS, INC., as Landlord, and
OCULAR THERAPEUTIX, INC., as Tenant

Exhibit A is intended only to show the general layout of the (a) Phase I Premises as of the Phase I Premises Commencement Date, (b) Phase II Premises as of the Phase II Premises Commencement Date, and (c) Phase III Premises as of the Phase III Premises Commencement Date. It does not in any way supersede any of Landlord's rights set forth in Article 17 with respect to arrangements and/or locations of public parts of the 34 Crosby Building and/or the 36 Crosby Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

[See Attached]


PHASE 2
PHASE 1
NEW FIRST FLOOR PLAN
THIS SHEET
FIRST FLOOR KEY PLAN
EXHIBIT "A"
36 CROSBY DRIVE
BEDFORD, MASSACHUSETTS
0'
15'
50'
5'
30'
2009_0336LE1 08/27/2009
RREEF



0' 5' 25' 50'

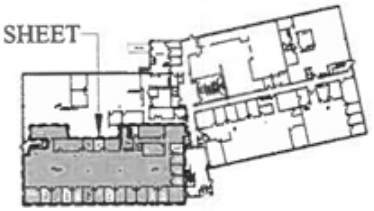
1" 10'

EXHIBIT A

PHASE III PREMISES

34 CROSBY DRIVE
BEDFORD, MASSACHUSETTS

2014_0180LE1 4/18/2014



FIRST FLOOR KEY PLAN

RREEF

Schedule I

OFFICE LEASE

REFERENCE PAGES

34 CROSBY BUILDING:	34 Crosby Drive Bedford, Massachusetts 01730
36 CROSBY BUILDING:	36 Crosby Drive Bedford, Massachusetts 01730
BUILDING:	Together, the 34 Crosby Building and the 36 Crosby Building.
LANDLORD:	RAR2-CROSBY CORPORATE CENTER QRS, INC., a Maryland corporation
LANDLORD'S ADDRESS:	c/o RREEF 4 Technology Drive Westborough, Massachusetts 01581
WIRE INSTRUCTIONS AND/OR ADDRESS FOR RENT PAYMENT FOR 34 CROSBY PREMISES:	RAR2-CROSBY CORPORATE CENTER QRS, INC. 61.L460008 Crosby Corp. Ctr. – 34 P.O. Box 9046 Addison, Texas 75001-9046
WIRE INSTRUCTIONS AND/OR ADDRESS FOR RENT PAYMENT FOR 36 CROSBY PREMISES:	RAR2-CROSBY CORPORATE CENTER QRS, INC. 61.L460009 Crosby Corp. Ctr. – 36 P.O. Box 9046 Addison, Texas 75001-9046
LEASE REFERENCE DATE:	August 31, 2009
TENANT:	OCULAR THERAPEUTIX, INC., a Delaware corporation
TENANT'S NOTICE ADDRESS:	Attn: Jim Fortune 36 Crosby Drive Suite 101 Bedford, Massachusetts 01730
PREMISES ADDRESSES:	34 Crosby Drive Suite 105 Bedford, Massachusetts 01730 36 Crosby Drive Suite 101 Bedford, Massachusetts 01730
PREMISES RENTABLE AREA:	From the Commencement Date through the day immediately preceding the Phase II Premises Commencement Date, the "Premises Rentable Area"

shall consist of approximately 10,147 rentable square feet located on the first (1st) floor of the 36 Crosby Building as shown on **Exhibit A** (the "Phase I Premises").

From the Phase II Premises Commencement Date through the day immediately preceding the Phase III Premises Commencement Date, the "Premises Rentable Area" shall consist of approximately 19,786 rentable square feet in the aggregate located on the first (1st) floor of the 36 Crosby Building as shown on **Exhibit A**, consisting of (i) the Phase I Premises, and (ii) approximately 9,639 rentable square feet (the "Phase II Premises").

From the Phase III Premises Commencement Date through the 34 Crosby Premises Termination Date, the "Premises Rentable Area" shall consist of approximately 31,542 rentable square feet in the aggregate located on the (i) first (1st) floor of the 36 Crosby Building as shown on **Exhibit A**, consisting of the Phase I Premises and the Phase II Premises, and (ii) first (1st) floor of the 34 Crosby Building as shown on **Exhibit A**, consisting of approximately 11,756 rentable square feet (the "Phase III Premises").

From the day immediately following the 34 Crosby Premises Termination Date through the Termination Date, the "Premises Rentable Area" shall consist of approximately 19,786 rentable square feet in the aggregate located on the first (1st) floor of the 36 Crosby Building as shown on **Exhibit A**, consisting of the Phase I Premises and the Phase II Premises.

PREMISES:

From the Commencement Date through the day immediately preceding the Phase II Premises Commencement Date, the "Premises" shall consist of the Phase I Premises.

From the Phase II Premises Commencement Date through the day immediately preceding the Phase III Premises Commencement Date, the "Premises" shall consist of the Phase I Premises and the Phase II Premises.

From the Phase III Premises Commencement Date through the 34 Crosby Premises Termination Date, the "Premises" shall consist of the Phase I Premises, the Phase II Premises and the Phase III Premises.

From the day immediately following the 34 Crosby Premises Termination Date through the Termination Date, the "Premises" shall consist of the Phase I Premises and the Phase II Premises.

34 CROSBY PREMISES:	The Phase III Premises.
36 CROSBY PREMISES:	Together, the Phase I Premises and the Phase II Premises.
COMMENCEMENT DATE:	September 15, 2009.
PHASE I PREMISES COMMENCEMENT DATE:	September 15, 2009.
PHASE II PREMISES COMMENCEMENT DATE:	December 15, 2009.
PHASE III PREMISES COMMENCEMENT DATE:	July 1, 2014.
PHASE I PREMISES RENT COMMENCEMENT DATE:	The Commencement Date.
PHASE II PREMISES RENT COMMENCEMENT DATE:	April 15, 2010.
PHASE III PREMISES RENT COMMENCEMENT DATE:	The Phase III Premises Commencement Date.
TERM OF LEASE:	Approximately eight (8) years, nine (9) months, fifteen (15) days, beginning on the Commencement Date and ending on the Termination Date.
34 CROSBY PREMISES TERMINATION DATE:	June 30, 2017.
TERMINATION DATE:	June 30, 2018.

ANNUAL RENT and MONTHLY INSTALLMENT OF RENT (Article 3):

For the 36 Crosby Premises:

Period From	Through	Rentable Square Footage	Annual Rent Per Square Foot	Annual Rent	Monthly Installment of Rent
Commencement Date	December 14, 2009	10,147	$ 21.75	$220,697.25	$ 18,391.44
December 15, 2009	April 14, 2010	19,786	$ 0.00*	$ 0.00*	$ 0.00*
April 15, 2010	December 31, 2010	19,786	$ 22.25	$440,238.50	$ 36,686.54
January 1, 2011	December 31, 2011	19,786	$ 22.75	$450,131.50	$ 37,510.96
January 1, 2012	December 31, 2012	19,786	$ 23.25	$460,024.50	$ 38,335.38
January 1, 2013	December 31, 2013	19,786	$ 23.75	$469,917.50	$ 39,159.79
January 1, 2014	December 31, 2014	19,786	$ 24.25	$479,810.50	$ 39,984.21
January 1, 2015	June 30, 2015	19,786	$ 24.75	$489,703.50	$ 40,808.63
July 1, 2015	June 30, 2016	19,786	$ 25.50	$504,543.00	$ 42,045.25
July 1, 2016	June 30, 2017	19,786	$ 26.00	$514,436.00	$ 42,869.67
July 1, 2017	June 30, 2018	19,786	$ 26.50	$524,329.00	$ 43,694.08

***** Notwithstanding anything to the contrary set forth above, Tenant shall pay for its electricity for the Premises from December 14, 2009 through April 14, 2010 in accordance with the terms and provisions of this Lease.

For the 34 Crosby Premises:

Period From	Through	Rentable Square Footage	Annual Rent Per Square Foot	Annual Rent	Monthly Installment of Rent
July 1, 2014	June 30, 2015	11,756	$ 25.00	$293,900.00	$ 24,491.67
July 1, 2015	June 30, 2016	11,756	$ 25.50	$299,778.00	$ 24,981.50
July 1, 2016	June 30, 2017	11,756	$ 26.00	$305,656.00	$ 25,471.33

BASE YEAR (EXPENSES) FOR 34 CROSBY PREMISES:	Calendar Year 2014.
BASE YEAR (TAXES) FOR 34 CROSBY PREMISES:	Fiscal Year 2015.
BASE YEAR (EXPENSES) FOR 36 CROSBY PREMISES:	From the Commencement Date through June 30, 2015, Calendar Year 2010.
	From July 1, 2015 through the Termination Date, Calendar Year 2015.
BASE YEAR (TAXES) FOR 36 CROSBY PREMISES:	From the Commencement Date through June 30, 2015, Fiscal Year 2010.
	From July 1, 2015 through the Termination Date, Fiscal Year 2016.

TENANT'S PROPORTIONATE SHARE FOR EXPENSES FOR 34 CROSBY PREMISES:	Fifteen and 44/100 percent (15.44%).
TENANT'S PROPORTIONATE SHARE FOR EXPENSES FOR 36 CROSBY PREMISES:	From the Commencement Date through the day immediately preceding the Phase II Premises Commencement Date, "Tenant's Proportionate Share For Expenses For 36 Crosby Premises" shall be thirteen and 06/100 percent (13.06%). From the Phase II Premises Commencement Date through the Termination Date, "Tenant's Proportionate Share For Expenses For 36 Crosby Premises" shall be twenty-five and 48/100 percent (25.48%).
TENANT'S PROPORTIONATE SHARE FOR EXPENSES:	Tenant's Proportionate Share For Expenses For 34 Crosby Premises and/or Tenant's Proportionate Share For Expenses For 36 Crosby Premises, to the extent either or both are applicable as of the date of determination.
TENANT'S PROPORTIONATE SHARE FOR TAXES FOR 34 CROSBY PREMISES:	Four and 55/100 percent (4.55%) (which is the percentage derived by dividing the Premises Rentable Area of the 34 Crosby Premises by the Rentable Square Footage of the "Parcel" (as such term is defined in Section 4.1.3) and multiplying the result thereof by 100).
TENANT'S PROPORTIONATE SHARE FOR TAXES FOR 36 CROSBY PREMISES:	From the Commencement Date through the day immediately preceding the Phase II Premises Commencement Date, "Tenant's Proportionate Share For Taxes For 36 Crosby Premises" shall be three and 94/100 percent (3.94%) (which is the percentage derived by dividing the Premises Rentable Area for the Phase I Premises for the period prior to the Phase II Premises Commencement Date by the Rentable Square Footage of the "Parcel" (as such term is defined in Section 4.1.3) and multiplying the result thereof by 100). From the Phase II Premises Commencement Date through June 30, 2015, "Tenant's Proportionate Share For Taxes For 36 Crosby Premises" shall be seven and 68/100 percent (7.68%) (which is the percentage derived by dividing the Premises Rentable Area for the 36 Crosby Premises for the period following the Phase II Premises Commencement Date by the Rentable Square Footage of the "Parcel" (as such term is defined in Section 4.1.3) and multiplying the result thereof by 100). From July 1, 2015 through the Termination Date, "Tenant's Proportionate Share For Taxes For 36 Crosby Premises" shall be seven and 66/100 percent (7.66%) (which is the percentage derived by dividing the Premises Rentable Area for the 36 Crosby Premises for the period following the Phase II Premises Commencement Date by the Rentable Square Footage of the "Parcel" (as such term is defined in Section 4.1.3) and multiplying the result thereof by 100).

TENANT'S PROPORTIONATE SHARE FOR TAXES:	Tenant's Proportionate Share For Taxes For 34 Crosby Premises and/or Tenant's Proportionate Share For Taxes For 36 Crosby Premises, to the extent either or both are applicable as of the date of determination.
SECURITY DEPOSIT:	Two Hundred Twenty-Seven Thousand Five Hundred Thirty-Nine and No/100 Dollars ($227,539.00), subject to the terms and provisions of Article 5.
ASSIGNMENT/SUBLETTING FEE:	None.
AFTER-HOURS HVAC COST:	$30.00 per unit per hour, subject to change at any time.
PARKING:	From the Commencement Date through the day immediately preceding the Phase III Premises Commencement Date, Tenant shall be entitled to seventy-one (71) non-exclusive parking spaces, subject to the terms and provisions of Article 30. From the Phase III Premises Commencement Date through the 34 Crosby Premises Termination Date, Tenant shall be entitled to one hundred four (104) non-exclusive parking spaces, subject to the terms and provisions of Article 30. From the day immediately following the 34 Crosby Premises Termination Date, Tenant shall be entitled to seventy-one (71) non-exclusive parking spaces, subject to the terms and provisions of Article 30.
REAL ESTATE BROKERS DUE COMMISSIONS:	Cushman & Wakefield of Massachusetts, Inc. and Cassidy Turley, to be paid by Landlord.
TENANT'S NAICS CODE:	339113
BUILDING BUSINESS HOURS:	8 a.m. to 6 p.m., Monday through Friday; 8 a.m. to 1 p.m., Saturday.
AMORTIZATION RATE:	Eleven percent (11%).

The Reference Pages information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Pages information and the Lease, the Lease shall control. This Lease includes **Exhibits A** through **E**, all of which are made a part of this Lease.

[END OF TEXT]

Exhibit 10.10

EXECUTION COPY

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT (this "**Agreement**"), dated as of April 17, 2014 (the "**Closing Date**") by and among **MIDCAP FINANCIAL SBIC, LP**, a Delaware limited partnership ("**MidCap**"), as administrative agent ("**Agent**"), the Lenders listed on the **Credit Facility Schedule** attached hereto and otherwise party hereto from time to time (each a "**Lender**", and collectively the "**Lenders**"), and **OCULAR THERAPEUTIX, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Lenders agree to lend to Borrower and Borrower shall repay Lenders. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in **Section 15**. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. All headings numbered without a decimal point are herein referred to as "Articles," and all paragraphs numbered with a decimal point (and all subparagraphs or subsections thereof) are herein referred to as "Sections."

2 CREDIT FACILITIES AND TERMS

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay to each Lender in accordance with each Lender's respective Pro Rata Share of each Credit Facility, the outstanding principal amount of all Credit Extensions made by the Lenders under such Credit Facility and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Credit Facilities. Subject to the terms and conditions hereof, each Lender, severally, but not jointly, agrees to make available to Borrower Credit Extensions in respect of each Credit Facility set forth opposite such Lender's name on the **Credit Facility Schedule**, in each case not to exceed such Lender's commitment as identified on the **Credit Facility Schedule** (such commitment of each Lender, as it may be amended to reflect assignments made in accordance with this Agreement or terminated or reduced in accordance with this Agreement, its "**Applicable Commitment**", and the aggregate of all such commitments, the "**Applicable Commitments**").

2.3 Term Credit Facilities.

(a) Nature of Credit Facility; Credit Extension Requests. For any Credit Facility identified on the **Credit Facility Schedule** as a term facility (a "**Term Credit Facility**"), Credit Extensions in respect of a Term Credit Facility may be requested by Borrower during the Draw Period for such Term Credit Facility. For any Credit Extension requested under a Term Credit Facility other than on the Closing Date, Agent must receive the completed Credit Extension Form by 12:00 noon (New York time) fifteen (15) Business Days prior to the date of the Credit Extension is to be funded. To the extent any Term Credit Facility proceeds are repaid for any reason, whether voluntarily or involuntarily (including repayments from insurance or condemnation proceeds), Agent and Lenders shall have no obligation to re-advance such sums to Borrower.

(b) Principal Payments. Principal payable on account of a Term Credit Facility shall be payable by Borrower to Agent immediately upon the earliest of (i) the date(s) set forth in the **Amortization Schedule** for such Term Credit Facility (or if no such **Amortization Schedule** is attached, then upon Agent's demand for payment), or (ii) the Maturity Date. Except as this Agreement may specifically provide otherwise, all prepayments of Credit Extensions under Term Credit Facilities shall be applied by Agent to the applicable Term Credit Facility in inverse order of maturity. The monthly payments required under the **Amortization Schedule** shall continue in the same amount (for so long as the applicable Term Credit Facility shall remain outstanding) notwithstanding any partial prepayment, whether mandatory or optional, of the applicable Term Credit Facility.

(c) Mandatory Prepayment. If a Term Credit Facility is accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Agent, for payment to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Credit Facility and all other Obligations, plus accrued and unpaid interest thereon, (ii) any fees payable under the Fee Letters by reason of such prepayment, (iii) the Applicable Prepayment Fee as specified in the **Credit Facility Schedule** for the Credit Facility being prepaid, and (iv) all other sums that shall have become due and payable, including Protective Advances. Additionally, at the election of Agent, Borrower shall prepay the Term Credit Facilities (to be allocated pro rata among the outstanding Credit Extensions under all Term Credit Facilities) in the following amounts: (A) on the date on which any Credit Party (or Agent as loss payee or assignee) receives any casualty proceeds in excess of Twenty-Five Thousand Dollars ($25,000) for personal property, or in excess of Fifty Thousand Dollars ($50,000) for real property, in respect of assets upon which Agent maintained a Lien, an amount equal to one hundred percent (100%) of such proceeds (net of out-of-pocket expenses and, in the case of personal property, repayment of any permitted purchase money debt encumbering the personal property that suffered such casualty), or such lesser portion of such proceeds as Agent shall elect to apply to the Obligations; and (B) upon receipt by any Credit Party of the proceeds of any asset disposition of personal property not made in the Ordinary Course of Business (other than transfers permitted by **Section 7.1**) an amount equal to one hundred percent (100%) of the net cash proceeds of such asset disposition (net of out-of-pocket expenses and repayment of any permitted purchase money debt encumbering such asset), or such lesser portion as Agent shall elect to apply to the Obligations. Notwithstanding the foregoing, (a) so long as no Default or Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to $100,000 in the aggregate with respect to any property loss in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (x) shall be of equal or like value as the replaced or repaired Collateral and (y) shall be deemed Collateral in which Agent and Lenders have been granted a first priority security interest, and (b) after the occurrence and during the continuance of a Default or Event of Default, all proceeds payable under such casualty policy shall, at the option of Agent, be payable to Agent, for the ratable benefit of the Lenders, on account of the Obligations.

(d) Permitted Prepayment. Except as provided below, Borrower shall have no right to prepay the Credit Extensions made in respect of a Term Credit Facility. After the Closed Period, if any, for the applicable Term Credit Facility as specified in the **Credit Facility Schedule**, Borrower shall have the option to prepay the Prepayable Amount (as defined below) of a Term Credit Facility advanced by the Lenders under this Agreement, *provided* Borrower (i) provides written notice to Agent of its election to prepay the Prepayable Amount at least thirty (30) days prior to such prepayment, and (ii) pays to Agent, for payment to each Lender in accordance with its respective Pro Rata Share, on the date of such prepayment, an amount equal to the sum of (A) the Prepayable Amount plus accrued interest thereon, (B) any fees payable under the Fee Letters by reason of such prepayment, (C) the Applicable Prepayment Fee as specified in the **Credit Facility Schedule** for the Credit Facility being prepaid; provided, that, notwithstanding anything in this subsection to the contrary, Borrower may prepay up to $6,000,000 borrowed under Tranche 1 at any time on or before March 31, 2015, without paying the Applicable Prepayment Fee described in this subsection 2.3(d)(ii)(C), and (D) all Protective Advances. The term "**Prepayable Amount**" means all, but not less than all, of the Credit Extensions and all other Obligations under all Term Credit Facilities.

2.4 Reserved.

2.5 Reserved.

2.6 Interest and Payments; Administration.

(a) Interest; Computation of Interest. Each Credit Extension shall bear interest on the outstanding principal amount thereof from the date when made until paid in full at a rate per annum equal to the Applicable Interest Rate. Each Lender may, upon the failure of Borrower to pay any fees or interest as required herein, capitalize such interest and fees and begin to accrue interest thereon until paid in full, which such interest shall be at a rate per annum equal to the Applicable Interest Rate unless and until the Default Rate shall otherwise apply. All other Obligations shall bear interest on the outstanding amount thereof from the date they first become payable by Borrower under the Financing Documents until paid

in full at a rate per annum equal to the Applicable Interest Rate unless and until the Default Rate shall otherwise apply. Interest on the Credit Extensions and all fees payable under the Financing Documents shall be computed on the basis of a 360-day year and the actual number of days elapsed in the period during which such interest accrues. In computing interest on any Credit Extension or other advance, the date of the making of such Credit Extension or advance shall be included and the date of payment shall be excluded; *provided*, *however*, that if any Credit Extension or advance is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension or advance.

(b) Default Rate. Upon the election of Agent following the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is four hundred basis points (4.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this subsection is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Agent or Lenders.

(c) Payments Generally. Except as otherwise provided in this **Section 2.6(c)**, all payments in respect of the Obligations shall be made to Agent for the account of the applicable Lenders in accordance with their Pro Rata Share. Payments of principal and interest in respect of any Credit Facility identified on the **Credit Facility Schedule** as "Term" shall be made to each applicable Lender. All Obligations are payable upon demand of Agent in the absence of any other due date specified herein. All fees payable under the Financing Documents shall be deemed non-refundable as of the date paid. Any payment required to be made to Agent or a Lender under this Agreement may be made by debit or automated clearing house payment initiated by Agent or such Lender from any of Borrower's deposit accounts, including the Designated Funding Account, and Borrower hereby authorizes Agent and each Lender to debit any such accounts for any amounts Borrower owes hereunder when due. Without limiting the foregoing, Borrower shall tender to Agent and Lenders any authorization forms as Agent or any Lender may require to implement such debit or automated clearing house payment. These debits or automated clearing house payments shall not constitute a set-off. Payments of principal and/or interest received after 12:00 noon New York time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by Borrower under any Financing Document shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds. The balance of the Obligations, as recorded in Agent's books and records at any time, shall be conclusive and binding evidence of the amounts due and owing to Agent and Lenders by each Borrower absent manifest error; *provided*, *however*, that any failure to so record or any error in so recording shall not limit or otherwise affect any Borrower's duty to pay all amounts owing hereunder or under any Financing Document. Agent shall endeavor to provide Borrower with a monthly statement regarding the Credit Extensions (but neither Agent nor any Lender shall have any liability if Agent shall fail to provide any such statement). Unless Borrower notifies Agent of any objection to any such statement (specifically describing the basis for such objection) within ninety (90) days after the date of receipt thereof, it shall be deemed final, binding and conclusive upon Borrower in all respects as to all matters reflected therein.

(d) Interest Payments; Maturity Date. Commencing on the first (1st) Payment Date following the funding of a Credit Extension, and continuing on the Payment Date of each successive month thereafter through and including the Maturity Date, Borrower shall make monthly payments of interest, in arrears, calculated as set forth in this **Section 2.6**. All unpaid principal and accrued interest is due and payable in full on the Maturity Date or any earlier date specified herein. If the Obligations are not paid in full on or before the Maturity Date, all interest thereafter accruing shall be payable immediately upon accrual.

(e) Fees. Borrower shall pay, as and when due and payable under the terms of the Fee Letters, to Agent and each Lender, for their own accounts and not for the benefit of any other Lenders, the fees set forth in the Fee Letters.

(f) Protective Advances. Borrower shall pay to Agent for the account of Lenders all Protective Advances (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement, the Warrants and the other Financing Documents) when due under any Financing Document (and in the absence of any other due date specified herein, such Protective Advances shall be due upon demand).

(g) Maximum Lawful Rate. In no event shall the interest charged hereunder with respect to the Obligations exceed the maximum amount permitted under the Laws of the State of Maryland. Notwithstanding anything to the contrary in any Financing Document, if at any time the rate of interest payable hereunder (the "**Stated Rate**") would exceed the highest rate of interest permitted under any applicable Law to be charged (the "**Maximum Lawful Rate**"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable shall be equal to the Maximum Lawful Rate; *provided, however*, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, Borrower shall, to the extent permitted by Law, continue to pay interest at the Maximum Lawful Rate until such time as the total interest received is equal to the total interest which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable. Thereafter, the interest rate payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest received by any Lender exceed the amount which it could lawfully have received, had the interest been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, any Lender has received interest hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of such Lender's Credit Extensions or to other amounts (other than interest) payable hereunder, and if no such Credit Extensions or other amounts are then outstanding, such excess or part thereof remaining shall be paid to Borrower. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate *divided by* the number of days in the year in which such calculation is made.

(h) Taxes; Additional Costs.

(i) All payments of principal and interest on the Obligations and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp, documentary, payroll, employment, property or franchise taxes and other taxes, fees, duties, levies, assessments, withholdings or other charges of any nature whatsoever (including interest and penalties thereon) imposed by any taxing authority, excluding taxes imposed on or measured by Agent's or any Lender's net income by the jurisdictions under which Agent or such Lender is organized or conducts business (other than solely as the result of entering into any of the Financing Documents or taking any action thereunder) (all non-excluded items being called "**Taxes"**). If any withholding or deduction from any payment to be made by any Borrower hereunder is required in respect of any Taxes pursuant to any applicable Law, then Borrower will: (i) pay directly to the relevant authority the full amount required to be so withheld or deducted; (ii) promptly forward to Agent an official receipt or other documentation satisfactory to Agent evidencing such payment to such authority; and (iii) pay to Agent for the account of Agent and Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by Agent and each Lender will equal the full amount Agent and such Lender would have received had no such withholding or deduction been required. If any Taxes are directly asserted against Agent or any Lender with respect to any payment received by Agent or such Lender hereunder, Agent or such Lender may pay such Taxes and Borrower will promptly pay such additional amounts (including any penalty, interest or expense) as is necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Person would have received had such Taxes not been asserted so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which Agent or such Lender first made written demand therefor.

(ii) If any Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent, for the account of Agent and the respective Lenders, the required receipts or other required documentary evidence, Borrower shall indemnify Agent and Lenders for any incremental Taxes, interest or penalties that may become payable by Agent or any Lender as a result of any such failure.

(iii) Each Lender that (A) is organized under the laws of a jurisdiction other than the United States, and (B)(1) is a party hereto on the Closing Date or (2) purports to become an assignee of an interest as a Lender under this Agreement after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) (each such Lender a "**Foreign Lender**") shall execute and deliver to each of Borrower and Agent one or more (as Borrower or Agent may reasonably request) United States Internal Revenue Service Forms W-8ECI, W-8BEN, W-8IMY (as applicable) and other applicable forms, certificates or documents prescribed by the United States Internal Revenue Service or reasonably requested by Agent certifying as to such Lender's entitlement to a complete exemption from withholding or deduction of Taxes. Borrower shall not be required to pay additional amounts to any Lender pursuant to this

subsection (h) with respect to United States withholding and income Taxes to the extent that the obligation to pay such additional amounts would not have arisen but for the failure of such Lender to comply with this paragraph other than as a result of a change in law.

(iv) If any Lender shall determine in its commercially reasonable judgment that the adoption or taking effect of, or any change in, any applicable Law regarding capital adequacy, in each instance, after the Closing Date, or any change after the Closing Date in the interpretation, administration or application thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation, administration or application thereof, or the compliance by any Lender or any Person controlling such Lender with any request, guideline or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency adopted or otherwise taking effect after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such controlling Person could have achieved but for such adoption, taking effect, change, interpretation, administration, application or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) then from time to time, upon written demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrower shall promptly pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which such Lender first made demand therefor; *provided*, *however*, that notwithstanding anything in this Agreement to the contrary, (A) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (B) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued.

(v) If any Lender requires compensation under this **subsection (h)**, or requires any Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to this **subsection (h)**, then, upon the written request of Borrower, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Credit Extensions hereunder or to assign its rights and obligations hereunder (subject to the terms of this Agreement) to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (A) would eliminate or materially reduce amounts payable pursuant to any such subsection, as the case may be, in the future, and (B) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (as determined in its sole discretion). Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(i) Administrative Fees and Charges.

(i) Borrower shall pay to Agent, for its own account and not for the benefit of any other Lenders, all reasonable fees and expenses in connection with audits and inspections of the books and records of the Credit Parties, audits, valuations or appraisals of the Collateral, audits of Borrower's compliance with applicable Laws and such other matters as Agent shall deem appropriate, which shall be due and payable on the first Business Day of the month following the date of issuance by Agent of a written request for payment thereof to any Borrower; *provided*, *that*, as long as no Default has occurred within the preceding twelve (12) months, Agent shall be entitled to such reimbursement for no more than one audit and inspection per calendar quarter.

(ii) If payments of principal or interest due on the Obligations, or any other amounts due hereunder or under the other Financing Documents, are not timely made and remain overdue for a period of five (5) days, Borrower, without notice or demand by Agent, promptly shall pay to Agent, for its own account and not for the benefit of any other Lenders, as additional compensation to Agent in administering the Obligations, an amount equal to five percent (5.0%) of each delinquent payment.

2.7 Secured Promissory Notes. At the election of any Lender made as to each Credit Facility for which it has made Credit Extensions, each Credit Facility shall be evidenced by one or more secured promissory notes in form and

substance satisfactory to Agent and Lenders (each a "**Secured Promissory Note**"). Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

3 CONDITIONS OF CREDIT EXTENSIONS

3.1 Conditions Precedent to Initial Credit Extension. Each Lender's obligation to make an advance in respect of a Credit Facility is subject to the condition precedent that Agent shall consent to or shall have received, in form and substance satisfactory to Agent, such documents, and completion of such other matters, as Agent may reasonably deem necessary or appropriate, including, without limitation, all items listed on the **Closing Deliveries Schedule** attached hereto.

3.2 Conditions Precedent to all Credit Extensions. The obligation of each Lender to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) satisfaction of all Applicable Funding Conditions for the applicable Credit Extension as set forth in the Credit Facility Schedule, each in form and substance satisfactory to Agent and each Lender;

(b) timely receipt by the Agent and each Lender of an executed Credit Extension Form in the form attached hereto;

(c) (i) for Credit Extensions made on the Closing Date, the representations and warranties in **Article 5** and elsewhere in the Financing Documents shall be true, correct and complete in all respects on the Closing Date; *provided*, *however*, that those representations and warranties expressly referring to a specific date shall be true, correct and complete in all respects as of such date; and

(ii) for Credit Extensions made after the Closing Date, if any, the representations and warranties in **Article 5** and elsewhere in the Financing Documents shall be true, correct and complete in all material respects on the date of the Credit Extension Form and on the Funding Date of each Credit Extension; *provided*, *however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and *provided*, *further* that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in **Article 5** and elsewhere in the Financing Documents remain true, accurate and complete in all material respects; *provided*, *however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and *provided*, *further* that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(d) no Default or Event of Default shall have occurred and be continuing or result from the Credit Extension;

(e) Agent shall be satisfied with the results of any searches conducted under **Section 3.5**;

(f) receipt by Agent of such evidence as Agent shall request to confirm that the deliveries made in **Section 3.1** remain current, accurate and in full force and effect, or if not, updates thereto, each in form and substance satisfactory to Agent; and

(g) as determined in such Lender's sole discretion, there has not been any Material Adverse Change or any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Agent.

3.3 Method of Borrowing. The Credit Extension in respect of each Credit Facility shall be funded in a single drawing and shall be in an amount at least equal to the applicable Minimum Credit Extension Amount for such Credit Facility as set forth in the **Credit Facility Schedule**. The date of funding for any requested Credit Extension shall be a Business Day. To obtain a Credit Extension, Borrower shall deliver to Agent a completed Credit Extension Form executed by a Responsible Officer. Agent may rely on any notice given by a person whom Agent reasonably believes is a Responsible Officer or designee thereof. Agent and Lenders shall have no duty to verify the authenticity of any such notice.

3.4 Funding of Credit Facilities. Upon the terms and subject to the conditions set forth herein, each Lender, severally and not jointly, shall make available to Agent its Pro Rata Share of the requested Credit Extension, in lawful money of the United States of America in immediately available funds, prior to 11:00 a.m. (New York time) on the specified date for the Credit Extension. Agent shall, unless it shall have determined that one of the conditions set forth in **Section 3.1** or **3.2**, as applicable, has not been satisfied, by 2:00 p.m. (New York time) on such day, credit the amounts received by it in like funds to Borrower by wire transfer to the Designated Funding Account (or to the account of Borrower in respect of the Obligations, if the Credit Extension is being made to pay an Obligation of Borrower). A Credit Extension made prior to the satisfaction of any conditions set forth in **Section 3.1** or **3.2** shall not constitute a waiver by Agent or Lenders of Borrower's obligation to satisfy such conditions, and any such Credit Extension made in the absence of such satisfaction shall be made in Agent's discretion.

3.5 Searches. Before the Closing Date, and thereafter (as and when determined by Agent in its discretion), Agent shall have the right to perform, all at Borrower's expense, the searches described in clauses (a), (b), and (c) below against Borrower and any other Credit Party, the results of which are to be consistent with Borrower's representations and warranties under this Agreement and the reasonably satisfactory results of which shall be a condition precedent to all Credit Extensions requested by Borrower: (a) title investigations, UCC searches and fixture filings searches; (b) judgment, pending litigation, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each jurisdiction searched under clause (a) above; and (c) searches of applicable corporate, limited liability company, partnership and related records to confirm the continued existence, organization and good standing of the applicable Person and the exact legal name under which such Person is organized.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that may have priority by operation of applicable Law or by the terms of a written intercreditor or subordination agreement entered into by Agent.

4.2 Representations and Covenants.

(a) As of the Closing Date, Borrower has no ownership interest in any Chattel Paper, letter of credit rights, commercial tort claims, Instruments, documents or investment property (other than equity interests in any Subsidiaries of Borrower disclosed on the **Disclosure Schedule** attached hereto).

(b) Borrower shall deliver to Agent all tangible Chattel Paper and all Instruments and documents owned by any Borrower and constituting part of the Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrower shall provide Agent with "control" (as in the Code) of all electronic Chattel Paper owned by any Borrower and constituting part of the Collateral by having Agent identified as the assignee on the records pertaining to the single authoritative copy thereof and otherwise complying with the applicable elements of control set forth in the UCC. Borrower also shall deliver to Agent all security agreements securing any such Chattel Paper and securing any such Instruments. Borrower will mark conspicuously all such Chattel Paper and all such Instruments and Documents with a legend, in form and substance satisfactory to Agent, indicating that such Chattel Paper and such Instruments and Documents are subject to the security interests and Liens in favor of Agent created pursuant to this Agreement and the Financing Documents.

(c) Borrower shall deliver to Agent all letters of credit on which any Borrower is the beneficiary and which give rise to letter of credit rights owned by such Borrower which constitute part of the Collateral in each case duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to

Agent. Borrower shall take any and all actions as may be necessary or desirable, or that Agent may request, from time to time, to cause Agent to obtain exclusive "control" (as defined in the Code) of any such letter of credit rights in a manner acceptable to Agent.

(d) Borrower shall promptly advise Agent upon any Borrower becoming aware that it has any interests in any commercial tort claim that constitutes part of the Collateral, which such notice shall include descriptions of the events and circumstances giving rise to such commercial tort claim and the dates such events and circumstances occurred, the potential defendants with respect such commercial tort claim and any court proceedings that have been instituted with respect to such commercial tort claims, and Borrower shall, with respect to any such commercial tort claim, execute and deliver to Agent such documents as Agent shall request to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to any such commercial tort claim.

(e) Except for Accounts and Inventory in an aggregate amount of Twenty-Five Thousand Dollars ($25,000), no Accounts or Inventory or other Collateral shall at any time be in the possession or control of any warehouse, consignee, bailee or any of Borrower's agents or processors without prior written notice to Agent and the receipt by Agent, if Agent has so requested, of warehouse receipts, consignment agreements or bailee lien waivers (as applicable) satisfactory to Agent prior to the commencement of such possession or control. Borrower shall, upon the request of Agent, notify any such warehouse, consignee, bailee, agent or processor of the security interests and Liens in favor of Agent created pursuant to this Agreement and the Financing Documents, instruct such Person to hold all such Collateral for Agent's account subject to Agent's instructions and shall obtain an acknowledgement from such Person that such Person holds the Collateral for Agent's benefit.

(f) Upon request of Agent, Borrower shall promptly deliver to Agent any and all certificates of title, applications for title or similar evidence of ownership of all such tangible personal property and shall cause Agent to be named as lienholder on any such certificate of title or other evidence of ownership. Borrower shall not permit any such tangible personal property to become fixtures to real estate unless such real estate is subject to a Lien in favor of Agent.

(g) Each Borrower hereby authorizes Agent to file without the signature of such Borrower one or more UCC financing statements relating to its Liens on all or any part of the Collateral, which financing statements may list Agent as the "secured party" and such Borrower as the "debtor" and which describe and indicate the collateral covered thereby as all or any part of the Collateral under the Financing Documents in such jurisdictions as Agent from time to time determines are appropriate, and to file without the signature of such Borrower any continuations of or corrective amendments to any such financing statements, in any such case in order for Agent to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to the Collateral. Each Borrower also ratifies its authorization for Agent to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. Any financing statement may include a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Agent and the Lenders under the UCC.

(h) As of the Closing Date, no Borrower holds, and after the Closing Date Borrower shall promptly notify Agent in writing upon creation or acquisition by any Borrower of, any Collateral which constitutes a claim against any Governmental Authority, including, without limitation, the federal government of the United States or any instrumentality or agency thereof, the assignment of which claim is restricted by any applicable Law, including, without limitation, the federal Assignment of Claims Act and any other comparable Law. Upon the request of Agent, Borrower shall take such steps as may be necessary or desirable, or that Agent may request, to comply with any such applicable Law.

(i) Borrower shall furnish to Agent from time to time any statements and schedules further identifying or describing the Collateral and any other information, reports or evidence concerning the Collateral as Agent may reasonably request from time to time.

(j) Borrower shall, and shall cause each Credit Party to, maintain its deposit accounts, transaction accounts, and primary investment accounts with Silicon Valley Bank and its Affiliates.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows on the Closing Date and the date of each Credit Extension:

5.1 Due Organization, Authorization: Power and Authority.

(a) Each Credit Party is duly existing and in good standing, as a Registered Organization in its respective jurisdiction of formation. Each Credit Party is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. The Financing Documents have been duly authorized, executed and delivered by each Credit Party and constitute legal, valid and binding agreements enforceable in accordance with their terms. The execution, delivery and performance by each Credit Party of each Financing Document executed or to be executed by it is in each case within such Credit Party's powers.

(b) The execution, delivery and performance by each Credit Party of the Financing Documents to which it is a party do not (i) conflict with any of such Credit Party's organizational documents; (ii) contravene, conflict with, constitute a default under or violate any Law; (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which such Credit Party or any of its property or assets may be bound or affected; (iv) require any action by, filing, registration, or qualification with, or Required Permit from, any Governmental Authority (except such Required Permits which have already been obtained and are in full force and effect); or (v) constitute a default under or conflict with any Material Agreement. No Credit Party is in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a Material Adverse Change.

5.2 Litigation. Except as disclosed on the **Disclosure Schedule** or, after the Closing Date, pursuant to **Section 6.7**, there are no actions, suits, proceedings or investigations pending or, to the knowledge of the Responsible Officers, threatened in writing by or against any Credit Party which involves the possibility of any judgment or liability of more than Fifty Thousand Dollars ($50,000.00) or that could result in a Material Adverse Change, or which questions the validity of the Financing Documents, or the other documents required thereby or any action to be taken pursuant to any of the foregoing, nor does any Credit Party have reason to believe that any such actions, suits, proceedings or investigations are threatened.

5.3 No Material Deterioration in Financial Condition; Financial Statements. All financial statements for the Credit Parties delivered to Agent or any Lender fairly present, in conformity with GAAP, in all material respects the consolidated financial condition and consolidated results of operations of such Credit Party. There has been no material deterioration in the consolidated financial condition of any Credit Party from the most recent financial statements and projections submitted to Agent or any Lender. There has been no material adverse deviation from the most recent annual operating plan of Borrower delivered to Agent and Lenders

5.4 Solvency. The fair salable value of each Credit Party's assets (including goodwill *minus* disposition costs) exceeds the fair value of its liabilities. After giving effect to the transactions described in this Agreement, (a) no Credit Party is left with unreasonably small capital in relation to its business as presently conducted, and (b) each Credit Party is able to pay its debts (including trade debts) as they mature.

5.5 Subsidiaries; Investments. Borrower and its Subsidiaries do not own any stock, partnership interest or other equity securities, except for Permitted Investments.

5.6 Tax Returns and Payments; Pension Contributions. Each Credit Party has timely filed all required tax returns and reports, and each Credit Party has timely paid all foreign, federal, state and material local taxes, assessments, deposits and contributions owed by such Credit Party. Borrower is unaware of any claims or adjustments proposed for any of prior tax years of any Credit Party which could result in additional taxes becoming due and payable by such Credit Party. Each Credit Party has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and no Credit Party has withdrawn from participation in, or has permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of such Credit Party, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.7 Disclosure Schedule. All information set forth in the **Disclosure Schedule** is true, accurate and complete as of the date hereof. All information set forth in the Perfection Certificate is true, accurate and complete as of the date hereof.

6 AFFIRMATIVE COVENANTS

Borrower covenants and agrees as follows:

6.1 Organization and Existence; Government Compliance.

(a) Each Credit Party shall maintain its legal existence and good standing in its respective jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. If a Credit Party is not now a Registered Organization but later becomes one, Borrower shall promptly notify Agent of such occurrence and provide Agent with such Credit Party's organizational identification number.

(b) Each Credit Party shall comply with all Laws, ordinances and regulations to which it or its business locations is subject, the noncompliance with which could reasonably be expected to result in a Material Adverse Change. Each Credit Party shall obtain and keep in full force and effect and comply with all of the Required Permits, except where failure to have or maintain compliance with or effectiveness of such Required Permit could not reasonably be expected to result in a Material Adverse Change. Each Credit Party shall promptly provide copies of any such obtained Required Permits to Agent. Borrower shall notify Agent within three (3) Business Days (but in any event prior to Borrower submitting any requests for Credit Extensions or release of any reserves) of the occurrence of any facts, events or circumstances known to a Borrower, whether threatened, existing or pending, that could cause any Required Permit to become limited, suspended or revoked.

6.2 Financial Statements, Reports, Certificates.

(a) Each Credit Party shall deliver to Agent and each Lender: (i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering such Credit Party's consolidated operations for such month certified by a Responsible Officer and in a form acceptable to Agent and each Lender; (ii) as soon as available, but no later than one hundred eighty (180) days after the last day of a Credit Party's fiscal year, audited consolidated and consolidating financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Agent and each Lender in its reasonable discretion; (iii) as soon as available after approval thereof by such Credit Party's governing board, but no later than sixty (60) days after the last day of such Credit Party's fiscal year, and as amended and/or updated, such Credit Party's financial projections for current fiscal year; (iv) within five (5) days of delivery, copies of all statements, reports and notices made available to all of such Credit Party's security holders; (v) in the event that such Credit Party is or becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, within five (5) days of filing, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission ("**SEC**") or a link thereto on such Credit Party's or another website on the Internet; (vi) budgets, sales projections, operating plans and other financial information reasonably requested by Agent or any Lender; (vii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month-end account statements for each Collateral Account maintained by a Credit Party, which statements may be provided to Agent and each Lender by Borrower or directly from the applicable institution(s); and (viii) such additional information, reports or statements regarding the Credit Parties or their respective businesses, contractors and subcontractors as Agent or any Lender may from time to time reasonably request.

(b) Within thirty (30) days after the last day of each month, Borrower shall deliver to Agent and each Lender with the monthly financial statements described above, a duly completed Compliance Certificate signed by a Responsible Officer.

(c) Borrower shall cause each Credit Party to keep proper books of record and account in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Upon prior written notice and during business hours (which such limitations shall not apply if a Default or Event of Default has occurred), Borrower shall allow, and cause each Credit Party to allow, Agent and Lenders to visit and inspect any properties of a Credit Party, to examine and make abstracts or copies from any Credit Party's books, to conduct a collateral audit and analysis of its operations and the Collateral to verify the amount and age of the accounts, the identity and credit of the respective account debtors, to review the billing practices of the Credit Party and to discuss its respective affairs, finances and accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired. Borrower shall reimburse Agent and each Lender for all reasonable costs and expenses associated with such visits and inspections; *provided*, *however*, that Borrower shall be required to reimburse Agent and each Lender for such costs and expenses for no more than two (2) such visits and inspections per twelve (12) month period unless a Default or Event of Default has occurred during such period.

(d) Borrower shall, and shall cause each Credit Party to, deliver to Agent and each Lender, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material effect on any of the Required Permits material to Borrower's business or otherwise on the operations of Borrower or any of its Subsidiaries.

6.3 Maintenance of Property. Borrower shall cause all equipment and other tangible personal property other than Inventory to be maintained and preserved in the same condition, repair and in working order as of the date hereof, ordinary wear and tear excepted, and shall promptly make or cause to be made all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end. Borrower shall cause each Credit Party to keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between a Credit Party and its Account Debtors shall follow the Credit Party's customary practices as they exist at the Closing Date. Borrower shall promptly notify Agent of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars ($100,000) of Inventory collectively among all Credit Parties.

6.4 Taxes; Pensions. Borrower shall timely file and cause each Credit Party to timely file, all required tax returns and reports and timely pay, and cause each Credit Party to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed, and shall deliver to Agent, on demand, appropriate certificates attesting to such payments. Borrower shall pay, and cause each Credit Party to pay, all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms. Notwithstanding the foregoing, a Credit Party may defer payment of any contested taxes, *provided*, *however*, that such Credit Party (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Agent in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral.

6.5 Insurance. Borrower shall, and shall cause each Credit Party to, keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Agent. All property policies shall have a lender's loss payable endorsement showing Agent as sole lender's loss payee and waive subrogation against Agent, and all liability policies shall show, or have endorsements showing, Agent as an additional insured. No other loss payees may be shown on the policies unless Agent shall otherwise consent in writing. If required by Agent, all policies (or the loss payable and additional insured endorsements) shall provide that the insurer shall endeavor to give Agent at least thirty (30) days' notice before canceling, amending, or declining to renew its policy. At Agent's request, Borrower shall deliver certified copies of all such Credit Party insurance policies and evidence of all premium payments. If any Credit Party fails to obtain insurance as required under this **Section 6.5** or to pay any amount or furnish any required proof of payment to third persons and Agent, Agent may make all or part of such payment or obtain such insurance policies required in this **Section 6.5**, and take any action under the policies Agent deems prudent.

6.6 Collateral Accounts. Borrower shall, and shall cause each Credit Party to, provide Agent five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution. In addition, for each Collateral Account that any Credit Party at any time maintains, Borrower shall, and shall cause each Credit Party to,

cause the applicable bank or financial institution at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Agent's Lien in such Collateral Account in accordance with the terms hereunder, which Control Agreement may not be terminated without prior written consent of Agent. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of a Credit Party's employees and identified to Agent by Borrower as such; *provided*, *however*, that at all times Borrower shall maintain one or more separate Deposit Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments, and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account.

6.7 Notices of Material Agreements, Litigation and Defaults; Cooperation in Litigation. Promptly (and in any event within three (3) Business Days), (a) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default or (b) upon the execution and delivery of any Material Agreement and each material amendment, consent, waiver or other modification, and each notice of termination or default or similar notice delivered to or by a Credit Party in connection with any Material Agreement, or (c) upon Borrower becoming aware of (or having reason to believe any of the following are pending or threatened in writing) any action, suit, proceeding or investigation by or against Borrower or any Credit Party which involves the possibility of any judgment or liability of more than Fifty Thousand Dollars ($50,000) or that could result in a Material Adverse Change, or which questions the validity of any of the Financing Documents, or the other documents required thereby or any action to be taken pursuant to any of the foregoing, Borrower shall give written notice to Agent and each Lender of such occurrence, and such further information (including copies of such documentation) as Agent or any Lender shall reasonably request. From the date hereof and continuing through the termination of this Agreement, Borrower shall, and shall cause each Credit Party to, make available to Agent and each Lender, without expense to Agent or any Lender, each Credit Party's officers, employees and agents and books, to the extent that Agent or any Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent or any Lender with respect to any Collateral or relating to a Credit Party.

6.8 Creation/Acquisition of Subsidiaries. In the event Borrower or any Subsidiary creates or, to the extent permitted hereunder, acquires any Subsidiary, Borrower and such Subsidiary shall promptly (and in any event within five (5) Business Days of such creation or acquisition) notify Agent of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Agent or the Required Lenders to cause each such Subsidiary to become a co-Borrower hereunder or to guarantee the Obligations of Borrower under the Financing Documents and, in each case, grant a continuing pledge and security interest in and to the assets of such Subsidiary (substantially as described on **Exhibit A** hereto); and Borrower shall grant and pledge to Agent, for the ratable benefit of the Lenders, a perfected security interest in the stock, units or other evidence of ownership of each Subsidiary (the foregoing collectively, the "**Joinder Requirements**"); *provided*, that Borrower shall not be permitted to make any Investment in such Subsidiary until such time as Borrower has satisfied the Joinder Requirements.

6.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely for (a) transaction fees incurred in connection with the Financing Documents, (b) for working capital needs of Borrower and its Subsidiaries, and (c) any other Permitted Purpose specified in the **Credit Facility Schedule** for such Credit Facility. No portion of the proceeds of the Credit Extensions will be used for family, personal, agricultural or household use.

6.10 Hazardous Materials; Remediation.

(a) If any release or disposal of Hazardous Materials shall occur or shall have occurred on any real property or any other assets of any Borrower or any other Credit Party, such Borrower will cause, or direct the applicable Credit Party to cause, the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets as is necessary to comply with all Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, each Borrower shall, and shall cause each other Credit Party to, comply with each Law requiring the performance at any real property by any Borrower or any other Credit Party of activities in response to the release or threatened release of a Hazardous Material.

(b) Borrower will provide Agent within thirty (30) days after written demand therefor with a bond, letter of credit or similar financial assurance evidencing to the reasonable satisfaction of Agent that sufficient funds are

available to pay the cost of removing, treating and disposing of any Hazardous Materials or Hazardous Materials Contamination and discharging any assessment which may be established on any property as a result thereof, such demand to be made, if at all, upon Agent's determination that the failure to remove, treat or dispose of any Hazardous Materials or Hazardous Materials Contamination, or the failure to discharge any such assessment could reasonably be expected to have a Material Adverse Change.

(c) If there is any conflict between this **Section 6.10** and any environmental indemnity agreement which is a Financing Document, the environmental indemnity agreement shall govern and control.

6.11 Power of Attorney. Each of the officers of Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for each Borrower (without requiring any of them to act as such) with full power of substitution to do the following: (a) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral (in each case, so long as no Default or Event of Default has occurred, other than Permitted Liens), or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (b) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, (i) execute in the name of any Person comprising Borrower any schedules, assignments, instruments, documents, and statements that Borrower is obligated to give Agent under this Agreement or that Agent or any Lender deems necessary to perfect or better perfect Agent's security interest or Lien in any Collateral, (ii) do such other and further acts and deeds in the name of Borrower that Agent may deem necessary or desirable to enforce, protect or preserve any Collateral or its rights therein, including, but not limited to, to sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; and (iii) after the occurrence and during the continuance of an Event of Default, (A) endorse the name of any Borrower upon any and all checks, drafts, money orders, and other instruments for the payment of money that are payable to Borrower; (B) make, settle, and adjust all claims under Borrower's insurance policies; (C) take any action any Credit Party is required to take under this Agreement or any other Financing Document; (D) transfer the Collateral into the name of Agent or a third party as the Code permits; (E) exercise any rights and remedies described in this Agreement or the other Financing Documents; and (F) do such other and further acts and deeds in the name of Borrower that Agent may deem necessary or desirable to enforce its rights with regard to any Collateral.

6.12 Further Assurances. Borrower shall, and shall cause each Credit Party to, promptly execute any further instruments and take further action as Agent reasonably requests to perfect or better perfect or continue Agent's Lien in the Collateral or to effect the purposes of this Agreement or any other Financing Document.

6.13 Post-Closing Obligations. Borrower shall, and shall cause each Credit Party to, complete each of the post-closing obligations and/or deliver to Agent each of the documents, instruments, agreements and information listed on the **Post-Closing Obligations Schedule** attached hereto, on or before the date set forth for each such item thereon (as may be extended by the Agent in writing in its sole discretion), each of which shall be completed or provided in form and substance satisfactory to Agent and Lenders.

6.14 Disclosure Schedule. Borrower shall, in the event of any information in the **Disclosure Schedule** becoming outdated, inaccurate, incomplete or misleading, deliver to Agent, together with the next Compliance Certificate required to be delivered under this Agreement for a calendar month ending March 31, June 30, September 30 or December 31, a proposed update to the **Disclosure Schedule** correcting all outdated, inaccurate, incomplete or misleading information. With respect to any proposed updates to the **Disclosure Schedule** involving Permitted Liens, Permitted Indebtedness or Permitted Investments, Agent will replace the **Disclosure Schedule** attached hereto with such proposed update only if such updated information is consistent with the definitions of and limitations herein pertaining to Permitted Liens, Permitted Indebtedness or Permitted Investments. With respect to any proposed updates to the **Disclosure Schedule** involving other matters, Agent will replace the applicable portion of the **Disclosure Schedule** attached hereto with such proposed update upon Agent's approval thereof.

7 NEGATIVE COVENANTS

Borrower shall not do, nor shall it permit any Credit Party to do, any of the following without the prior written consent of Agent and the Required Lenders:

7.1 Dispositions. Convey, sell, abandon, lease, license, transfer, assign or otherwise dispose of (collectively, "**Transfer**") all or any part of its business or property, except for (a) sales, transfers or dispositions of Inventory in the Ordinary Course of Business; (b) sales or abandonment of worn-out or obsolete Equipment; or (c) non-exclusive licenses of patent rights of Borrower or its Subsidiaries granted to third parties in the Ordinary Course of Business and that does not result in a legal transfer of title to the licensed property.

7.2 Changes in Business, Management, Ownership or Business Locations. (a) Engage in any business other than the businesses currently engaged in by Borrower or such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; (c) (i) have a change in Chief Executive Officer or Chief Operating Officer where a suitable permanent replacement, as approved by Borrower's board of directors, has not been named and hired by not later than sixty (60) days after such change, or (ii) enter into any transaction or series of related transactions which would result in a Change in Control; (d) add any new offices or business locations, or enter into any new leases with respect to existing offices or business locations (unless such new or existing offices or business locations contain less than Twenty-Five Thousand Dollars ($25,000) in Borrower's assets or property and do not contain any of Borrower's Books) without first delivering a fully-executed Access Agreement to Agent; (e) change its jurisdiction of organization; (f) change its organizational structure or type; (g) change its legal name; or (h) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person; *provided, however*, that a Subsidiary of Borrower may merge or consolidate into another Subsidiary that is a Borrower, so long as (a) Borrower has provided Agent and each Lender with prior written notice of such transaction, (b) a Person already comprising the Borrower shall be the surviving legal entity, (c) Borrower's tangible net worth is not thereby reduced, (d) no Event of Default has occurred and is continuing prior thereto or arises as a result therefrom, and (e) Borrower shall be in compliance with the covenants set forth in this Agreement both before and after giving effect to such transaction.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness other than Permitted Indebtedness.

7.5 Encumbrance. (a) Create, incur, allow, or suffer any Lien on any of its property, except for Permitted Liens, (b) permit any Collateral to fail to be subject to the first priority security interest granted herein except for Permitted Liens that may have priority by operation of applicable Law or by the terms of a written intercreditor or subordination agreement entered into by Agent, or (c) enter into any agreement, document, instrument or other arrangement (except with or in favor of Agent for the ratable benefit of Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Collateral or Intellectual Property, except as is otherwise permitted in the definition of "Permitted Liens" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account, except pursuant to the terms of **Section 6.6** hereof.

7.7 Distributions; Investments; Margin Stock. (a) Pay any dividends (other than dividends payable solely in common stock) or make any distribution or payment with respect to or redeem, retire or purchase or repurchase any of its equity interests (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements or similar plans), or (b) directly or indirectly make any Investment (including, without limitation, any additional Investment in any Subsidiary) other than Permitted Investments. Without limiting the foregoing, Borrower shall not, and shall not permit any of its Subsidiaries to, purchase or carry Margin Stock.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of any Credit Party, except for (a) transactions that are in the Ordinary Course of Business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (b) transactions with Subsidiaries that are designated as a Borrower hereunder and that are not otherwise prohibited by **Article 7** of this Agreement, and (c) transactions permitted by **Section 7.7** of this Agreement.

7.9 [Reserved]

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other Law or regulation, if the violation could reasonably be expected to have a Material Adverse Change; withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.11 Amendments to Organization Documents and Material Agreements. Amend, modify or waive any provision of (a) any Material Agreement in a manner that is materially adverse to Borrower, that is adverse to Agent or any Lender, that pertains to rights to assign or grant a security interest in such Material Agreement or that could or could reasonably be expected to result in a Material Adverse Change, or (b) any of its organizational documents (other than a change in registered agents, or a change that could not adversely affect the rights of Agent or Lenders hereunder, but, for the avoidance of doubt, under no circumstances a change of its name, type of organization or jurisdiction of organization), in each case, without the prior written consent of Agent. Borrower shall provide to Agent copies of all amendments, waivers and modifications of any Material Agreement or organizational documents.

7.12 Compliance with Anti-Terrorism Laws**.** Directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Borrower shall immediately notify Agent if Borrower has knowledge that Borrower or any Subsidiary or Affiliate is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Borrower will not, nor will Borrower permit any Subsidiary or Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law. Agent hereby notifies Borrower that pursuant to the requirements of Anti-Terrorism Laws, and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies Borrower and its principals, which information includes the name and address of Borrower and its principals and such other information that will allow Agent to identify such party in accordance with Anti-Terrorism Laws.

8 LIFE SCIENCES PROVISIONS; SBIC RELATED PROVISIONS

8.1 Life Sciences Covenants.

(a) As used in this Agreement, the following terms have the following meanings:

"**DEA**" means the Drug Enforcement Administration of the United States of America, and any successor agency thereof.

"**Drug Application**" means a new drug application, an abbreviated drug application, or a product license application for any Product, as appropriate, as those terms are defined in the FDCA.

"**FDA**" means the Food and Drug Administration of the United States of America, or any successor entity thereto.

"**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended, 21 U.S.C. Section 301 et seq., and all regulations promulgated thereunder.

"**Material Intangible Assets**" means all of Borrower's Intellectual Property and license or sublicense agreements or other agreements with respect to rights in Intellectual Property that are material to the condition (financial or other), business or operations of Borrower.

"**Products**" means any products manufactured, sold, developed, tested or marketed by any Borrower or any of its Subsidiaries, including without limitation, those products set forth on the **Products Schedule** (as updated from time to time in accordance with **Section 8.1(d)**); *provided, however*, that if Borrower shall fail to comply with the obligations under **Section 8.1(d)** to give notice to Agent and each Lender and update the **Products Schedule** prior to manufacturing, selling, developing, testing or marketing any new Product, any such improperly undisclosed Product shall be deemed to be included in this definition.

"**Registered Intellectual Property**" means any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing.

(b) [Reserved];

(c) Borrower represents and warrants as follows at all times unless expressly provided below:

(i) Intellectual Property and License Agreements. A list of all of Intellectual Property of each Credit Party and all license agreements, sublicenses, or other rights of any Credit Party to use Intellectual Property (including all in-bound license agreements, but excluding over-the-counter software that is commercially available to the public), as of the Closing Date and, as updated pursuant to **Section 8.1(d)**, is set forth on the **Intangible Assets Schedule**, which indicates, for each item of property: (A) the name of the Credit Party owning such Intellectual Property or licensee to such license agreement; (B) the Credit Party's identifier for such property (i.e., name of patent, license, etc.), (C) whether such property is Intellectual Property (or application therefor) owned by a Credit Party or is property to which a Credit Party has rights pursuant to a license agreement, and (D) the expiration date of such Intellectual Property or license agreement. In the case of any Material Intangible Property that is a license agreement, the **Intangible Assets Schedule** further indicates, for each: (1) the name and address of the licensor, (2) the name and date of the agreement pursuant to which such item of Material Intangible Property is licensed, (3) whether or not such license agreement grants an exclusive license to a Credit Party, (4) whether there are any purported restrictions in such license agreement as to the ability of a Credit Party to grant a security interest in and/or to transfer any of its rights as a licensee under such license agreement, and (5) whether a default under or termination of such license agreement could interfere with Agent's right to sell or assign such license or any other Collateral. Except as noted on the **Intangible Assets Schedule**, each Credit Party is the sole owner of its Intellectual Property, free and clear of any Liens. Each Patent is valid and enforceable to the knowledge of the Borrower and no part of the Material Intangible Property has been judged invalid or unenforceable, in whole or in part, and to the best of Borrower's knowledge, no claim has been made that Borrower's use of any part of the Intellectual Property violates the rights of any third party.

(ii) Regulatory Status.

(A) All Products and all Required Permits are listed on the **Products Schedule** and **Required Permits Schedule** (as updated from time to time pursuant to **Section 8.1(d)**), and Borrower has delivered to Agent and each Lender a copy of all Required Permits requested by Agent and such Lender as of the date hereof or to the extent requested by Agent or such Lender pursuant to **Section 8.1(d)**.

(B) Without limiting the generality of **Section 8.1** above, as of the date of this Agreement and on each subsequent date that the representations and warranties in this Agreement are brought down or remade, with respect to any Product being tested or manufactured, Borrower and its Subsidiaries have received, and such Product is the subject of, all Required Permits needed in connection with the testing or manufacture of such Product as such testing or manufacturing is currently being conducted by or on behalf of Borrower, and Borrower and its Subsidiaries have not received any notice from any applicable Governmental Authority, specifically including the FDA, that such Governmental Authority is conducting an investigation or review of (1) Borrower's or such Subsidiary's manufacturing facilities and processes for such Product which have disclosed any material deficiencies or violations of Laws and/or the Required Permits related to the manufacture of such Product, or (2) any such Required Permit or that any such Required Permit has been revoked or withdrawn, nor has any such Governmental Authority issued any order or recommendation stating that the development, testing and/or manufacturing of such Product should cease.

(C) Without limiting the generality of **Section 8.1** above, as of the date of this Agreement and on each subsequent date that the representations and warranties in this Agreement are brought down or remade, with respect to any Product marketed or sold by Borrower or its Subsidiaries, Borrower and its Subsidiaries have received, and such Product is the subject of, all Required Permits needed in connection with the marketing and sales of such Product as currently being marketed or sold by Borrower or its Subsidiaries, and Borrower and its Subsidiaries have not received any notice from any applicable Governmental Authority, specifically including the FDA, that such Governmental Authority is conducting an investigation or review of any such Required Permit or approval or that any such Required Permit has been revoked or withdrawn, nor has any such Governmental Authority issued any order or recommendation stating that such marketing or sales of such Product cease or that such Product be withdrawn from the marketplace.

(D) Without limiting the generality of **Section 8.1** above, as of the date of this Agreement and on each subsequent date that the representations and warranties in this Agreement are brought down or remade, (i) there have been no adverse clinical test results which have or could reasonably be expected to result in a Material Adverse Change, and (ii) there have been no Product recalls or voluntary Product withdrawals from any market.

(E) As of the date of this Agreement and on each subsequent date that the representations and warranties in this Agreement are brought down or remade, Borrower and its Subsidiaries have not experienced any significant failures in its manufacturing of any Product such that the amount of such Product successfully manufactured by Borrower or its Subsidiaries in accordance with all specifications thereof and the required payments related thereto in any month shall decrease significantly with respect to the quantities of such Product produced in the prior month.

(d) Borrower covenants and agrees as follows:

(i) [Reserved.]

(ii) Borrower shall own, or be licensed to use or otherwise have the right to use, all Material Intangible Property. All Material Intangible Property of Borrower is and shall be fully protected and/or duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances, except where the failure to do so would not reasonably be expected to result in a Material Adverse Change. Borrower shall not become a party to, nor become bound by, any material license or other agreement with respect to which Borrower is the licensee that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or other property. Borrower shall at all times conduct its business without infringement or claim of infringement of any Intellectual Property rights of others. Borrower shall do the following, to the extent it determines, in the exercise of its reasonable business judgment, that it is prudent to do so: (A) protect, defend and maintain the validity and enforceability of its Material Intangible Property; (B) promptly advise Agent and each Lender in writing of material infringements of its Material Intangible Property; and (C) not allow, without Agent's and Required Lenders' prior written consent, any Material Intangible Property to be abandoned, invalidated, forfeited or dedicated to the public or to become unenforceable. If Borrower (1) obtains any patent, registered trademark or servicemark, registered copyright, registered mask work, or notice of any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (2) applies for any patent or the registration of any trademark or servicemark, then concurrently with the delivery of an updated **Intangible Assets Schedule** as required under **clause (iv)** below, Borrower shall provide written notice thereof to Agent and each Lender and shall execute such documents and take such other actions as Agent or the Required Lenders shall request in its or their, as applicable, good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent, for the ratable benefit of Lenders, in the IP Proceeds (as defined in **Exhibit A**) pertaining thereto. Borrower shall promptly provide to Agent and each Lender copies of all applications that it files for patents or for the registration of trademarks, servicemarks, copyrights or mask works.

(iii) In connection with the development, testing, manufacture, marketing or sale of each and any Product by a Credit Party, such Credit Party shall comply fully and completely in all respects with all Required Permits at all times issued by any Governmental Authority the noncompliance with which could have a Material Adverse Change, specifically including the FDA, with respect to such development, testing, manufacture, marketing or sales of such Product by such Credit Party as such activities are at any such time being conducted by such Credit Party.

(iv) If, after the Closing Date, Borrower acquires and/or develops any new Registered Intellectual Property, or enters or becomes bound by any additional license or sublicense agreement or other agreement with respect to rights in Intellectual Property (other than over-the-counter software that is commercially available to the public), and upon any other material change in Borrower's Material Intangible Property from that listed on the **Intangible Assets Schedule**, then together with the next Compliance Certificate required to be delivered after such event under this Agreement for a calendar month ending March 31, June 30, September 30 or December 31, Borrower shall deliver to Agent and each Lender an updated **Intangible Assets Schedule** reflecting same. Borrower shall take such steps as Agent or the Required Lenders request to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (x) all licenses or agreements to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by Law or by the terms of any such license or agreement, whether now existing or entered into in the future, and (y) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's rights and remedies under this Agreement and the other Financing Documents.

(v) If, after the Closing Date, Borrower determines to manufacture, sell, develop, test or market any new Product, then together with the next Compliance Certificate required to be delivered after such determination under this Agreement for a calendar month ending March 31, June 30, September 30 or December 31, Borrower shall give written notice to Agent and each Lender of such determination (which shall include a brief description of such Product, plus a list of all Required Permits relating to such new Product (and a copy of such Required Permits if requested by Agent or such Lender) and/or Borrower's manufacture, sale, development, testing or marketing thereof issued or outstanding as of the date of such notice), along with a copy of an updated **Intangible Assets Schedule, Products Schedule** and **Required Permits Schedule**; *provided, however,* that if Borrower shall at any time obtain any new or additional Required Permits from the FDA, DEA, or parallel state or local authorities, or foreign counterparts of the FDA, DEA, or parallel state or local authorities, with respect to any Product which has previously been disclosed to Agent or any Lender, then together with the next Compliance Certificate required to be delivered under this Agreement for a calendar month ending March 31, June 30, September 30 or December 31, Borrower shall provide Agent and each Lender with a copy of an updated **Required Permits Schedule** reflecting such new or additional Required Permits (along with a copy thereof if requested by Agent or such Lender).

(e) In addition to the events listed in Article 10, any one of the following shall also constitute an Event of Default under this Agreement: (i) the order by FDA or similar Governmental Authority to withdraw any Product or Product category from the market or to enjoin Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries from manufacturing, marketing, selling or distributing any Product or Product category that could reasonably be expected to result in Material Adverse Change, (ii) the decision by any DEA, FDA, or any other Governmental Authority to revoke, suspend, reject, withdraw, limit, or restrict any Required Permit held by Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries, which, in each case, could reasonably be expected to result in a Material Adverse Change, (iii) the commencement of any enforcement action against Borrower, its Subsidiaries or any representative of Borrower or its Subsidiaries (with respect to the business of Borrower or its Subsidiaries) by DEA, FDA, or any other Governmental Authority that could reasonably be expected to result in a Material Adverse Change, (iv) the recall of any Products from the market, the voluntary withdrawal of any Products from the market, or actions to discontinue the sale of any Products which could reasonably be expected to result in a Material Adverse Change, or (v) the occurrence of adverse test results in connection with a Product which could reasonably be expected to result in a Material Adverse Change.

8.2 SBIC Related Provisions.

(a) SBIC Acknowledgement. Borrower acknowledges that Agent, and any Lender with the word "SBIC" in its name, is a Federal licensee under the Small Business Investment Act of 1958, as amended ("**SBA Act**"). The term "SBA" as used herein means the U.S. Small Business Administration.

(b) As a condition to any Credit Extension, Borrower shall, upon request of Agent or any Lender, complete and deliver to Agent and such Lender SBA Forms 480, 652 and 1031, the SBA Economic Impact Assessment. Any information provided by the Borrower to Agent or any Lender on each such form is and will be true, accurate and complete in all material respects.

(c) Within forty-five (45) days after the end of each fiscal year of Borrower, and at such other times as Agent or any Lender may reasonably request to the extent related to SBA regulations, Borrower shall provide to Agent and such Lender such forms and financial and other information with respect to any business or financial condition of Borrower or any of its Subsidiaries required by the SBA, including, but not limited to (i) forms and information with respect to Agent's or any Lender's reporting requirements under SBA Form 468, (ii) information regarding the full-time equivalent jobs created or retained in connection with any Lender's investment in Borrower, the impact of the financing on Borrower's business in terms of revenues and profits and on taxes paid by Borrower and its employees, and (iii) a list of holders of the Obligations.

(d) Upon request of Agent or any Lender, the Borrower shall promptly (and in any event within twenty (20) days of such request) furnish to Agent and such Lender all information as Agent or any Lender may reasonably request, to the extent reasonably available to the Borrower, in order for Agent or any Lender to comply with the requirements of 13 C.F.R. Section 107.620 or to prepare or file SBA Form 468 and any other information requested or required by the SBA or any other similar Governmental Authority asserting jurisdiction over Agent or such Lender. Each Borrower shall afford to Agent and such Lender and examiners of the SBA reasonable access, during normal business hours and with prior reasonable notice, to the books, records and properties of such Borrower for the purpose of verifying the certifications made in accordance with 13 C.F.R. Section 107.610 and for all other purposes required by the SBA.

(e) No Borrower presently engages in, and it will not hereafter engage in, any activities, and no Borrower will use directly or indirectly, the proceeds from the Credit Extensions made on the Closing Date or otherwise pursuant to the Financing Documents, for any purpose for which a small business investment company is prohibited from using funds by the SBA Act and the regulations thereunder, including 13 C.F.R. Section 107.720. For a period of twelve (12) months following the Closing Date, no Borrower shall knowingly cause the nature of its business activity to change if such change would render such Borrower ineligible for financing pursuant to 13 C.F.R. Section 107.720. So long as any Obligations are owing to Agent or any Lender under the Financing Documents, the Borrower will at all times comply with all non-discrimination requirements applicable to the Borrower under federal law.

9 RESERVED

10 EVENTS OF DEFAULT

10.1 Events of Default. The occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "**Event of Default**" and Credit Parties shall thereupon be in default under this Agreement and each of the other Financing Documents:

(a) Borrower fails to (i) make any payment of principal or interest on any Credit Extension on its due date, or (ii) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to **Section 10.2** hereof);

(b) Any Credit Party defaults in the performance of or compliance with any term contained in this Agreement or in any other Financing Document (other than occurrences described in other provisions of this **Section 10.1** for which a different grace or cure period is specified or for which no grace or cure period is specified and thereby constitute immediate Events of Default) and such default is not remedied by the Credit Party or waived by Agent within ten (10) days after the earlier of (i) the date of receipt by any Borrower of notice from Agent or Required Lenders of such default, or (ii) the date an officer of such Credit Party becomes aware, or through the exercise of reasonable diligence should have become aware, of such default;

(c) Any Credit Party defaults in the performance of or compliance with any term contained in **Section 6.2**, **6.4**, **6.5**, **6.6**, **6.8** or **6.10** or **Article 7** or **Article 8**;

(d) Any representation, warranty, certification or statement made by any Credit Party or any other Person acting for or on behalf of a Credit Party (i) in any Financing Document or in any certificate, financial statement or other document delivered pursuant to any Financing Document or (ii) to induce Agent and/or Lenders to enter into this Agreement or any Financing Document is incorrect in any respect (or in any material respect if such representation, warranty, certification or statement is not by its terms already qualified as to materiality) when made (or deemed made);

(e) (i) any Credit Party defaults under or breaches any Material Agreement (after any applicable grace period contained therein), or a Material Agreement shall be terminated by a third party or parties party thereto prior to the expiration thereof, or there is a loss of a material right of a Credit Party under any Material Agreement to which it is a party, in each case which could reasonably be expected to result in a Material Adverse Change, (ii) (A) any Credit Party fails to make (after any applicable grace period) any payment when due (whether due because of scheduled maturity, required prepayment provisions, acceleration, demand or otherwise) on any Indebtedness (other than the Obligations) of such Credit Party or such Subsidiary having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than One Hundred Thousand Dollars ($100,000) ("**Material Indebtedness**"), (B) any other event shall occur or condition shall exist under any contractual obligation relating to any such Material Indebtedness, if the effect of such event or condition is to accelerate, or to permit the acceleration of (without regard to any subordination terms with respect thereto), the maturity of such Material Indebtedness or (C) any such Material Indebtedness shall become or be declared to be due and payable, or be required to be prepaid, redeemed, defeased or repurchased (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, (iii) any Credit Party defaults (beyond any applicable grace period) under any obligation for payments due or other material obligation under any lease agreement for such Credit Party's principal place of business or any place of business that meets the criteria for the requirement of an Access Agreement under **Section 7.2** or for which an Access Agreement exists or was required to be delivered, (iv) any Borrower makes any payment on account of any Indebtedness that has been subordinated to any of the Obligations, other than payments specifically permitted by the terms of such subordination;

(f) (i) any Credit Party shall generally not pay its debts as such debts become due, shall admit in writing its inability to pay its debts generally, shall make a general assignment for the benefit of creditors, or shall cease doing business as a going concern, (ii) any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, composition of it or its debts or any similar order, in each case under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee, conservator, liquidating agent, liquidator, other similar official or other official with similar powers, in each case for it or for any substantial part of its property and, in the case of any such proceedings instituted against (but not by or with the consent of) such Credit Party, either such proceedings shall remain undismissed or unstayed for a period of thirty (30) days or more or any action sought in such proceedings shall occur or (iii) any Credit Party shall take any corporate or similar action or any other action to authorize any action described in **clause (i)** or **(ii)** above;

(g) (i) The service of process seeking to attach, execute or levy upon, seize or confiscate any Collateral Account, any Intellectual Property, or any funds of any Credit Party on deposit with Agent, any Lender or any Affiliate of Agent or any Lender, or (ii) a notice of lien, levy, or assessment is filed against any assets of a Credit Party by any government agency, and the same under subclauses (i) and (ii) hereof are not discharged or stayed (whether through the posting of a bond or otherwise) prior to the earlier to occur of twenty (20) days after the occurrence thereof or such action becoming effective;

(h) (i) any court order enjoins, restrains, or prevents Borrower from conducting any material part of its business, (ii) the institution by any Governmental Authority of criminal proceedings against any Credit Party, or (iii) one or more judgments or orders for the payment of money (not paid or fully covered by insurance and as to which the relevant insurance company has acknowledged coverage in writing) aggregating in excess of $100,000 shall be rendered against any or all Credit Parties and either (A) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders, or (B) there shall be any period of ten (10) consecutive days during which a stay of enforcement of any such judgments or orders, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(i) any Lien created by any of the Financing Documents shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be encumbered thereby, subject to no prior or equal Lien except Permitted Liens, or any Credit Party shall so assert; any provision of any Financing Document shall fail to be valid and binding on, or enforceable against, a Credit Party, or any Credit Party shall so assert;

(j) A Change in Control occurs or any Credit Party or direct or indirect equity owner in a Credit Party shall enter into agreement which contemplates a Change in Control;

(k) Any Required Permit shall have been (i) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the Ordinary Course of Business for a full term, or (ii) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Required Permit or that could result in the Governmental Authority taking any of the actions described in clause (i) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (A) causes, or could reasonably be expected to cause, a Material Adverse Change, or (B) adversely affects the legal qualifications of any Credit Party to hold such Required Permit in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of any Credit Party to hold any Required Permit in any other jurisdiction in such a manner as could reasonably be expected to cause a Material Adverse Change;

(l) If any Borrower is or becomes an entity whose equity is registered with the SEC, and/or is publicly traded on and/or registered with a public securities exchange, such Borrower's equity fails to remain registered with the SEC in good standing, and/or such equity fails to remain publicly traded on and registered with a public securities exchange; or

(m) The occurrence of a Material Adverse Change.

Notwithstanding the foregoing, if a Credit Party fails to comply with any same provision of this Agreement two (2) times in any twelve (12) month period and Agent has given to any Borrower in connection with each such failure any notice to which Borrower would be entitled under this **Section 10.1** before such failure could become an Event of Default, then all subsequent failures by a Credit Party to comply with such provision of this Agreement shall effect an immediate Event of Default (without the expiration of any applicable cure period) with respect to all subsequent failures by a Credit Party to comply with such provision of this Agreement, and Agent thereupon may exercise any remedy set forth in this Article 10 without affording Borrower any opportunity to cure such Event of Default.

All cure periods provided for in this Section 10.1 shall run concurrently with any cure period provided for in any applicable Financing Documents under which the default occurred.

10.2 Rights and Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, Agent may, and at the written direction of any Lender shall, without notice or demand, do any or all of the following: (i) deliver notice of the Event of Default to Borrower, (ii) by notice to any Borrower declare all Obligations immediately due and payable (but if an Event of Default described in **Section 10.1(f)** occurs all Obligations shall be immediately due and payable without any action by Agent or the Lenders), or (iii) by notice to any Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between any Credit Party and Agent and/or the Lenders (but if an Event of Default described in **Section 10.1(f)** occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Agent and/or the Lenders shall be immediately terminated without any action by Agent or the Lenders).

(b) Without limiting the rights of Agent and Lenders set forth in **Section 10.2(a)** above, upon the occurrence and during the continuance of an Event of Default, Agent shall have the right, without notice or demand, to do any or all of the following:

(i) with or without legal process, enter any premises where the Collateral may be and take possession of and remove the Collateral from the premises or store it on the premises, and foreclose upon and/or sell, lease or liquidate, the Collateral, in whole or in part;

(ii) apply to the Obligations (A) any balances and deposits of any Credit Party that Agent or any Lender or any Affiliate of Agent or a Lender holds or controls, or (B) any amount held or controlled by Agent or any Lender or any Affiliate of Agent or a Lender owing to or for the credit or the account of any Credit Party;

(iii) settle, compromise or adjust and grant releases with respect to disputes and claims directly with Account Debtors for amounts on terms and in any order that Agent considers advisable, notify any Person owing any Credit Party money of Agent's security interest in such funds, and verify the amount of such Account;

(iv) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Agent requests and make it available as Agent designates. Agent may also render any or all of the Collateral unusable at a Credit Party's premises and may dispose of such Collateral on such premises without liability for rent or costs. Borrower grants Agent a license to enter and occupy any of its premises, without charge, to exercise any of Agent's rights or remedies;

(v) pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred;

(vi) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, the Collateral. Agent is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral (and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof) and, in connection with Agent's exercise of its rights under this **Article 10**, Borrower's rights under all licenses and all franchise agreements shall be deemed to inure to Agent for the benefit of the Lenders;

(vii) place a "hold" on any account maintained with Agent or the Lenders or any Affiliate of Agent or a Lender and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(viii) demand and receive possession of the Books of Borrower and the other Credit Parties; and

(ix) exercise all other rights and remedies available to Agent under the Financing Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

10.3 Notices. Any notice that Agent is required to give to a Credit Party under the UCC of the time and place of any public sale or the time after which any private sale or other intended disposition of the Collateral is to be made shall be deemed to constitute reasonable notice if such notice is given in accordance with this Agreement at least five (5) days prior to such action.

10.4 Protective Payments. If any Credit Party fails to pay or perform any covenant or obligation under this Agreement or any other Financing Document, Agent may pay or perform such covenant or obligation, and all amounts so paid by Agent are Protective Advances and immediately due and payable, bearing interest at the then highest applicable rate for the Credit Facilities hereunder, and secured by the Collateral. No such payments or performance by Agent shall be construed as an agreement to make similar payments or performance in the future or constitute Agent's waiver of any Event of Default.

10.5 Liability for Collateral No Waiver; Remedies Cumulative. So long as Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Agent and the Lenders, Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral. Agent's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Financing Document shall not waive, affect, or diminish any right of Agent thereafter to demand strict performance and

compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Agent and then is only effective for the specific instance and purpose for which it is given. Agent's rights and remedies under this Agreement and the other Financing Documents are cumulative. Agent has all rights and remedies provided under the Code, by Law, or in equity. Agent's exercise of one right or remedy is not an election, and Agent's waiver of any Event of Default is not a continuing waiver. Agent's delay in exercising any remedy is not a waiver, election, or acquiescence.

10.6 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (i) Borrower, for itself and the other Credit Parties, irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of Borrower of all or any part of the Obligations, and, as between Borrower and the Credit Parties on the one hand and Agent and Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent, and (ii) unless the Agent and the Lenders shall agree otherwise, the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: *first*, to the Protective Advances; *second*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); *third*, to the principal amount of the Obligations outstanding; and *fourth*, to any other indebtedness or obligations of the Credit Parties owing to Agent or any Lender under the Financing Documents. Borrower shall remain fully liable for any deficiency. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. Unless the Agent and the Lenders shall agree otherwise, in carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category.

10.7 Waivers.

(a) Except as otherwise provided for in this Agreement and to the fullest extent permitted by applicable law, each Borrower waives: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all Financing Documents and hereby ratifies and confirms whatever Agent or Lenders may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's entry upon the premises of a Borrower, the taking possession or control of, or to Agent's or any Lender's replevy, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of its remedies; and (iii) the benefit of all valuation, appraisal and exemption Laws. Each Borrower acknowledges that it has been advised by counsel of its choices and decisions with respect to this Agreement, the other Financing Documents and the transactions evidenced hereby and thereby.

(b) Each Borrower for itself and all its successors and assigns, (i) agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; (ii) consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Agent or any Lender with respect to the payment or other provisions of the Financing Documents, and to any substitution, exchange or release of the Collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any Borrower, endorsers, guarantors, or sureties, or whether primarily or secondarily liable, without notice to any other Borrower and without affecting its liability hereunder; (iii) agrees that its liability shall be unconditional and without regard to the liability of any other Borrower, Agent or any Lender for any tax on the indebtedness; and (iv) to the fullest extent permitted by law, expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(c) To the extent that Agent or any Lender may have acquiesced in any noncompliance with any requirements or conditions precedent to the closing of the Credit Facilities or to any subsequent disbursement of Credit Extensions, such acquiescence shall not be deemed to constitute a waiver by Agent or any Lender of such requirements with respect to any future Credit Extensions and Agent may at any time after such acquiescence require Borrower to comply with all such requirements. Any forbearance by Agent or a Lender in exercising any right or remedy under any of the Financing Documents, or otherwise afforded by applicable law, including any failure to accelerate the maturity date of the Credit

Facilities, shall not be a waiver of or preclude the exercise of any right or remedy nor shall it serve as a novation of the Financing Documents or as a reinstatement of the Obligations or a waiver of such right of acceleration or the right to insist upon strict compliance of the terms of the Financing Documents. Agent's or any Lender's acceptance of payment of any sum secured by any of the Financing Documents after the due date of such payment shall not be a waiver of Agent's and such Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other Liens or charges by Agent as the result of an Event of Default shall not be a waiver of Agent's right to accelerate the maturity of the Obligations, nor shall Agent's receipt of any condemnation awards, insurance proceeds, or damages under this Agreement operate to cure or waive any Credit Party's default in payment of sums secured by any of the Financing Documents.

(d) Without limiting the generality of anything contained in this Agreement or the other Financing Documents, each Borrower agrees that if an Event of Default is continuing (i) Agent and Lenders shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Agent or Lenders shall remain in full force and effect until Agent or Lenders have exhausted all remedies against the Collateral and any other properties owned by Borrower and the Financing Documents and other security instruments or agreements securing the Obligations have been foreclosed, sold and/or otherwise realized upon in satisfaction of Borrower's obligations under the Financing Documents.

(e) Neither Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. Nothing contained herein or in any other Financing Document shall be construed as requiring Agent or any Lender to resort to any part of the Collateral for the satisfaction of any of Borrower's obligations under the Financing Documents in preference or priority to any other Collateral, and Agent may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of Borrower's obligations under the Financing Documents. To the fullest extent permitted by law, each Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Collateral any equitable right otherwise available to any Credit Party which would require the separate sale of any of the Collateral or require Agent or Lenders to exhaust their remedies against any part of the Collateral before proceeding against any other part of the Collateral; and further in the event of such foreclosure each Borrower does hereby expressly consent to and authorize, at the option of Agent, the foreclosure and sale either separately or together of each part of the Collateral.

10.8 Injunctive Relief. The parties acknowledge and agree that, in the event of a breach or threatened breach of any Credit Party's obligations under any Financing Documents, Agent and Lenders may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction (including, without limitation, a temporary restraining order, preliminary injunction, writ of attachment, or order compelling an audit) against such breach or threatened breach, including, without limitation, maintaining any cash management and collection procedure described herein. However, no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach or threatened breach of any provision of this Agreement. Each Credit Party waives, to the fullest extent permitted by law, the requirement of the posting of any bond in connection with such injunctive relief. By joining in the Financing Documents as a Credit Party, each Credit Party specifically joins in this **Section 10.8** as if this **Section 10.8** were a part of each Financing Document executed by such Credit Party.

11 NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Financing Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail (if an email address is specified herein) or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Agent, Lender or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this **Article 11**.

If to Borrower:

Ocular Therapeutix, Inc.
36 Crosby Drive, Ste. 101
Bedford, MA 01730
Attention: Chief Operating Officer, Jim Fortune
Fax: (781) 357-4001
E-Mail: jfortune@ocutx.com

If to Agent or Lenders:

MidCap Financial SBIC, LP
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attention: Portfolio Management- Life Sciences
Fax: (301) 941-1450
E-Mail: lviera@midcapfinancial.com

with a copy to:

MC Serviceco, LLC
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attention: General Counsel
Fax: (301) 941-1450
E-Mail: legalnotices@midcapfinancial.com

12 CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER; CONFESSION OF JUDGMENT

12.1 THIS AGREEMENT, EACH SECURED PROMISSORY NOTE AND EACH OTHER FINANCING DOCUMENT, AND THE RIGHTS, REMEDIES AND OBLIGATIONS OF THE PARTIES HERETO AND THERETO, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT OR SUCH FINANCING DOCUMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES AND ALL OTHER MATTERS RELATING HERETO, THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS. NOTWITHSTANDING THE FOREGOING, AGENT AND LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH AGENT AND LENDERS (IN ACCORDANCE WITH THE PROVISIONS OF **SECTION 12.1**) DEEM NECESSARY OR APPROPRIATE TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE AGENT'S AND LENDERS' RIGHTS AGAINST BORROWER OR ITS PROPERTY. BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINTS, AND OTHER PROCESS ISSUED IN SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS, AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH IN **ARTICLE 11** OF THIS AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER TO OCCUR OF BORROWER'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAIL, PROPER POSTAGE PREPAID.

12.2 TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, AGENT AND LENDERS EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE FINANCING DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12.3 Borrower, Agent and each Lender agree that each Credit Extension (including those made on the Closing Date) shall be deemed to be made in, and the transactions contemplated hereunder and in any other Financing Document shall be deemed to have been performed in, the State of Maryland.

12.4 **CONFESSION OF JUDGMENT**. UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, EACH BORROWER AUTHORIZES ANY ATTORNEY ADMITTED TO PRACTICE BEFORE ANY COURT OF RECORD IN THE UNITED STATES OR THE CLERK OF SUCH COURT TO APPEAR ON BEHALF OF SUCH BORROWER IN ANY COURT IN ONE OR MORE PROCEEDINGS, OR BEFORE ANY CLERK THEREOF OR PROTHONOTARY OR OTHER COURT OFFICIAL, AND TO CONFESS JUDGMENT AGAINST BORROWER IN FAVOR OF AGENT (FOR THE BENEFIT OF ALL LENDERS) IN THE FULL AMOUNT DUE ON THIS AGREEMENT (INCLUDING PRINCIPAL, ACCRUED INTEREST AND ANY AND ALL CHARGES, FEES AND COSTS) PLUS ATTORNEYS' FEES EQUAL TO FIFTEEN PERCENT (15%) OF THE AMOUNT DUE (EXCEPT THAT AGENT SHALL NOT SEEK TO COLLECT AN AMOUNT IN EXCESS OF ITS ACTUAL ATTORNEYS' FEES), PLUS COURT COSTS, ALL WITHOUT PRIOR NOTICE OR OPPORTUNITY OF SUCH BORROWER FOR PRIOR HEARING. EACH BORROWER AGREES AND CONSENTS THAT VENUE AND JURISDICTION SHALL BE PROPER IN THE CIRCUIT COURT OF ANY COUNTY OF THE STATE OF MARYLAND. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST A BORROWER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF, OR BY ANY IMPERFECT EXERCISE THEREOF, AND SHALL NOT BE EXTINGUISHED BY ANY JUDGMENT ENTERED PURSUANT THERETO; SUCH AUTHORITY AND POWER MAY BE EXERCISED ON ONE OR MORE OCCASIONS FROM TIME TO TIME, IN THE SAME OR DIFFERENT JURISDICTIONS, AS OFTEN AS AGENT SHALL DEEM NECESSARY, CONVENIENT, OR PROPER.

13 GENERAL PROVISIONS

13.1 Successors and Assigns.

(a) This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Agent's and each Lender's prior written consent (which may be granted or withheld in Agent's or such Lender's discretion). Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Applicable Commitment and/or Credit Extensions, together with all related obligations of such Lender hereunder. Borrower and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Agent shall have received and accepted an effective assignment agreement in form and substance acceptable to Agent, executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Agent reasonably shall require. Notwithstanding anything set forth in this Agreement to the contrary, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided*, *however,* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. If requested by Agent, Borrower agrees to (i) execute any documents reasonably required to effectuate and acknowledge each assignment of an Applicable Commitment or Credit Extension to an assignee hereunder, (ii) make Borrower's management available to meet with Agent and prospective participants and assignees of Applicable Commitments or Credit Extensions and (iii) assist Agent or the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of an Applicable Commitment or Credit Extension reasonably may request.

(b) From and after the date on which the conditions described above have been met, (i) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent of the interests assigned to such

Eligible Assignee pursuant to such assignment agreement, shall have the rights and obligations of a Lender hereunder, and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such assignment agreement, shall be released from its rights and obligations hereunder (other than those that survive termination). Upon the request of the Eligible Assignee (and, as applicable, the assigning Lender) pursuant to an effective assignment agreement, each Borrower shall execute and deliver to Agent for delivery to the Eligible Assignee (and, as applicable, the assigning Lender) secured notes in the aggregate principal amount of the Eligible Assignee's Credit Extensions or Applicable Commitments (and, as applicable, secured promissory notes in the principal amount of that portion of the principal amount of the Credit Extensions or Applicable Commitments retained by the assigning Lender).

(c) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at its offices located in Bethesda, Maryland a copy of each assignment agreement delivered to it and a Register for the recordation of the names and addresses of each Lender, and the commitments of, and principal amount (and stated interest) of the Credit Extensions owing to, such Lender pursuant to the terms hereof (the "Register"). The entries in such Register shall be conclusive, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such Register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Obligations (each, a "Participant Register"). The entries in the Participant Registers shall be conclusive. Each Participant Register shall be available for inspection by Borrower and the Agent at any reasonable time upon reasonable prior notice to the applicable Lender; provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person (including Borrower) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Credit Extensions (including any Secured Promissory Notes evidencing such Credit Extensions) are registered obligations, the right, title and interest of the Lenders and their assignees in and to such Credit Extensions shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. This Agreement shall be construed so that the Credit Extensions are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Internal Revenue Code of 1986 as amended and Section 5f.103-1(c) of the United States Treasury Regulations.

13.2 Indemnification.

(a) Borrower hereby agrees to promptly pay (i) all costs and expenses of Agent (including, without limitation, the fees, costs and expenses of counsel to, and independent appraisers and consultants retained by Agent) in connection with the examination, review, due diligence investigation, documentation, negotiation, closing and syndication of the transactions contemplated by the Financing Documents, in connection with the performance by Agent of its rights and remedies under the Financing Documents and in connection with the continued administration of the Financing Documents including (A) any amendments, modifications, consents and waivers to and/or under any and all Financing Documents, and (B) any periodic public record searches conducted by or at the request of Agent (including, without limitation, title investigations, UCC searches, fixture filing searches, judgment, pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons); (ii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with the creation, perfection and maintenance of Liens pursuant to the Financing Documents; (iii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with (A) protecting, storing, insuring, handling, maintaining or selling any Collateral, (B) any litigation, dispute, suit or proceeding relating to any Financing Document, and (C) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Financing Documents; and (iv) all costs and expenses incurred by Agent or Lenders in connection with any litigation, dispute, suit or proceeding relating to any Financing Document and in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all Financing Documents, whether or not Agent or Lenders are a party thereto. If Agent or any Lender uses in-house counsel for any of these purposes, Borrower further agrees that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

(b) Borrower hereby agrees to indemnify, pay and hold harmless Agent and Lenders and the officers, directors, employees, trustees, agents, investment advisors, collateral managers, servicers, and counsel of Agent and Lenders (collectively called the "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitee) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnitee shall be designated a party thereto and including any such proceeding initiated by or on behalf of a Credit Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Agent or Lenders) asserting any right to payment for the transactions contemplated hereby, which may be imposed on, incurred by or asserted against such Indemnitee as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the Credit Facilities, except that Borrower shall have no obligation hereunder to an Indemnitee with respect to any liability resulting from the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent that the undertaking set forth in the immediately preceding sentence may be unenforceable, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all such indemnified liabilities incurred by the Indemnitees or any of them. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Financing Documents or the transactions contemplated hereby or thereby.

(c) Notwithstanding any contrary provision in this Agreement, the obligations of Borrower under this **Section 13.2** shall survive the payment in full of the Obligations and the termination of this Agreement. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO ANY CREDIT PARTY OR TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

13.3 Time of Essence. Time is of the essence for the payment and performance of the Obligations in this Agreement.

13.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

13.5 Correction of Financing Documents. Agent and the Lenders may correct patent errors and fill in any blanks in this Agreement and the other Financing Documents consistent with the agreement of the parties.

13.6 Integration. This Agreement and the Financing Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Financing Documents merge into this Agreement and the Financing Documents.

13.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.

13.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any

other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in **Section 13.2** to indemnify each Lender and Agent shall survive until the statute of limitations with respect to such claim or cause of action shall have run. All powers of attorney and appointments of Agent or any Lender as Borrower's attorney in fact hereunder, and all of Agent's and Lenders' rights and powers in respect thereof, are coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been fully repaid and performed and Agent's and the Lenders' obligation to provide Credit Extensions terminates.

13.9 Confidentiality. In handling any confidential information of Borrower, each of the Lenders and Agent shall use all reasonable efforts to maintain, in accordance with its customary practices, the confidentiality of information obtained by it pursuant to any Financing Document and designated in writing by any Credit Party as confidential, but disclosure of information may be made: (a) to the Lenders' and Agent's Subsidiaries or Affiliates; (b) to prospective transferees or purchasers of any interest in the Credit Extensions; (c) as required by Law, regulation, subpoena, order or other legal, administrative, governmental or regulatory request; (d) to regulators or as otherwise required in connection with an examination or audit, or to any nationally recognized rating agency; (e) as Agent or any Lender considers appropriate in exercising remedies under the Financing Documents; (f) to financing sources that are advised of the confidential nature of such information and are instructed to keep such information confidential; (g) to third party service providers of the Lenders and/or Agent so long as such service providers are bound to such Lender or Agent by obligations of confidentiality; (h) to the extent necessary or customary for inclusion in league table measurements; and (i) in connection with any litigation or other proceeding to which such Lender or Agent or any of their Affiliates is a party or bound, or to the extent necessary to respond to public statements or disclosures by Credit Parties or their Affiliates referring to a Lender or Agent or any of their Affiliates. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Agent's possession when disclosed to the Lenders and/or Agent, or becomes part of the public domain after disclosure to the Lenders and/or Agent; or (ii) is disclosed to the Lenders and/or Agent by a third party, if the Lenders and/or Agent does not know that the third party is prohibited from disclosing the information. Agent and/or Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis, so long as Agent and/or Lenders, as applicable, do not disclose Borrower's identity or the identity of any Person associated with Borrower unless otherwise permitted by this Agreement. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this **Section 13.9** supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this **Section 13.9**.

13.10 Right of Set-off. Borrower hereby grants to Agent and to each Lender, a lien, security interest and right of set-off as security for all Obligations to Agent and each Lender hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Agent or the Lenders or any entity under the control of Agent or the Lenders (including an Agent or Lender Affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Agent or the Lenders may set-off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SET-OFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

13.11 Publicity. Borrower will not directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of Agent or any Lender or any of their Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except as required by applicable Law, subpoena or judicial or similar order, in which case Borrower shall endeavor to give Agent prior written notice of such publication or other disclosure. Each Lender and Borrower hereby authorizes each Lender to publish the name of such Lender and Borrower, the existence of the financing arrangements referenced under this Agreement, the primary purpose and/or structure of those arrangements, the amount of credit extended under each facility, the title and role of each party to this Agreement, and the total amount of the financing evidenced hereby in any "tombstone", comparable advertisement or press release which such Lender elects to submit for publication. In addition, each Lender and Borrower agrees that each Lender may provide lending industry trade organizations with

information necessary and customary for inclusion in league table measurements after the Closing Date. With respect to any of the foregoing, such authorization shall be subject to such Lender providing Borrower and the other Lenders with an opportunity to review and confer with such Lender regarding, and approve, the contents of any such tombstone, advertisement or information, as applicable, prior to its initial submission for publication, but subsequent publications of the same tombstone, advertisement or information shall not require Borrower's approval.

13.12 No Strict Construction**.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

13.13 Approvals. Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent or Lenders with respect to any matter that is the subject of this Agreement or the other Financing Documents may be granted or withheld by Agent and Lenders in their sole and absolute discretion and credit judgment.

13.14 Amendments; Required Lenders; Inter-Lender Matters.

(a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Financing Document, no approval or consent thereunder, or any consent to any departure by Borrower therefrom (in each case, other than amendments, waivers, approvals or consents deemed ministerial by Agent), shall in any event be effective unless the same shall be in writing and signed by Borrower, Agent and Required Lenders. Except as set forth in clause (b) below, all such amendments, modifications, terminations or waivers requiring the consent of the "Lenders" shall require the written consent of Required Lenders.

(b) No amendment, modification, termination or waiver of any provision of this Agreement or any other Financing Document shall, unless in writing and signed by Agent and by each Lender directly affected thereby: (i) increase or decrease the Applicable Commitment of any Lender (which shall be deemed to affect all Lenders), (ii) reduce the principal of or rate of interest on any Obligation or the amount of any fees payable hereunder, (iii) postpone the date fixed for or waive any payment of principal of or interest on any Credit Extension, or any fees or reimbursement obligation hereunder, (iv) release all or substantially all of the Collateral, or consent to a transfer of any of the Intellectual Property, in each case, except as otherwise expressly permitted in the Financing Documents (which shall be deemed to affect all Lenders), (v) subordinate the lien granted in favor of Agent securing the Obligations (which shall be deemed to affect all Lenders, except as otherwise provided below), (vi) release a Credit Party from, or consent to a Credit Party's assignment or delegation of, such Credit Party's obligations hereunder and under the other Financing Documents or any Guarantor from its guaranty of the Obligations (which shall be deemed to affect all Lenders) or (vii) amend, modify, terminate or waive this **Section 13.14(b)** or the definition of "Required Lenders" or "Pro Rata Share" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender. For purposes of the foregoing, no Lender shall be deemed affected by (i) waiver of the imposition of the Default Rate or imposition of the Default Rate to only a portion of the Obligations, (ii) waiver of the accrual of late charges, (iii) waiver of any fee solely payable to Agent under the Financing Documents, (iv) subordination of a lien granted in favor of Agent provided such subordination is limited to equipment being financed by a third party providing Permitted Indebtedness. Notwithstanding any provision in this **Section 13.14** to the contrary, no amendment, modification, termination or waiver affecting or modifying the rights or obligations of Agent hereunder shall be effective unless signed by Agent and Required Lenders

(c) Agent shall not grant its written consent to any deviation or departure by Borrower or any Credit Party from the provisions of **Article 7** without the prior written consent of the Required Lenders. Required Lenders shall have the right to direct Agent to take any action described in **Section 10.2(b)**. Upon the occurrence of any Event of Default, Agent shall have the right to exercise any and all remedies referenced in **Section 10.2** without the written consent of Required Lenders following the occurrence of an "Exigent Circumstance" (as defined below). Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. As used in this **Section 13.14(c)**, "**Exigent Circumstance**" means any event or circumstance that, in the reasonable judgment of Agent, imminently threatens the ability of Agent to realize upon all or any material portion of the Collateral, such as, without limitation, fraudulent

removal, concealment, or abscondment thereof, destruction or material waste thereof, or failure of Borrower after reasonable demand to maintain or reinstate adequate casualty insurance coverage, or which, in the judgment of Agent, could result in a material diminution in value of the Collateral.

13.15 Borrower Liability. If there is more than one entity comprising Borrower, then (a) any Borrower may, acting singly, request Credit Extensions hereunder, (b) each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder, (c) each Borrower shall be jointly and severally obligated to pay and perform all obligations under the Financing Documents, including, but not limited to, the obligation to repay all Credit Extensions made hereunder and all other Obligations, regardless of which Borrower actually receives said Credit Extensions, as if each Borrower directly received all Credit Extensions, and (d) each Borrower waives (i) any suretyship defenses available to it under the Code or any other applicable law, and (ii) any right to require the Lenders or Agent to: (A) proceed against any Borrower or any other person; (B) proceed against or exhaust any security; or (C) pursue any other remedy. The Lenders or Agent may exercise or not exercise any right or remedy they have against any Credit Party or any security (including the right to foreclose by judicial or non-judicial sale) without affecting any other Credit Party's liability or any Lien against any other Credit Party's assets. Notwithstanding any other provision of this Agreement or other related document, until payment in full of the Obligations and termination of the Applicable Commitments, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of the Lenders and Agent under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Credit Party, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by any Credit Party with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by a Credit Party with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this **Section 13.15** shall be null and void. If any payment is made to a Credit Party in contravention of this **Section 13.15**, such Credit Party shall hold such payment in trust for the Lenders and Agent and such payment shall be promptly delivered to Agent for application to the Obligations, whether matured or unmatured.

13.16 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a fraudulent preference reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

13.17. USA PATRIOT Act Notification. Agent (for itself and not on behalf of any Lender) and each Lender hereby notifies each Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record certain information and documentation that identifies Borrower, which information includes the name and address of Borrower and such other information that will allow Agent or such Lender, as applicable, to identify Borrower in accordance with the USA PATRIOT Act.

13.18 Warrants. Notwithstanding anything to the contrary herein, any warrants issued to the Lenders by any Credit Party, the stock issuable thereunder, any equity securities purchased by Lenders, any amounts paid thereunder, any dividends, and any other rights in connection therewith shall not be subject to the terms and conditions of this Agreement. Nothing herein shall affect any Lender's rights under any such warrants, stock, or other equity securities to administer, manage, transfer, assign, or exercise such warrants, stock, or other equity securities for its own account.

14 AGENT

14.1 Appointment and Authorization of Agent. Each Lender hereby irrevocably appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Financing Document

and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Financing Document, together with such powers as are reasonably incidental thereto. The provisions of this **Article 14** are solely for the benefit of Agent and Lenders and none of Credit Parties nor any other Person shall have any rights as a third party beneficiary of any of the provisions hereof. The duties of Agent shall be mechanical and administrative in nature. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Financing Document, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Financing Document or otherwise exist against Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Financing Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders), and is hereby authorized, to (a) act as collateral agent for Agent and each Lender for purposes of the perfection of all liens created by the Financing Documents and all other purposes stated therein, (b) manage, supervise and otherwise deal with the Collateral, (c) take such other action as is necessary or desirable to maintain the perfection and priority of the liens created or purported to be created by the Financing Documents, (d) except as may be otherwise specified in any Financing Document, exercise all remedies given to Agent and the other Lenders with respect to the Collateral, whether under the Financing Documents, applicable law or otherwise and (e) execute any amendment, consent or waiver under the Financing Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; *provided*, *however*, that Agent hereby appoints, authorizes and directs each Lender to act as collateral sub-agent for Agent and the Lenders for purposes of the perfection of all liens with respect to the Collateral, including any deposit account maintained by a Credit Party with, and cash and cash equivalents held by, such Lender, and may further authorize and direct the Lenders to take further actions as collateral sub-agents for purposes of enforcing such liens or otherwise to transfer the Collateral subject thereto to Agent, and each Lender hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed.

14.2 Successor Agent.

(a) Agent may at any time assign its rights, powers, privileges and duties hereunder to (i) another Lender, or (ii) any Person to whom Agent, in its capacity as a Lender, has assigned (or will assign, in conjunction with such assignment of agency rights hereunder) fifty percent (50%) or more of the Credit Extensions or Applicable Commitments then held by Agent (in its capacity as a Lender), in each case without the consent of the Lenders or Borrower. Following any such assignment, Agent shall give notice to the Lenders and Borrower. An assignment by Agent pursuant to this **subsection (a)** shall not be deemed a resignation by Agent for purposes of **subsection (b)** below.

(b) Without limiting the rights of Agent to designate an assignee pursuant to **subsection (a)** above, Agent may at any time give notice of its resignation to the Lenders and Borrower. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within ten (10) Business Days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent; *provided, however,* that if Agent shall notify Borrower and the Lenders that no Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice from Agent that no Person has accepted such appointment and, from and following delivery of such notice, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Financing Documents, and (ii) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as Required Lenders appoint a successor Agent as provided for above in this **subsection (b)**.

(c) Upon (i) an assignment permitted by **subsection (a)** above, or (ii) the acceptance of a successor's appointment as Agent pursuant to **subsection (b)** above, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Financing Documents (if not already discharged therefrom as provided above in this **subsection (c)**). The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Financing Documents, the provisions of this **Article 14** shall continue in effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as Agent.

14.3 Delegation of Duties. Agent may execute any of its duties under this Agreement or any other Financing Document by or through its, or its Affiliates', agents, employees or attorneys-in-fact and shall be entitled to obtain and rely upon the advice of counsel and other consultants or experts concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct. Any such Person to whom Agent delegates a duty shall benefit from this **Article 14** to the extent provided by Agent.

14.4 Liability of Agent. Except as otherwise provided herein, no "Agent-Related Person" (as defined below) shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Financing Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Credit Party or any officer thereof, contained herein or in any other Financing Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Financing Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Financing Document, or for any failure of any Credit Party or any other party to any Financing Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Financing Document, or to inspect the Collateral, other properties or books or records of any Credit Party or any Affiliate thereof. The term "**Agent-Related Person**" means the Agent, together with its Affiliates, and the officers, directors, employees, agents, advisors, auditors and attorneys-in-fact of such Persons; *provided*, *however*, that no Agent-Related Person shall be an Affiliate of Borrower.

14.5 Reliance by Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrower), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under any Financing Document (a) if such action would, in the opinion of Agent, be contrary to law or any Financing Document, (b) if such action would, in the opinion of Agent, expose Agent to any potential liability under any law, statute or regulation or (c) if Agent shall not first have received such advice or concurrence of all Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Financing Document in accordance with a request or consent of all Lenders (or Required Lenders where authorized herein) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

14.6 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default and/or Event of Default, unless Agent shall have received written notice from a Lender or Borrower, describing such default or Event of Default. Agent will notify the Lenders of its receipt of any such notice. While an Event of Default has occurred and is continuing, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as Agent shall deem advisable or in the best interest of the Lenders, including without limitation, satisfaction of other security interests, liens or encumbrances on the Collateral not permitted under the Financing Documents, payment of taxes on behalf of Borrower or any other Credit Party, payments to landlords, warehouseman, bailees and other Persons in possession of the Collateral and other actions to protect and safeguard the Collateral, and actions with respect to insurance claims for casualty events affecting a Credit Party and/or the Collateral.

14.7 Credit Decision; Disclosure of Information by Agent. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related

Persons have disclosed material information in their possession. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Credit Parties, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Financing Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by Agent herein, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Credit Party which may come into the possession of any Agent-Related Person.

14.8 Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, each Lender shall, severally and pro rata based on its respective Pro Rata Share, indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities (which shall not include legal expenses of Agent incurred in connection with the closing of the transactions contemplated by this Agreement) incurred by it; *provided, however*, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; *provided, however*, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this **Section 14.8**. Without limitation of the foregoing, each Lender shall, severally and pro rata based on its respective Pro Rata Share, reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Protective Advances incurred after the closing of the transactions contemplated by this Agreement) incurred by Agent (in its capacity as Agent, and not as a Lender) in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Financing Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrower. The undertaking in this **Section 14.8** shall survive the payment in full of the Obligations, the termination of this Agreement and the resignation of Agent.

14.9 Agent in its Individual Capacity. With respect to its Credit Extensions, MidCap shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not Agent, and the terms "Lender" and "Lenders" include MidCap in its individual capacity. MidCap and its Affiliates may lend money to, invest in, and generally engage in any kind of business with, any Credit Party and any of their Affiliates and any person who may do business with or own securities of any Credit Party or any of their Affiliates, all as if MidCap were not Agent and without any duty to account therefor to Lenders. MidCap and its Affiliates may accept fees and other consideration from a Credit Party for services in connection with this Agreement or otherwise without having to account for the same to Lenders. Each Lender acknowledges the potential conflict of interest between MidCap as a Lender holding disproportionate interests in the Credit Extensions and MidCap as Agent, and expressly consents to, and waives, any claim based upon, such conflict of interest.

14.10 Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Credit Party, Agent (irrespective of whether the principal of any Credit Extension, shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Agent shall have made any demand on such Credit Party) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Credit Extensions and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and Agent and their respective agents and counsel and all other amounts due the Lenders and Agent allowed in such judicial proceeding); and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to the Lenders, to pay to Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel, including Protective Advances. To the extent that Agent fails timely to do so, each Lender may file a claim relating to such Lender's claim.

14.11 Collateral and Guaranty Matters. The Lenders irrevocably authorize Agent, at its option and in its discretion, to release (a) any Credit Party and any Lien on any Collateral granted to or held by Agent under any Financing Document upon the date that all Obligations due hereunder have been fully and indefeasibly paid in full and no Applicable Commitments or other obligations of any Lender to provide funds to Borrower under this Agreement remain outstanding, and (b) any Lien on any Collateral that is transferred or to be transferred as part of or in connection with any transfer permitted hereunder or under any other Financing Document. Upon request by Agent at any time, all Lenders will confirm in writing Agent's authority to release its interest in particular types or items of Collateral pursuant to this **Section 14.11**.

14.12 Advances; Payments; Non-Funding Lenders.

(a) Advances; Payments. If Agent receives any payment for the account of Lenders on or prior to 11:00 a.m. (New York time) on any Business Day, Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on such Business Day. If Agent receives any payment for the account of Lenders after 11:00 a.m. (New York time) on any Business Day, Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on the next Business Day. To the extent that any Lender has failed to fund any Credit Extension (a "**Non-Funding Lender**"), Agent shall be entitled to set-off the funding short-fall against that Non-Funding Lender's Pro Rata Share of all payments received from Borrower.

(b) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from a Credit Party and such related payment is not received by Agent, then Agent will be entitled to recover such amount (including interest accruing on such amount at the Federal Funds Rate for the first Business Day and thereafter, at the rate otherwise applicable to such Obligation) from such Lender on demand without set-off, counterclaim or deduction of any kind.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to a Credit Party or paid to any other person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Financing Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to a Credit Party or such other person, without set-off, counterclaim or deduction of any kind.

14.13 Miscellaneous.

(a) Neither Agent nor any Lender shall be responsible for the failure of any Non-Funding Lender to make a Credit Extension or make any other advance required hereunder. The failure of any Non-Funding Lender to make any Credit Extension or any payment required by it hereunder shall not relieve any other Lender (each such other Lender, an "**Other Lender**") of its obligations to make the Credit Extension or payment required by it, but neither any Other Lender nor Agent shall be responsible for the failure of any Non-Funding Lender to make a Credit Extension or make any other payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Financing Document or constitute a "Lender" (or be included in the

calculation of "Required Lender" hereunder) for any voting or consent rights under or with respect to any Financing Document. At Borrower's request, Agent or a person reasonably acceptable to Agent shall have the right with Agent's consent and in Agent's sole discretion (but shall have no obligation) to purchase from any Non-Funding Lender, and each Non-Funding Lender agrees that it shall, at Agent's request, sell and assign to Agent or such person, all of the Applicable Commitments and all of the outstanding Credit Extensions of that Non-Funding Lender for an amount equal to the principal balance of the Credit Extensions held by such Non-Funding Lender and all accrued interest and fees with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed assignment agreement reasonably acceptable to Agent.

(b) Each Lender shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Credit Extension and the ratable distribution of interest, fees and reimbursements paid or made by any Credit Party. Notwithstanding the foregoing, if this Agreement requires payments of principal and interest to be made directly to the Lenders, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; *provided, however*, if it is determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to the Agent (for Agent to redistribute to itself and the Lenders in a manner to ensure the payment to Agent of any sums due Agent hereunder and the ratable repayment of each Lender's portion of any Credit Extension and the ratable distribution of interest, fees and reimbursements) such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities and whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, shall be received by a Lender in excess of its ratable share, then (i) the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for application to the payments of amounts due on the other Lender's claims, or, in the case of Collateral, shall hold such Collateral for itself and as agent and bailee for the Agent and other Lenders and (ii) such Lender shall promptly advise the Agent of the receipt of such payment, and, within five (5) Business Days of such receipt and, in the case of payments and distributions, such Lender shall purchase (for cash at face value) from the other Lenders (through the Agent), without recourse, such participations in the Credit Extension made by the other Lenders as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them in accordance with the respective Pro Rata Shares of the Lenders; *provided*, *however*, that if all or any portion of such excess payment is thereafter recovered by or on behalf of a Credit Party from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest; *provided*, *further*, that the provisions of this **Section 14.13(b)** shall not be construed to apply to (x) any payment made by a Credit Party pursuant to and in accordance with the express terms of this Agreement or the other Financing Documents, or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Applicable Commitment pursuant to **Section 13.1**. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this **Section 14.13(b)** may exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. No documentation other than notices and the like shall be required to implement the terms of this **Section 14.13(b)**. The Agent shall keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased pursuant to this **Section 14.13(b)** and shall in each case notify the Lenders following any such purchases.

15 DEFINITIONS

In addition to any terms defined elsewhere in this Agreement, or in any schedule or exhibit attached hereto, as used in this Agreement, the following terms have the following meanings:

"**Access Agreement**" means a landlord consent, bailee letter or warehouseman's letter, in form and substance reasonably satisfactory to Agent, in favor of Agent executed by such landlord, bailee or warehouseman, as applicable, for any third party location.

"**Account**" means any "account", as defined in the Code, with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" means any "account debtor", as defined in the Code, with such additions to such term as may hereafter be made.

"**Affiliate**" means, with respect to any Person, a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agent**" means, MidCap, not in its individual capacity, but solely in its capacity as agent on behalf of and for the benefit of the Lenders, together with its successors and assigns.

"**Agreement**" has the meaning given it in the preamble of this Agreement.

"**Anti-Terrorism Laws**" means any Laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Commitment**" has the meaning given it in **Section 2.2**.

"Applicable Interest Rate" means a per annum rate of interest equal to eight and 25/100 percent (8.25%).

"**Approved Fund**" means any (a) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course of Business, or (b) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (a) and that, with respect to each of the preceding clauses (a) and (b), is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Blocked Person**" means: (a) any Person listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"**Borrower**" mean the entity(ies) described in the first paragraph of this Agreement and each of their successors and permitted assigns. The term "each Borrower" shall refer to each Person comprising the Borrower if there is more than one such Person, or the sole Borrower if there is only one such Person. The term "any Borrower" shall refer to any Person comprising the Borrower if there is more than one such Person, or the sole Borrower if there is only one such Person.

"**Borrowing Resolutions**" means, with respect to any Person, those resolutions, in form and substance satisfactory to Agent, adopted by such Person's Board of Directors or other appropriate governing body and delivered by such Person to Agent approving the Financing Documents to which such Person is a party and the transactions contemplated thereby, as well as any other approvals as may be necessary or desired to approve the entering into the Financing Documents or the consummation of the transactions contemplated thereby or in connection therewith.

"**Books**" means all of books and records of a Person, including ledgers, federal and state tax returns, records regarding the Person's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Business Day**" means any day that is not (a) a Saturday or Sunday or (b) a day on which Agent is closed.

"**Change in Control**" means any event, transaction, or occurrence as a result of which (a) Preferred Investors cease to own and control all of the economic and voting rights associated with ownership of at least fifty percent (50%) of the outstanding securities of all classes of the Borrower on a fully diluted basis (other than by the sale of Borrower's equity securities in or following an initial public offering; *provided that* upon the sale of Borrower's equity securities in an initial public offering, a Change in Control under this clause (a) shall occur when any "person" (as such term is defined in Sections 3(a)(9)

and 13(d)(3) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of Borrower, is or becomes a beneficial owner (within the meaning Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Borrower, representing twenty-five percent (25%) or more of the combined voting power of Borrower's then outstanding securities); (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the board of directors or managers of Borrower (together with any new directors or managers whose election by the board of directors or managers of Borrower was approved by a vote of not less than two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office; (c) the occurrence of any "change in control" or any term of similar effect under any Material Agreement; (d) Borrower ceases to own and control, directly or indirectly, all of the economic and voting rights associated with the outstanding voting capital stock (or other voting equity interest) of each of its Subsidiaries; or (e) any of the chief executive officer, the chief financial officer or the chief scientific officer of Borrower as of the date hereof shall cease to be involved in the day to day operations (including research and development) or management of the business of Borrower, and a successor of such officer reasonably acceptable to Agent is not appointed on terms reasonably acceptable to Agent within 90 days of such cessation or involvement.

"**Closing Date**" has the meaning given it in the preamble of this Agreement.

"**Code**" means the Uniform Commercial Code in effect on the date hereof, as the same may, from time to time, be enacted and in effect in the State of Maryland; *provided*, *however*, that to the extent that the Code is used to define any term herein or in any Financing Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; and *provided*, *further*, that in the event that, by reason of mandatory provisions of Law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Agent's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of Maryland the term "**Code**" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" means all property, now existing or hereafter acquired, mortgaged or pledged to, or purported to be subjected to a Lien in favor of, Agent, for the benefit of Agent and Lenders, pursuant to this Agreement and the other Financing Documents, including, without limitation, all of the property described in **Exhibit A** hereto.

"**Collateral Account**" means any Deposit Account, Securities Account or Commodity Account.

"**Commitment Commencement Date**" has the meaning given it in the **Credit Facility Schedule**.

"**Commitment Termination Date**" has the meaning given it in the **Credit Facility Schedule**.

"**Commodity Account**" means any "commodity account", as defined in the Code, with such additions to such term as may hereafter be made.

"**Communication**" has the meaning given it in **Article 11**.

"**Compliance Certificate**" means a certificate, duly executed by an authorized officer of Borrower, appropriately completed and substantially in the form of **Exhibit B**.

"**Contingent Obligation**" means, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the Ordinary Course of Business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" means any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Agent pursuant to which Agent obtains control (within the meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account or Commodity Account.

"**Credit Extension**" means an advance or disbursement of proceeds to or for the account of Borrower in respect of a Credit Facility.

"**Credit Extension Form**" means that certain form attached hereto as **Exhibit C**, as the same may be from time to time revised by Agent.

"**Credit Facility**" means a credit facility specified on the **Credit Facility Schedule**.

"**Credit Party**" means any Borrower, any Guarantor under a guarantee of the Obligations or any part thereof, and any other Person (other than Agent, a Lender or a participant of a Lender), whether now existing or hereafter acquired or formed, that becomes obligated as a borrower, guarantor, surety, indemnitor, pledgor, assignor or other obligor under any Financing Document, and any Person whose equity interests or portion thereof have been pledged or hypothecated to Agent under any Financing Document; and "**Credit Parties**" means all such Persons, collectively.

"**Default**" means any fact, event or circumstance which with notice or passage of time or both, could constitute an Event of Default.

"**Default Rate**" has the meaning given it in **Section 2.6(b)**.

"**Deposit Account**" means any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Funding Account**" is Borrower's Deposit Account, account number 3300540510, maintained with Silicon Valley Bank and over which Agent has been granted control for the ratable benefit of all Lenders.

"**Dollars**," "**dollars**" and "**$**" each means lawful money of the United States.

"**Draw Period**" means, for each Credit Facility, the period commencing on the Commitment Commencement Date and ending on the Commitment Termination Date.

"**Eligible Assignee**" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by Agent; *provided, however*, that notwithstanding the foregoing, "Eligible Assignee" shall not include any Credit Party or any Subsidiary of a Credit Party. Notwithstanding the foregoing, in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party becoming an assignee incident to such forced divestiture.

"**Environmental Law**" means all any law (statutory or common), ordinance, treaty, rule, regulation, order, policy, other legal requirement or determination of an arbitrator or of a Governmental Authority and/or Required Permits imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the workplace, the environment and natural resources, and including public notification requirements and environmental transfer of ownership, notification or approval statutes.

"**Equipment**" means all "equipment", as defined in the Code, with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, and all regulations promulgated thereunder.

"**Event of Default**" has the meaning given it in **Section 10.1**.

"**Exigent Circumstance**" has the meaning given it in **Section 13.14**.

"**Federal Funds Rate**" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided* that if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent in a commercially reasonable manner.

"**Fee Letters**" means, collectively, the fee letter agreements among Borrower and Agent and Borrower and each Lender.

"**Financing Documents**" means, collectively, this Agreement, the Perfection Certificate, the Fee Letter(s), each note and guarantee executed by one or more Credit Parties in connection with the indebtedness governed by this Agreement, and each other present or future agreement executed by one or more Credit Parties and, or for the benefit of, the Lenders and/or Agent in connection with this Agreement, all as amended, restated, or otherwise modified from time to time.

"**Foreign Lender**" has the meaning given it in **Section 2.6(h)(iii)**.

"**Funding Date**" means any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

"**GAAP**" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" means all "general intangibles", as defined in the Code, with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable Law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including, without limitation, key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" means any present or future guarantor of the Obligations.

"**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which is prohibited by any Laws; toxic mold, any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Law, including: (a) any "hazardous substance" defined as such in (or for purposes of) CERCLA, or any so-called "superfund" or "superlien" Law, including the judicial interpretation thereof; (b) any "pollutant or contaminant" as defined in 42 U.S.C.A. § 9601(33); (c) any material now defined as "hazardous waste" pursuant to 40 C.F.R. Part 260; (d) any petroleum or petroleum by-products, including crude oil or any fraction thereof; (e) natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel; (f) any "hazardous chemical" as defined pursuant to 29 C.F.R. Part 1910; (g) any toxic or harmful substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, polychlorinated biphenyls ("PCB's"), flammable explosives, radioactive materials, infectious substances, materials containing lead-based paint or raw materials which include hazardous constituents); and (h) any other toxic substance or contaminant that is subject to any Environmental Laws or other past or present requirement of any Governmental Authority.

"**Hazardous Materials Contamination**" means contamination (whether now existing or hereafter occurring) of the improvements, buildings, facilities, personalty, soil, groundwater, air or other elements on or of the relevant property by Hazardous Materials, or any derivatives thereof, or on or of any other property as a result of Hazardous Materials, or any derivatives thereof, generated on, emanating from or disposed of in connection with the relevant property.

"**Indebtedness**" means (a) indebtedness for borrowed money (including the Obligations) or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, (e) equity securities of such Person subject to repurchase or redemption other than at the sole option of such Person, (f) obligations secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (g) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts, (h) all Indebtedness of others guaranteed by such Person, (i) off-balance sheet liabilities and/or pension plan or multiemployer plan liabilities of such Person, (j) obligations arising under non-compete agreements, (k) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business, and (l) Contingent Obligations.

"**Indemnified Liabilities**" means those liabilities described in **Section 13.2(a)** and **(b)**.

"**Indemnitee**" has the meaning given it in **Section 13.2**.

"**Insolvency Proceeding**" means any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency Law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same, trademarks, trade names, service marks, mask works, rights of use of any name, domain names, or any other similar rights, any applications therefor, whether registered or not, know-how, operating manuals, trade secret rights, clinical and non-clinical data, rights to unpatented inventions, and any claims for damage by way of any past, present, or future infringement of any of the foregoing.

"**Interest Only Extension**" means the election by Borrower by written notice delivered to Agent on before December 31, 2014, to extend the beginning date for principal payments from April 1, 2015 to October 1, 2015, which extension shall occur only if a Qualifying IPO has occurred on or before December 31, 2014.

"**Inventory**" means all "inventory", as defined in the Code, with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" means, with respect to any Person, directly or indirectly, (a) to purchase or acquire any stock or stock equivalents, or any obligations or other securities of, or any interest in, any Person, including the establishment or creation of a Subsidiary, (b) to make or commit to make any acquisition of all or substantially all of the assets of another Person, or of any business, Product, business line or product line, division or other unit operation of any Person or (c) make or purchase any advance, loan, extension of credit or capital contribution to, or any other investment in, any Person.

"**Joinder Requirements**" has the meaning set forth in **Section 6.8**.

"**Laws**" means any and all federal, state, provincial, territorial, local and foreign statutes, laws, judicial decisions, regulations, guidance, guidelines, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, governmental agreements and governmental restrictions, whether now or hereafter in effect, which are applicable to any Credit Party in any particular circumstance.

"**Lender**" means any one of the Lenders.

"**Lenders**" means the Persons identified on the **Credit Facility Schedule** as amended from time to time to reflect assignments made in accordance with this Agreement.

"**Lien**" means a claim, mortgage, deed of trust, lien, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of Law or otherwise against any property.

"**Margin Stock**" means "margin stock" as such term is defined in Regulation T, U, or X of the Board of Governors of the Federal Reserve System.

"**Material Adverse Change**" means (a) a material impairment in the perfection or priority of the Agent's Lien (or any Lender's Lien therein to the extent provided for in the Financing Documents) in the Collateral; (b) a material impairment in the value of the Collateral; (c) a material adverse change in the business, operations, or condition (financial or otherwise) of any Credit Party; or (d) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Material Agreement**" means (a) the agreements listed in the **Disclosure Schedule,** (b) each agreement or contract to which a Credit Party is a party relating to licensure of Intellectual Property or development of Products or Intellectual Property, and (c) any agreement or contract to which such Credit Party or its Subsidiaries is a party the termination of which could reasonably be expected to result in a Material Adverse Change.

"**Material Indebtedness**" has the meaning given it in **Section 10.1**.

"**Maturity Date**" means March 1, 2018.

"**Maximum Lawful Rate**" has the meaning given it in **Section 2.6(g)**.

"**MidCap**" has the meaning given it in the preamble of this Agreement.

"**Obligations**" means all of Borrower's obligations to pay when due any debts, principal, interest, Protective Advances, fees, indemnities and other amounts Borrower owes the Agent or Lenders now or later, under this Agreement or the other Financing Documents, including, without limitation, interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Agent, and the payment and performance of each other Credit Party's covenants and obligations under the Financing Documents. "Obligations" does not include obligations under any warrants issued to Agent or a Lender.

"**OFAC**" means the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operating Documents**" means, for any Person, such Person's formation documents, as certified with the Secretary of State of such Person's state of formation on a date that is no earlier than thirty (30) days prior to the Closing Date, and (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Ordinary Course of Business**" means, in respect of any transaction involving any Credit Party, the ordinary course of business of such Credit Party, as conducted by such Credit Party in accordance with past practices, which shall in any event be at arms-length.

"**Payment Date**" means the first calendar day of each calendar month.

"**Perfection Certificate**" means the Perfection Certificate delivered to Agent as of the Closing Date, together with any amendments thereto required under this Agreement.

"**Permitted Contingent Obligations**" means (a) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business; (b) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations not to exceed Twenty-Five Thousand Dollars ($25,000) in the aggregate at any time outstanding; (c) Contingent Obligations arising under indemnity agreements with title insurers; (d) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under **Article 7**; (e) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Contingent Obligations existing or arising under any swap contract, *provided*, *however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation; and (f) other Contingent Obligations not permitted by clauses (a) through (e) above, not to exceed $25,000 in the aggregate at any time outstanding.

"**Permitted Indebtedness**" means: (a) Borrower's Indebtedness to the Lenders and Agent under this Agreement and the other Financing Documents; (b) Indebtedness existing on the Closing Date and described on the **Disclosure Schedule**; (c) Indebtedness secured by Permitted Liens; (d) [reserved]; (e) unsecured Indebtedness to trade creditors incurred in the Ordinary Course of Business; (f) Permitted Contingent Obligations; (g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (b) and (c) above, *provided, however*, that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon the obligors thereunder; and (h) Indebtedness consisting of intercompany loans and advances made by any Credit Party to any other Credit Party, provided that (1) the obligations of the Credit Parties under such intercompany loan shall be subordinated at all times to the Obligations of the Credit Parties hereunder or under the other Financing Documents in a manner satisfactory to Agent and (2) to the extent that such Indebtedness is evidenced by a promissory note or other written instrument, Borrower shall pledge and deliver to Agent, for the benefit of itself and the Lenders, the original promissory note or instrument, as applicable, along with an endorsement in blank in form and substance satisfactory to Agent.

"**Permitted Investments**" means: (a) Investments existing on the Closing Date and described on the **Disclosure Schedule**; (b) Investments consisting of cash equivalents; (c) any Investments in liquid assets permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Agent (provided, that, under no circumstances shall Borrower be permitted to invest in or hold Margin Stock); (d) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of any Credit Party; (e) Investments consisting of deposit accounts or securities

accounts in which the Agent has a first priority perfected security interest except as otherwise provided by **Section 6.6**; (f) Investments in Subsidiaries solely to the extent permitted pursuant to **Section 6.8**; (g) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the Ordinary Course of Business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's board of directors; (h) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the Ordinary Course of Business; and (i) Investments consisting of intercompany Indebtedness in accordance with and to the extent permitted by clause (h) of the definition of "Permitted Indebtedness".

"**Permitted Liens**" means: (a) Liens existing on the Closing Date and shown on the **Disclosure Schedule** or arising under this Agreement and the other Financing Documents; (b) purchase money Liens securing no more than One Million Dollars ($1,000,000) in the aggregate amount outstanding (i) on Equipment acquired or held by a Credit Party incurred for financing the acquisition of the Equipment, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment; (c) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which adequate reserves are maintained on the Books of the Credit Party against whose asset such Lien exists, *provided* that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the treasury regulations adopted thereunder; (d) statutory Liens securing claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other Persons imposed without action of such parties, *provided* that they have no priority over any of Agent's Lien and the aggregate amount of such Liens for all Credit Parties does not any time exceed Twenty-Five Thousand Dollars ($25,000); (e) leases or subleases of real property granted in the Ordinary Course of Business, and leases, subleases, non-exclusive licenses or sublicenses of property (other than real property or Intellectual Property) granted in the Ordinary Course of Business, if the leases, subleases, licenses and sublicenses do not prohibit granting Agent a security interest; (f) banker's liens, rights of set-off and Liens in favor of financial institutions incurred made in the Ordinary Course of Business arising in connection with a Credit Party's Collateral Accounts provided that such Collateral Accounts are subject to a Control Agreement to the extent required hereunder; (g) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the Ordinary Course of Business (other than Liens imposed by ERISA); (h) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default; (i) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and similar charges or encumbrances affecting real property not constituting a Material Adverse Change; (j) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) and (b) above, but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness may not increase; and (k) Liens in favor of Silicon Valley Bank on cash and/or securities in connection with the provision by Silicon Valley Bank to Borrower of cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards and check cashing services) and letters of credit, in an aggregate amount not to exceed at any time the lesser of (1) the amount outstanding for such cash management services and letters of credit and (2) Four Hundred Thousand Dollars ($400,000.00).

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Preferred Investors**" means Baxter Healthcare Corporation, Versant, SV Life Sciences Fund IV, L.P., Polaris Ventures, and CHV.

"**Pro Rata Share**" means, as determined by Agent, with respect to each Credit Facility and Lender holding an Applicable Commitment or Credit Extensions in respect of such Credit Facility, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by *dividing* (a) in the case of fully-funded Credit Facilities, the amount of Credit Extensions held by such Lender in such Credit Facility *by* the aggregate amount of all outstanding Credit Extensions for such Credit Facility, and (b) in the case of Credit Facilities that are not fully-funded, the amount of Credit Extensions and unfunded Applicable Commitments held by such Lender in such Credit Facility *by* the aggregate amount of all outstanding Credit Extensions and unfunded Applicable Commitments for such Credit Facility.

"**Protective Advances**" means all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) of Agent and Lenders for preparing, amending, negotiating, administering, defending and enforcing the Financing Documents and the Warrants (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Agent or the Lenders in connection with the Financing Documents and the Warrants.

"**Register**" has the meaning given it in Section 13.1(d).

"**Registered Organization**" means any "registered organization" as defined in the Code, with such additions to such term as may hereafter be made.

"**Required Lenders**" means, unless all of the Lenders and Agent agree otherwise in writing, Lenders having (a) more than sixty percent (60%) of the Applicable Commitments of all Lenders, or (b) if such Applicable Commitments have expired or been terminated, more than sixty percent (60%) of the aggregate outstanding principal amount of the Credit Extensions.

"**Required Permit**" means all licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, supplier numbers, provider numbers, marketing authorizations, other authorizations, registrations, permits, consents and approvals of a Credit Party (a) issued or required under Laws applicable to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Laws applicable to the business of Borrower or any of its Subsidiaries, or (b) issued by any Person from which Borrower or any of its Subsidiaries have received an accreditation. Without limiting the generality of the foregoing, "**Required Permits**" includes any Drug Application (including without limitation, at any point in time, all licenses, approvals and permits issued by the FDA or any other applicable Governmental Authority necessary for the testing, manufacture, marketing or sale of any Product by any applicable Borrower(s) as such activities are being conducted by such Borrower with respect to such Product at such time) and any drug listings and drug establishment registrations under 21 U.S.C. Section 510, registrations issued by DEA under 21 U.S.C. Section 823 (if applicable to any Product), and those issued by State governments for the conduct of Borrower's or any Subsidiary's business.

"**Reserve Percentage**" means, on any day, for any Lender, the maximum percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"**Responsible Officer**" means any of the President and Chief Executive Officer or Chief Financial Officer of Borrower.

"**Secretary's Certificate**" means, with respect to any Person, a certificate, in form and substance satisfactory to Agent, executed by such Person's secretary on behalf of such Person certifying that (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Financing Documents to which it is a party, (b) that attached as Exhibit A to such certificate is a true, correct, and complete copy of the Borrower Resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Financing Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Financing Documents on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Agent and the Lenders may conclusively rely on such certificate unless and until such Person shall have delivered to Agent a further certificate canceling or amending such prior certificate.

"**Secured Promissory Note**" has the meaning given it in **Section 2.7**.

"**Securities Account**" means any "securities account", as defined in the Code, with such additions to such term as may hereafter be made.

"**Stated Rate**" has the meaning given it in **Section 2.6(g)**.

"**Subordination Agreement**" means a subordination, intercreditor, or other similar agreement in form and substance, and on terms, approved by Agent in writing.

"**Subsidiary**" means, with respect to any Person, any Person of which more than fifty percent (50.0%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person.

"**Taxes**" has the meaning given it in **Section 2.6(h)**.

"**Transfer**" has the meaning given it in **Section 7.1**.

"**Warrants**" means, collectively, the Warrants – Tranche 1 and Warrants – Tranche 2.

"**Warrants – Tranche 1**" means, collectively, warrants, dated as of the date hereof, to purchase shares of Borrower's Preferred Stock equal to $300,000 divided by the exercise price of $3.00 per share, each in form and substance satisfactory to Agent and Lenders.

"**Warrants – Tranche 2**" means, collectively, warrants to purchase shares of Borrower's Common Stock equal to 2% of the amount funded under Tranche 2, divided by the exercise price, which shall be equivalent to Borrower's 10-Day average closing share price prior to the Funding Date for Tranche 2, which Warrants shall be substantially in the form of **Exhibit D**.

[SIGNATURES APPEAR ON FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, intending that this instrument constitute an instrument executed and delivered under seal, the parties hereto have caused this Agreement to be executed as of the Closing Date.

BORROWER:

OCULAR THERAPEUTIX, INC.

By: /s/ Jim Fortune (SEAL)
Name: Jim Fortune
Title: Chief Operating Officer

AGENT:

MIDCAP FINANCIAL SBIC, LP,
as Agent for Lenders

By: Midcap Financial SBIC GP, LLC

By: /s/ Josh Groman (SEAL)
Name: Josh Groman
Title: Its Authorized Signatory

LENDERS:

MIDCAP FINANCIAL SBIC, LP

By: Midcap Financial SBIC GP, LLC

By: /s/ Josh Groman (SEAL)
Name: Josh Groman
Title: Its Authorized Signatory

SILICON VALLEY BANK

By: /s/ Kate Walsh (SEAL)
Name: Kate Walsh
Title: Vice President

EXHIBITS AND SCHEDULES

EXHIBITS

Exhibit A	Collateral
Exhibit B	Form of Compliance Certificate
Exhibit C	Credit Extension Form
Exhibit D	Form of Warrant (Common)

SCHEDULES

Credit Facility Schedule
Amortization Schedule (for each Credit Facility)
Post-Closing Obligations Schedule
Closing Deliveries Schedule
Disclosure Schedule
Intangible Assets Schedule
Products Schedule
Required Permits Schedule

EXHIBIT A

COLLATERAL

The Collateral consists of all assets of Borrower, including all of Borrower's right, title and interest in and to the following personal property:

(a) all goods, Accounts (including health-care insurance receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, investment accounts, commodity accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

(b) all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, except as provided below, the Collateral shall not include any Intellectual Property of any Credit Party, whether now owned or hereafter acquired, except to the extent that it is necessary under applicable law to have a Lien and security interest in any such Intellectual Property in order to have a perfected Lien and security interest in and to IP Proceeds (defined below), and for the avoidance of any doubt, the Collateral shall include, and Agent shall have a Lien and security interest in, (i) all IP Proceeds, and (ii) all payments with respect to IP Proceeds that are received after the commencement of a bankruptcy or insolvency proceeding. The term "**IP Proceeds**" means, collectively, all cash, Accounts, license and royalty fees, claims, products, awards, judgments, insurance claims, and other revenues, proceeds or income, arising out of, derived from or relating to any Intellectual Property of any Credit Party, and any claims for damage by way of any past, present or future infringement of any Intellectual Property of any Credit Party (including, without limitation, all cash, royalty fees, other proceeds, Accounts and General Intangibles that consist of rights of payment to or on behalf of a Credit Party and the proceeds from the sale, licensing or other disposition of all or any part of, or rights in, any Intellectual Property by or on behalf of a Credit Party).

Pursuant to the terms of a certain negative pledge arrangement with Agent and Lenders, Borrower has agreed not to encumber any of its Intellectual Property without Agent's and Lenders' prior written consent.

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: MidCap Financial SBIC, LP, as Agent
FROM: Ocular Therapeutix Inc.
DATE: , 201

The undersigned authorized officer of Ocular Therapeutix, Inc., a Delaware corporation ("**Borrower**"), certifies that under the terms and conditions of the Credit and Security Agreement between Borrower, Agent and the Lenders (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Agreement**"):

(1) Borrower is in complete compliance with all required covenants for the month ending , 201 , except as noted below;

(2) there are no Events of Default;

(3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and *provided, further,* that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(4) Each of Borrower and the other Credit Parties has timely filed all required tax returns and reports, and has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed except as otherwise permitted pursuant to the terms of the Agreement; and

(5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Agent.

For Compliance Certificates delivered in respect of any month ending March 31, June 30, September 30, and December 31, attached hereto are proposed updates (if any) to the Disclosure Schedule, Intangible Assets Schedule, Required Permits Schedule, and Products Schedule, to the extent required by the Agreement.

Attached are the required documents supporting the certifications set forth in this Compliance Certificate. The undersigned certifies, in his/her capacity as an officer of the Borrower, that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges, in his/her capacity as an officer of Borrower, that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	Required	Complies	
Monthly Financial Statements	Monthly within 30 days	Yes	No
Audited Financial Statements	Annually within 180 days after FYE	Yes	No
Board Approved Projections	Annually within 60 days after FYE	Yes	No
Compliance Certificate	Monthly within 30 days	Yes	No

The following are the exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions to note.”)

OCULAR THERAPEUTIX, INC.

By: _____
Name: _____
Title: _____

AGENT USE ONLY

Received by: _____
AUTHORIZED SIGNER
Date: _____

Verified: _____
AUTHORIZED SIGNER
Date: _____

Compliance Status: Yes No

EXHIBIT C CREDIT EXTENSION FORM

DEADLINE IS NOON E.S.T.

Date: , 201

LOAN ADVANCE:

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account # _____ To Account # _____
(Loan Account #) (Deposit Account #)

Amount of Advance $ _____

All Borrower's representations and warranties in the Credit and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and *provided, further*, that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date:

Authorized Signature: _____ Phone Number: _____
Print Name/Title: _____

OUTGOING WIRE REQUEST:

Complete only if all or a portion of funds from the loan advance above is to be wired.

Beneficiary Name: _____
Amount of Wire: $ _____
Beneficiary Lender: _____
Account Number: _____
City and State: _____

Beneficiary Lender Transit (ABA) #: _____ Beneficiary Lender Code (Swift, Sort, Chip, etc.): _____

(For International Wire Only)
Intermediary Lender: _____ Transit (ABA) #: _____

For Further Credit to: _____
Special Instruction: _____

By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me.

Authorized Signature: _____ 2nd Signature (if required): _____
Print Name/Title: _____ Print Name/Title: _____
Telephone #: _____ Telephone #:

EXHIBIT D
FORM OF WARRANT – TRANCHE 2

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER IS MADE IN COMPLIANCE WITH RULE 144 OF THE ACT,OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND REASONABLY SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: Ocular Therapeutix, Inc., a Delaware corporation
Number of Shares: , subject to adjustment as hereinafter provided
Class of Stock: Common Stock, $0.0001 par value per share
Warrant Price: $, subject to adjustment as hereinafter provided
Issue Date: [, 2014]
Expiration Date: [, 2021]
Credit Facility: This Warrant is issued in connection with that certain Credit and Security Agreement of even date herewith among Silicon Valley Bank, Midcap Financial SBIC, LP, the Company, and such other lenders from time to time party thereto, as modified and/or amended and in effect from time to time.

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, MIDCAP FINANCIAL SBIC, LP, a Delaware limited partnership (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, is referred to hereinafter as "Holder") is entitled to purchase up to the above-stated number of fully paid and non-assessable shares (the "Shares") of the above-stated class and series of capital stock (the "Class") of the above-named company (the "Company") at the above-stated Warrant Price per Share, subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Article 1.2, Holder shall also deliver to the Company a certified or bank cashier's check, wire transfer of immediately available funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Article 1.1, Holder may at any time and from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities in respect of which this Warrant is being converted minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Article 1.3.

1.3 Fair Market Value. If the Company's common stock is then traded in a public market and the Class is common stock, the fair market value of a Share shall be the closing price of a share of common stock reported for the business day immediately before Holder delivers this Warrant together with its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial, underwritten offering and sale of its shares to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended ("IPO"), the "price to public" per share price specified in the final prospectus relating to such offering). In the event of an exercise of this Warrant in connection with an Acquisition, the fair market value of a Share shall be the value per share to be received by all holders of shares of the same class and series as the Shares in the Acquisition. If the Company's common stock is not then traded in a public market and other than in the event of an exercise in connection with an Acquisition, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new warrant of like tenor representing the Shares not so acquired. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the date of Holder's delivery of the Notice of Exercise pursuant to Article 1.1 and payment of the Warrant Price, if applicable. If an exercise or conversion is to be made in connection with an IPO or Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such IPO or Acquisition, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation or effectiveness of such IPO or Acquisition.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

1.6.1 "Acquisition". For the purpose of this Warrant, "Acquisition" means any sale, exclusive license, assignment, transfer or other disposition of all or substantially all of the assets of the Company, or any reorganization, consolidation, or merger of the Company with or into another person or entity, or sale of

outstanding equity securities of the Company by the holders thereof, where the holders of the Company's outstanding voting equity securities as of immediately before the transaction beneficially own less than a majority of the outstanding voting equity securities of the surviving or successor entity as of immediately after the transaction or, if such Company stockholders beneficially own a majority of the outstanding voting equity securities of the surviving or successor entity as of immediately after the transaction, such surviving or successor entity is not the Company.

1.6.2 Treatment of Warrant at Acquisition.

A) Holder agrees that, in the event of an Acquisition in which the sole consideration is cash and/or Marketable Securities and in connection with or as a result of which all holders of shares of capital stock of the same class and series as the Shares receive solely cash and/or Market Securities in the same proportions in respect of their shares, this Warrant shall terminate on and as of the closing of such Acquisition to the extent not previously exercised, subject to Article 5.8. The Company shall provide Holder with written notice of any proposed Acquisition not later than ten (10) days prior to the closing thereof setting forth the material terms and conditions thereof, together with copies of the draft transaction agreements and other documents in connection therewith and with such other information respecting such proposed Acquisition as may reasonably be requested by Holder.

B) Upon the closing of any Acquisition other than as particularly described in subsection (A) above, the surviving or successor entity shall assume this Warrant and the obligations of the Company hereunder, including agreements to deliver to Holder in exchange for this Warrant a written instrument issued by such surviving or successor entity pursuant to which this Warrant, and this Warrant shall, from and after such closing, be exercisable for the same class, series, number and kind of securities, cash and other property as would have been paid for or in respect of the Shares issuable (as of immediately prior to such closing) upon exercise in full hereof as if such Shares had been issued and outstanding on and as of such closing, at an aggregate Warrant Price equal to the aggregate Warrant Price in effect as of immediately prior to such closing; and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The Warrant Price and/or number of Shares shall be adjusted accordingly.

C) As used in this Article 1.6, "Marketable Securities" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise or convert this Warrant on or prior to the closing thereof is then traded on a U.S. national securities exchange or over-the-counter market, and (iii) Holder would not be restricted (including without limitation by any volume or manner of sale restriction) by contract, applicable federal and state securities laws or otherwise from publicly re-selling, within six (6) months and one day following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition.

D) If an exercise of this Warrant is to be made in connection with an Acquisition or IPO, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the outstanding shares of the Class payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Conversion or Substitution. Upon any reclassification, exchange, conversion, substitution or similar event affecting the outstanding shares of the Class, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised in full immediately before such reclassification, exchange, conversion, substitution or similar event, at an aggregate Warrant Price not exceeding the aggregate Warrant Price in effect as of immediately prior thereto. The Company or its successor shall promptly issue to Holder a certificate pursuant to Article 2.6 hereof setting forth the number, class and series or other designation of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, conversion, substitution or similar event. The provisions of this Article 2.2 shall similarly apply to successive reclassifications, exchanges, conversions, substitutions, and similar events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time in the manner set forth in the Company's Sixth Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Class in the Company's Certificate of Incorporation relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the Class.

2.4 No Impairment. The Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or

performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment.

2.5 Fractional Shares. No fractional Share shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value (as determined pursuant to Article 1.3 above) of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its President or Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price, Class and number of Shares in effect upon the date thereof and the series of adjustments leading to such Warrant Price, Class and number of Shares.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, Holder as follows:

(a) The initial Warrant Price first set forth above is not greater than the price per share at which shares of the Class were last issued in an arms-length transaction.

(b) The Company shall at all times during the term of this Warrant keep reserved out of its authorized and unissued capital stock a sufficient number of shares of the Class to permit exercise in full of this Warrant and, if applicable, conversion of the Shares issuable and issued upon any exercise hereof. All Shares which may be issued upon the exercise or conversion of this Warrant shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete as of the Issue Date.

(d) The Company has all requisite corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms. The execution, delivery and performance of this Warrant does not and will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving notice, any provision of the Certificate, the Company's by-laws, any

agreement to which the Company or any of the Company's stockholders are parties, any provision of any judgment, decree, or order to which the Company is subject, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge or encumbrance upon any assets of the Company.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon the outstanding shares of any class or series of its capital stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription or sale pro rata to the holders of the outstanding shares of any class or series of its capital stock of any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights); (c) to effect any event described in Article 2.2 above, (d) to effect an Acquisition of IPO, or to liquidate, dissolve or wind up; then, in connection with each such event, or (e) to take any action or to effect any transaction which requires the Company to provide notice to other holders of the Class, the Company shall give Holder: (1) at least ten (10) days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; and (2) in the case of the matters referred to in (c), (d) and (e) above at least ten (10) days prior written notice of the date when the same will take place (and specifying the date on which the holders of shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event).

3.3 Class Holder Rights. The Company agrees that the Shares shall have the piggyback registration rights (*i.e.*, the right to participate in registrations initiated by other parties), the S-3 demand registration rights and all other rights and benefits pursuant to and as set forth in the Company's Fourth Amended and Restated Investor Rights Agreement, Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement, and Fourth Amended and Restated Voting Agreement (each dated May 31, 2013 and as thereafter amended and/or restated) or similar or other agreements to which holders of the Class may hereafter become parties or the Class may become bound, on a *pari passu* basis with the parties thereto holding shares of the Class. The provisions set forth in such agreements or similar agreements relating to the foregoing rights in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification, or waiver affects the rights associated with all other shares of the Class whose holders are parties thereto.

3.4 No Shareholder Rights. Except as provided in this Warrant, Holder will not have any rights as a shareholder of the Company until the exercise or conversion of this Warrant.

3.5 Certain Information. The Company agrees to provide Holder at any time and from time to time with such information as Holder may reasonably request for purposes of Holder's compliance with regulatory, accounting and reporting requirements applicable to Holder.

ARTICLE 4. REPRESENTATIONS, WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

ARTICLE 5. MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date.

5.2 Legend.

(a) Each certificate representing Shares issued upon any exercise or conversion hereof shall be imprinted with a legend in substantially the following form:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE COMPANY TO MIDCAP FINANCIAL SBIC, LP DATED AS OF APRIL , 2014, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER IS MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall be, and the Company hereby agrees not to affix, or to remove within ten (10) days of any written request by Holder, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, provided that Holder has provided reasonable evidence to the Company that a transfer (other than a transfer to an affiliate of Holder) of this Warrant or the Shares has been made pursuant to Rule 144 of the Act, the Warrant or the Shares are then eligible for transfer pursuant to Rule 144 of the Act, or a transfer of this Warrant or the Shares has been made for no consideration to an affiliate of Holder or otherwise to an affiliate of Holder who is an accredited investor as defined in Regulation D promulgated under the Act, or, in connection with any sale or transfer, Holder provides the Company with an opinion of counsel, in form reasonably acceptable to the Company, that either the sale or transfer may be made without registration under the Act or that such legend, notice or provision is not required by the Act. For purposes of Article 1.4, the Company shall not be deemed to have delivered to Holder Shares unless and until the Company shall have complied with the terms and conditions of this Article 5.2(b).

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise or conversion hereof may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and, subject to Article 5.2(b), legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to any other affiliate of Holder, provided that such affiliate is an "accredited investor" as defined in Regulation D promulgated under the Act.

5.4 Transfer Procedure. Subject to the provisions of Article 5.3 and upon providing the Company with written notice, Midcap Financial SBIC, LP and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise or conversion of this Warrant to any transferee, provided, however, that in connection with any such transfer, Midcap Financial SBIC, LP or any subsequent Holder will give the Company notice of the portion of the Warrant, and/ or the number of Shares

(or such other securities) being transferred together with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant, and/or the certificate(s) evidencing such Shares (or other securities) to the Company for reissuance to the transferee(s) (and to Holder, if applicable). The Company may refuse to transfer this Warrant or the Shares (or other securities) to any person or entity who directly competes with the Company, unless the stock of the Company is then publicly traded.

5.5 Notices. All notices and other communications from the Company to Holder, or vice versa, shall be deemed delivered and effective when given personally, or on the third (3rd) business day after being mailed by first-class registered or certified mail, postage prepaid, or on the first business day after transmission by facsimile or deposit with a reliable overnight courier, fee prepaid, at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such holder from time to time. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Midcap Financial SBIC, LP
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attention: Portfolio Management – Life Sciences
Facsimile: (301) 941-1450

With a copy to:

MC Serviceco, LLC
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attention: General Counsel
Facsimile: (301) 941-1450

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Ocular Therapeutix, Inc.
Attn: Chief Financial Officer
36 Crosby Drive, Suite 101
Bedford, MA 01730
Telephone: 781-357-4000
Facsimile: 781-357-4001

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees and disbursements.

5.8 Automatic Conversion upon Expiration. In the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Article 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of immediately before such date to be or have been converted pursuant to Article 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares (or such other securities) issued upon such conversion to Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Maryland (except to the extent the General Corporation Law of the State of Delaware applies), without giving effect to its principles regarding conflicts of law.

[Remainder of page left blank intentionally; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Warrant to Purchase Stock by their duly authorized representatives as of the date first above written.

COMPANY

OCULAR THERAPEUTIX, INC.

By: _____ (SEAL)

Name:
Title:

HOLDER

MIDCAP FINANCIAL SBIC, LP

By: Midcap Financial SBIC GP, LLC

By: _____ (SEAL)

Name:
Title:

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase shares of the Common/Series Preferred [strike one] Stock of pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant. This conversion is exercised for of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the Shares in the name specified below:

Holder's Name

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as of the date hereof.

HOLDER:

By:

Name:

Title:

(Date):

SCHEDULE 1

Company Capitalization Table

[See attached]

CREDIT FACILITY SCHEDULE

The following Credit Facilities are specified on this Credit Facility Schedule:

Credit Facility #1:

Credit Facility and Type: Term, Tranche 1

Lenders for and their respective Applicable Commitments to this Credit Facility:

Lender	Applicable Commitment
MidCap Financial SBIC, LP	$ 7,500,000
Silicon Valley Bank	$ 7,500,000

The following defined terms apply to this Credit Facility:

Applicable Prepayment Fee: means the following amount, calculated as of the date (the "**Accrual Date**") that the Applicable Prepayment Fee becomes payable in the case of prepayments required under the Financing Documents or the date any voluntary prepayment is made: (a) for an Accrual Date on or after the Closing Date through and including the date which is twelve (12) months after the Closing Date, one and one-half percent (1.50%) multiplied by the amount of the outstanding principal of the Credit Extension prepaid or required to be prepaid (whichever is greater); (b) for an Accrual Date after the date which is twelve (12) months after the Closing Date through and including the date immediately preceding the Maturity Date, one percent (1.0%) multiplied by the amount of the outstanding principal of the Credit Extension prepaid or required to be prepaid (whichever is greater).

Closed Period: not applicable.

Commitment Commencement Date: the Closing Date

Commitment Termination Date: the earliest to occur of (a) the close of the Business Day following the Closing Date, (b) an Event of Default, (c) the existence of any Default, or (d) the Maturity Date.

Minimum Credit Extension Amount: $15,000,000

Permitted Purpose: not applicable.

Credit Facility #2:

Credit Facility and Type: Term, Tranche 2

Lenders for and their respective Applicable Commitments to this Credit Facility:

Lender	Applicable Commitment
MidCap Financial SBIC, LP	$ 2,500,000
Silicon Valley Bank	$ 2,500,000

The following defined terms apply to this Credit Facility:

Applicable Funding Condition: means that (1) a "**Qualifying IPO**" (as defined below) has occurred, (2) the Warrants – Tranche 2 have been duly executed and delivered to Agent, and (3) Agent has received a completed Credit Extension Form, in accordance with **Section 2.3(a)**.

Qualifying IPO: means Borrower's initial, firm-commitment underwritten offering and sale of its Common Stock to the public pursuant to an effect registration statement under the Securities Act of 1933, as amended, resulting in total aggregate net cash proceeds actually received by Borrower (net of any and all underwriter and/or investment banker fees, commissions and discount and any and all fees and disbursement of counsel and/or independent certified public accounts, and exclusive of any and all proceeds received by the Company pursuant to the exercise of any underwriter's over-allotment or "Green Shoe" option) of at least $50,000,000 (subject to no clawback, escrow or other terms limiting Borrower's ability to freely use such proceeds) from such Qualifying IPO and shall have deposited such net cash proceeds into a deposit account or securities account subject to a deposit account control agreement or securities account control agreement (as applicable) in favor of Agent and shall have delivered to Agent and each Lender evidence reasonably satisfactory to Agent and each Lender of the occurrence of such Qualifying IPO and the deposit of such proceeds.

Applicable Prepayment Fee: means the following amount, calculated as of the date (the "**Accrual Date**") that the Applicable Prepayment Fee becomes payable in the case of prepayments required under the Financing Documents or the date any voluntary prepayment is made: (a) for an Accrual Date on or after the Closing Date through and including the date which is twelve (12) months after the Closing Date, one and one-half percent (1.50%) multiplied by the amount of the outstanding principal of the Credit Extension prepaid or required to be prepaid (whichever is greater); (b) for an Accrual Date after the date which is twelve (12) months after the Closing Date through and including the date immediately preceding the Maturity Date, one percent (1.0%) multiplied by the amount of the outstanding principal of the Credit Extension prepaid or required to be prepaid (whichever is greater).

Closed Period: not applicable.

Commitment Commencement Date: The later to occur of (a) the Closing Date, or (b) satisfaction of the Applicable Funding Conditions for this Credit Facility.

Commitment Termination Date: the earliest to occur of (a) December 31, 2014, or (b) an Event of Default, or (c) the existence of any Default, or (d) the Maturity Date.

Minimum Credit Extension Amount: $1,000,000, or a whole multiple of $1,000,000 in excess thereof

Permitted Purpose: not applicable.

AMORTIZATION SCHEDULE (FOR EACH CREDIT FACILITY)

If the Interest Only Extension has not occurred, commencing on April 1, 2015, and continuing on the first day of each calendar month thereafter, an amount per month equal to the total amount of Credit Extensions made under all Credit Facilities divided by thirty-six (36) months; or

If the Interest Only Extension has occurred, commencing on October 1, 2015, and continuing on the first day of each calendar month thereafter, an amount per month equal to the total amount of Credit Extensions made under all Credit Facilities divided by thirty (30) months.

POST-CLOSING OBLIGATIONS SCHEDULE

Borrower shall satisfy and complete each of the following obligations, or provide Agent each of the items listed below, as applicable, on or before the date indicated below, all to the satisfaction of Agent in its sole and absolute discretion:

1. on or before May 14, 2014, endorsements showing Agent as loss payee and additional insured, as required pursuant to Section 6.5;

2. on or before May 14, 2014, a landlord's consent executed in favor of Agent in respect of Borrower's facilities at 36 Crosby Drive located in the Town of Bedford, County of Middlesex, Commonwealth of Massachusetts; and

3. on or before May 14, 2014, duly executed original signatures to the Control Agreements with Silicon Valley Bank and U.S. Bank, N.A., in respect of each of the accounts disclosed on the Perfection Certificate.

Borrower's failure to complete and satisfy any of the above obligations on or before the date indicated above, or Borrower's failure to deliver any of the above listed items on or before the date indicated above, shall constitute an immediate and automatic Event of Default.

CLOSING DELIVERIES SCHEDULE

1. duly executed original signatures to the Financing Documents to which Borrower is a party;
2. duly executed original signatures to the Control Agreements with Silicon Valley Bank and U.S. Bank, N.A.;
3. duly executed original Secured Promissory Notes in favor of each Lender with a face amount equal to such Lender's Applicable Commitment under each Credit Facility;
4. the Operating Documents of Borrower and good standing certificates of Borrower certified by the Secretary of State of the state(s) of organization of Borrower as of a date no earlier than thirty (30) days prior to the Closing Date;
5. good standing certificates dated as of a date no earlier than thirty (30) days prior to the Closing Date to the effect that Borrower is qualified to transact business in all states in which the nature of Borrower's business so requires;
6. duly executed original signatures to the completed Borrowing Resolutions for Borrower;
7. a payoff letter from Silicon Valley Bank;
8. evidence that (i) the Liens securing Indebtedness owed by Borrower to Silicon Valley Bank will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements and/or control agreements, have or will, concurrently with the initial Credit Extension, be terminated;
9. certified copies, dated as of a recent date, of financing statement searches, as Agent shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;
10. the Perfection Certificate executed by Borrower;
11. a landlord's consent executed in favor of Agent in respect of Borrower's facilities at 36 Crosby Drive located in the Town of Bedford, County of Middlesex, Commonwealth of Massachusetts;
12. a legal opinion of Borrower's counsel dated as of the Closing Date together with the duly executed original signatures thereto;
13. evidence satisfactory to Agent that the insurance policies required by **Article 6** are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Agent, for the ratable benefit of the Lenders;
14. payment of the fees and expenses of Agent and Lenders then accrued, including pursuant to the Fee Letters;
15. a duly executed original Secretary's Certificate dated as of the Closing Date which includes copies of the completed Borrowing Resolutions for Borrower;
16. timely receipt by the Agent of an executed disbursement letter;
17. a certificate executed by a Responsible Officer of Borrower, in form and substance satisfactory to Agent, which shall, among other things, certify as to certain conditions to the funding of the Credit Extensions on the Closing Date;
18. Fourth Amended and Restated Investor Rights Agreement and any amendments thereto;
19. a letter dated as of the date hereof from Incept LLC to Agent, agreed and acknowledged by Agent and Borrower;
20. the Warrants – Tranche 1.

DISCLOSURE SCHEDULE

Scheduled Permitted Liens

Debtor	Secured Party	Collateral	State and Jurisdiction	Filing Date and Number (include original file date and continuations, amendments, etc.)
N/A				

Scheduled Permitted Indebtedness

Debtor	Creditor	Amount of Indebtedness outstanding as of ,	Maturity Date
N/A			

Schedule Permitted Investments

Debtor	Type of Investment	Date	Amount Outstanding as of
N/A			

Scheduled Material Agreements

1. Amended and Restated License Agreement, Incept, LLC, January 27, 2012

Scheduled Litigation

N/A

Scheduled ownership interest in any Chattel Paper, letter of credit rights, commercial tort claims, Instruments, documents or investment property

N/A

INTANGIBLE ASSETS SCHEDULE

See attached schedules.

PRODUCTS SCHEDULE

ReSure Sealant

REQUIRED PERMITS SCHEDULE

See Attached.

TOWN OF BEDFORD, MASSACHUSETTS 01730

CERTIFICATE OF COMPLIANCE

THIS IS TO CERTIFY THAT

OCCULAR THERAPEUTICS
36 Crosby Drive

HAS COMPLIED WITH

BEDFORD TOWN BYLAW

CONTROL & MANAGEMENT OF HAZARDOUS MATERIALS

As of 02/18/13

Annual Renewal Required

DISCLAIMER: YOUR CONTINGENCY PLAN IS HEREBY GRANTED CONDITIONAL APPROVAL. THIS APPROVAL IS GENERAL IN CHARACTER AND ASSUMES THAT THE APPLICANT HAS FULLY DISCLOSED AND DESCRIBED THE STORAGE, HANDLING, AND USE OF HAZARDOUS MATERIALS AND WASTES ON THE PREMISES. THIS APPROVAL DOES NOT RELIEVE THE OWNERS AND OPERATORS AFFECTED FROM COMPLIANCE WITH THE RIGHT TO KNOW LAW (MGL C. 111F) AND THE REGULATIONS ISSUED THEREUNDER (105CMR670.00; 310CMR33.00; AND 441CMR21.00) NOR FROM COMPLIANCE WITH REGULATIONS OF THE BOARD OF FIRE PREVENTION (527CMR9.00) AND LOCAL BYLAWS PERTAINING TO TANKS AND CONTAINERS NOR FROM COMPLIANCE WITH THE MASSACHUSETTS HAZARDOUS WASTE MANGEMENT ACT (MGL C. 21) NOR ANY OTHER APPLICABLE LAWS, RULES, OR REGULATIONS.

Heidi Porter

Heidi Porter, Director of Public Health, Bedford Board of Health