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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

Or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-36080

OPHTHOTECH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**20-8185347**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Penn Plaza, 19th Floor New York, NY	
(Address of principal executive offices)	**10119** (Zip Code)

(212) 845-8200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.001 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes o No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ☒ No

As of June 30, 2014, the aggregate market value of the voting and non-voting common equity held by non- affiliates of the registrant was approximately $942.5 million, based on the closing price of the registrant's common stock on June 30, 2014.

The number of shares outstanding of the registrant's class of common stock, as of February 23, 2015: 34,174,090

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report incorporates by reference information from the definitive Proxy Statement for the registrant's 2015 Annual Meeting of Shareholders, which is expected to be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended December 31, 2014.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Annual Report on Form 10-K, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words "anticipate," "believe," "goals," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this Annual Report on Form 10-K include, among other things, statements about:

- the timing, costs, conduct and outcome of our Phase 3 clinical trials of Fovista and other clinical trials of Fovista, in each case administered in combination with anti-VEGF drugs for the treatment of wet age-related macular degeneration, or AMD, including statements regarding the timing and the availability of, and the costs to obtain, initial top-line results from, and the completion of such trials and the timing of regulatory filings;
- the timing, costs, conduct and outcome of our planned trials for Zimura for the treatment of patients with geographic atrophy, a form of dry AMD and, in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of certain forms of wet AMD, including statements regarding the timing of the initiation of, and the costs to obtain and timing of receipt of initial results from, and the completion of related clinical trials;
- the timing, costs, conduct and outcome of our planned pre-clinical work for an ophthalmic formulation of tivozanib, including statements regarding the timing of the initiation of, and the costs to obtain and timing of receipt of results from, such work;
- the timing of and our ability to obtain marketing approval of Fovista, Zimura and other product candidates we may develop, and the ability of Fovista, Zimura and other product candidates we may develop to meet existing or future regulatory standards;
- our ability to maintain a productive collaborative relationship with Novartis Pharma AG, including our ability to achieve remaining potential milestone payments under our agreement;
- the potential advantages of Fovista and Zimura;
- the rate and degree of potential market acceptance and clinical utility of Fovista and Zimura;
- our estimates regarding the potential market opportunity for Fovista and Zimura;
- the potential receipt of revenues from future sales of Fovista and Zimura;
- our sales, marketing and distribution capabilities and strategy;
- our ability to establish and maintain arrangements for manufacture of Fovista, Zimura and other product candidates we may develop;
- our ability to in-license or acquire complementary products, product candidates or technologies;
- our intellectual property position;
- our expectations related to our use of available cash;
- our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- the impact of existing and new governmental laws and regulations; and

- our competitive position.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and our stockholders 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 Annual Report on Form 10-K, particularly in the "Risk Factors" section, that 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 Annual Report on Form 10-K and the documents that we have filed as exhibits to this Annual Report on Form 10-K 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 Annual Report on Form 10-K are made as of the date of this Annual Report on Form 10-K, and we do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

PART I

Item 1. Business

We are a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the back of the eye, with a focus on developing therapeutics for age-related macular degeneration, or AMD. AMD is a disorder of the central portion of the retina, known as the macula, which is responsible for central vision and color perception. There are two forms of AMD, wet AMD and dry AMD. Our most advanced product candidate is Fovista, which is in Phase 3 clinical development for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet AMD. We have completed one Phase 1 and one Phase 2b clinical trial of Fovista administered in combination with the anti-VEGF drug Lucentis (ranibizumab). We have either initiated or plan to initiate additional Phase 2 trials of Fovista administered in combination with anti-VEGF drugs to investigate whether the use of Fovista in combination with anti-VEGF drugs can inhibit the development of subretinal fibrosis in wet AMD patients, can reduce the frequency of intravitreal injections required to effectively treat wet AMD, and can prove beneficial for wet AMD patients who are anti-VEGF resistant. We are also developing our product candidate Zimura for the treatment of patients with geographic atrophy, a form of dry AMD, in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD;, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails; and, potentially, in combination with anti-VEGF therapy and Fovista for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. We have recently begun work to investigate the possibility of an ophthalmic formulation for tivozanib, an anti-VEGF compound for which we have an option for a license.

Fovista

We are developing our product candidate Fovista to be administered in combination with anti-VEGF drugs for the treatment of wet AMD. In 2012, we completed a large Phase 2b clinical trial in newly diagnosed wet AMD patients in which 1.5 mg of Fovista administered in combination with one of the standard of care anti-VEGF drugs, Lucentis, demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks. Patients receiving the combination of 1.5 mg of Fovista and Lucentis gained a mean of 10.6 letters from baseline on a standardized chart of vision testing compared to a mean gain of 6.5 letters from baseline for patients receiving Lucentis monotherapy, representing a 62% comparative benefit from baseline. Based on the pre-specified secondary endpoints in our Phase 2b study and on retrospective analyses of commonly evaluated parameters used in wet AMD trials, Fovista combination therapy resulted in improved visual outcome, with more patients experiencing vision gain and fewer patients experiencing vision loss, in a broad range of patient groups in this trial compared to Lucentis monotherapy. Fovista was generally well tolerated in this clinical trial.

We have initiated a pivotal Phase 3 clinical program for Fovista that consists of three separate Phase 3 clinical trials to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD compared to anti-VEGF monotherapy, and are actively enrolling patients in these trials. Two of these trials are evaluating Fovista in combination with Lucentis and the other is evaluating Fovista in combination with Eylea (aflibercept) or Avastin (bevacizumab). We plan to enroll a total of 1,866 patients at more than 225 centers internationally across the three trials. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from our Phase 3 clinical program for Fovista available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in the United States and, together with our ex-U.S. commercialization partner Novartis, in the European Union. We have also initiated a Phase 2a open-label clinical trial designed to investigate the potential effect of administration of Fovista in combination with anti-VEGF therapy in reducing the

formation of subretinal fibrosis in wet AMD patients. We have also recently initiated a Phase 2a clinical trial to assess whether the use of Fovista, when administered in combination with anti-VEGF drugs, can reduce the frequency of intravitreal injections required to effectively treat wet AMD patients. We plan to initiate in 2015 an initial Phase 2 clinical trial to investigate whether Fovista administered in combination with an anti-VEGF drug may prove beneficial for wet AMD patients who are anti-VEGF resistant. We are also planning additional clinical trials to assess the potential therapeutic benefit of Fovista in other groups of wet AMD patients and other ophthalmic conditions.

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, or fibrosis, under the macular region of the retina. The use of anti-VEGF therapy has significantly improved visual outcomes for wet AMD patients compared to untreated patients newly diagnosed with wet AMD. However, we believe that persistence or growth of neovascularization and the development of fibrosis under the retina are involved in limiting the visual benefit from anti-VEGF monotherapy, and, therefore, a significant unmet medical need remains.

Wet AMD is the leading cause of blindness in people over the age of 55 in the United States and the European Union. The current standard of care for wet AMD is monotherapy administration of drugs that target vascular endothelial growth factor, or VEGF, one of several proteins involved in neovascularization. The anti-VEGF market for the treatment of wet AMD consists predominantly of two drugs that are approved for marketing and primarily prescribed for the treatment of wet AMD, Lucentis and Eylea, and off-label use of the cancer therapy Avastin. In 2014, annual worldwide sales of Lucentis and Eylea for all indications totaled approximately $7.1 billion. This sales number does not include Avastin, which is commonly used off-label to treat wet AMD in the United States and in the European Union.

We believe that Fovista's mechanism of action, when administered in combination with an anti-VEGF drug, may result in two relevant biological responses: neovascular regression and inhibition of fibrosis under the retina, also known as subretinal fibrosis. Fovista binds to and inhibits a protein known as platelet derived growth factor, or PDGF, causing the stripping of pericytes, which are cells that cover the outside of newly formed blood vessels. After the pericytes are stripped from the new blood vessels, endothelial cells lining the inside of the newly formed blood vessels are left unprotected and are highly vulnerable to the effects of anti-VEGF therapy. Fovista also inhibits migration of other retinal cells attracted by PDGF, such as retinal pigment epithelium, or RPE, cells and glial cells, which play a role in the formation of subretinal fibrosis. We further believe that the administration of Fovista in combination with anti-VEGF drugs in patients with wet AMD may cause regression of neovascularization and may inhibit subretinal fibrosis more effectively than anti-VEGF monotherapy. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of which anti-VEGF drug is administered in combination with Fovista.

Zimura

We are developing our product candidate Zimura with an initial focus on the treatment of patients with geographic atrophy, a form of dry AMD. Zimura is an inhibitor of complement factor C5, which we refer to as C5, a protein that is associated with complement mediated inflammation and cell damage, which we believe may be involved in the development of dry AMD.

Dry AMD is typically associated with yellow-white dots or deposits under the retina, known as drusen. Unlike in wet AMD, there is an absence of pathological neovascularization in dry AMD. Significant vision loss results if dry AMD evolves into geographic atrophy. Geographic atrophy appears as abrupt and deep levels of macular tissue loss and can be a significant cause of loss of central vision,

affecting vision in both eyes in most patients. Geographic atrophy results in progressive and chronic degeneration of the macula characterized by variable thinning and dysfunction of retinal tissue.

In addition, dry AMD can also progress to wet AMD. Although dry AMD is the most common form of AMD, there are no therapies approved by the U.S. Food and Drug Administration, or FDA, or European Medicines Agency, or EMA, to treat this condition. According to a 2011 publication from AMD Alliance International, approximately 30 million people worldwide have some form of AMD, with dry AMD accounting for 85% to 90% of these cases. A study published in *Ophthalmology* in 2012 analyzing age and gender variations in AMD prevalence estimates that approximately 8 million people worldwide are affected by geographic atrophy.

Multiple published studies have implicated local inflammation in the pathogenesis of dry AMD. Specifically, these studies suggest that the complement pathway, which consists of a series of proteins involved in the defense against infection and modulates a variety of immune and inflammatory responses, has a central role in dry AMD. The complement system is generally tightly regulated and requires the proper balance of activation and inhibition of proteins to function properly. Poorly regulated or aberrant activation of proteins in the complement pathway without a balanced or proportional inhibition of other proteins may result in the production of immune mediated inflammation, or inflammation that is triggered by activation of the immune response, and damage to normal tissue. We believe that excessive activation of C5, which is one of the complement proteins, and the resulting formation of downstream complement molecules, results in tissue damage that plays an important role in the development of both dry AMD and certain forms of wet AMD. Our product candidate Zimura is designed to inhibit C5 activation.

We have completed a small, multicenter, uncontrolled, open label Phase 1/2a clinical trial evaluating the safety and tolerability of Zimura administered as a monotherapy to patients with geographic atrophy, a form of dry AMD. We did not observe any evidence of drug related adverse events in this clinical trial. We observed a trend in this clinical trial, in favor of the higher of two dose groups, of a relative reduction in the mean growth of the geographic atrophy lesion area, as measured by an independent reading center, at 24 weeks. When the injections were administered in a reduced dosing schedule during the subsequent 24 weeks, this relative trend in reduced growth in geographic atrophy lesion area was no longer present. We believe this apparent trend in reduction of growth in geographic atrophy lesion area size when Zimura was dosed more frequently, together with the relative loss of the benefit when Zimura was dosed less frequently, may suggest a possible drug effect. In addition, recently released data from a third party targeting the complement pathway also exhibited a trend in reduction of growth of geographic atrophy with a pronounced effect in patients with specific biomarkers.

Based on the results of our Phase 1/2a clinical trial and the recent results from the third-party clinical trial, we plan to initiate a Phase 2/3 clinical trial to evaluate the safety and efficacy of Zimura monotherapy in patients with geographic atrophy in the second half of 2015. We recently initiated a very small open-label Phase 2 clinical trial to evaluate Zimura administered in combination with anti-VEGF drugs for the treatment of polypoidal choroidal vasculopathy, or PCV, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails, who we refer to as anti-VEGF resistant. Additionally, we plan to initiate in 2015 or early 2016 a Phase 2 clinical trial of Zimura and Fovista administered in combination with an anti-VEGF drug in a subpopulation of wet AMD patients who are anti-VEGF resistant and who are believed to have complement mediated inflammation.

Our Management Team

We are led by a team of experienced pharmaceutical industry executives and recognized experts in retinal disease. Our management team includes our co-founder and Chief Executive Officer, David

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

Our Strategy

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

- *Complete the Phase 3 clinical program evaluating Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD and, if successful, seek marketing approval for Fovista in this indication.* We are devoting a significant portion of our resources and business efforts to the clinical development and manufacture of Fovista in combination with anti-VEGF drugs for wet AMD. We have initiated a pivotal Phase 3 clinical program comprised of three separate Phase 3 clinical trials evaluating Fovista administered in combination with anti-VEGF drugs for the treatment of newly diagnosed wet AMD patients. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in the United States and, together with our ex-U.S. commercialization partner, Novartis, in the European Union. Our Phase 3 clinical trials will continue after such submissions in accordance with the protocols for these trials.

- *Further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need.* In the third quarter of 2014, we initiated a Phase 2a open-label clinical trial designed to investigate the potential effect of the administration of Fovista in combination with anti-VEGF therapy in reducing the formation of subretinal fibrosis in wet AMD patients. We also recently initiated a Phase 2a clinical trial to assess whether the use of Fovista in combination with anti-VEGF drugs can reduce the frequency of intravitreal injections required to effectively treat wet AMD. We plan to initiate in 2015 an initial Phase 2 clinical trial to investigate whether Fovista administered in combination with an anti-VEGF drug may prove beneficial for wet AMD patients who are anti-VEGF resistant. We are also evaluating other ophthalmic conditions for which we believe Fovista treatment may be beneficial. We are planning to supply Fovista for a clinical trial to be conducted by the National Eye Institute, part of the U.S. National Institutes of Health, to evaluate Fovista's potential to inhibit the visual loss resulting from retinal complications associated with von Hippel-Lindau disease, an inherited disease characterized by multiple benign and malignant tumors and cysts in the eye and other organs. We expect this clinical trial will commence in 2015 or 2016. We are also planning to initiate, potentially in 2015 or 2016, a clinical trial to assess the potential therapeutic benefit of Fovista, and in particular its potential to inhibit the development of retinal scarring, in proliferative vitreoretinopathy, a complication associated with retinal detachment.

- *Advance the development of Zimura for the treatment of AMD.* We are developing our product candidate Zimura for the treatment of geographic atrophy, a form of dry AMD. Zimura is an inhibitor of complement factor C5, a protein that is associated with complement mediated

inflammation and cell damage, which we believe may be involved in the development of dry AMD. We plan to initiate a Phase 2/3 clinical trial in patients with geographic atrophy in the second half of 2015. We recently initiated a very small, open-label, Phase 2 clinical trial to evaluate Zimura administered in combination with an anti-VEGF drug for the treatment of polypoidal choroidal vasculopathy, or PCV, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy has failed, who we refer to as anti-VEGF resistant. Additionally, in 2015 or early 2016, we plan to initiate a Phase 2 clinical trial of Zimura and Fovista administered in combination with an anti-VEGF drug in a subpopulation of wet AMD patients who are anti-VEGF treatment resistant and who are believed to have complement-mediated inflammation.

- *Maximize commercial potential of Fovista and Zimura.* We have retained commercialization rights to Fovista in the United States and worldwide commercialization rights to Zimura. If either Fovista or Zimura receives marketing approval in the United States, we plan to commercialize such product candidate in the United States with our own specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving diseases of the back of the eye, are sufficiently concentrated that we will be able to effectively promote Fovista and Zimura to these specialists with a sales and marketing group of approximately 100 persons. We have entered into an ex-U.S. commercialization agreement with Novartis for commercialization of Fovista 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 Zimura in markets outside the United States.

- *Opportunistically in-license or acquire products, product candidates and technologies.* In addition to expanding our Fovista and Zimura development programs, we are committed to exploring opportunities to address the unmet needs in AMD. Our strategy, in general, is to be scientifically driven, to evaluate multiple options with limited upfront payments and to obtain early proof-of-concept validation prior to a larger commitment of capital. We plan to explore opportunities to expand our product pipeline through in-licensing or acquiring the rights to complementary products, product candidates and technologies for the treatment of a range of ophthalmic diseases, principally diseases of the back of the eye. We believe that our focus on diseases of the back of the eye and our experienced management and clinical development teams will make us an attractive collaborator or acquirer for companies seeking to out-license or sell rights to products, product candidates or technologies in our area of focus. We generally expect that we will not engage in internal early stage research and drug discovery and will thus avoid the related costs and risks of these activities. However, we plan to continue to assess opportunities to in-license late-stage preclinical product candidates as well as clinical assets. As an example of this strategy, in November 2014, we entered into an exclusive research and option agreement with AVEO Pharmaceuticals to license tivozanib, a small molecule vascular endothelial growth factor (VEGF) tyrosine kinase inhibitor, for the treatment of non-oncologic conditions of the eye. Under the terms of the agreement, we paid AVEO an upfront fee of $0.5 million for exclusive rights to investigate tivozanib's potency and potential as an ocular formulation. If we elect to continue the development of an ocular formulation of tivozanib, we may exercise our option for an exclusive worldwide license (excluding Asia) for the compound for ocular indications upon payment of a license fee and other milestone payments.

Potential for Fovista in Wet AMD

In our completed Phase 2b clinical trial, the combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the primary endpoint of mean change in visual acuity from baseline at 24 weeks, providing a 62%

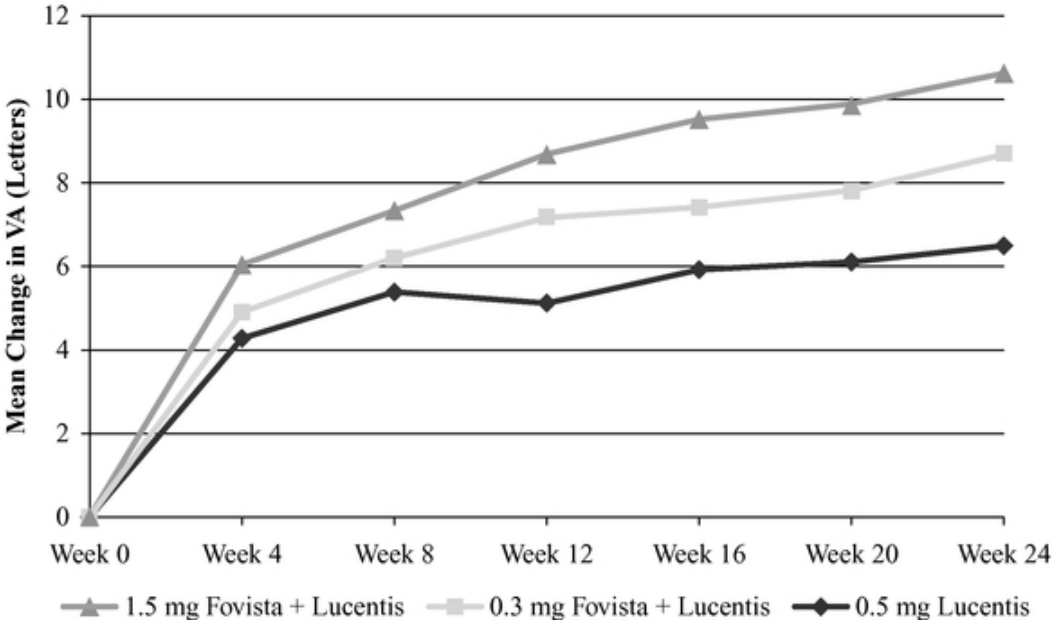
comparative benefit from baseline. Our Phase 3 clinical program builds on and incorporates significant aspects from the design of our Phase 2b clinical trial. We intend to seek a broad label with regard to patient and/or lesion characteristics for Fovista for the treatment of patients with wet AMD in combination with anti-VEGF drugs. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of which anti-VEGF drug is administered in combination with Fovista. We also believe that Fovista has the potential to inhibit the formation of subretinal fibrosis, thereby improving longer-term visual outcomes for wet AMD patients.

Visual Acuity Benefit

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

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

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



We observed a visual benefit in patients treated with the combination of 1.5 mg of Fovista and Lucentis early in and sustained over the course of treatment. The relative magnitude of visual benefit increased over the study period. We believe that these results suggest that Fovista may provide benefit to patients when used over time in combination with Lucentis. We also believe that these results are supported by Fovista's proposed mechanism of action, which we believe, when administered in

combination with an anti-VEGF drug, may result in two relevant responses: neovascular regression and inhibition of subretinal fibrosis.

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

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

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

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

Two of the three Phase 3 clinical trials included in our Phase 3 clinical program are evaluating the safety and efficacy of Fovista administered in combination with Lucentis and build upon and incorporate significant aspects from the design of our Phase 2b clinical trial. We believe that the following aspects of our two Phase 3 clinical trials of Fovista administered in combination with Lucentis may reduce the risk that we will have unexpected outcomes in these two trials:

- While we have modified the methodology used to determine a patient's eligibility under certain of the inclusion and exclusion criteria for our Phase 3 clinical trials as compared to our Phase 2b clinical trial, we have made no meaningful changes to the inclusion and exclusion criteria in these Phase 3 clinical trials from those we used in our Phase 2b clinical trial. We expect that this will result in the enrollment of a patient population similar to the patient population enrolled in our Phase 2b clinical trial.

- We are not changing the pre-specified primary endpoint, mean change in visual acuity from baseline, that we used in our Phase 2b clinical trial. However, we will assess mean change in visual acuity from baseline in these Phase 3 clinical trials at 12 months, instead of at 24 weeks as in our Phase 2b clinical trial. In our Phase 2b clinical trial, the relative magnitude of visual benefit seen with the combination of 1.5 mg of Fovista and Lucentis compared to Lucentis monotherapy increased over the study period. If we observe a similar pattern of visual benefit in our Phase 3 clinical program, we believe that long-term administration of 1.5 mg of Fovista with Lucentis may be indicated.

- Our Phase 2b clinical trial was well powered to detect a statistically significant difference in mean change in visual acuity between patients treated with 1.5 mg of Fovista in combination with Lucentis and patients treated with Lucentis monotherapy. We are further improving our ability to detect any statistically significant differences in pre-specified efficacy outcomes between the treatment and control arms of our Phase 3 clinical trials by substantially increasing both the

number of patients who will receive 1.5 mg of Fovista in combination with Lucentis and the number of patients who will receive Lucentis monotherapy as compared to our Phase 2b clinical trial.

- We are using a dose of Fovista that exhibited a favorable safety profile in our Phase 2b clinical trial. We are using the same standard of care anti-VEGF drug, Lucentis, in combination with Fovista and as the monotherapy control in these Phase 3 clinical trials as we used in our Phase 2b clinical trial.

We are also conducting a third clinical trial that is evaluating the safety and efficacy of Fovista administered in combination with each of Avastin or Eylea compared to Avastin or Eylea monotherapy. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of which anti-VEGF drug is administered in combination with Fovista. The Committee for Medicinal Products for Human Use, or the CHMP, of the EMA has informed us that, given that Avastin is not approved for intravitreal use in the European Union, the final label for Fovista in the European Union, if Fovista receives marketing approval, may be required to specify only the anti-VEGF drugs approved for intravitreal use that were studied in combination with Fovista, rather than a label specifying Fovista for use in combination with any anti-VEGF drug.

Potential to Enhance Efficacy of Current Standard of Care

We intend to seek a broad label with regard to patient and/or lesion characteristics for Fovista in combination with anti-VEGF drugs for the treatment of patients with wet AMD. The anti-VEGF market for the treatment of wet AMD consists of Lucentis, Avastin and Eylea. The condition of many patients suffering with wet AMD improves significantly through the use of anti-VEGF drugs. However, in a substantial portion of cases the condition of the patient deteriorates over time. For example, based on results of third-party clinical trials, after one year of treatment with an anti-VEGF drug, approximately 18% to 22% of newly diagnosed wet AMD patients lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, and approximately 62% to 75% of such patients did not achieve an ability to read an additional 15 or more letters on the standardized chart of vision testing post-treatment.

In 2013, the peer reviewed journal *Ophthalmology* published a study reporting on a four-year longitudinal analysis of 555 wet AMD patients treated with an anti-VEGF drug. The study found that after four years, on average, patients lost vision compared to their visual acuity at the start of the study. Thirty-two percent of the patients in the study continued treatment for the entire four-year study period. After four years, mean visual acuity in this group of patients essentially reverted to pre-study levels. In addition, 28% of patients discontinued treatment because of poor visual outcomes. The primary reasons for discontinuation of treatment in this group were sustained low visual acuity and lack of apparent treatment response.

In addition, *Ophthalmology* also published in 2013 the results of an uncontrolled study of patients who had received two years of monthly treatment with Lucentis in clinical trials and then received additional treatment with Lucentis at a physician's discretion for two more years. When assessed at their last evaluation in this study, approximately 46% of such patients had lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing.

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

We believe that the administration of Fovista in combination with anti-VEGF drugs in patients with wet AMD may disrupt abnormal new blood vessels and cause neovascular regression more effectively than anti-VEGF monotherapy, leading to improved visual outcomes. In addition, based on our initial retrospective assessment of retinal images of patients who experienced vision loss following treatment with either 1.5 mg of Fovista in combination with 0.5 mg of Lucentis or Lucentis monotherapy in our completed Phase 2b clinical trial, a retrospective analysis conducted by an independent reading center, results from preclinical tests and our review of recent scientific literature, we also believe that wet AMD patients who receive anti-VEGF monotherapy may remain at increased risk for the development of subretinal fibrosis. We believe that the development of subretinal fibrosis in these patients may, in part, be responsible for the deterioration of vision that many wet AMD patients experience over time, notwithstanding treatment with an anti-VEGF drug.

In a study published in 2013 in *American Journal of Ophthalmology*, 40% of wet AMD patients exhibited subretinal fibrosis and retinal scarring after two years of treatment with Lucentis. According to a retrospective analysis of the Comparisons of AMD Treatment Trials, or CATT, published in 2013 in *Ophthalmology*, 32% of newly diagnosed wet AMD patients developed retinal scarring after one year of treatment with either Lucentis or Avastin, while 45% of newly diagnosed wet AMD patients developed retinal scarring after two years of treatment with either Lucentis or Avastin.

The PDGF pathway is one of the major mediators of fibrosis. In 2006, the peer reviewed *Journal of Cell Physiology* published the results of a study in which Fovista monotherapy exhibited anti-fibrotic effects in an animal model of retinal scarring. We therefore believe that Fovista's ability to inhibit the PDGF pathway may enhance regression of neovascularization and also may inhibit the development of subretinal fibrosis in the eye when administered in combination with an anti-VEGF drug. We believe continued Fovista anti-PDGF therapy may result in improved visual outcomes for patients with wet AMD as compared to anti-VEGF monotherapy.

Age-Related Macular Degeneration

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

AMD is a leading cause of vision loss in people over the age of 50 in the western world. There are two forms of AMD, dry AMD and wet AMD. According to AMD Alliance International, approximately 10 million people in the United States and 30 million people worldwide suffer from some form of AMD. AMD Alliance International estimates that dry AMD accounts for 85% to 90% of all AMD cases, while a study published in *Ophthalmology* in 2012 analyzing age and gender variations in AMD prevalence estimates that approximately 8 million people worldwide are affected by geographic atrophy, a form of dry AMD. A study on the burden of AMD published in 2006 in the peer reviewed journal *Current Opinion in Ophthalmology*, estimated that 1,250,000 people in the United States, suffer from wet AMD. In addition, AMD Alliance International reports that approximately 200,000 new cases of wet AMD arise each year in the United States. Based on U.S. Census Bureau data, we estimate that over the next two decades in the United States the number of people aged 55 or older is expected to increase by approximately 36% and the number of people aged 65 and older is expected to increase by approximately 69%. We expect that this increase in the number of elderly people will result in a significant increase in the number of cases of both dry AMD, including cases of geographic atrophy, and wet AMD in the United States.

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

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

Wet AMD

Wet AMD is preceded by dry AMD. In a subset of patients, dry AMD converts to wet AMD when new and abnormal blood vessels invade the retina. These abnormal new blood vessels originate beneath the retina, in a layer called the choroid, and invade into the overlying retinal layers. This abnormal new blood vessel growth is generally referred to as pathological angiogenesis. In the context of wet AMD, pathological angiogenesis is associated with both the development of neovascular cells and the accumulation of other cell types and altered tissue. The pathological neovascular tissue in wet AMD is called the choroidal neovascular complex or choroidal neovascularization. Choroidal neovascularization and adjacent and contiguous areas of blood and altered tissue are referred to as a lesion.

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

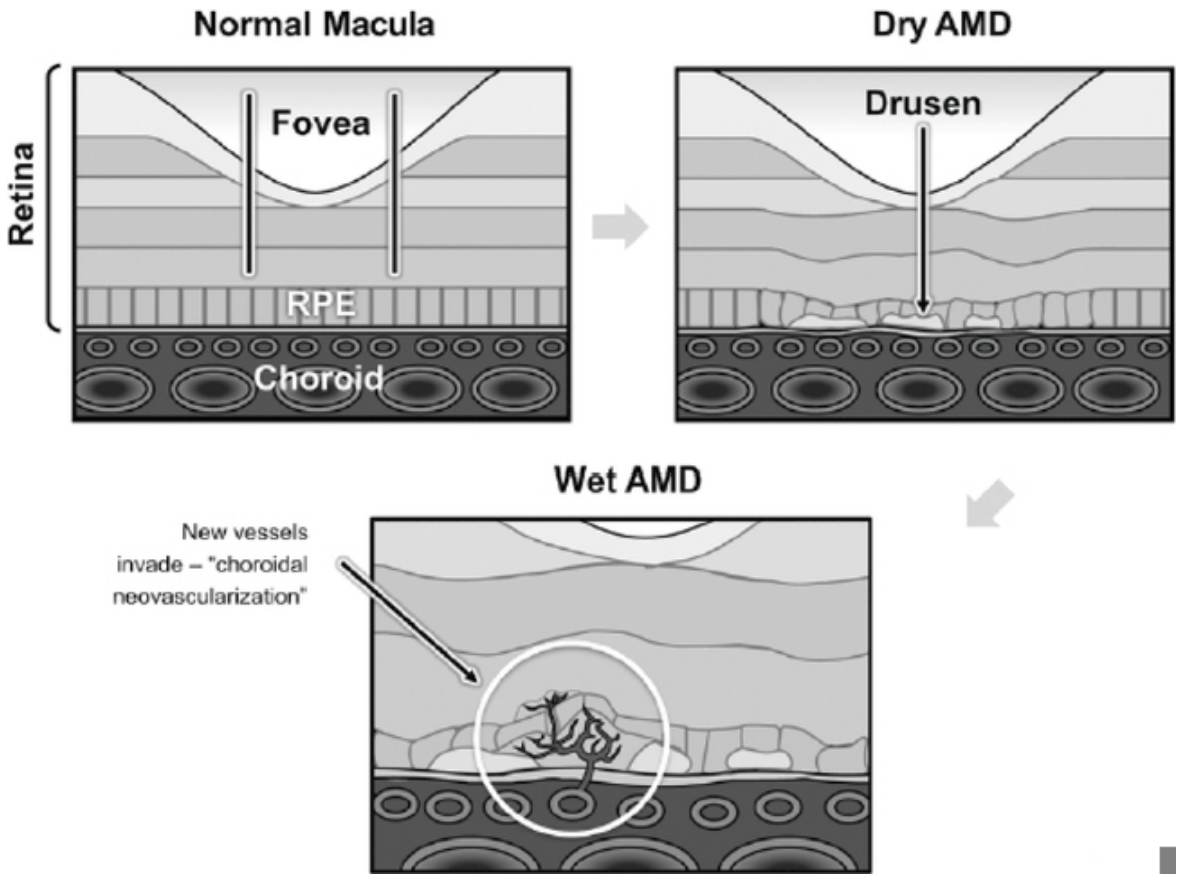
Wet AMD traditionally has been divided into subtypes based on the pattern of the abnormal new blood vessels using the diagnostic imaging technique fluorescein angiography or cross sectional location of the abnormal new blood vessels using the diagnostic imaging technique spectral domain optical coherence tomography, or SD-OCT. These subtypes form a continuous spectrum of pathological neovascularization based on whether the abnormal new blood vessels are well defined and delineated as determined by fluorescein angiography or whether they have invaded the RPE layer of the retina. The RPE layer of the retina lies between the choroid and the neurosensory region of the retina.

Retinal specialists historically have used fluorescein angiography to determine the extent and location of abnormal new blood vessels relative to the RPE. This technique involves injection of a fluorescent dye into the systemic circulation and capturing its image during transit through the retinal circulation using a specialized camera. Fluorescein angiography is very sensitive in detecting the

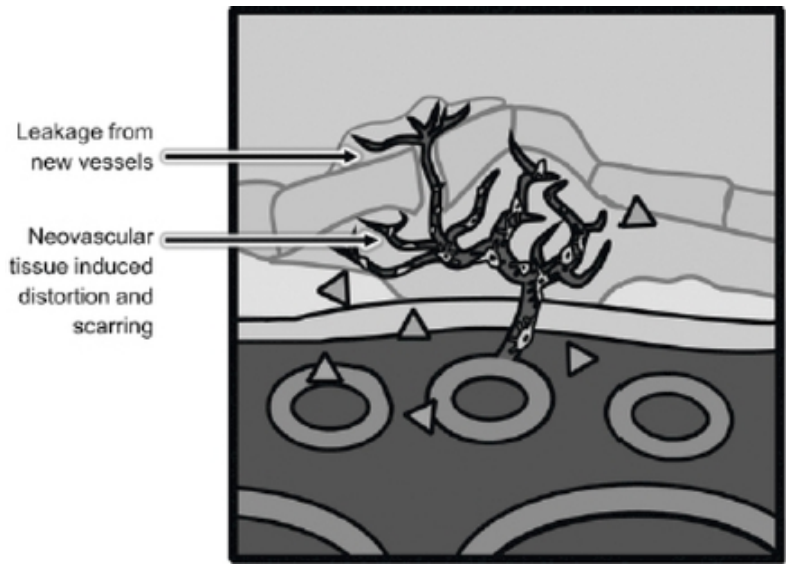
presence or absence of neovascularization. However, fluorescein angiography's accuracy in subtype detection can be inconsistent. In addition, the use of fluorescein angiography is limited in detecting the location and position of the abnormal blood vessels relative to the RPE due to the variability and subjectivity inherent in the reading of the fluorescein angiogram. Currently, there is a shift toward using the latest, high resolution SD-OCT models to image the abnormal new blood vessels and the associated leakage in wet AMD patients. Increasingly, retinal specialists, in determining the subtype classification, use SD-OCT to assess whether the presence of abnormal new vessels is located above or below the RPE. Because of technological enhancements in SD-OCT machines, the resolution of SD-OCT retinal tissue imaging has increased markedly over the last few years. SD-OCT is the current standard for retinal imaging in the United States and the European Union. SD-OCT utilizes specialized light scattering through the biological tissues and obtains high-resolution retinal tissue images using a specialized camera. SD-OCT images show a cross-sectional view of the retina that permits enhanced resolution of the space under the retina and at the RPE level where the neovascularization associated with wet AMD is present. SD-OCT images allow for a more precise analysis of anatomical differences between various angiographic subtypes of CNV lesions in neovascular AMD, especially with respect to the location of the abnormal new vessels relative to the RPE.

The abnormal new blood vessels are made up of "classic" and "occult" components. The term "classic" applies to the portion or component of the patient's abnormal new bloods vessels or neovascularization that is well defined by fluorescein angiography and usually represents their location above the RPE. The term "occult" applies to the portion or component of the patient's abnormal new blood vessels that are poorly defined or usually located below the RPE. The quantification of the amount of the patient's "classic" or "occult" components with respect to the neovascular lesion determines whether the lesion is "pure classic," "predominantly classic," "minimally classic" or "pure occult." The term "pure classic" applies when 100% of the lesion is composed of the classic component. The term "predominantly classic" applies when 50% or greater of the lesion is made up of the classic component. The term "minimally classic" applies when less than 50% of the lesion is made up of the classic component. The term "pure occult" or "occult lesions" applies when none of the lesion consists of the classic component and therefore the entire, or 100%, of the lesion is made up of the occult component. Based on enrollment of untreated wet AMD patients in third-party clinical trials, the pure occult subtype accounts for approximately 40% of the cases of subfoveal wet AMD in the wet AMD patient population. Some component of occult choroidal neovascularization is present in predominantly classic and minimally classic choroidal neovascularization. For example, in minimally classic choroidal neovascularization, as observed through fluorescein angiography, up to 99% of the blood vessels may be composed of the occult component, thus only 1% different from 100% or pure occult.

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

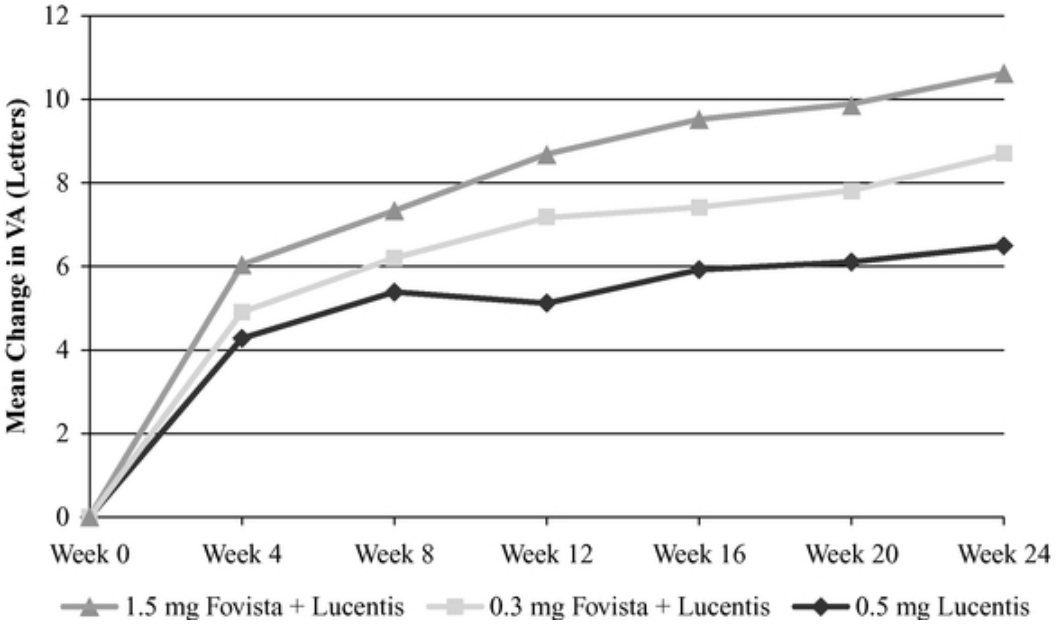


Visual Loss in Wet AMD



Visual Loss in Wet AMD

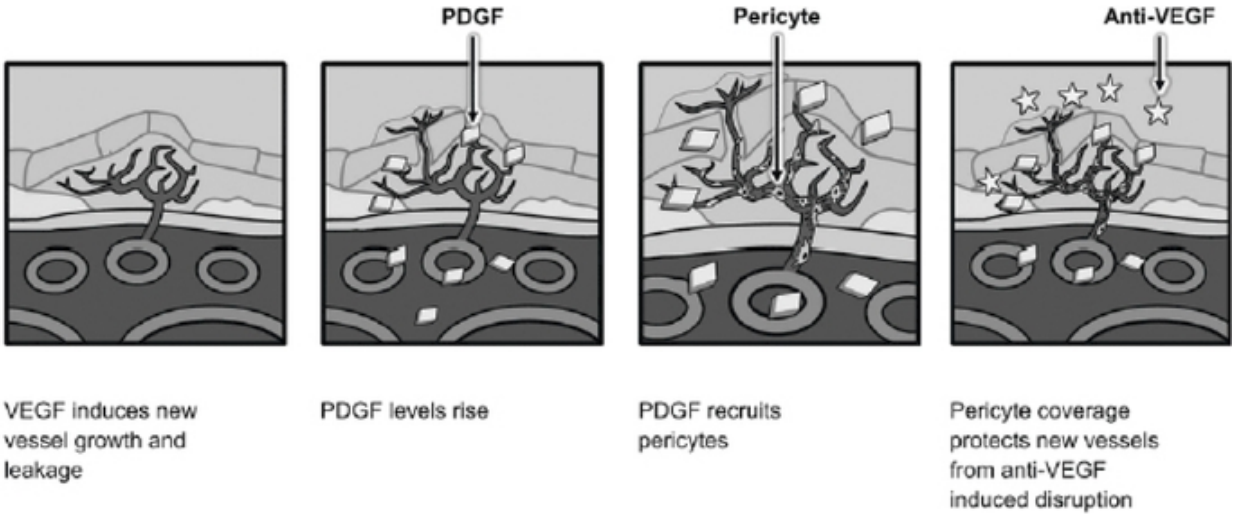
Mean Change in Visual Acuity (VA) from Baseline Over Time



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

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

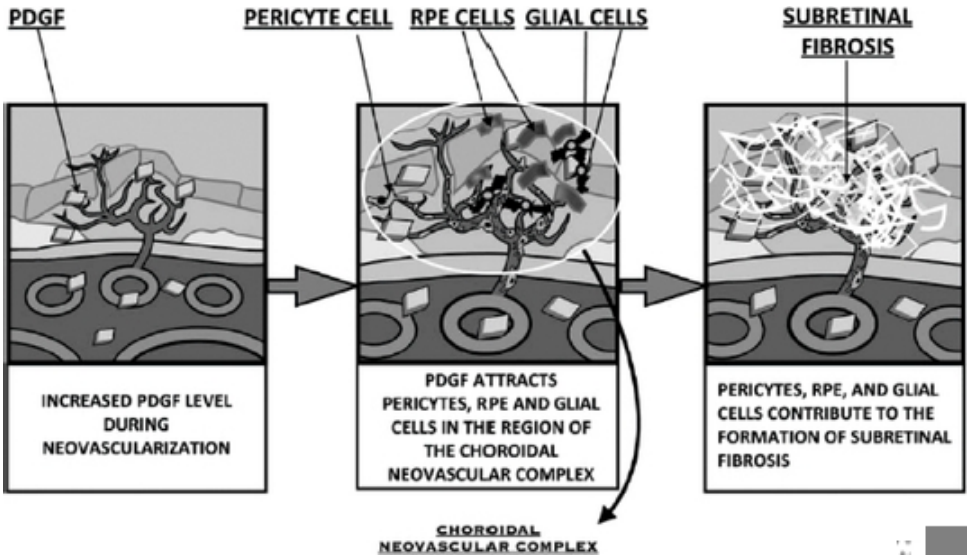
The following diagrams show cross-sections of the back of an eye and the chemical and cellular processes associated with the progression to neovascularization in wet AMD:



The neovascular tissue from patients with wet AMD has been studied extensively through microscopic examination. When examined microscopically, the choroidal neovascular complex appears similar in composition to the tissue encountered in the normal wound healing process. It contains abnormal new blood vessels consisting of endothelial cells and pericytes, and also cells from the surrounding retinal tissue, including RPE cells and glial cells. Glial cells otherwise have a number of important functions, including acting as immune defense cells within the retina.

PDGF attracts pericytes, RPE cells and glial cells, which are all involved in the formation of the choroidal neovascular complex. Third-party preclinical studies suggest that these cells also contribute to the formation of subretinal fibrosis and retinal scarring. PDGF also has been observed as a mediator of fibrosis and wound healing in other organs throughout the body.

The following diagrams show cross-sections of the back of an eye and the chemical and cellular processes associated with the progression from neovascularization to subretinal fibrosis in more advanced cases of wet AMD:



Currently Available Therapies for Wet AMD

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

Lucentis and Eylea are used primarily to treat wet AMD, although they also are approved for the treatment of other diseases of eye. In 2014, annual worldwide sales of Lucentis and Eylea for all retinal diseases indications totaled approximately $7.1 billion. This sales number does not include Avastin, which is commonly used off-label to treat wet AMD in the United States and in the European Union. According to IMS data, in 2013, Avastin was used off-label to treat approximately 50% of Medicare beneficiaries and approximately 66% of new-to-therapy Medicare beneficiaries who received anti-VEGF therapy for wet AMD. In addition, according to information published in November 2012 by BioTrends Research Group, retinal specialists in the largest markets in the European Union use off label Avastin to treat approximately 27% of patients with wet AMD.

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

The availability of anti-VEGF drugs has significantly improved visual outcomes for patients with wet AMD who have been treated with anti-VEGF drugs as compared to untreated patients. A retrospective study published in 2012 in the peer reviewed journal *JAMA Ophthalmology* confirmed that the prevalence of both legal blindness and moderate visual impairment in patients two years after being diagnosed with wet AMD have decreased substantially following the introduction of anti-VEGF therapy. Nonetheless, the condition of many patients with wet AMD treated with anti-VEGF drugs does not improve significantly and deteriorates in a substantial portion of cases. Moreover, on average, improvement in vision through the use of an anti-VEGF drug in the near term is followed by the loss of the initial visual gain over the longer term.

Anti-VEGF drugs prevent VEGF from binding to its natural receptor on endothelial cells in the abnormal new blood vessels, thereby inhibiting further abnormal new blood vessel growth and leakage associated with wet AMD. There is widespread agreement in the scientific community that the majority of the therapeutic benefit of anti-VEGF drugs is due to reducing or eliminating leakage. However, anti-VEGF therapy may be limited in its ability to induce disruption and regression of neovascularization. We believe that the presence of pericytes and their local production of VEGF and other factors protect endothelial cells from the effects of anti-VEGF drugs. Furthermore, a significant percentage of patients treated with an anti-VEGF drug eventually exhibit subretinal fibrosis and retinal scarring. Third-party clinical trial results suggest that altering the dose or regimen of anti-VEGF drugs administered for the treatment of wet AMD does not enhance visual outcome. Moreover, third-party clinical trials also suggest that visual outcomes for wet AMD patients receiving treatment with an anti-VEGF drug worsen over time and are often associated with the development of subretinal fibrosis and the growth of neovascular lesions over time.

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

- approximately 18% to 22% of newly diagnosed wet AMD patients lost additional vision, defined as the loss of the ability to read one or more letters on a standardized chart of vision testing, in many cases further diminishing the patients' quality of life;

- approximately 62% to 75% of newly diagnosed patients did not achieve an ability to read an additional 15 or more letters on the standardized chart of vision testing and have not experienced a marked improvement in their ability to enjoy the daily activities made difficult by wet AMD; and

- a majority of patients have not achieved final visual acuity of 20/40 or better, which is necessary to obtain a driver's license in many states.

In 2013, *Ophthalmology* published a study reporting on a four-year longitudinal analysis of 555 wet AMD patients treated with Lucentis. All of the patients included in the study were treated at a single center with the same drug and retreatment criteria. The study found that after four years, on average, patients lost vision compared to their visual acuity at the start of the study. Thirty-two percent of patients continued treatment for the entire four-year study period. After four years, mean visual acuity in this group of patients essentially reverted to pre-study levels. In addition, 28% of patients discontinued treatment. The primary reasons for discontinuation of treatment were sustained low visual acuity and lack of apparent treatment response.

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

We believe that PDGF is one of the major mediators of the formation and stabilization of the choroidal neovascular complex and the associated development of subretinal fibrosis and retinal scarring. These two processes were associated with poor visual outcome in wet AMD patients in the CATT study, a National Eye Institute sponsored multicenter clinical trial. We believe the formation of subretinal fibrosis and retinal scarring leads to retinal dysfunction in the affected region which, on average, leads to poor visual outcomes in a significant portion of wet AMD patients. Two recent studies have focused on the development of subretinal fibrosis in wet AMD patients receiving treatment with an anti-VEGF drug and have implicated subretinal fibrosis as a major factor in the long-term prognosis for visual outcomes for wet AMD patients:

- An article appearing in *Ophthalmology* in 2013 focused on the development of retinal scarring in wet AMD patients receiving treatment with Lucentis or Avastin monotherapy. Findings were based on a retrospective analysis of the CATT study. Approximately 1,200 newly diagnosed wet AMD patients were enrolled and treated with either Lucentis or Avastin over a period of two years. Patients with retinal scarring upon study entry or for whom one-year and two-year ocular

photographs were not available were excluded from the analysis. Of the remaining 1,059 patients, 339, or 32%, developed retinal scarring after one year of treatment with either Lucentis or Avastin, while 480, or 45%, developed retinal scarring after two years of treatment with either Lucentis or Avastin. Patients with larger lesion sizes or visual acuity of less than 20/40 upon study entry were more likely to develop retinal scarring.

- In a separate paper from 2013 published in the *American Journal of Ophthalmology*, researchers in Denmark corroborated the published retrospective analysis of the CATT study described above. In the study of 197 newly diagnosed wet AMD patients treated in a single facility, 40% of eyes developed subretinal fibrosis following two years of treatment with Lucentis. Analysis of the results from this study revealed that patients that exhibited subretinal fibrosis began to develop subretinal fibrosis from and after the 3-month timepoint in the study. Moreover, the development of more severe subretinal fibrosis was associated with more severe vision loss.

Fovista

We are developing our product candidate Fovista to be administered in combination with anti-VEGF drugs for the treatment of wet AMD. Fovista is designed to target PDGF. We believe that Fovista's mechanism of action, when administered in combination with an anti-VEGF drug, may result in two relevant biological responses: neovascular regression and inhibition of subretinal fibrosis. We further believe that the administration of Fovista in combination with anti-VEGF drugs in patients with wet AMD may cause regression of neovascularization and inhibit subretinal fibrosis more effectively than anti-VEGF monotherapy. We believe that Fovista may provide meaningful added benefit in the treatment of wet AMD regardless of which anti-VEGF drug is administered in combination with Fovista. Fovista binds to and inhibits PDGF, causing the stripping of pericytes, which are cells that cover the outside of newly formed blood vessels. After the pericytes are stripped from the new blood vessels, endothelial cells lining the inside of the newly formed blood vessels are left unprotected and are highly vulnerable to the effects of anti-VEGF therapy. Fovista also inhibits migration of other retinal cells attracted by PDGF, such as RPE cells and glial cells, which play a role in the formation of subretinal fibrosis. Our belief that Fovista may inhibit subretinal fibrosis is based on our initial retrospective assessment of retinal images of patients who experienced vision loss following treatment with either 1.5 mg of Fovista in combination with 0.5 mg of Lucentis or Lucentis monotherapy in our completed Phase 2b clinical trial, a retrospective analysis conducted by an independent reading center, results from pre-clinical tests and the scientific literature. In October 2014, an independent subgroup analysis assessing the development and progression of subretinal fibrosis in our Phase 2b clinical trial was presented at the Annual Meeting of the American Academy of Ophthalmology. This retrospective analysis showed that the mean change in severity of subretinal fibrosis from baseline to conclusion of the study at 24 weeks was 0.97 vs. 2.0 (P = 0.003), favoring the Fovista (1.5mg) combination therapy group. At 24 weeks, approximately twice the number of patients on standard of care anti-VEGF monotherapy (54%) were noted to have progression of subretinal fibrosis compared to the Fovista (1.5mg) combination therapy group (27%). In eyes without any subretinal fibrosis at baseline, subretinal fibrosis developed in 10% of patients who received Fovista (1.5mg) combination therapy, compared to 51% of patients who received monotherapy Lucentis.

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

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

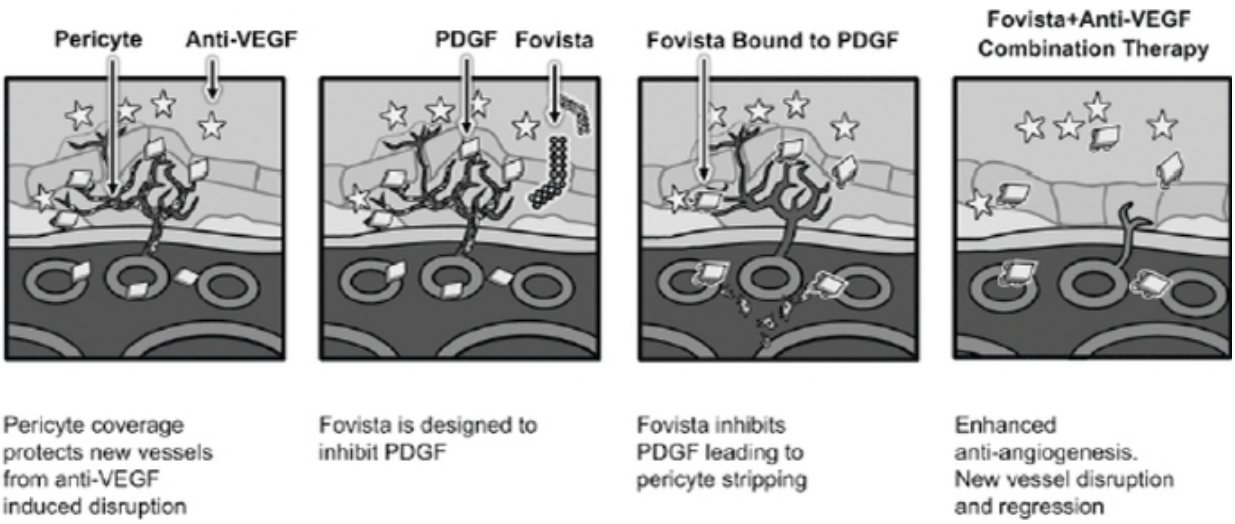
The anti-VEGF drugs Lucentis, Avastin and Eylea exert their biologic effect by binding to VEGF-A, which blocks its interaction with the endothelial cell surface receptor VEGFR-2. This results in inhibition of endothelial cell proliferation, survival and vascular permeability. Fovista exerts its biologic effect by binding to PDGF-BB, which blocks its interaction to the pericyte cell surface receptor PDGF-ß. This results in stripping or death of the pericytes by interrupting the cell survival signals. PDGF-BB has been shown in multiple independent studies to be critical for pericyte survival and proliferation. Similarly, VEGF-A is critical for endothelial cell survival and proliferation. In addition, the eventual development of subretinal fibrosis and retinal scarring in wet AMD patients may limit the impact of anti-VEGF drugs in the longer term.

We have measured Fovista's inhibition of both PDGF-BB and PDGF-AB binding to both their receptors, PDGFR-a and PDGF-ß, by widely accepted scientific methods. In *in vitro* assays, Fovista strongly inhibits both PDGF-BB and PDGF-AB from binding to their receptors with potency equal to an antibody that directly blocks the PDGFR- a and PDGF-ß receptors. In preclinical models, we observed the marked stripping of pericytes from abnormally proliferating blood vessels in animals treated with Fovista. The combination of Fovista and anti-VEGF treatment in animal models of neovascularization disrupted and regressed abnormal new blood vessels to a greater degree than treatment with anti-VEGF monotherapy.

Two reported studies support our hypothesis regarding the benefit Fovista may provide in the inhibition of subretinal fibrosis. A 2005 article published in *Archives of Ophthalmology*, entitled "Histopathologic and Ultrastructural Features of Surgically Excised Subfoveal Choroidal Neovascular Lesions," described the presence of RPE cells and glial cells in surgically excised retinal neovascular membranes from AMD patients. The composition and appearance of these subretinal neovascular membranes was similar to the early formation of a scar. Furthermore, in 2006, the peer reviewed *Journal of Cell Physiology* published an article entitled "Intraocular Injection of an Aptamer that binds PDGF-B: A Potential Treatment for Proliferative Retinographies" showing the results of a study in which Fovista monotherapy exhibited anti-fibrotic effects in an animal model of retinal scarring. Moreover, more recent scientific publications have reported on the rate of subretinal fibrosis in wet AMD patients receiving treatment with an anti-VEGF drug. Based on these preclinical and clinical results, as well as our understanding of the mechanisms of action of anti-VEGF drugs and Fovista, we believe that Fovista has the potential to provide meaningful added benefit in the treatment of wet AMD compared to anti-VEGF monotherapy. When administered in combination with anti-VEGF drugs, we believe Fovista may result in both the inhibition and regression of neovascularization, as well as inhibition of subretinal fibrosis. We believe Fovista's mechanism of action is not dependent on the specific anti-VEGF drug regimen with which Fovista is administered.

The following diagram shows what we believe are the anti-neovascularization elements of Fovista's mechanism of action:

Regression of Neovascularization



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

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

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

In our Phase 3 clinical trials, Fovista is administered by intravitreal injection after a separate intravitreal injection of an anti-VEGF drug. Before a physician administers the intravitreal injections of the anti-VEGF drug and Fovista, the patient receives topical numbing drops or injection of a numbing agent. In addition, physicians typically rinse the ocular surface with an antiseptic solution. By injecting the medication into the vitreous, the physician delivers Fovista in close vicinity to the active disease site with minimal potential for exposure to non-ocular tissues. Many other therapies used to treat serious retinal disorders, including Lucentis, Avastin and Eylea, also are administered by intravitreal injection.

Clinical Development of Fovista Combination Therapy for Wet AMD

We have completed one Phase 1 clinical trial and one Phase 2b clinical trial of Fovista administered in combination with Lucentis for the treatment of wet AMD. We have initiated a pivotal Phase 3 clinical program to evaluate the safety and efficacy of Fovista combination therapy for the treatment of newly diagnosed wet AMD patients compared to current standard of care anti-VEGF monotherapy. We expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program are favorable, we plan to submit applications for marketing approval for Fovista in the United States and, together with our ex-U.S. commercialization partner, Novartis, in the European Union.

Our Phase 3 clinical program consists of three separate Phase 3 clinical trials, two of which are evaluating Fovista in combination with Lucentis and the other of which is evaluating Fovista in combination with each of Avastin or Eylea. All three of these Phase 3 clinical trials incorporate significant aspects from the design of our completed Phase 2b clinical trial. We plan to enroll a total of 1,866 patients in more than 225 centers internationally across the three trials.

In July 2013, we submitted protocols for the three trials in our Phase 3 clinical program to the FDA. In August 2013, we initiated enrollment in the United States in the two trials evaluating Fovista administered in combination with Lucentis. We initiated enrollment in the third trial in this Phase 3 clinical program in the United States in the second quarter of 2014. Outside the United States, we have made regulatory submissions in selected countries to initiate the three Phase 3 clinical trials of Fovista administered in combination with Lucentis and have received all but one of the necessary country approvals to proceed with the two trials evaluating Fovista administered in combination with Lucentis in those countries and substantially all of the necessary country approvals for the third trial of Fovista administered in combination with Avastin or Eylea.

Completed Phase 1 Clinical Trial of Fovista Combination Therapy for Wet AMD

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

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

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

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

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

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

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

Completed Phase 2b Clinical Trial of Fovista Combination Therapy for Wet AMD

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

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

Secondary efficacy endpoints for this trial included the following:

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

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

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

To reduce potential bias, the protocol for our Phase 2b clinical trial provided for a double-masked design so that neither the patient nor the investigational staff involved with assessing the vision of the patient knew to which group each patient belonged. The sham injection included all steps involved in

the intravitreal treatment injections with the exception that patients in the control group had an empty syringe pressed against their eye walls without a needle. This procedure mimicked an intravitreal injection and helped to maintain proper masking.

We made no meaningful changes to the inclusion and exclusion criteria in our Phase 2b clinical trial from those we used in our Phase 1 clinical trial. As in our Phase 1 clinical trial, we did not enroll patients with pure occult choroidal neovascularization because it would be difficult to adequately observe and measure the changes in the choroidal neovascular morphology using the imaging techniques that were generally available at most enrolling sites at the time we initiated our Phase 2b clinical trial. We believed that data regarding neovascular regression would be useful in assessing the effects of Fovista administered in combination with Lucentis and in supporting the anti-neovascularization element of our proposed mechanism of action for Fovista.

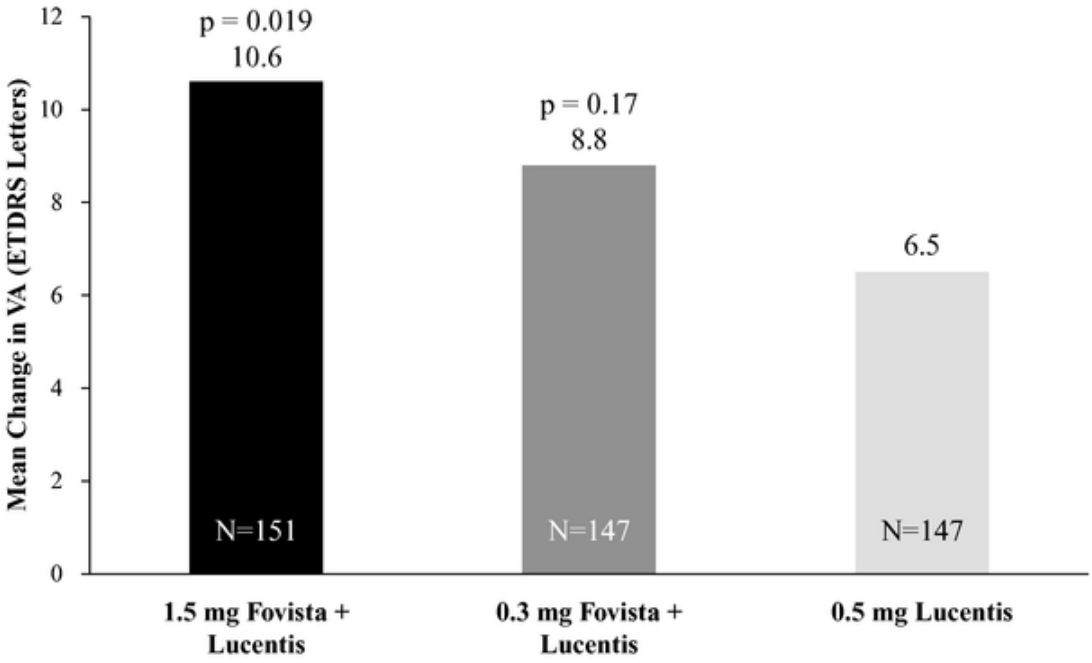
Measures of Mean Visual Acuity—Primary Efficacy Endpoint

Mean Change in Visual Acuity from Baseline at 24 Weeks. In this trial, the combination of 1.5 mg of Fovista and Lucentis demonstrated statistically significant superiority compared to Lucentis monotherapy based on the pre-specified primary endpoint of mean change in visual acuity from baseline at the 24 week timepoint. We determined statistical significance based on a widely used, conventional statistical method that establishes the p-value of clinical results. Typically, a p-value of 0.05 or less represents statistical significance. However, when multiple doses of a drug are tested against a single control group, a more stringent statistical method that accounts for multiple comparisons must be applied. For this purpose, we used the Hochberg multiple comparison procedure. Under the Hochberg procedure, in order to demonstrate statistical significance for any particular dose, it is necessary to establish a p-value that meets a stricter standard than the conventional standard of 0.05 or less unless each dose is statistically significant with a p-value of 0.05 or less. In the case of our Phase 2b clinical trial, in which we evaluated two doses of Fovista administered in combination with Lucentis, the Hochberg procedure required a more stringent p-value of 0.025 or less to establish statistical significance for the comparison of the combination of 1.5 mg of Fovista and Lucentis to Lucentis monotherapy.

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

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

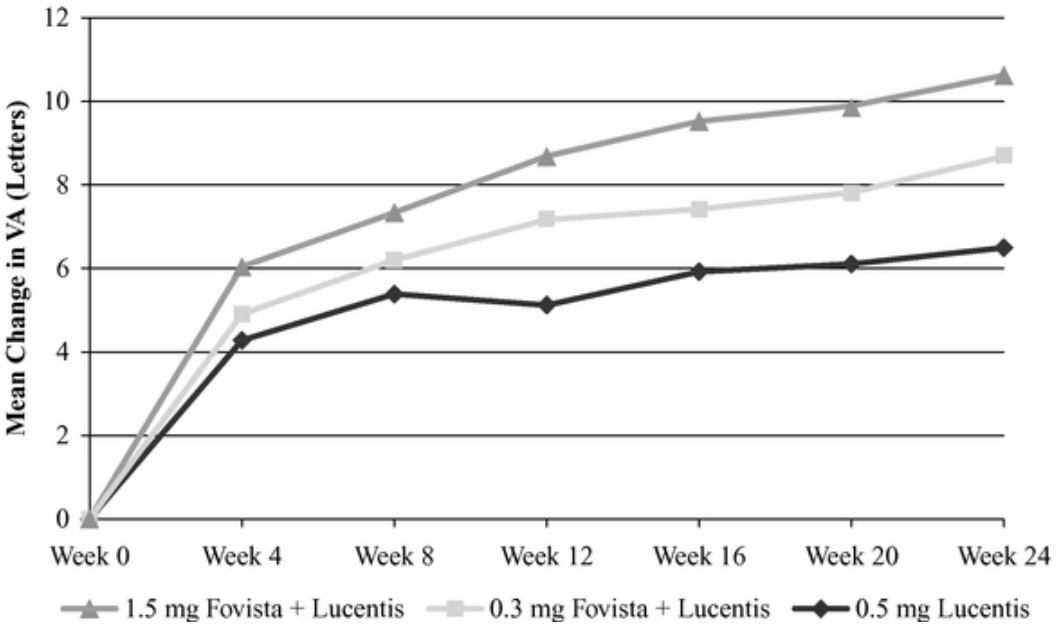
Mean Change in Visual Acuity (VA) from Baseline at 24 Weeks



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

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

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



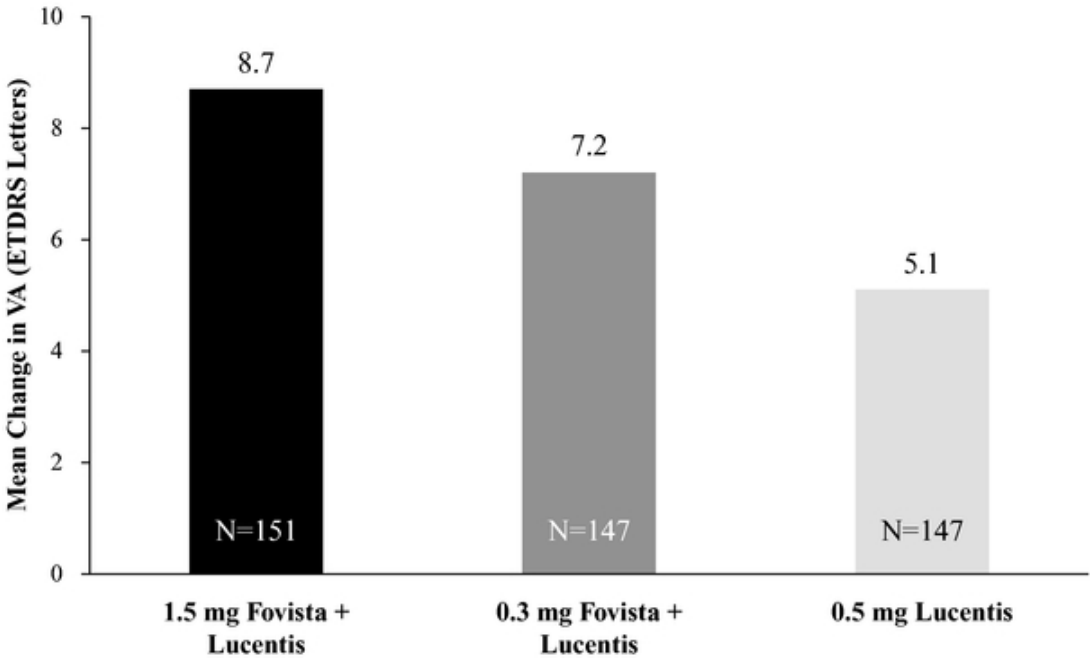
We believe that the divergence of the efficacy curves suggests an increasing relative benefit in visual outcome for the combination of 1.5 mg of Fovista and Lucentis over time compared to Lucentis monotherapy. If we observe a similar pattern of visual benefit in our Phase 3 clinical program, we believe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

Measures of Mean Visual Acuity—Secondary Endpoints

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

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

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



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

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

Proportion of Patients Gaining 15 or More ETDRS Letters

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

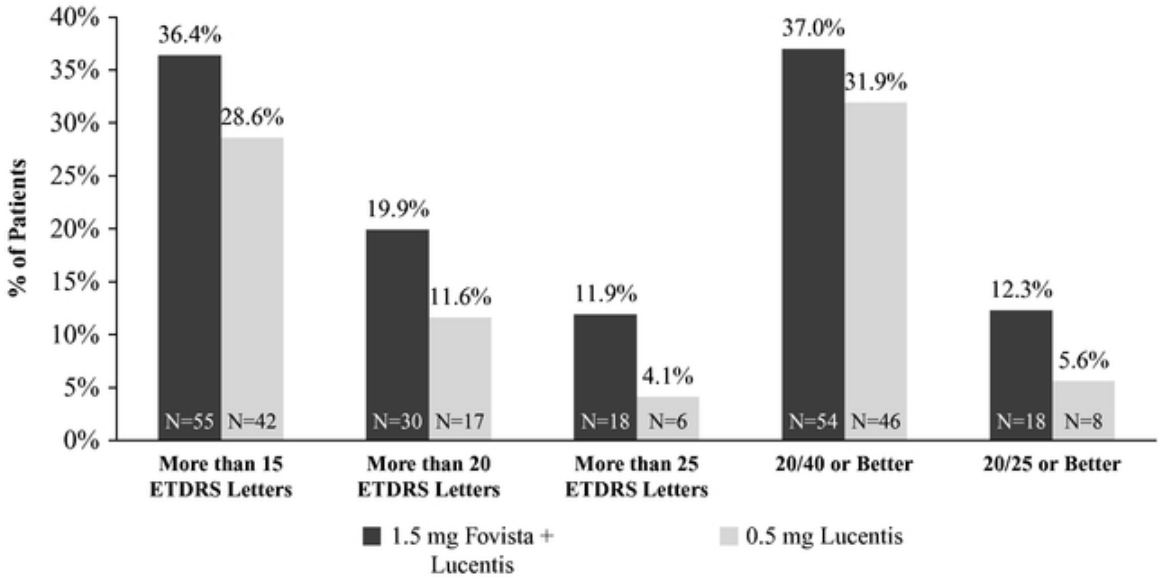
Measures of Mean Visual Acuity—Clinically Relevant Retrospective Analyses

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

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

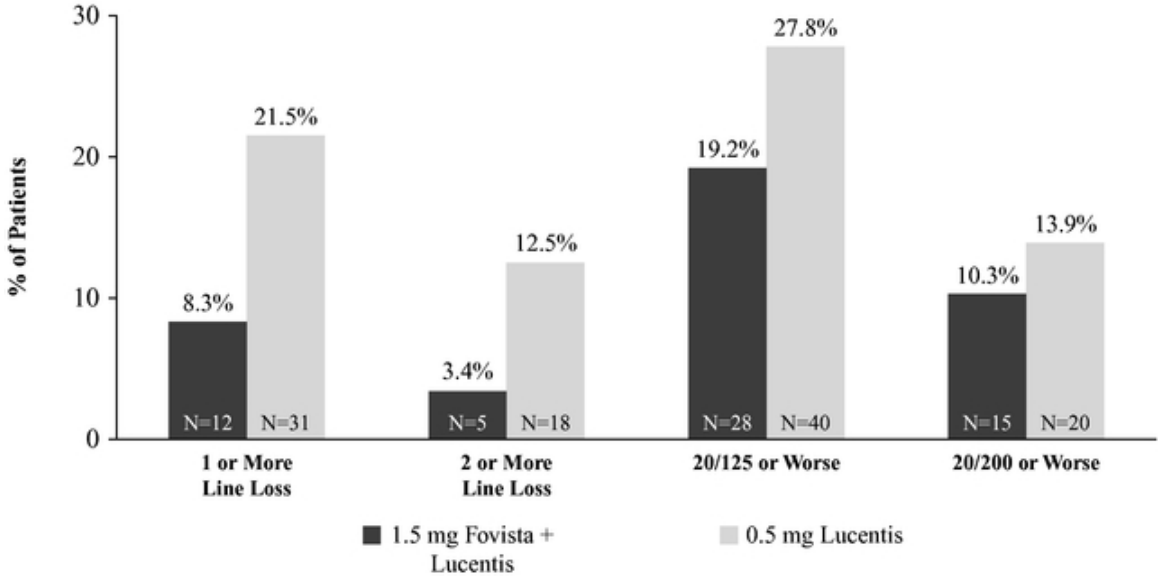
at 24 weeks the percentage of patients in such treatment group who gained the specified number of lines in visual acuity and the percentage of patients whose final visual acuity improved to the specified level.

Visual Gain at 24 Weeks



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

Visual Loss at 24 Weeks



Measures of Anatomical Changes—Secondary Endpoint

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

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

Measures of Anatomical Changes—Retrospective Analyses

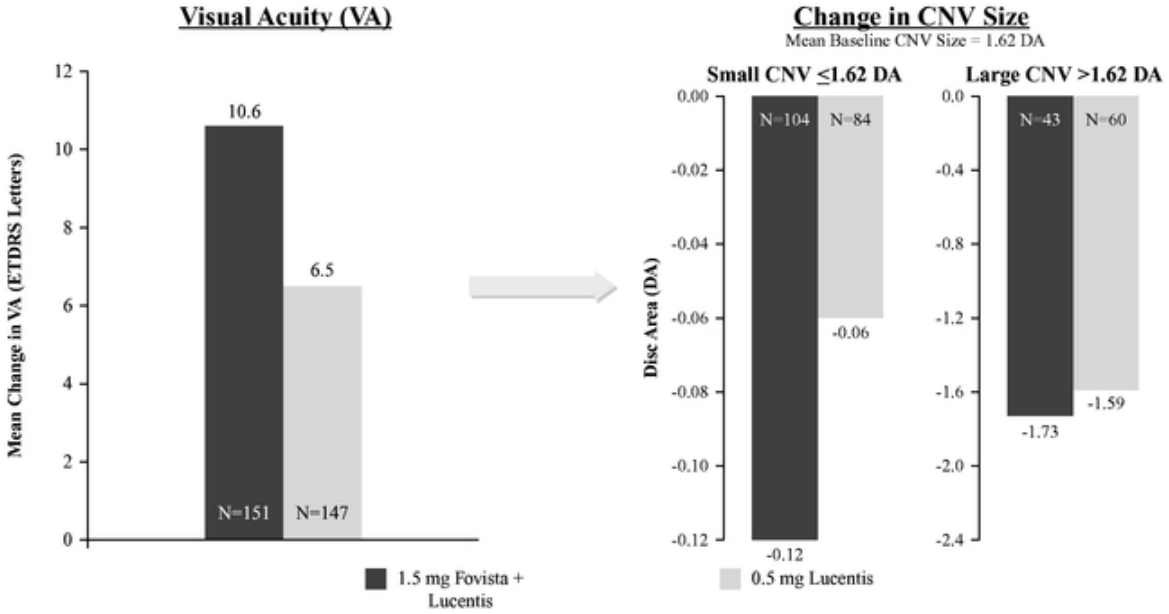
We performed retrospective analyses of anatomical changes, based on choroidal neovascularization and subretinal hyper-reflective material, or SHRM, that were not pre-specified primary or secondary endpoints in the trial design. Although a retrospective analysis performed after unblinding trial results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

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

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

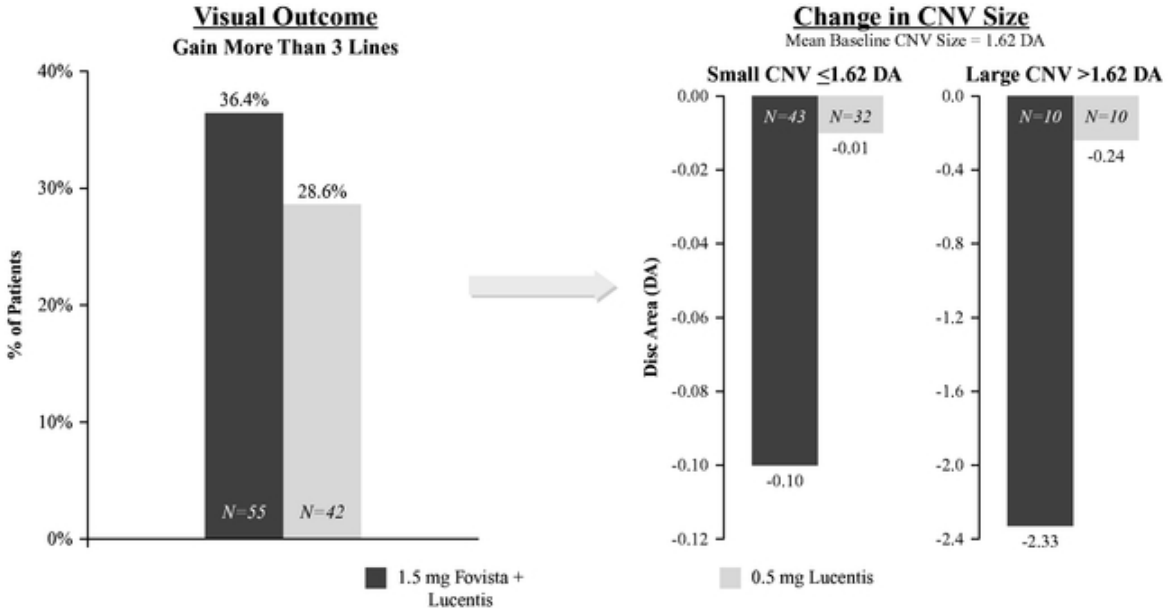
Patients in both the large CNV size patient subgroup and small CNV size patient subgroup showed greater reductions in the size of choroidal neovascularization from baseline when treated with the combination of 1.5 mg of Fovista and Lucentis as compared to patients in the applicable subgroup receiving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

Mean Change in Area of CNV at 24 Weeks



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

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

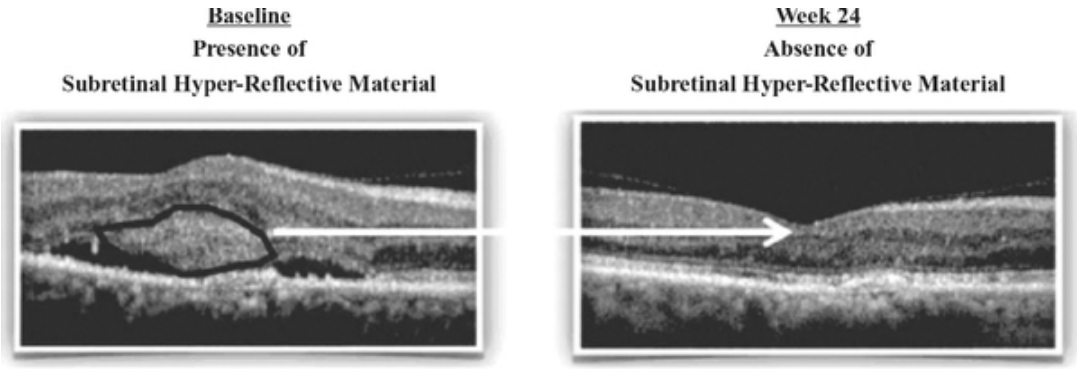


Retrospective Analysis of Subretinal Hyper-Reflective Material. We performed a retrospective review of SD-OCT images of patients who participated in the trial without regard to baseline size of choroidal neovascularization. SD-OCT is the imaging technique most widely used today in clinical practice for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

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

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

Subretinal Hyper-Reflective Material



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

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

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

Retrospective Analysis of Subretinal Fibrosis

Development of subretinal fibrosis is typically associated with poor visual outcomes in wet AMD patients. We have undertaken a retrospective analysis of retinal images from patients who experienced vision loss following treatment with either 1.5 mg of Fovista in combination with 0.5 mg of Lucentis or Lucentis monotherapy in our Phase 2b clinical trial to investigate the development of subretinal fibrosis in these patients. Our initial retrospective assessment of retinal images of these patients indicates a reduction, on average, in the development and severity of subretinal fibrosis at the 24 week timepoint in patients treated with the combination of 1.5 mg of Fovista and Lucentis compared to patients receiving Lucentis monotherapy. We have engaged independent third-party retinal experts to review these images to assess the development of subretinal fibrosis in this group of patients. In October 2014, an independent subgroup analysis assessing the development and progression of subretinal fibrosis in our Phase 2b clinical trial was presented at the American Academy of Ophthalmology annual meeting. This retrospective analysis showed that the mean change in severity of subretinal fibrosis from baseline to conclusion of the study at 24 weeks was 0.97 vs. 2.0 (P = 0.003), favoring the Fovista (1.5mg) combination therapy group. At 24 weeks, approximately twice the number of patients on standard of care anti-VEGF monotherapy (54%) were noted to have progression of subretinal fibrosis compared to the Fovista (1.5mg) combination therapy group (27%). In eyes without any subretinal fibrosis at baseline, subretinal fibrosis developed in 10% of patients who received Fovista (1.5mg) combination therapy, compared to 51% of the patients who received monotherapy Lucentis. We believe such findings may provide support for the anti-fibrotic element of our proposed mechanism of action for Fovista. In August 2014, we commenced a Phase 2a open-label clinical trial designed to further investigate the potential effect of the administration of Fovista in combination with anti-VEGF therapy in reducing the formation of subretinal fibrosis in wet AMD patients.

Safety

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

organ class, a standard method of reporting adverse events, and by antiplatelet trialists' collaboration events, a standard method of reporting cardiovascular adverse events, are set forth in the table below.

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

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

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

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

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

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

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

Most of the common ocular adverse events in this trial were related to the intravitreal preparation and injection procedure and were not drug related. These intravitreal adverse events, as reflected in the table above, included conjunctival hemorrhage, punctate keratitis, eye pain and conjunctival hyperemia. Most adverse events of increased intraocular pressure occurred after injection, were transient, were

related to the injection and were treated and resolved the same day. Mean intraocular pressure in each treatment group returned to pre-injection level at the next assessment, including at the end of the trial.

Ongoing Phase 3 Clinical Program for Fovista Combination Therapy for Wet AMD

We have initiated a pivotal Phase 3 clinical program consisting of three separate Phase 3 clinical trials to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs for the treatment of newly diagnosed wet AMD patients compared to anti-VEGF monotherapy. We plan to enroll a total of 1,866 patients at more than 225 centers internationally.

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

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

Two of our three Phase 3 clinical trials are evaluating the safety and efficacy of 1.5 mg of Fovista administered in combination with Lucentis compared to Lucentis monotherapy. The third Phase 3 clinical trial is evaluating the safety and efficacy of 1.5 mg of Fovista administered in combination with each of Avastin or Eylea compared to Avastin or Eylea monotherapy. All of these Phase 3 clinical trials incorporate significant aspects from the design of our completed Phase 2b clinical trial.

The protocols for our Phase 3 clinical trials and other supporting information are subject to review by the FDA and regulatory authorities outside the United States. The FDA is not obligated to comment on our protocols within any specified time period or at all or to affirmatively clear or approve our Phase 3 clinical program. We submitted the protocols for our Phase 3 clinical trials to the FDA in July 2013 and initiated the three trials in our Phase 3 clinical program in the United States without waiting for any such comments. To date, we have not received any such comments from the FDA. The FDA or other regulatory authorities may request additional information, require us to conduct additional non-clinical trials or require us to modify our proposed Phase 3 clinical program, including its endpoints, patient enrollment criteria or selection of anti-VEGF drugs, to receive clearance to initiate such program or to continue such program once initiated.

Outside the United States, we have made regulatory submissions in selected countries to initiate the three Phase 3 clinical trials. We have obtained all but one of the necessary country approvals to proceed with the two trials of Fovista administered in combination with Lucentis in those countries and have received substantially all of the necessary country approvals for the trial of Fovista administered in combination with Eylea or Avastin. In the European Union, as further described below, in addition to filing in selected countries with national competent authorities responsible for approving clinical trial applications, we have had interactions regarding our planned application for marketing approval with the EMA's CHMP, which is the committee responsible for preparing opinions on questions concerning medicines for human use. The national competent authorities in those countries from which we have not yet received approval may follow the advice described below of the CHMP that we consider toxicity studies with Fovista administered in combination with Avastin or Eylea prior to initiating our corresponding Phase 3 clinical trial in those countries.

In the fourth quarter of 2013, the CHMP provided scientific advice on our proposed Phase 3 clinical program for Fovista and our plan to seek regulatory approval for Fovista. As part of that scientific advice, the CHMP advised us that the planned primary endpoint for each of the Phase 3 clinical trials for Fovista, mean change from baseline in best corrected visual acuity, was acceptable. In addition, the CHMP confirmed that carcinogenicity studies are not needed for our Phase 3 clinical program. The CHMP also advised us that we should justify our proposal to initiate, at the Phase 3 clinical trial stage, certain previously untested combinations of Fovista with Avastin or Eylea, and, as described above, that we should consider conducting toxicity studies with Fovista administered in combination with Avastin or Eylea prior to initiating our corresponding Phase 3 clinical trial. In addition, the CHMP informed us that, given that Avastin is not approved for intravitreal use in the European Union, the final label for Fovista, if it receives marketing approval, may be required to specify only the anti-VEGF drugs approved for intravitreal use that were studied in combination with Fovista, rather than a label specifying Fovista for use in combination with any anti-VEGF drug.

In the first quarter of 2014, we received a written response from the CHMP on these issues. The CHMP is in agreement with our plan to use the less frequent dosing schedule approved for Eylea in the European Union as the dosing schedule in our Phase 3 clinical trial evaluating Fovista administered in combination with Eylea. The CHMP has also agreed with our plan for monthly dosing for the first 12 months of each of our Phase 3 clinical trials evaluating Fovista administered in combination with Lucentis and, to slightly modify the dosing regimen in the second 12 months for one of these two trials so that it is consistent with the less frequent dosing schedule approved for Lucentis in the European Union. The dosing schedule for the second 12 months in the other study evaluating Fovista administered with Lucentis remains unchanged.

Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from this Phase 3 clinical program available in 2016. If the results of this Phase 3 clinical program evaluating Fovista are favorable, we plan to submit applications for marketing approval seeking a broad label with regards to patient and/or lesion characteristics for Fovista in combination with anti-VEGF drugs in the United States and, together with our ex-U.S. commercialization partner, Novartis, in the European Union. In September 2013, the FDA notified us that we have obtained fast track designation for Fovista for the treatment of wet AMD.

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

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

For each patient enrolled in the Phase 3 clinical trials, we are measuring the patient's best-corrected visual acuity prior to treatment to establish a baseline against which subsequent visual acuity changes after treatment can be compared. The protocols for each of these trials provide that patients be assessed monthly. The administration of treatment varies among the three trials. In the two trials investigating the administration of Fovista in combination with Lucentis, patients are treated monthly for the first 12 months. In one of the two Lucentis trials, during the second 12 months, patients will be treated every other month and can be retreated during the intervening months in accordance with specific retreatment criteria set forth in the protocol for the trial based on visual acuity and imaging. In the second Lucentis trial, during the second 12 months treatment will be administered based upon the stability of the patient's visual acuity, ophthalmic examination and imaging consistent with EU labeling of Lucentis. These two Lucentis trials build upon and incorporate significant aspects from the design of our Phase 2b clinical trial of Fovista administered in combination with Lucentis while evaluating the administration of Fovista combination therapy over a longer overall treatment period in a greater number of patients. In these first two trials, we are randomly assigning patients to one of two treatment groups with approximately 311 patients in each group. Treatment for the two groups in each of these two trials is as follows:

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

The third of these three Phase 3 clinical trials, which is evaluating Fovista in combination with Avastin or Eylea, has a similar trial design. In this third trial, we are randomly assigning patients to one of two treatment groups with approximately 311 patients in each group. The patients randomized to receive Avastin are treated monthly for 24 months and the patients randomized to receive Eylea are treated every month for the first three months followed by every other month thereafter. Treatment for the two groups in this trial is as follows:

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

We have made no meaningful changes to the inclusion and exclusion criteria in these Phase 3 clinical trials from those we used in our Phase 2b clinical trial. However, we have modified the methodology used to determine a patient's eligibility under certain of the inclusion and exclusion criteria for our Phase 3 clinical trials as compared to our Phase 2b clinical trial. We are enrolling patients in our Phase 3 clinical program based on a specific definition of the presence of neovascularization based on diagnostic imaging of the retina. The most commonly employed and standard modality for neovascular AMD imaging in a typical retinal specialty based practice is SD-OCT. Other diagnostic modalities usually employed by many retinal physicians include fluorescein angiogram and fundus photos. To ensure that uniform criteria are applied in characterizing patients' neovascular lesions, we have engaged a centralized reading center to review the SD-OCT, fluorescein angiogram and fundus photos of each patient's affected eye. The reading center uses these imaging modalities to assess the eligibility of the abnormal new blood vessels at the time of enrollment.

SD-OCT utilizes specialized light scattering through the biological tissues and obtains high resolution retinal tissue images using a specialized camera. Considerable technological advances in the latest generation of SD-OCT machines have resulted in marked improvement in retinal image resolution. Currently there is a shift toward using the latest, high-resolution SD-OCT models in most retinal focused practices. The use of fluorescein angiography for imaging has been replaced by SD-OCT in the United States and the European Union as the most common standard for retinal imaging in wet AMD management.

SD-OCT images show a cross sectional view of the retina permitting enhanced resolution of the space under the retina where the neovascularization is typically present, along with assessment of the relative location of the neovascularization with respect to the RPE layer. This location of the neovascular lesion relative to the RPE, that is, above or below the RPE, is more precise with the SD-OCT. Assessment of such characteristics of the neovascular lesion by fluorescein angiography has inherent variability between certified readers at the reading centers and is often reflected as inconsistency in subtype determinations. Fluorescein angiography continues to be utilized because of its high sensitivity for the detection of the presence of an active neovascular lesion. We believe that use of a centralized reading center and the latest imaging technologies enables us to confirm patient eligibility and properly classify neovascular characteristics and the associated leakage in an accurate and standardized manner prior to enrolling them in the trial.

Furthermore, as was the case in both our Phase 1 clinical trial and our Phase 2b clinical trial, there is a 30-minute delay in the injection of Fovista after the anti-VEGF drug.

Potential Additional Studies of Fovista for Wet AMD Patients as Part of Our Phase 3 Clinical Program

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

Lesion Characteristics. Treating physicians typically do not use subtype categorization as a diagnostic tool for choosing among pharmacological agents for treating wet AMD. The process for determining whether or not a wet AMD patient has pure occult choroidal neovascularization has evolved considerably in the United States and European Union over the last five years, with SD-OCT replacing fluorescein angiography as the diagnostic standard. There is significant variability and inconsistency among physicians and reading centers with respect to the determination of the presence and amount of the occult component of lesions using fluorescein angiography. Different reading centers may categorize a patient differently on the basis of the same image if fluorescein angiography is used to assess the occult component of choroidal neovascularization. We believe the use of SD-OCT to assess choroidal neovascularization at the time of enrollment in our Phase 3 clinical trials will alleviate some of the variability and inconsistency inherent in using fluorescein angiography. SD-OCT will be used to assess the characteristics of abnormal new vessels, which historically, using fluorescein angiography, have been associated with the subtype occult neovascularization. SD-OCT is the current standard of imaging of wet AMD patients and we believe that the use of SD-OCT will provide a more precise analysis of the anatomical differences between the various angiographic subtypes of CNV lesions in neovascular AMD. Microscopic examination of retinas taken from deceased patients who suffered from choroidal neovascularization shows that abnormal new blood vessels characterized as occult choroidal neovascularization using fluorescein angiography have similar morphology to those characterized as classic choroidal neovascularization, including pericyte coverage.

The FDA, EMA or other regulatory authority will determine, based on the data we present and the FDA's, EMA's or other regulatory authority's assessment of risks and benefits to patients, whether the label for Fovista, if approved, will exclude its use for the treatment of patients who were not primarily enrolled on the basis of SD-OCT assessment. If we determine that the potential Fovista label may exclude its use for the treatment of patients with certain SD-OCT criteria, we likely would conduct an appropriate clinical trial to evaluate the safety and efficacy of 1.5 mg of Fovista administered in combination with an anti-VEGF drug for the treatment of patients who were excluded on the basis of SD-OCT imaging.

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

Potentially Expanding the Use of Fovista

Additional Planned Phase 2 Clinical Trials Further Evaluating Potential to Provide Benefit in Wet AMD

In addition to conducting our Phase 3 clinical program for Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD, we are currently conducting, and plan to further conduct, additional trials to evaluate Fovista's potential to provide benefit to patients with wet AMD:

- *Reduction of Treatment Burden Trial in Wet AMD.* We believe that Fovista combination therapy may allow for less frequent dosing and patient visits compared to anti-VEGF monotherapy, thus reducing patient treatment burden. In retrospective analyses of our completed Phase 2b clinical trial of Fovista, we observed that treatment with Fovista combination therapy, on average, results in a larger reduction in the size of the choroidal neovascular complex in wet AMD patients, compared to treatment with anti-VEGF monotherapy. We believe that the reduction in the size of the choroidal neovascular complex implies a reduction in the number of cellular elements releasing angiogenic mediators, including VEGF and PDGF, which may translate into a reduced need for intravitreal injections to achieve similar levels of inhibition of these mediators. We have recently initiated a Phase 2a clinical trial to assess whether the use of Fovista in combination with anti-VEGF drugs can reduce the frequency of intravitreal injections required to effectively treat wet AMD. We expect to receive initial results from this Phase 2 clinical trial in late 2015 or early 2016

- *Treatment Failure Trial in Wet AMD.* A subpopulation of wet AMD patients treated with anti-VEGF monotherapy either does not achieve significant visual gain or experiences visual decline. This response is often categorized as anti-VEGF resistance. In some third-party clinical trials, after one year of treatment with an anti-VEGF drug monotherapy approximately 18% to 22% of newly diagnosed wet AMD patients have lost additional vision, defined as the loss of the

ability to read one or more letters on a standardized chart of vision testing. Third-party preclinical studies suggest that pericyte coverage of abnormally proliferating new blood vessels may be a potential cause of anti-VEGF resistance. We therefore believe that Fovista administered in combination with an anti-VEGF drug may result in improved visual outcomes in these anti-VEGF resistant patients. We plan to initiate in 2015 an initial Phase 2 clinical trial with wet AMD patients who are anti-VEGF resistant to investigate whether Fovista administered in combination with an anti-VEGF drug may prove beneficial.

- *Anti-Fibrosis Trial in Wet AMD.* Data from two large, recently published third-party clinical studies show that 40% to 45% of wet AMD patients develop subretinal fibrosis after two years of treatment with an anti-VEGF drug. Wet AMD patients who develop subretinal fibrosis have worse visual outcomes, on average, compared to patients who do not develop subretinal fibrosis. In preclinical animal models of subretinal fibrosis, Fovista mediated inhibition of PDGF reduced the amount of scar tissue formation. We believe that our initial retrospective assessment of retinal images of patients who experienced vision loss following treatment with either 1.5 mg of Fovista in combination with Lucentis or Lucentis monotherapy in our completed Phase 2b Fovista trial is consistent with our hypothesis that Fovista mediated PDGF inhibition may be associated with inhibition of retinal scar formation. This belief is further supported by a retrospective analysis of the images conducted by an independent reading center. In August 2014, we initiated a Phase 2a open label clinical trial in which we plan to enroll approximately 100 patients with wet AMD patients to investigate the effect of the administration of Fovista in potentially reducing the formation of subretinal fibrosis, independent of the specific anti-VEGF regimen administered to patients. We expect to receive initial data from this Phase 2 clinical trial in late 2015.

In addition, we have supplied Fovista for use in small, investigator sponsored, pilot clinical trials designed to assess the safety and efficacy of differing treatment regimens of Fovista administered in combination with each anti-VEGF drug. The trials seek to evaluate differing treatment regimens, including variations to the order in which Fovista and the anti-VEGF drug are administered and to the time between intravitreal injections.

Initial data from one of these investigator sponsored trials, an ongoing anti-fibrosis trial, concerning a patient subgroup considered to be monotherapy anti-VEGF treatment resistant, was recently presented. This investigator sponsored trial is being conducted by Dr. Pravin Dugel and Retinal Consultants of Arizona. It is an uncontrolled study with a small sample size. Initial findings from this study were presented at the Bascom-Palmer Eye Institute Angiogenesis, Exudation, and Degeneration Meeting on February 7, 2015 by Dr. Dugel. Dr. Dugel reported that 30 patients are enrolled in an ongoing open label 24 month anti-fibrosis study. Twenty-seven of these 30 patients were considered to be monotherapy anti-VEGF treatment resistant patients and were treated for three months with Fovista (1.5mg) administered in combination with Eylea or Avastin. Anti-VEGF treatment resistant was defined in this study in the same manner as in most previously conducted switch studies as having persistent and/or recurrent exudation, or leakage, with similar demographics. Switch studies are clinical studies in which patients treated with one or more anti-VEGF agents are switched to another previously unused anti-VEGF agent if they were deemed non-responsive. In this study, patients had received an average of 25 anti-VEGF injections prior to receiving Fovista (1.5mg) combination therapy. Dr. Dugel reported that after three doses of Fovista (1.5mg) combination therapy patients gained, on average, 7.07 letters (n=27) based on the standardized visual acuity chart examination. In addition, 10 out of 27 patients receiving pre-treatment with Fovista prior to combination therapy gained an average of 11.10 letters compared to 4.70 letters for those patients not receiving pre-treatment at the three-month timepoint. The remaining three patients in the study had received no prior anti-VEGF therapy and, after three monthly doses of Fovista (1.5mg) combination therapy, gained an average of 17.66 letters. Standardization in visual acuity measurements and prior drug regimen was not uniform in this study, nor was there a control group.

Planned Clinical Trials of Fovista in Additional Indications

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

- *Von Hippel-Lindau Disease.* Von Hippel-Lindau disease, or VHL, is an inherited disease characterized by multiple benign and malignant tumors and cysts in the eye and other organs. Deficiency of the protein "pVHL" in multiple cell types is thought to cause VHL. In the eye, tumors consisting of blood cells called retinal capillary hemangiomas, or RCH, are the most common and earliest manifestation of VHL. These tumors cause significant retinal leakage and may lead to significant vision loss. Smaller lesions, located a significant distance from the central regions of the retina can be treated by laser or freezing via cryotherapy. However, larger and poorly situated lesions are usually untreatable or have poor visual prognoses. PDGF levels have been shown to be elevated in cells with deficiency of pVHL. Therefore, we believe that a combination of Fovista with an anti-VEGF drug may prove beneficial in RCH patients. We plan to supply Fovista for a clinical trial conducted by the National Eye Institute, or NEI, which we expect the NEI may initiate in 2015 or 2016, subject to our reaching agreement with NEI with respect to the trial. VHL is rare, and we estimate that there are approximately 5,000 people with the disease in the United States.

- *Proliferative Vitreoretinopathy.* Proliferative vitreoretinopathy, or PVR, is a complication that occurs in approximately 5% to 10% of cases of retinal detachment. It is characterized by various degrees of scarring in the retina. In its moderate to severe form, it may become recurrent with a subsequent poor visual outcome. It is usually treated by surgical intervention. However, the recurrent form is often untreatable. Local concentrations of PDGF have been shown to be elevated in patients suffering from PVR. In addition, results from animal studies indicate that PDGF may play a significant role in mediating PVR related retinal scarring by attracting other retinal cells, such as RPE cells and glial cells, which play a role in scar formation. In an animal model of PVR, Fovista strongly inhibited retinal scarring. Therefore, we believe that a combination of Fovista with surgical intervention may prove beneficial in these PVR patients. We are considering initiation in 2015 or 2016 of a clinical trial involving approximately 20 patients with PVR to investigate the potential benefit of Fovista administered in combination with surgical intervention. We estimate that there are approximately 5,000 to 10,000 new cases of PVR in the United States each year.

Dry AMD

Dry AMD is a significant cause of moderate and severe loss of central vision, affecting vision in both eyes in most patients. Although dry AMD is the most common form of AMD, there are no therapies approved by the FDA or EMA to treat this condition. According to a 2011 publication from AMD Alliance International, approximately 30 million people worldwide have some form of AMD, with dry AMD accounting for 85% to 90% of these cases. A study published in *Ophthalmology* in 2012 analyzing age and gender variations in AMD prevalence estimates that approximately 8 million people worldwide are affected by a form of dry AMD known as geographic atrophy.

Dry AMD is typically associated with yellow-white dots or deposits under the retina, known as drusen. Unlike in wet AMD, there is an absence of pathological neovascularization in dry AMD. The presence of drusen, in the absence of pathological neovascularization, is critical for making the diagnosis of dry AMD in patients over 50 years of age. Geographic atrophy, a form of dry AMD, can result in progressive and chronic degeneration of the macula characterized by variable thinning and dysfunction of retinal tissue.

The progression of visual outcomes for patients with dry AMD is variable. Most patients experience mild to moderate loss of visual function, manifesting in blurring of central vision in the affected eye, as a result of progressive degeneration of the light-sensitive photoreceptor elements in the macula. There are two settings in which visual loss from dry AMD may lead to severe vision loss:

- *Geographic Atrophy.* With severe and progressive macular degeneration, a readily identifiable pattern of severe degeneration called geographic atrophy forms, which consequently leads to profound and irreversible vision loss. Geographic atrophy is readily diagnosed by macular visualization using standard diagnostic instruments utilized by ophthalmologists. Geographic atrophy appears as abrupt and deep levels of macular tissue loss. It has sharp margins of characteristic degeneration compared to surrounding macular tissue.

- *Conversion to Wet AMD.* Dry AMD progresses to the wet form of the disease in approximately 10% of patients, leading to more rapid and further visual loss.

The Complement Cascade

The complement cascade consists of a series of proteins involved in the defense of a host body against infectious agents, or pathogens, and other foreign proteins. The complement cascade modulates a variety of immune and inflammatory responses to these pathogens and foreign proteins. Under normal circumstances, complement proteins, together with antibodies and white blood cells, act beneficially to protect the host body by removing the pathogens and foreign proteins, together with other cellular debris. The complement system is generally tightly regulated, achieving the proper balance of activation and inhibition depending on the host body's requirements. Poorly regulated or aberrant activation of the complement cascade, without a balanced or proportional inhibition of complement proteins, may result in the formation of inflammation-inducing proteins and molecules. These inflammation-inducing byproducts of the complement cascade have the potential to inflict damage to normal tissue known as immune or complement mediated damage.

Though the complement cascade can be activated through different pathways, these pathways eventually converge with the generation of an enzyme known as C3 convertase. C3 convertase cleaves, or separates, to form a protein called C3, which itself cleaves to from a molecule known as C3b. C3b is an important element of the body's immune response, as it binds to pathogens and makes them susceptible to destruction by white blood cells. Subsequent downstream reactions continue after the formation of C3b, with the eventual cleavage of another complement pathway protein known as C5. The cleavage of C5 results in the formation of other molecules known as terminal fragments, which are part of the terminal events of the complement pathway. One terminal fragment, known as C5a, is a potent mediator of inflammation and induces the release of VEGF from affected cells. The other terminal event is the generation of the membrane-attack complex, or MAC. The cellular response to the formation of MAC on affected cells can result in cell damage, cell death and the release of various angiogenic mediators, such as PDGF.

Complement-Mediated Pathology of AMD

Multiple published studies have implicated local inflammation resulting from poorly regulated or aberrant activation of the complement cascade in the development of both the dry and wet forms of AMD. For example, in third-party preclinical studies, analysis of both human and primate retinal drusen deposits, which are the hallmark of dry AMD, have been found to contain components of complement proteins. In addition, young patients, between the ages of 25 and 35, diagnosed with a kidney disease known as membranoproliferative glomerulonephritis have been observed to have developed retinal drusen deposits. The retinal drusen deposits are structurally and compositionally similar to those found in dry AMD patients. Complement activation is associated with membranoproliferative glomerulonephritis and may explain drusen formation in these patients, which would be otherwise unexpected in healthy subjects of a similar young age.

Inflammation is mediated by the presence of white blood cells. In third-party preclinical studies, choroidal neovascularization in animal subjects has been inhibited by the depletion of a specific white blood cell blood type known as monocytes. Similar effects on choroidal neovascularization have also been observed through the inhibition of other factors involved in inflammation. Furthermore, in the same preclinical retinal model, pharmacologic and genetic inhibition of C5a and MAC have inhibited neovascularization, suggesting that the inflammation responsible for choroidal neovascularization is complement mediated. In 2005, multiple studies published in the journal *Science* linked variations in the genetic sequence coding for specific complement regulatory proteins with a higher risk of developing both the dry and wet forms of AMD.

We believe one or more unidentified triggering events may lead to aberrant activation of the complement system in the macular region of AMD patients. Complement mediated inflammation in the macular tissue may result in the accumulation of drusen, damage to retina cells and the release of angiogenic mediators, potentially resulting in the development of the dry and wet forms of AMD.

Zimura

We are developing our product candidate Zimura for the treatment of dry AMD and certain forms of wet AMD. Zimura is designed to target and inhibit the complement protein C5. We believe Zimura binds to and inhibits C5 from cleaving into later stage proteins, or terminal fragments. By inhibiting the formation of complement system terminal fragments, Zimura may decrease complement mediated inflammation and the release of VEGF and PDGF, thereby result in therapeutic benefit in patients with dry AMD and certain forms of wet AMD. Zimura is a chemically synthesized, pegylated aptamer. Zimura is administered by intravitreal injection.

Clinical Development of Zimura

We have completed one Phase 1/2a clinical trial of Zimura for the treatment of dry AMD. We are planning a Phase 2/3 clinical trial designed to evaluate the safety and efficacy of Zimura administered for the treatment of dry AMD. We expect to initiate our planned Phase 2/3 clinical trial for dry AMD in the second half of 2015.

We are also evaluating Zimura's potential to improve visual outcomes in anti-VEGF resistant wet AMD patients. We believe that, in a subgroup of these patients, Zimura may assist in inhibiting complement mediated inflammation and improve visual outcomes, when administered in combination with an anti-VEGF drug and, potentially, Fovista. We have completed one Phase 1/2a clinical trial of Zimura administered in combination with Lucentis for the treatment of wet AMD.

Completed Phase 1/2a Clinical Trial of Zimura for Dry AMD

In 2011, we completed a multicenter, uncontrolled, open label Phase 1/2a clinical trial evaluating the safety and tolerability of Zimura administered as a monotherapy in patients with geographic atrophy. We enrolled 47 patients in this trial. We randomly assigned patients in this trial to one of two dose groups. Patients received a total of five intravitreal injections of either 0.3 mg or 1.0 mg of Zimura over a 36-week treatment period. Patients received an intravitreal injection of Zimura at day 0, week 4, week 8, week 24 and week 36 of the trial, with a final follow-up visit at week 48. Zimura was generally well-tolerated in this trial. We did not observe any evidence of drug related adverse events. Adverse events were primarily ocular adverse events in the study eye which were related to the injection procedure.

In addition, we performed assessments of visual acuity to detect any potential decrease in vision associated with intravitreal injections, the administered drug or natural progression of the disease if left untreated. We did not identify any drug related safety issues through measurements of visual acuity.

Our Phase 1/2a clinical trial was an uncontrolled study with a small sample size, not powered to detect a difference between Zimura dose groups with statistical significance. The primary purpose of

the study was to assess safety and tolerability. However, we observed a trend, in favor of the higher of two dose groups, of a relative reduction in the mean growth of the geographic atrophy lesion area, as measured by an independent reading center, at 24 weeks. The mean growth from baseline in the geographic atrophy lesion area during the first 24 weeks of the trial, when the injections were administered more regularly, was 1.00 mm^2 for the 24 patients receiving the 0.3 mg dose and 0.78 mm^2 for the 23 patients receiving the 1.0 mg dose. When the injections were administered on a reduced dosing schedule during the subsequent 24 weeks, this relative trend in reduced growth in geographic atrophy lesion area was no longer present. We believe this apparent trend in reduction of growth in geographic atrophy lesion area when Zimura was dosed more frequently, together with the relative loss of the benefit when Zimura was dosed less frequently, may suggest a possible drug effect. In addition, recently released data from a third party targeting the complement pathway also exhibited a trend in reduction of geographic atrophy growth with a pronounced effect in patients with a specific biomarker. Given the safety profile of Zimura to date when administered by intravitreal injection, what we believe is a strong preclinical rationale, the trend in the potential benefit that we observed in our Phase 1/2a clinical trial and results observed in studies from the third party targeting the complement pathway, we are planning to move forward with a Phase 2/3 clinical trial evaluating Zimura in the treatment of dry AMD.

Planned Phase 2/3 Clinical Trial of Zimura in Dry AMD

We are planning to initiate in the second half of 2015 a randomized, controlled Phase 2/3 clinical trial to evaluate the safety and efficacy of Zimura monotherapy in patients with geographic atrophy. We have not had formal meetings with regulatory authorities regarding the design of this clinical trial. We are continuing, internally and with our consultants, to refine our clinical, regulatory, strategic and commercial plans for this clinical program.

Completed Phase 1/2a Clinical Trial of Zimura for Wet AMD

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

In addition, we performed assessments of visual acuity primarily as safety assessments to detect any decrease in vision associated with the intravitreal drug combination or the injection procedure. We did not identify any safety issues through measurements of visual acuity. In a subgroup of 43 patients who had not previously been treated with anti-VEGF therapy and who received six injections at doses of 0.3 mg, 1.0 mg or 2.0 mg of Zimura administered in combination with Lucentis, we observed a mean increase in visual acuity from baseline at all timepoints. In a follow-up visit at week 24 of the trial, we noted improvements in mean visual acuity from baseline as follows: 13.6 letters for the 13 patients receiving the 0.3 mg dose, 11.7 letters for the 15 patients receiving the 1.0 mg dose and 15.3 letters for the 15 patients receiving the 2.0 mg dose. In this subgroup, 22 patients (51%) gained at least 15 letters, consisting of six patients (46%) in the 0.3 mg dose group, seven patients (47%) in the 1.0 mg dose group and nine patients (60%) in the 2.0 mg dose group.

Phase 2 Clinical Program for Zimura for Wet AMD

We recently initiated a very small, open-label, Phase 2 clinical trial to evaluate Zimura administered in combination with anti-VEGF drugs for the treatment of polypoidal choroidal vasculopathy, or PCV, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy has failed, who we refer to as anti-VEGF resistant. We expect to receive data from this study in 2015 or early 2016. Additionally, in 2015 or early 2016, we plan to initiate a Phase 2 clinical trial of Zimura and Fovista administered in combination with an anti-VEGF drug in a subpopulation of wet AMD patients who are anti-VEGF resistant, and who are believed to have complement mediated inflammation. We expect to receive initial data from this study in 2016.

Option Agreement for Tivozanib

In addition to expanding our Fovista and Zimura development programs, we are committed to exploring opportunities to address the unmet needs in AMD. Our strategy is to be scientifically driven, evaluate multiple options with limited up-front investment and obtain early proof-of-concept validation prior to a larger commitment of our capital. In accordance with this strategy, in November 2014, we entered into an exclusive research and option agreement with AVEO Pharmaceuticals to license tivozanib, a small molecule vascular endothelial growth factor (VEGF) tyrosine kinase inhibitor, for the treatment of non-oncologic conditions of the eye. Under the terms of the agreement, we paid AVEO an upfront fee of $0.5 million for exclusive rights to investigate tivozanib's potency and potential as an ocular formulation. We are solely responsible for the ocular formulation and development of this compound, and we are focusing initially on a sustained release formulation as a treatment for the maintenance phase of wet AMD therapy.

Under the agreement, upon completion of our initial analysis, if we elect to continue the development of an ocular formulation of tivozanib, we will pay additional fees based upon our submission of an Investigational New Drug application and upon the demonstration of proof of concept in humans. If we exercise our option for an exclusive worldwide license (excluding Asia) for the compound for ocular indications, we will pay a license fee, and development, regulatory and sales-based milestones, if achieved, as well royalties on commercial sales.

Sales and Marketing

As our Phase 3 trials for Fovista are on track with initial, top-line data expected in 2016, we have begun to build our commercial capabilities to support the pre-launch activities for a potential U.S. launch. We believe we can access the U.S. market through a focused commercial organization, including a specialty sales force to target an estimated 2,000 retinal specialists who we believe represent the majority of the market potential in the United States. Novartis is responsible for commercializing Fovista outside of the United States. We and Novartis are closely collaborating to ensure that a potential global brand launch is coordinated across the worldwide retinal specialist community. In the fourth quarter of 2014, we hired a Chief Commercial Officer with extensive specialty pharmaceutical market launch experience and we are building an initial team with extensive retina market experience and product launch experience including market access expertise. If Zimura receives marketing approval, we also plan to commercialize such product candidate in the United States with our own focused, specialty sales force.

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

We have entered into a commercialization agreement with Novartis for Fovista pursuant to which we have granted to Novartis commercialization rights for Fovista outside of the United States in return for an upfront fee, milestones and royalties. See "Acquisition, License and Collaboration Agreements—Licensing and Commercialization Agreement with Novartis Pharma AG." We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize Zimura in markets outside the United States.

Manufacturing

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

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

We currently engage a single third-party manufacturer to provide clinical supplies of both Fovista drug substance and Zimura drug substance. In May 2014, we entered into a Clinical Manufacturing and Supply Agreement with Agilent Technologies, Inc. pursuant to which Agilent has agreed to manufacture and supply to us, and we have agreed to purchase from Agilent, a specified percentage of our clinical requirements in specified jurisdictions of the active pharmaceutical ingredient, or API, in Fovista. The agreement has an initial five year term, which is subject to automatic renewal absent termination by either party in accordance with the terms of the agreement. We may terminate the agreement or any statement of work thereunder upon 12 months prior written notice to Agilent and Agilent may terminate the agreement if we do not, over a specified period, purchase and take delivery from Agilent of a specified minimum quantity of API for Fovista. Each party also has the right to terminate the agreement for other customary reasons such as material breach and bankruptcy. The agreement contains provisions relating to compliance by Agilent with current Good Manufacturing Practices, cooperation by Agilent in connection with marketing applications for Fovista, indemnification, confidentiality, dispute resolution and other customary matters for an agreement of this kind.

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

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 or biosimilar drug companies. Many of our competitors have significantly greater financial and human 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 Fovista and Zimura, if approved, are likely to be the respective drug's efficacy, safety, method of administration, convenience, price, the level of generic competition and the availability of coverage and reimbursement from government and other third-party payors. The method of administration of Fovista and Zimura, intravitreal injection, is commonly used to administer ophthalmic drugs for the treatment of severe disease and generally accepted by patients facing the prospect of severe visual loss or blindness. However, a therapy that offers a less invasive method of administration might have a competitive advantage over one administered by intravitreal injection, depending on the relative safety of the other method of administration.

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

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

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

- a mechanism of action that does not involve VEGF;
- a duration of action that obviates the need for frequent intravitreal injection; or

- an effect on wet AMD that makes combination therapy with Fovista or Zimura unnecessary.

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

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

- Regeneron Pharmaceuticals, Inc. and Bayer HealthCare have an anti-PDGF product candidate that is being co-formulated with Eylea for administration in a single intravitreal injection that entered clinical development in February 2014 and is expected to enter Phase 2 clinical trials in the first quarter of 2015.

- Allergan, recently acquired by Actavis, has an anti-PDGF, anti-VEGF DARPin product candidate in preclinical development that is being co-formulated for administration in a single intravitreal injection.

- Xcovery Vision has an anti-PDGF, anti-VEGF product candidate that is designed for oral administration, which has completed a Phase 1 trial and commenced a Phase 2 study in the first quarter of 2015.

- Santen has a dual inhibitor of VEGF and PDGF in Phase 1/2a clinic development.

- Neurotech has a PDGF antagonist that is in preclinical development that is designed as an encapsulated cell technology implant, potentially delivered in combination with an anti-VEGF drug.

- Somalogic has an anti-PDGF product candidate in preclinical development.

- Ohr Pharmaceutical, Inc. is developing an eye drop formulation of squalamine for wet AMD which has completed a Phase 2 clinical study and is expected to begin Phase 3 clinical studies in the first half of 2015.

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

There are a number of products in preclinical research and clinical development by third parties to treat dry AMD. In general, these product candidates can be categorized based on their proposed

mechanisms of action. The mechanisms of action for these product candidates include inflammation suppression, such as complement system inhibitors and corticosteroids, visual cycle modulators, antioxidants and neuroprotectants, cell and gene therapies and vascular enhancers. Based upon publicly available information, we have identified, among others, the following ophthalmic product candidates in clinical development that, like Zimura, are based on complement system inhibition:

- Genentech has an intravitreally administered humanized Fab fragment targeting complement factor D, for which it completed a Phase 2 clinical trial and recently commenced Phase 3 trials.
- Novartis's Alcon division has an intravitreally administered product candidate that inhibits complement factor C3, which is in Phase 2 clinical development.
- Alexion Pharmaceuticals has an intravenously administered product candidate targeting complement factor C5 approved for unrelated conditions, which completed a Phase 2 clinical trial for dry AMD in 2014.
- Novartis and MorphoSys have a fully human antibody targeting complement factor C5, which is in Phase 2 clinical development.

Moreover, we have identified, among others, the following additional ophthalmic product candidates that are in the later stages of clinical development for the treatment of dry AMD:

- Alimera Sciences has a corticosteroid intravitreal implant, Iluvien, which was recently approved for diabetic macular edema and which is being tested as a possible treatment for dry AMD.
- Acucela has an orally bioavailable selective visual cycle modulator, which is in a Phase 2b/3 clinical trial.
- Colby Pharmaceuticals has an ocular esterase cleavable prodrug of tempol hydroxylamine, which is in a Phase 2 clinical trial.
- Allergan has an a2-adrenergic receptor agonist, which has completed a Phase 2 clinical trial.
- Pfizer has a humanized monoclonal antibody that binds amyloid-b (Ab), which is in a Phase 2 clinical trial.
- GlaxoSmithKline has an anti-amyloid B antibody, which is in a Phase 2 clinical trial.
- MacuClear has a topical systemic antihypertensive agent administered as an eye drop, which is in a Phase 2/3 clinical trial.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. We seek to protect our proprietary position, among other methods and where patent protection is available, by filing U.S. and certain foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development of our business, and by maintaining our issued patents. We also rely upon trade secrets, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position.

As of January 31, 2015, we owned or exclusively licensed a total of 89 U.S. patents and 27 U.S. patent applications, including original filings, continuations and divisional applications, as well as

numerous foreign counterparts of many of these patents and patent applications. Our patent portfolio includes the following patents and patent applications that we own or license:

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

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date.

The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the length of time the drug is under regulatory review while the patent is in force. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended.

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

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

Acquisition, License and Collaboration Agreements

OSI (Eyetech) Divestiture Agreement

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

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

Financial Terms

In connection with the agreement, we paid Eyetech a $4.0 million upfront payment and issued Eyetech 3,000,000 shares of our junior series A preferred stock. We are obligated to pay OSI Pharmaceuticals additional one-time payments of $12.0 million in the aggregate upon marketing approval in the United States and the European Union, of a covered anti-PDGF product. We are obligated to pay OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product we successfully commercialize. Our obligation to pay such royalties will expire on a product-by-product and country-by-country basis on the later of 10 years after the first commercial sale of each product in each country or the expiration of the last-to-expire valid claim of specified patents that cover the composition, manufacture or use of each product in each country.

Diligence Obligations

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

Term and Termination

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

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

Archemix License Agreements

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

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

Financial Terms

In connection with these agreements, as amended, we paid Archemix aggregate upfront licensing fees of $1.0 million and issued to Archemix an aggregate of 2,000,000 shares of our series A-1 preferred stock and 500,000 shares of our series B-1 preferred stock. We have also paid Archemix an aggregate of $6.75 million in fees based on our achievement of specified clinical milestone events under these agreements.

Under the PDGF agreement, we are also obligated to make additional future payments to Archemix of up to an aggregate of $14.0 million if we achieve specified clinical and regulatory milestones with respect to Fovista, including up to an aggregate of $3.0 million if we achieve specified commercial milestones with respect to Fovista. Under the PDGF agreement, we also are obligated to make additional payments to Archemix of up to an aggregate of approximately $18.8 million if we achieve specified clinical and regulatory milestones with respect to each other anti-PDGF aptamer product that we may develop under the agreement, and up to an aggregate of $3.0 million if we achieve specified commercial milestones with respect to such other anti-PDGF aptamer product.

Under the C5 agreement, for each anti-C5 aptamer product that we may develop under the agreement, including Zimura, we are obligated to make additional payments to Archemix of up to an aggregate of $57.5 million if we achieve specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22.5 million if we achieve specified commercial milestones. We are also obligated to pay Archemix a double-digit percentage of specified non-royalty payments we may receive from any sublicensee of our rights under the C5 agreement.

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

Diligence Obligations

We are required to exercise commercially reasonable efforts in developing and commercializing at least one anti-PDGF aptamer product and at least one anti-C5 aptamer product and in undertaking investigations and actions required to obtain regulatory approvals necessary to market such products in the United States, the European Union, and Japan, and in such other markets where we determine that it is commercially reasonable to do so.

Term and Termination

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

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

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

Nektar Therapeutics Manufacturing and Supply Agreement

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

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

- non-exclusive sublicenses of certain other patent rights controlled by Nektar.

Financial Terms

We have paid approximately $21.5 million and Eyetech previously paid approximately $0.3 million, to Nektar under the agreement. We are also obligated to pay Nektar additional specified amounts in relation to certain milestone events. Such specified milestone amounts that may be payable by us in the future include an aggregate of $6.5 million payable upon the achievement of specified clinical and regulatory milestones. In addition, a payment of $3.0 million will be triggered upon the achievement of a specified commercial sale milestone with respect to Fovista.

If we grant to any third-party commercialization rights to a licensed product under the agreement, we agreed to pay Nektar a low double-digit percentage of any upfront payment we receive from such third party, less certain milestone amounts we have paid to Nektar. In June 2014, we paid Nektar $19.8 million in connection with our entry into the Novartis Agreement.

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

Exclusive Supply

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

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

Diligence Obligations

Under the terms of the agreement, if we fail to use commercially reasonable efforts to achieve the first commercial sale of Fovista in the United States or one of a specified group of other countries by December 31, 2017, which date Nektar and we may agree in good faith to extend in specified

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

Term and Termination

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

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

Licensing and Commercialization Agreement with Novartis Pharma AG

On May 19, 2014, we entered into a licensing and commercialization agreement with Novartis Pharma AG, which we refer to as the Novartis Agreement. Under the Novartis Agreement, we granted Novartis exclusive rights under specified patent rights, know-how and trademarks controlled by us to manufacture, from bulk active pharmaceutical ingredient, or API, supplied by us, standalone Fovista products and products combining Fovista with an anti-VEGF product to which Novartis has rights in a co-formulated product, for the treatment, prevention, cure or control of any human disease, disorder or condition of the eye, and to develop and commercialize those licensed products in all countries outside of the United States, which we refer to as the Novartis Territory. We have agreed to use commercially reasonable efforts to complete our ongoing pivotal Phase 3 clinical program for Fovista and Novartis has agreed to use commercially reasonable efforts to develop a standalone Fovista product and a co-formulated product containing Fovista and an anti-VEGF to which Novartis has rights, as well as a pre-filled syringe presentation of such products and to use commercially reasonable efforts, subject to obtaining marketing approval, to commercialize licensed products in the Novartis Territory in accordance with agreed development and marketing plans.

Novartis paid us a $200.0 million upfront fee upon execution of the Novartis Agreement. Novartis is also obligated to pay us up to an aggregate of $130.0 million if we achieve specified patient enrollment milestones for our Phase 3 clinical program for Fovista, $50.0 million of which was achieved in September 2014, and up to an aggregate of an additional $300.0 million upon achievement of specified marketing approval milestones in certain countries in the Novartis Territory. In addition, Novartis has agreed to pay us up to an aggregate of an additional $400.0 million if Novartis achieves specified sales milestones in the Novartis Territory. Novartis also is obligated to pay us royalties with respect to standalone Fovista products and combination Fovista products that Novartis successfully commercializes. We will receive royalties at a mid-thirties percentage of net sales of standalone Fovista products and a royalty of approximately equal value for sales of combination Fovista products. Such royalties are subject to customary deductions, credits, and reductions for lack of patent coverage or market exclusivity. Novartis's obligation to pay such royalties will continue on a licensed product-by-licensed product and country-by-country basis until Novartis's last actual sale of such licensed product in such country. We will continue to be responsible for royalties we owe to third parties on sales of Fovista products.

Novartis has agreed to pay our manufacturing costs plus a specified percentage margin for supplies of the bulk API in Fovista that we supply to Novartis. If we or Novartis exercises our or its respective rights to obtain access to study data from clinical trials conducted by the other party, the party exercising the option will be obligated to pay the other party's associated past development costs and share with such other party any future associated development costs. If we exercise our option to obtain Novartis-controlled rights to develop, manufacture and commercialize any co-formulated Fovista product in the United States, we will be obligated to pay a specified percentage of Novartis's associated past development costs and share with Novartis any future associated development costs. We and Novartis will also need to negotiate and agree on financial and other terms that would apply to such rights. If we exercise our option to obtain Novartis-controlled rights to develop and commercialize a pre-filled syringe product in the United States, we will be obligated to either enter into a supply agreement with Novartis under which we will pay Novartis its manufacturing cost plus a specified percentage margin for supplies of Fovista products in pre-filled syringes that Novartis supplies to us, or obtain supplies of products in pre-filled syringes from a third party manufacturer and pay Novartis a low single-digit percentage of our net sales of such products.

We have retained control over the design and execution of our pivotal Phase 3 clinical program for Fovista and remain responsible for funding the costs of that program, subject to Novartis's responsibility to provide Lucentis, an anti-VEGF agent to which Novartis has rights in the Novartis Territory, for use in the Phase 3 trials already initiated and in other Phase 2 and Phase 3 clinical studies in the Novartis Territory initiated following the effective date of the Novartis Agreement. Novartis will have control over, and will be responsible for the costs of, all other clinical trials that may be required to obtain marketing approvals in the Novartis Territory for licensed products under the agreement. Novartis is also responsible for costs associated with co-formulation development, pre-filled syringe development and other development costs in the Novartis Territory, but excluding regulatory filing fees in the European Union for the standalone Fovista product, for which we will be responsible.

The Novartis Agreement, unless earlier terminated by us or Novartis, will expire upon the expiration of Novartis's obligation to pay us royalties on net sales of licensed products. We and Novartis each may terminate the Novartis Agreement if the other party materially breaches the agreement and does not cure such breach within a specified cure period, if the other party experiences any specified insolvency event, if the other party challenges or assists a third party in challenging the validity or enforceability of certain patent rights controlled by the terminating party, or if the parties are prevented in any manner that materially adversely affects the progression of the development or commercialization of licensed products for a specified period as a result of specified governmental actions. Novartis may terminate the Novartis Agreement at any time without cause, or within a specified period after a change in control of our company, as defined in the Novartis Agreement, or for specified safety reasons, effective at the end of a specified period following Novartis's written notice to us of Novartis's election to terminate the agreement. We may also terminate the agreement if Novartis determines to seek marketing approval of an alternative anti-PDGF product in the Novartis Territory as more fully described below. If we elect to terminate the Novartis Agreement because specified governmental actions prevent the parties from materially progressing the development or commercialization of licensed products as described above, we will be required to pay a substantial termination fee, with the specific amount of such fee determined based on the effective date of the termination. Following any termination, all rights to Fovista that we granted to Novartis, including, without limitation, the right to commercialize standalone Fovista products in the Novartis Territory, will revert to us, Novartis will perform specified activities in connection with transitioning to us the rights and responsibilities for the continued development, manufacture and commercialization of the standalone Fovista product for countries in the Novartis Territory, and the parties will cooperate on an orderly wind down of development and commercialization activities for other licensed products in the Novartis Territory.

Novartis has agreed to specified limitations on its ability to in-license, acquire or commercialize any anti-PDGF product that does not contain Fovista, or an Alternative Anti-PDGF Product, in the Novartis Territory and, to the extent Novartis develops, in-licenses or acquires such a product, to make such product available to us in the United States under specified option conditions. If we exercise our option, we will be obligated to make certain payments to Novartis, including specified milestone and royalty payments. The amounts of such payments will vary based on the product's stage of clinical development at the time we exercise our option, whether the product is a standalone or combination product and whether Novartis exercises an option to co-promote such product in the United States. If Novartis determines to seek marketing approval of an Alternative Anti-PDGF Product in the Novartis Territory, we will, subject to specified limitations, have the option to terminate the Novartis Agreement, convert Novartis's exclusive licenses into non-exclusive licenses, or elect to receive a royalty on sales of such product by Novartis. If we elect to terminate the Novartis Agreement, Novartis will, subject to specified limitations, be required to pay to us certain payments based on achievement, with respect to such product, of the milestones that would have otherwise applied to licensed products under the Novartis Agreement.

Government Regulation

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

U.S. Drug Approval Process

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

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

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the FDA's good laboratory practice, or GLP, regulations;
- submission to the FDA of an Investigational New Drug application, or IND, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCP, to establish the safety and efficacy of the proposed drug or biological product for each indication;

- submission to the FDA of a new drug application, or NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with current Good Manufacturing Practices, or cGMP, and to assure that the facilities, methods and controls are adequate to assure the drug's safety, identity, strength, quality and purity; and
- FDA review and approval of the NDA.

Preclinical Studies

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

Clinical Trials

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

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

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

Progress reports detailing the safety results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical

trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Marketing Approval

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

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

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

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

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

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

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

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

Special FDA Expedited Review and Approval Programs

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

A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interactions and communications between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA are also eligible for accelerated approval.

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

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the FDA has a 60-day period in which to accept the filing of an application and then has six months from the date of acceptance for filing of the application to review an application, thereby shortening by four months the standard review period of ten months following the 60-day review period under current PDUFA guidelines. Most products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

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

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

Post-Approval Requirements

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

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

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

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

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;

- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

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

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

Hatch-Waxman Exclusivity

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

Foreign Regulation

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

does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

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

To obtain marketing approval of a drug under European Union regulatory systems, we may submit a marketing authorization application, or MAA, either under a centralized or decentralized procedure. The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all European Union member states. The centralized procedure is compulsory for specific products, including medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products and products with a new active substance indicated for the treatment of certain diseases. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, the centralized procedure may be optional. Under the centralized procedure, the Committee for Medicinal Products for Human Use, or the CHMP, established at the EMA is responsible for conducting the initial assessment of a drug. The CHMP also is responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing marketing authorization. Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops, when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation. In this circumstance, the EMA ensures that the opinion of the CHMP is given within 150 days.

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

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

In the European Union, new chemical entities qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for eight years, after which generic marketing

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

Pharmaceutical Coverage, Pricing and Reimbursement

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

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

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

Pricing and reimbursement schemes vary widely from country to country. Some countries provide that drug products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies. For example, the European Union provides options for its member states to restrict the range of drug products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a drug product or it may instead

adopt a system of direct or indirect controls on the profitability of the company placing the drug product on the market. Other member states allow companies to fix their own prices for drug products, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert competitive pressure that may reduce pricing within a country. Any country that has price controls or reimbursement limitations for drug products may not allow favorable reimbursement and pricing arrangements for any of our products.

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

New Legislation and Regulations

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

Healthcare Law and Regulation

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

- the federal healthcare Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid;

- the federal False Claims Act imposes civil penalties, and provides for civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented,

to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;

- the federal transparency requirements under the ACA will require manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

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

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

Employees

As of January 31, 2015, we had 72 full-time employees, including a total of four employees with M.D. or Ph.D. degrees. Of our workforce, 40 employees are engaged in research and development. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Our Corporate Information

We were incorporated under the laws of the State of Delaware in 2007. Our principal executive offices are located at One Penn Plaza, 19th Floor, New York, NY 10119, and our telephone number is (212) 845-8200. Our Internet website is http://www.ophthotech.com.

Available Information

We make available free of charge through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act. We make these reports available through our website as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the SEC. You can find, copy and inspect information we file at the SEC's public reference room, which is located at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's public reference room. You can review our electronically filed reports and other information that we file with the SEC on the SEC's web site at http://www.sec.gov. We also make available, free of charge on our website, the reports filed with the SEC by our executive officers, directors and 10% stockholders pursuant to Section 16 under the Exchange Act as soon as reasonably practicable after copies of those filings are provided to us by those persons. The information contained on, or that can be accessed through, our website is not a part of or incorporated by reference in this Annual Report on Form 10-K.

Item 1A. Risk Factors.

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. Please see page 1 of this Annual Report on Form 10-K for a discussion of some of the forward-looking statements that are qualified by these risk factors. If any of the following risks occur, our business, financial condition, results of operations and future growth prospects could be materially and adversely affected.

Risks Related to Our Financial Position and Need for Additional Capital

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

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

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

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

Since inception, we have experienced significant cash outflows in funding our operations. Our net loss was $98.2 million for the year ended December 31, 2014 and $51.1 million for the year ended December 31, 2013. As of December 31, 2014, we had an accumulated deficit of $281.2 million. To date, we have not generated any revenues from product sales and have financed our operations primarily through private placements of our preferred stock, venture debt borrowings, funds received under our royalty purchase and sale agreement with Novo A/S, which we refer to as the Novo Agreement, our initial public offering, which we closed in September 2013, our follow-on public offering, which we closed in February 2014 and funds we received under the Novartis Agreement, which we entered into in May 2014.

We have devoted substantially all of our financial resources and efforts to research and development. We expect to continue to incur significant expenses and increasing operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year.

Our product candidates, Fovista and Zimura, are in clinical development. We expect our expenses to continue to increase, particularly as we continue the development of Fovista in our Phase 3 clinical program and other additional clinical trials for the treatment of wet AMD. We initiated our pivotal Phase 3 clinical program for Fovista in August 2013. We plan to enroll a total of 1,866 patients for this program. In addition, we also expect our expenses to increase as we further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need and pursue the development of Zimura for the treatment of geographic atrophy, a form of dry AMD and in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. We expect these expenses to increase as patient enrollment increases. In addition, our expenses will increase prior to obtaining marketing approval for Fovista as we expand our infrastructure to support commercial operations and if we obtain marketing approval for Fovista, Zimura or any other product candidate that we develop, we expect our commercialization expenses related to product sales, marketing, distribution and manufacturing to increase significantly. We are party to agreements, specifically an asset acquisition agreement with OSI (Eyetech), Inc., which agreement is now held by OSI Pharmaceuticals, LLC, a subsidiary of Astellas US, LLC, and license agreements with Archemix Corp., and Nektar Therapeutics, that impose significant milestone payment obligations on us in connection with our achievement of specific clinical, regulatory and commercial milestones with respect to Fovista and Zimura. Furthermore, we expect to incur additional costs associated with being a public company, including legal, compliance, accounting and investor and public relations expenses, as well as increased insurance premiums.

Our expenses also will increase if and as we:

- undertake additional clinical development of Fovista, if it is approved, in support of our efforts to broaden the label for Fovista;
- conduct additional clinical trials of Zimura that will be required for us to seek marketing approval of Zimura for the treatment of geographic atrophy and/or wet AMD (including a second Phase 3 study);
- undertake pre-clinical and clinical development of tivozanib;
- in-license or acquire the rights to other complementary products, product candidates or technologies, including drug delivery technology, for the treatment of ophthalmic diseases and pursue pre-clinical and clinical development of such product candidates or technologies;

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

If we are required by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, or regulatory authorities in other jurisdictions to perform clinical or nonclinical trials or other studies in addition to those we currently expect to conduct, or if there are any delays in completing the clinical trials of Fovista or Zimura, or the development of any of other product candidates that we may develop, our expenses could increase. Our costs will also increase if we increase our investigator fees for our clinical trials or expand the scope of our clinical trials and programs, including, for example, by changing the geographic mix of sites at which patients are enrolled, or to increase other corporate or licensing activities or staffing.

Our ability to become and remain profitable depends on our ability to generate revenue in excess of our expenses. We do not expect to generate and maintain significant revenue from product sales unless, and until, we obtain marketing approval for, and commercialize, Fovista, Zimura or other product candidates that we may develop. Our capital requirements will depend on many factors, including the success of our development and commercialization of our product candidates and whether we pursue the acquisition or in-licensing and subsequent development of additional product candidates. Even if we succeed in developing and commercializing one or more of our product candidates, we may never achieve sufficient sales revenue to achieve or maintain profitability. Our ability to commercialize our product candidates, in particular Fovista, will require us to be successful in a range of challenging activities, including:

- obtaining favorable results from our Phase 3 clinical program for Fovista;
- obtaining favorable results, especially with respect to safety, in our other planned clinical trials involving Fovista;
- subject to obtaining favorable results from our Phase 3 clinical program, applying for and obtaining marketing approval for Fovista;
- establishing sales, marketing and distribution capabilities to effectively market and sell Fovista in the United States with our own specialty sales force targeting retinal specialists;
- successfully maintaining our arrangement with Novartis to commercialize Fovista in markets outside the United States;
- obtaining adequate coverage and reimbursement for our product candidates, if approved, from governmental and third-party payors;
- protecting our rights to our intellectual property portfolio related to Fovista; and
- ensuring the manufacture of commercial quantities of Fovista.

We may never succeed in these activities and, even if we do, may never generate revenues from product sales that are significant enough to achieve profitability. In addition, our profitability will depend, in part, on our commercialization partners' ability, including Novartis's ability, to effectively market and sell Fovista, Zimura or other product candidates we may develop, if approved outside the

United States, and to obtain adequate coverage and reimbursement of such product candidates from governmental and third party payors. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or continue our operations. A decline in the value of our company could also cause our stockholders to lose all or part of their investment.

We have broad discretion in the use of our available cash and other sources of funding and we may not use them effectively.

Our management has broad discretion in the use of our available cash and other sources of funding and could spend those resources in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates. Pending their use, we may invest our available cash in a manner that does not produce adequate income, if any, or that loses value.

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

We expect our expenses to increase substantially, particularly as we continue the development of Fovista in our Phase 3 clinical program for the treatment of wet AMD. We plan to enroll a total of 1,866 patients for this program. In addition, we also expect our expenses to increase as we further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need, pursue the development of Zimura for the treatment of geographic atrophy, a form of dry AMD and in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. In addition, our expenses will increase prior to obtaining marketing approval for Fovista as we manufacture validation production batches of API and drug product for Fovista and as we expand our infrastructure to support commercial operations, and if we obtain marketing approval for Fovista, Zimura or any other product candidate that we develop, we expect our commercialization expenses in the United States with regard to Fovista and worldwide with regards to other product candidates, related to product sales, marketing, distribution and manufacturing to increase significantly. Our expenses will increase if we suffer any delays in our Phase 3 clinical program for Fovista, including delays in receipt of regulatory clearance to begin our Phase 3 clinical trials in jurisdictions where clearance is required but not yet obtained, or delays in enrollment of patients. Furthermore, we expect to incur additional costs associated with being a public company, hiring additional personnel and expanding our facilities. Accordingly, we may need to obtain additional funding in connection with our continuing operations prior to attaining profitability. 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, 2014, we had cash, cash equivalents, and marketable securities of $463.6 million and $351.2 million in total liabilities, including liabilities of $334.6 million relating to the Novo Agreement and deferred revenue associated with the Novartis Agreement.

We believe that our cash, cash equivalents and marketable securities, together with the receipt of the potential remaining $80.0 million enrollment-based milestone payments under Novartis Agreement, will be sufficient to fund our operations and capital expenditure requirements, as currently planned and including the expansion of our infrastructure to support commercial operations, through the end of

2017. Our capital requirements will also depend on other factors, including the success of our development and commercialization of our product candidates and whether we pursue the acquisition or in-licensing and subsequent development of additional product candidates.

We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Costs related to our clinical programs could exceed our expectations if we experience delays in our clinical trials, including because of the timing of our patient enrollment, the availability of drug supply for our clinical trials or for other reasons. Our costs will also increase if we increase investigator fees for our clinical trials or expand the scope of our clinical trials and programs, including, for example, by changing the geographic mix of sites at which patients are enrolled, or if we decide to increase other corporate or licensing activities or staffing, or if we experience issues with the process development and scale up of manufacturing activities.

Our current Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data, which we expect in 2016. Moreover, we are at the early stages of formulating our clinical development plan for Zimura. We expect the clinical development of Zimura will continue for at least the next several years. At this time, we cannot reasonably estimate the remaining costs necessary to complete the clinical development of either Fovista or Zimura, complete process development and manufacturing scale-up activities associated with Fovista and Zimura and potentially seek marketing approval for Fovista or Zimura, or the nature, timing or costs of the efforts necessary to complete the development of any other product candidate we may develop.

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

- the scope, progress, costs and results of our Phase 3 clinical program for Fovista;
- the progress, costs and results of our planned additional clinical trials to further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need;
- the scope, progress, results and costs of (i) our planned Phase 2/3 clinical trial evaluating Zimura for the treatment of geographic atrophy and additional clinical trials (including an additional Phase 3 trial) required by regulatory authorities for us to seek marketing approval in this indication, (ii) our very small Phase 2 clinical trial evaluating Zimura in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails, and (iii) our planned Phase 2 clinical trial evaluating Zimura in combination with anti-VEGF therapy and Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation;
- the costs and timing of process development and manufacturing scale-up activities associated with Fovista and Zimura;
- the costs, timing and outcome of regulatory review of Fovista and Zimura;
- the costs of commercialization activities for Fovista or Zimura if we receive, or expect to receive, marketing approval for either product candidate, including the costs and timing of expanding our outsourced manufacturing activities and establishing product sales, marketing and distribution capabilities;
- subject to receipt of marketing approval, revenue received from commercial sales of Fovista or Zimura, after milestone payments and royalties;
- the scope, progress, results and costs of our clinical trials for any other product candidates that we may acquire or in-license and subsequently develop;

- our ability to establish additional collaborations on favorable terms, if at all;
- the scope, progress and results of our pre-clinical and clinical plans for tivozanib;
- the extent to which we in-license or acquire rights to complementary products, product candidates or technologies; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property-related claims.

Our commercial revenues, if any, will be derived from sales of Fovista, Zimura or any other products that we successfully develop, none of which we expect to be commercially available for several years, if at all. In addition, if approved, Fovista or Zimura or any product that we acquire or in-license may not achieve commercial success. If that is the case, 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 that we have sufficient funds for our current or future operating plans.

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

In May 2014, we entered into the Novartis Agreement. Among other payments, Novartis is obligated under the agreement to pay us up to an aggregate of $130.0 million if we achieve specified patient enrollment milestones for our ongoing pivotal Phase 3 clinical program for Fovista, $50.0 million of which we received in October 2014. We are subject to diligence and other obligations under the Novartis Agreement. If we fail to enroll the specified numbers of patients in our Phase 3 clinical trials of Fovista or fail to satisfy our other obligations, we may fail to trigger the remaining enrollment-based milestone payments. This could limit our ability to continue the development programs for our product candidates. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay or terminate our research and development programs, including those for Fovista, or any future commercialization efforts.

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

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

Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our capital needs through a combination of our current cash, cash equivalents, and marketable securities balances, potential milestone payments under collaborations, strategic alliances and marketing, distribution or licensing arrangements, and equity offerings and debt financings. The remaining

potential milestone payments under the Novartis Agreement are subject to our achievement of specified clinical, regulatory and commercial events related to Fovista. We do not have any other committed external source of funds besides the Novartis Agreement. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholders' ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our existing stockholders' rights as holders of our common stock. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Our pledge of assets, including intellectual property rights, as collateral to secure our obligations under the Novo Agreement may limit our ability to obtain debt financing.

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

Risks Related to Product Development and Commercialization

We depend heavily on the success of our lead product candidate, Fovista, which we are developing to be administered in combination with anti-VEGF drugs for the treatment of patients with wet AMD. In addition, we also depend on the success of Zimura, which we are developing for the treatment of geographic atrophy, a form of dry AMD, and for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement-mediated inflammation. If we are unable to complete the clinical development of either of these product candidates, if we are unable to obtain marketing approvals for either of these product candidates, or if either of these product candidates is approved and we or our commercialization partner for Fovista outside the United States, Novartis, fail to successfully commercialize the product candidate or experience significant delays in doing so, our business will be materially harmed.

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

We do not expect to have initial, top-line data from our Phase 3 clinical program for Fovista until 2016. The timing of the availability of such top-line data and the completion of our Phase 3 clinical program is dependent, in part, on our ability to locate and enroll a sufficient number of eligible patients in our Phase 3 clinical program on a timely basis. The timing of the availability of initial, top-line data from our Phase 3 clinical trial evaluating the safety and efficacy of Fovista administered in combination with each of Avastin or Eylea may be subject to particular variability because, prior to the initiation of our Phase 3 clinical program, we had no clinical experience testing Fovista administered in combination with Avastin or Eylea. Avastin is not approved for intravitreal use in treating wet AMD, and regulatory authorities in certain countries may not allow, or physicians and patients may choose not

to participate in, a clinical trial in which Avastin is administered in combination with Fovista for the treatment of wet AMD. Even if we ultimately obtain statistically significant, positive results from our Phase 3 clinical program, it is possible that such data may not be clinically relevant.

If we are not able to obtain data from our Phase 3 clinical trial evaluating Fovista administered in combination with each of Avastin or Eylea when data from our other two Phase 3 clinical trials evaluating Fovista administered in combination with Lucentis are available, we may nonetheless decide to proceed with submitting applications for marketing approval for Fovista administered only in combination with Lucentis, or we may choose to delay our application for marketing approval until data from all three Phase 3 clinical trials are available. If we submit applications for marketing approval for Fovista only in combination with Lucentis, we may determine either to delay seeking approval of Fovista in combination with Avastin or Eylea until after regulatory authorities have considered and acted on our applications for Fovista in combination with Lucentis, or to amend our applications once data from our third Phase 3 clinical trial become available. If we were to delay seeking approval of Fovista in combination with Avastin or Eylea pending regulatory action on our applications for Fovista in combination with Lucentis, the FDA or other regulatory authorities could defer taking action on our applications while data remain outstanding from our third Phase 3 clinical trial. Moreover, if we subsequently amend our applications for marketing approval when data from our third Phase 3 clinical trial become available, we may experience further delays in our application process. The manner in which we seek marketing approval may differ in the United States and in the European Union. Additionally, we expect that our Phase 3 clinical trials will continue in accordance with their protocols after we submit applications for marketing approval, and the conclusions of those trials may yield data that are inconsistent with the initial data used to support our applications. Furthermore, we expect to commence additional clinical trials to further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet medical need during the course of our ongoing Phase 3 clinical development program, and to evaluate Zimura, in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. We are also supplying Fovista for third-party sponsored clinical trials. In addition, Novartis may commence additional preclinical and clinical trials for Fovista including those which it deems necessary for regulatory and/or reimbursement approvals outside of the United States. Adverse safety events or negative or inconclusive efficacy results in any of these trials may impact the progress of our Phase 3 clinical program, including our ability to receive marketing approval, and, if such data is received following a potential approval, our future sales of Fovista. As a result of these and other factors, we cannot accurately predict when or if Fovista will prove effective or safe in humans or will receive marketing approval.

In addition, we have invested substantial financial resources in the development of Zimura for the treatment of patients with both dry and wet AMD. There remains a significant risk that we will fail to successfully develop Zimura. We have very limited data from our completed Phase 2a clinical trial evaluating the safety and effectiveness of Zimura for the treatment of dry AMD and our completed Phase 2a clinical trial evaluating the safety and effectiveness of Zimura administered in combination with Lucentis for the treatment of wet AMD. These trials enrolled 47 patients and 60 patients, respectively, and neither trial included a control arm. Furthermore, we have no preclinical or clinical data on the effects of Zimura when administered in combination with both Fovista and an anti-VEGF drug.

The timing of the completion of and the availability of initial results from these planned clinical trials is difficult to predict and is dependent, in part, on our ability to complete manufacturing scale-up activities and to locate and enroll a sufficient number of eligible patients in our planned trials on a timely basis. The timing of the receipt of initial results from our Phase 2 clinical trial evaluating the safety and efficacy of Zimura, administered in combination with anti-VEGF therapy, and potentially, Fovista, may be subject to particular variability because we have no clinical experience testing Zimura administered in combination with Fovista and an anti-VEGF drug.

Although our current development plan for Zimura calls for us to initiate a Phase 2/3 clinical trial evaluating the safety and efficacy of Zimura in treating patients with geographic atrophy, we may not initiate or complete this clinical trial for Zimura or any other clinical trial for Fovista, Zimura or any other product candidates that we may develop in accordance with our plans.

Although our plans for additional clinical trials reflect our current expectations regarding the endpoints, duration and number of patients to be included in these trials, we have not had formal meetings with regulatory authorities regarding our trial designs. Our plans may change significantly based on feedback we may receive from such regulatory authorities.

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

- obtaining favorable results from clinical trials;
- making arrangements with third-party manufacturers and receiving regulatory approval of our manufacturing processes and our third-party manufacturers' facilities from applicable regulatory authorities;
- for Fovista, receipt of marketing approvals from applicable regulatory authorities for the use of Fovista in combination with anti-VEGF drugs for the treatment of wet AMD, and in particular, which anti-VEGF drugs are included in any such approval given that Avastin, one of the current standard of care anti-VEGF drugs, is not approved for intravitreal use;
- for Zimura, receipt of marketing approvals from applicable regulatory authorities for the use of Zimura for the treatment of dry AMD or the use of Zimura, administered in combination with anti-VEGF therapy and, potentially, Fovista for the treatment of wet AMD;
- the scope of the label that may be approved by applicable regulatory authorities, including the specific indication for which the product may be approved;
- launching commercial sales of the product candidate, if and when approved, whether alone or in collaboration with others, including Novartis for Fovista;
- acceptance of the product candidate, if and when approved, by patients, the medical community and third-party payors;
- for Fovista, continued, widespread use of anti-VEGF therapies in the treatment of wet AMD in combination with which Fovista will be used;
- effectively competing with other therapies, including the existing standard of care, and other forms of drug delivery;
- maintaining a continued acceptable safety profile of the product candidate following approval;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- protecting our rights in our intellectual property portfolio.

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

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize Fovista, Zimura or any other product candidates that we may develop, which would materially harm our business.

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

Before obtaining approval from regulatory authorities for the sale of any product candidate, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products.

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

- The primary endpoint of mean change in visual acuity in our Phase 2b clinical trial was measured 24 weeks after the first dose of Fovista. The primary endpoint of mean change in visual acuity in our Phase 3 clinical program will be measured 12 months after the first dose of Fovista. We have no clinical data on Fovista combination therapy in any clinical trial longer than 24 weeks. We have modified the methodology used to determine a patient's eligibility under certain of the inclusion and exclusion criteria for our Phase 3 clinical trials as compared to our Phase 2b clinical trial. If the positive results we observed at 24 weeks in our Phase 2b clinical trial are not observed at 12 months, we likely will not receive marketing approval for Fovista.

- Retrospective subgroup analyses that we performed on the results of our Phase 2b clinical trial may not be predictive of the results of our Phase 3 clinical program. While we believe that our retrospective analyses further support the results from our primary endpoint and our proposed mechanisms of action, retrospective analyses performed after unmasking trial results can result in the introduction of bias and are given less weight by regulatory authorities than pre-specified analyses. In particular, our proposed mechanism of action as it relates to the inhibition of subretinal fibrosis, although scientifically rational and while supported by retrospective subgroup analysis, may not be supported by our future clinical trials. Our belief regarding Fovista's potential, when administered in combination with an anti-VEGF drug, to inhibit subretinal fibrosis and retinal scarring, may change based on our subsequent clinical trials or other factors.

- We are conducting our Phase 3 clinical trials at many clinical centers that were not included in our Phase 2b clinical trial. The introduction of new centers, and the resulting involvement of new treating physicians, can introduce additional variability into the conduct of the trials in accordance with their protocols and may result in greater variability of patient outcomes, which could adversely affect our ability to detect statistically significant differences between patients treated with 1.5 mg of Fovista administered in combination with an anti-VEGF drug and anti-VEGF drug monotherapy.

Furthermore, our Phase 3 clinical program involves two Phase 3 clinical trials testing a combination of 1.5 mg of Fovista and Lucentis for the treatment of wet AMD and one trial testing a

combination of 1.5 mg of Fovista with each of Avastin or Eylea for the treatment of wet AMD. We have very limited clinical data on the effects of Fovista when administered in combination with intraocular injections of either Avastin or Eylea for the treatment of patients with wet AMD. Avastin is not approved for such use.

Fovista administered in combination with Lucentis was generally well tolerated in our Phase 1 and Phase 2b clinical trials. However, the results of these clinical trials may not be predictive of the results of our Phase 3 clinical program for Fovista. We have clinical data for Fovista administered in combination with Lucentis from only these two studies with a limited follow-up of a maximum of 24 weeks. As compared to our Phase 2b clinical trial, our three Phase 3 studies are longer in duration (24 months) with a 12 month timepoint for the primary endpoint, have a greater number of patients (approximately 1866), have a greater number of sites (more than 225), which encompass a much larger geographical recruitment area, and result in chronic exposure to a higher rate of intraocular pressure due to an increased injection volume. Consequently, there is potential for an increase in cumulative side effects resulting from two separate intraocular injections and increased intraocular pressure in the Fovista combination therapy patients as compared to the patients receiving monotherapy anti-VEGF treatment and there is a much longer duration of therapy and greater geographic diversity of patients in our Phase 3 trials. This increase in the number of intraocular injections and treatment burden, increased variability of patient care due to the larger number of clinical trial sites and the broader genetic profile of the enrolled patients from a larger geographic region may result in increased susceptibility to side effects of Fovista and/or resulting from treatment procedure. Therefore there is the potential for an unfavorable safety and tolerability profile in the Fovista combination therapy arm of the study as compared to our Phase 2b study and monotherapy anti-VEGF studies which may be reflected in an increase in adverse events and/or serious adverse event rates (either ocular, systemic or both) in patients receiving Fovista combination therapy. For example, there may be, among others, an increase in the rates of intraocular infections, or endophthalmitis, intraocular pressure, glaucoma, retinal tears, cataracts, retinal detachment, intraocular inflammation, retinal and/or choroidal circulation compromise, cardiovascular disease such as myocardial infarctions, stroke, blood clots or emboli, or hospitalizations in the Fovista combination therapy patients.

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

- If a combination of 1.5 mg of Fovista and Lucentis achieves superiority over Lucentis monotherapy with statistical significance on the primary endpoint in only one of our Phase 3 clinical trials and the combination of 1.5 mg of Fovista with Avastin or Eylea does not achieve superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint in our other Phase 3 clinical trials, we likely will not receive marketing approval for Fovista.

- If a combination of 1.5 mg of Fovista and Lucentis achieves superiority over Lucentis monotherapy with statistical significance on the primary endpoint in only one of our Phase 3 clinical trials and the combination of 1.5 mg of Fovista with Avastin or Eylea achieves superiority over Avastin or Eylea monotherapy with statistical significance on the primary endpoint in our other Phase 3 clinical trial, the FDA or similar regulatory authorities outside the United States may nonetheless not grant marketing approval for Fovista.

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

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

The protocols for our Phase 3 clinical trials and other supporting information are subject to review by the FDA and regulatory authorities outside the United States. The FDA is not obligated to comment on our protocols within any specified time period or at all or to affirmatively clear or approve our Phase 3 clinical program. We submitted the protocols to the FDA for our two Phase 3 clinical trials investigating Fovista administered in combination with Lucentis in August 2013 and for our Phase 3 clinical trial investigating Fovista administered in combination with Avastin and Eylea in April 2014, and have initiated the three trials in our Phase 3 clinical program in the United States without waiting for any such comments. The FDA or other regulatory authorities may request additional information, require us to conduct additional non-clinical trials or require us to modify our proposed Phase 3 clinical program, including its endpoints, patient enrollment criteria or selection of anti-VEGF drugs, to receive clearance to initiate such program or to continue such program once initiated.

Outside the United States, we have made regulatory submissions in selected countries to initiate Phase 3 clinical trials of Fovista. We have obtained all but one of the necessary country approvals to proceed with the two trials evaluating Fovista administered in combination with Lucentis in those countries and substantially all of the necessary country approvals for the trial of Fovista administered in combination with Eylea and Avastin. In the European Union, as further described below, in addition to filing in selected countries with national competent authorities responsible for approving clinical trial applications, we have had interactions regarding our planned application for marketing approval with the EMA's CHMP, which is the committee responsible for preparing opinions on questions concerning medicines for human use. The national competent authorities in those countries from which we have not yet received approval may follow the advice described below of the CHMP that we consider toxicity studies with Fovista administered in combination with Avastin or Eylea prior to initiating our corresponding Phase 3 clinical trial in those countries. In addition, any modifications to our Phase 3 clinical program for Fovista may result in our incurring increased expense or in a delay in the enrollment or completion of such program.

In the fourth quarter of 2013, the CHMP provided scientific advice on our proposed Phase 3 clinical program for Fovista and our plan to seek regulatory approval for Fovista in the European Union. As part of that scientific advice, the CHMP advised us that we should justify our proposal to initiate, at the Phase 3 clinical trial stage, certain previously untested combinations of Fovista with Avastin or Eylea, and, as described above, that we should consider conducting toxicity studies with Fovista administered in combination with Avastin or Eylea prior to initiating our corresponding Phase 3

clinical trial. It is possible that the national competent authorities in those countries from which we have not yet received approval for our Phase 3 clinical trial evaluating Fovista administered in combination with Avastin or Eylea may follow the advice of the CHMP that we consider toxicity studies with Fovista administered in combination with Avastin or Eylea prior to initiating our corresponding Phase 3 clinical trial in those countries. In addition, the CHMP informed us that the final label for Fovista, if it receives marketing approval, may be required to specify the licensed anti-VEGF drugs that were studied in combination with Fovista, given that Avastin is not approved for intravitreal use, rather than a label specifying Fovista for use in combination with any anti-VEGF drug.

We are continuing, internally and with our consultants, to refine our clinical and regulatory strategies for our planned Phase 2/3 clinical program evaluating Zimura for the treatment of geographic atrophy. We have not had formal meetings with regulatory authorities regarding our trial design. Our plans may change significantly based on feedback we may receive from such regulatory authorities. We will need to conduct an additional Phase 3 study, and we may be required by regulatory authorities to conduct other additional clinical trials of Zimura, prior to seeking marketing approval in this indication.

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

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

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

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

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;

- we may decide, or regulators or institutional review boards may require us, to suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;

- the cost of clinical trials of our product candidates may be greater than we anticipate; and

- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates, such as the anti-VEGF drugs we need to use in combination with Fovista, may become insufficient or inadequate.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

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

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

Patient enrollment is affected by other factors, including:

- severity of the disease under investigation;

- the ability of current technology to adequately define the disease state;

- eligibility criteria for the study in question;

- perceived risks and benefits of the product candidate under study;

- efforts to facilitate timely enrollment in clinical trials;

- patient referral practices of physicians;

- the ability to monitor patients adequately during and after treatment; and

- proximity and availability of clinical trial sites for prospective patients.

The Novartis Agreement contains provisions for milestone payments by Novartis upon our achievement of certain levels of patient enrollment. We will not be entitled to receive the remaining enrollment-based milestone payments unless and until we enroll the specified number of patients. In addition, our inability to locate and enroll a sufficient number of patients for our clinical trials would result in significant delays in our clinical trials, could require us to abandon one or more clinical trials altogether and could delay or prevent our receipt of necessary regulatory approvals. Enrollment delays in our clinical trials also may result in increased development costs for our product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing.

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

If Fovista, Zimura or any other product candidates we may develop are associated with serious adverse events or undesirable side effects in clinical trials or have characteristics that are unexpected, we may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more

acceptable from a risk-benefit perspective. Many compounds that initially showed promise in clinical or earlier stage testing have later been found to cause side effects that prevented further development of the compound.

Fovista administered in combination with Lucentis was generally well tolerated in our Phase 1 clinical trial and our Phase 2b clinical trials. However, we have clinical data for Fovista administered in combination with Lucentis from only two studies with a limited follow-up of a maximum of 24 weeks. As compared to our Phase 2b clinical trial, our three Phase 3 studies are longer in duration (24 months) with a 12 month timepoint for the primary endpoint, have a greater number of patients (approximately 1866), have a greater number of sites (more than 225), which encompass a much larger geographical recruitment area, and result in chronic exposure to a higher rate of intraocular pressure due to an increased injection volume. Consequently, there is potential for an increase in cumulative side effects resulting from two separate intraocular injections and increased intraocular pressure in the Fovista combination therapy patients as compared to the patients receiving monotherapy anti-VEGF treatment and there is a much longer duration of therapy and greater geographic diversity of patients in our Phase 3 trials. This increase in the number of intraocular injections and treatment burden, increased variability of patient care due to the larger number of clinical trial sites and the broader genetic profile of the enrolled patients from a larger geographic region may result in increased susceptibility to side effects of Fovista and/or resulting from treatment procedure. Therefore there is the potential for an unfavorable safety and tolerability profile in the Fovista combination therapy arm of the study as compared to our Phase 2b study and monotherapy anti-VEGF studies which may be reflected in an increase in adverse events and/or serious adverse event rates (either ocular, systemic or both) in patients receiving Fovista combination therapy. For example, there may be, among others, an increase in the rates of intraocular infections, or endophthalmitis, intraocular pressure, glaucoma, retinal tears, cataracts, retinal detachment, intraocular inflammation, retinal and/or choroidal circulation compromise, cardiovascular disease such as myocardial infarctions, stroke, blood clots or emboli, or hospitalizations in the Fovista combination therapy patients.

In addition, we have very limited clinical and safety data with respect to the effects of Fovista administered in combination with intraocular injections of either Avastin or Eylea. The safety results of our trials are dependent, in part, on the safety and tolerability of the anti-VEGF drug(s) administered in combination with Fovista. Avastin is not approved for the treatment of wet AMD, and according to third-some party clinical trials, may be associated with a greater risk of serious adverse events or undesirable side effects as compared to Lucentis.

We have very limited data regarding the safety, tolerability and efficacy of Zimura for the treatment of geographic atrophy, a form of dry AMD. We have no pre-clinical or clinical data on the effects of Zimura when administered in combination with Fovista and/or an anti-VEGF drug for the treatment of wet AMD. Our clinical trials for Zimura may involve multiple intraocular injections over an extended period of time and, as such, may involve risks regarding multiple and chronic intraocular injections.

Even if Fovista, Zimura or any other product candidate that we may develop receives marketing approval, such product candidate 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 any of our products and product candidates may be smaller than we estimate.

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

market acceptance of Fovista, Zimura or any other product candidate that we may develop, if approved for commercial sale, will depend on a number of factors, including:

- efficacy and potential advantages compared to alternative treatments, including the existing standard of care;
- any restrictions on the use of our products in combination with other medications, such as a Fovista label requiring a waiting period after the intravitreal injection of the anti-VEGF drug and prior to the intravitreal injection of Fovista;
- any restrictions on the use of our products to a subgroup of patients, such as by excluding from the Fovista label patients with pure occult subtype wet AMD;
- restrictions in the label on the use of Fovista with a particular anti-VEGF drug;
- any changes in the dosing regimen of, or the means of administering or delivering, an anti-VEGF drug with which Fovista will be used;
- our and our commercialization partners' ability to offer our products at competitive prices, particularly in light of the additional cost of Fovista together with an anti-VEGF drug;
- availability of third-party coverage and adequate reimbursement, particularly by Medicare given our target market for persons over age 55;
- increasing reimbursement pressures on retinal specialists due to the formation of accountable care organizations and the shift away from traditional fee-for-service reimbursement models to reimbursement based on quality of care and patient outcomes;
- willingness of the target patient population to try new therapies and of physicians to prescribe these therapies, particularly in light of the existing available standard of care;
- prevalence and severity of any side effects;
- whether competing products or other alternatives are more convenient or easier to administer, including whether co-formulated alternatives, alternatives that can be co-administered in a single syringe or alternatives that offer a less invasive method of administration than intravitreal injection come to market; and
- the strength of our marketing and distribution support and that of Novartis, our partner for commercialization outside of the United States.

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

Our Phase 3 clinical program enrolls patients based on a specific definition of the presence of neovascularization with certain characteristics using the commonly employed modality of spectral domain optical coherence tomography, or SD-OCT. We are not aware of any third-party clinical trials that have used this criteria to assess patient inclusion and as such do not know the proportion of total cases of subfoveal choroidal neovascularization that are represented using this specific definition of SD-OCT guided inclusion criteria. Therefore, we cannot easily assess the impact on the potential market opportunity should Fovista receive marketing approval and the approved label exclude patients based on this criteria.

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

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

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

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

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

The development and commercialization of new drug products is highly competitive. We face competition with respect to Fovista and Zimura from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of wet AMD or other disease indications for which we may develop Fovista. Although there are currently no therapies approved by the FDA or the EMA for the treatment of dry AMD, there are also a number of pharmaceutical and biotechnology companies that are currently pursuing the development of products for this indication. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. We also will face similar competition with respect to any other products or product candidates that we may seek to develop or commercialize in the future for the treatment of wet AMD, dry AMD or other diseases.

There are also a number of products in preclinical research and clinical development by third parties to treat wet AMD, including product candidates that inhibit the function of PDGF, the molecule whose function Fovista also inhibits, product candidates that inhibit the function of both

VEGF and PDGF that could obviate the separate use of an anti-PDGF agent, such as Fovista, and anti-VEGF and/or anti-PDGF gene therapy products that may substantially reduce the number and frequency of intravitreal injections when treating wet AMD. These companies include pharmaceutical companies, biotechnology companies, and specialty pharmaceutical and generic drug companies of various sizes, such as Regeneron Pharmaceuticals, Inc., which is working in collaboration with Bayer HealthCare and has recently announced that it plans to initiate a Phase 2 clinical trial of its combination anti-VEGF/anti-PDGF clinical candidate in the first quarter of 2015, Allergan, Inc., Ohr Pharmaceutical, Inc., Xcovery Vision LLC, Santen, Neurotech Pharmaceuticals, Inc., Avalanche Biotechnologies, Inc., Somalogic, Inc. and others. Several companies are pursuing the manipulation of stem cells to provide a novel approach to treating retinal diseases, including wet AMD.

In addition, other companies are undertaking efforts to develop technologies to allow for a less frequent dosing schedule for anti-VEGF therapies that are currently in use. If such technologies are successfully developed and approved for use, we may need to conduct additional clinical trials of Fovista using a less frequent dosing schedule than the dosing schedule we are currently using in our ongoing Phase 3 clinical program. Any such trials may not be successful.

Moreover, there are a number of products in preclinical research and clinical development by third parties to treat dry AMD, including product candidates that are designed to suppress inflammation, such as complement system inhibitors and coricosteroids, visual cycle modulators, antioxidants and neuroprotectants, cell and gene therapies and vascular enhancers. These companies include pharmaceutical companies, biotechnology companies, and specialty pharmaceutical and generic drug companies of various sizes. In particular, with respect to complement system inhibition, these companies include Genentech, Novartis's Alcon division, Alexion Pharmaceuticals, Inc. and MophoSys. Moreover, we are aware that the following companies are pursuing the clinical development of ophthalmic product candidates with other mechanisms of action for the treatment of dry AMD: Alimera Sciences, Acucela, Colby Pharmaceuticals, Allergan, Pfizer, GlaxoSmithKline and Macuclear.

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

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

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

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

We have no experience manufacturing the chemically synthesized aptamers comprising the API of Fovista or Zimura at commercial scale. We currently rely upon a single third-party manufacturer, Agilent Technologies, to supply us with API, also referred to as drug substance, for both Fovista and Zimura and a different, single third-party manufacturer to provide fill-finish services for both Fovista and Zimura. Other than our agreement with Agilent Technologies with respect to our clinical supply of Fovista API, all of our manufacturing arrangements are on a purchase order basis. In order to obtain regulatory approval for Fovista or Zimura, these third-party manufacturers will be required to consistently produce the API used in Fovista or Zimura in commercial quantities and of specified quality or execute fill-finish services on a repeated basis and document their ability to do so. This is referred to as process validation. If the third-party manufacturers are unable to satisfy this requirement, our business will be materially and adversely affected.

Our third-party manufacturer of API for Fovista and Zimura has made only a limited number of lots of Fovista and Zimura to date and has not made any commercial lots. The manufacturing processes for Fovista and Zimura have never been tested at commercial scale, and the process validation requirement has not yet been satisfied for either product candidate. These manufacturing processes and the facilities of our third-party manufacturers, including our third-party API manufacturer and our third-party manufacturer providing fill-finish services, will be subject to inspection and approval by the FDA before we can commence the manufacture and sale of Fovista or Zimura, and thereafter on an ongoing basis. Our third-party manufacturer for API has never been inspected by the FDA and has not been through the FDA approval process for a commercial product. Our third-party manufacturer providing fill-finish services is subject to FDA inspection from time to time. Failure by our third-party manufacturers to pass such inspections and otherwise satisfactorily complete the FDA approval regimen with respect to our product candidates may result in regulatory actions such as the issuance of FDA Form 483 notices of observations, warning letters or injunctions or the loss of operating licenses. Additionally, on October 22, 2014, the FDA issued its final guidance on the circumstances that constitute delaying, denying, limiting or refusing a drug inspection pursuant to Section 707 of the Food and Drug Administration Safety and Innovation Act of 2012. If any of our third-party manufacturers are found to have delayed, denied, limited or refused a drug inspection, our API or drug product could be deemed adulterated. Based on the severity of the regulatory action, our clinical or commercial supply of API or our fill-finish services could be interrupted or limited, which could have a material adverse effect on our business.

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

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

approved product for commercial scale, our ability to market and sell any approved products may be adversely affected and our business could suffer.

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

We do not have a sales, marketing or distribution infrastructure and have no track record in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product, we must either develop a sales, marketing and distribution organization or outsource those functions to third parties. If Fovista receives marketing approval, we plan to commercialize it in the United States with our own specialty sales force targeting retinal specialists. Pursuant to the Novartis Agreement, we have granted to Novartis the exclusive right to commercialize Fovista outside of the United States in consideration for royalties on any such sales.

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

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

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to adequate numbers of physicians who may prescribe our products;
- the lack of complementary products to be offered by our sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

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

If we do not maintain a productive collaborative relationship with Novartis, to whom we have granted exclusive commercialization rights for Fovista outside of the United States, or if Novartis is unable to meets its contractual obligations, we may be forced to focus our efforts internally to commercialize Fovista outside of the United States without the assistance of a commercialization partner or seek another commercialization partner, either of which would result in us incurring greater expenses and could cause a delay in market penetration while we expand our commercial operations or seek an alternative commercialization partner. Such costs may exceed the increased revenues we would receive from direct Fovista sales outside of the United States, at least in the near term. We would also

be forced to declare a breach of the Novartis Agreement and seek a termination of the agreement which could result in an extended and uncertain dispute with Novartis, including arbitration or litigation, any of which will be costly.

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

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

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

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

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research,

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

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

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

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

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

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

- decreased demand for any product candidates or products that we may develop or in-license;

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

We currently hold $10.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $10.0 million, which may not be adequate to cover all liabilities that we may incur. We will need to increase our insurance coverage when and if we begin commercializing Fovista, Zimura or any other product candidate that receives marketing approval. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. In addition, if Novartis or one of our other future commercialization or collaboration partners were to become subject to product liability claims or were unable to successfully defend themselves against such claims, any such commercialization or collaboration partners could be more likely to terminate such relationship with us and therefore substantially limit the commercial potential of our products.

Risks Related to Our Dependence on Third Parties

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

If either of Fovista or Zimura receives marketing approval, we plan to commercialize such product candidate in the United States with our own specialty sales force targeting retinal specialists. In May 2014, we entered into the Novartis Agreement pursuant to which we granted Novartis the exclusive right to commercialize Fovista outside of the United States. We expect to utilize a variety of types of collaboration, distribution and other marketing arrangements with third parties to commercialize Zimura in markets outside the United States. We also may seek third-party collaborators for development and commercialization of other product candidates we may develop. 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. If we do enter into any additional arrangements with third parties in the future, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenues from these arrangements and our arrangement with Novartis for Fovista will depend on our collaborators' and Novartis's abilities and efforts to successfully perform the functions assigned to them in these arrangements. Collaborations involving our product candidates, including our collaboration with Novartis, could pose numerous risks to us, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations and may not perform their obligations as expected;
- collaborators may deemphasize or not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus, changes in product candidate priorities or available funding or changes in priorities as a result of a merger, acquisition or other corporate restructuring;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;

- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;

- we could grant exclusive rights to our collaborators, which would prevent us from collaborating with others;

- disagreements or disputes with collaborators, including disagreements or disputes over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of products or product candidates, might lead to additional responsibilities for us with respect to product candidates or might result in litigation or arbitration, any of which would divert management attention and resources, be time-consuming and be expensive;

- collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;

- collaborators may not properly maintain or defend our intellectual property rights, may infringe the intellectual property rights of third parties, may misappropriate our trade secrets or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to litigation and potential liability; and

- collaborations may be terminated for the convenience of the collaborator, our breach of the terms of the collaboration or other reasons and, if terminated, we may need to raise additional capital to pursue further development or commercialization of the applicable product candidates.

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

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

We will depend heavily on our commercialization arrangement with Novartis for Fovista outside of the United States. If Novartis terminates our agreement or is unable to meet its contractual obligations, it could negatively impact our revenues and harm our business until appropriate measures have been taken.

On May 19, 2014, we entered into the Novartis Agreement pursuant to which we granted exclusive rights to Novartis to commercialize Fovista outside of the United States. The agreement continues until the date on which we are no longer entitled to receive a royalty on Fovista or any co-formulated product containing Fovista developed under the agreement. The agreement is subject to early termination in the event of certain customary defaults, such as material breach of the agreement and bankruptcy. In addition, the agreement is subject to early termination by either us or Novartis if the other party challenges or assists a third party in challenging the validity or enforceability of certain patent rights controlled by the terminating party, or if the parties are prevented in any manner that materially adversely affects the progression of the development or commercialization of licensed

products for a specified period as a result of specified governmental actions. Novartis may also terminate the agreement at any time without cause, or within a specified period after a change in control of us, as defined in the agreement, or for specified safety reasons, effective at the end of a specified period following Novartis's written notice to us of Novartis's election to terminate the agreement. We may also terminate the agreement if Novartis determines to seek marketing approval of an alternative anti-PDGF product outside the United States. If we do not maintain a productive collaborative relationship with Novartis or if Novartis is unable to meet its contractual obligations or if there is an early termination of the agreement as described above, we will be forced to either establish a commercial infrastructure outside of the United States so that we could undertake the commercialization efforts which had been theretofore undertaken by Novartis or we will need to seek an alternative partner. The establishment of a commercial infrastructure and assumption by us of commercialization activities outside of the United States would require substantial resources, financial and otherwise, and could result in us incurring greater expenses than the increase in revenues from our direct sales of Fovista. It could also cause a delay in market penetration while we expand our commercial operations. Seeking and obtaining an alternative commercial partner outside the United States could also adversely impact sales of Fovista and market penetration outside of the United States.

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

The development and potential commercialization of Zimura and other product candidates that we may develop will require substantial additional cash to fund expenses. For some of our product candidates, we may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of those product candidates.

We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for 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 collaboration could be more attractive than the one with us for our product candidate. We may also be restricted under future license agreements from entering into agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market and generate product revenue.

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

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

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

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

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

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

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of Fovista or Zimura and have limited personnel with manufacturing experience. We currently rely upon and expect to continue to rely upon third-party contract manufacturers to manufacture clinical and commercial supplies of Fovista and Zimura, preclinical and clinical supplies of other product candidates we may develop and commercial supplies of products if and when approved for marketing by applicable regulatory authorities. Our current and anticipated future dependence upon others for the manufacture of Fovista, Zimura and any other product candidate or product that we develop may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis. In addition, any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing

approval. Under the Novartis Agreement, we are responsible for supplying to Novartis drug substance for Fovista for clinical and commercial supply.

We currently rely exclusively upon a single third-party manufacturer to provide clinical supplies of both Fovista drug substance and Zimura drug substance. We also engage a single third-party manufacturer to provide fill-finish services for clinical supplies of both Fovista and Zimura. Other than our agreement with Agilent Technologies with respect to our clinical supply of Fovista drug substance, we obtain these supplies and services from each of these manufacturers on a purchase order basis. We do not currently have any contractual commitments for commercial supply of bulk drug substance for either Fovista or Zimura or for fill-finish services. We also do not currently have arrangements in place for redundant supply or a second source for bulk drug substance for Fovista or Zimura or for fill-finish services. The prices at which we are able to obtain supplies of drug substance for Fovista or Zimura and fill-finish services may vary substantially over time and adversely affect our financial results. Furthermore, we currently rely upon sole-source suppliers of certain raw materials and other specialized components of production used in the manufacture and fill-finish of each of Fovista and Zimura.

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

We obtain a different proprietary PEG reagent used to modify the chemically synthesized aptamer in Zimura from a different supplier on a purchase order basis. We do not currently have any contractual commitments for supply of the PEG reagent we use for Zimura.

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

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

replacement PEG reagent we propose to use to make Fovista. We ultimately may be unable to demonstrate such equivalence.

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

- Fovista, Zimura and any other product that we may develop may compete with other product candidates and products for access to a limited number of suitable manufacturing facilities that operate under current good manufacturing practices, or cGMP, regulations;
- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- the possible breach of our supply obligations to Novartis;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

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

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

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

We also have diligence and development obligations under our acquisition agreement with OSI Pharmaceuticals and our license agreements with Archemix and Nektar. Generally, these diligence obligations require us to use commercially reasonable efforts to develop, seek regulatory approval for and commercialize our products in the United States, the European Union and, in some cases, certain other specified countries. Although the Novartis Agreement provides that Novartis will be responsible for performing certain of these obligations with respect to specified countries, we still remain liable under our agreements with OSI Pharmaceuticals, Archemix and Nektar. If we fail to comply with our obligations under current or future acquisition, license and funding agreements, or otherwise breach an

acquisition, license or funding agreement as a result of our own actions or inaction or the actions or inactions of our commercialization or collaboration partners, our counterparties may have the right to terminate these agreements, in which event we might not have the rights or the financial resources to develop, manufacture or market any product that is covered by these agreements. Such a failure to comply or breach by us under any of these agreements could also lead to a breach by us of the Novartis Agreement. Our counterparties also may have the right to convert an exclusive license to non-exclusive in the territory in which we fail to satisfy our diligence obligations, which could materially adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or restated agreements with less favorable terms, seek alternative sources of financing or cause us to lose our rights under these agreements, including our rights to Fovista, Zimura and other important intellectual property or technology. Any of the foregoing could prevent us from commercializing Fovista, Zimura or other product candidates we may develop, which could have a material adverse effect on our operating results and overall financial condition.

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

- Under the terms of the agreement with OSI Pharmaceuticals under which we acquired certain rights to develop and commercialize Fovista, if we or our commercialization or collaborative partners fail to meet certain obligations, OSI Pharmaceuticals may terminate the agreement as to such countries with respect to which such failure has occurred, and upon such termination we will be obligated to grant, assign and transfer to OSI Pharmaceuticals specified rights and licenses related to our anti-PDGF aptamer technology and other related assets, and if we are manufacturing such anti-PDGF products at the time of such termination, may be obligated to provide transitional supply to OSI Pharmaceuticals of covered anti-PDGF products, for such countries.

- Under the terms of the amended license, manufacturing and supply agreement with Nektar, pursuant to which we obtained, among other licenses, an exclusive, worldwide license to make, develop, use, import, offer for sale and sell certain products that incorporate a specified PEG reagent linked with the active ingredient in Fovista, if we fail to use commercially reasonable efforts to achieve the first commercial sale of Fovista in the United States by December 31, 2016, we and Nektar may agree in good faith to extend such date in specified circumstances. If such date is not extended, Nektar may either terminate our license or convert our license for such country to a non-exclusive license. In addition, if we fail to use commercially reasonable efforts to develop Fovista and file and seek approval of NDAs on a schedule permitting us to make first commercial sales of Fovista in specified countries by December 31, 2017, do not make such first commercial sales of Fovista by such date, or thereafter fail to use commercially reasonable efforts to continue to commercialize and market Fovista in such countries, we will be in material breach of the agreement and Nektar will have the right to terminate the agreement.

In addition to the above risks, certain of our intellectual property rights are sublicenses under intellectual property owned by third parties, in some cases through multiple tiers. The actions of our licensors may therefore affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. For example, the licenses from Archemix include sublicenses to us of rights to specified technology, which we refer to as the SELEX technology, licensed by University License Equity Holdings, Inc. to Gilead Sciences, Inc., or Gilead, and sublicensed by Gilead to Archemix, as well as other technology owned by Gilead and licensed to Archemix. In addition, the licenses we have obtained from Nektar include sublicenses of certain rights. Should our licensors or any of their upstream licensors fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our ability to develop and commercialize Fovista, Zimura and

other product candidates may be materially harmed and could also lead to a breach by us of the Novartis Agreement. While the applicable agreements may contain contractual provisions that would in many instances protect our rights as a sublicensee in these circumstances, these provisions may not be enforceable and may not protect our rights in all instances. Further, we do not have the right to control the prosecution, maintenance and enforcement of all of our licensed and sublicensed intellectual property, and even when we do have such rights, we may require the cooperation of our licensors and their upstream licensors, which may not be forthcoming. Our business could be materially adversely affected if we are unable to prosecute, maintain and enforce our licensed and sublicensed intellectual property effectively.

Risks Related to Our Intellectual Property

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

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

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

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

Our and our collaboration and commercialization partners' 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 or their ability to generate additional preclinical or clinical data that support the patentability of our proposed claims. We or our collaboration and commercialization partners may not be able to generate sufficient additional data on a timely basis, or at all. Moreover, changes in either the patent laws or interpretation of the patent laws in the United States or other countries may diminish the value of our or our collaboration and commercialization partners' patents or narrow the scope of our or their patent protection.

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

Moreover, we may be subject to a third-party preissuance submission of prior art to the U.S. Patent and Trademark Office, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review, interference proceedings or other patent office proceedings or litigation, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights; allow third parties to commercialize our technology or products and compete directly with us, without payment to us; or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

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

The last to expire of the U.S. patent rights covering the composition of matter of Fovista is expected to expire in 2017. Such expiration date is not long after the date by which we expect Fovista to be commercialized in the United States if we obtain marketing approval and may even be prior to such date. We own an issued U.S. patent covering methods of treating wet AMD with Fovista in combination with Avastin or Lucentis, which is expected to expire in 2024. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent restoration term of up to five years as partial compensation for patent term effectively lost during product development and the FDA regulatory review process occurring after the issuance of a patent. We may be able to

obtain a patent term extension for one of these U.S. patents. However, we may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or restoration or the term or scope of any such extension is less than we request, any period during which we have the right to exclusively market our product will be shorter than we would otherwise expect, and our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

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

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

Method-of-treatment patents are more difficult to enforce than composition-of-matter patents because of the risk of off-label sale or use of a drug for the patented method. The FDA does not prohibit physicians from prescribing an approved product for uses that are not described in the product's labeling. Although use of a product directed by off-label prescriptions may infringe our method-of-treatment patents, the practice is common across medical specialties, particularly in the United States, and such infringement is difficult to detect, prevent or prosecute. Off-label sales of other products having the same API as Fovista, Zimura or any other product candidates we may develop would limit our ability to generate revenue from the sale of Fovista, Zimura or such other product candidates, if approved for commercial sale. In addition, European patent law generally makes the issuance and enforcement of patents that cover methods of treatment of the human body difficult. Further, once the composition-of-matter patents relating to Fovista, Zimura or any other product candidate in a particular jurisdiction, if any, expire, competitors will be able to make, offer and sell products containing the same API as Fovista, Zimura or such other product candidate in that jurisdiction so long as these competitors do not infringe any other of our patents covering Fovista's or Zimura's composition of matter or method of use or manufacture, do not violate the terms of any marketing or data exclusivity that may be granted to us by regulatory authorities and obtain any necessary marketing approvals from applicable regulatory authorities. In such circumstances, we also may not be able to detect, prevent or prosecute off-label use of such competitors' products containing the same API as Fovista or Zimura in combination with any anti-VEGF drug, even if such use infringes any of our method-of-treatment patents.

The Hatch-Waxman Act also permits the manufacture, use, offer for sale, sale or importation of a patented invention other than a new animal drug or veterinary biological product, if the manufacture, use, offer for sale, sale or importation is solely for uses that are reasonably related to development of information that could be submitted to the FDA. For this reason, our competitors might be able under certain circumstances to perform activities within the scope of the U.S. patents that we own or under which we are licensed without infringing such patents. This might enable our competitors to develop during the lifetime of these patents drugs that compete with Fovista or Zimura, if approved.

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

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

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

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

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

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

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

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

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

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

Many of our employees and contractors were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees and contractors do not use the proprietary information

or know-how of others in their work for us, we may be subject to claims that we or these employees or contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's or contractor's former employer. Litigation may be necessary to defend against these claims.

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

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

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

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

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent offices, and our patent protection could be reduced or eliminated for non-compliance with these requirements

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and patent offices in foreign countries in several stages over the lifetime of the patent. The USPTO and patent offices in foreign countries require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of a patent or patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

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

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

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

Risks Related to Regulatory Approval and Other Legal Compliance Matters

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

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

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

use. The FDA or other regulatory authority may limit the approval of Fovista to use with only specified anti-VEGF drugs rather than with all anti-VEGF drugs. Such limitation could limit sales of Fovista.

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

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

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

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

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

A breakthrough therapy designation by the FDA for our product candidates may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that our product candidates will receive marketing approval

We may seek a breakthrough therapy designation for some of our product candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or

more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interactions and communications between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA are also eligible for accelerated approval.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that the products no longer meet the conditions for qualification of decide that the time period for FDA review or approval will not be shortened.

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

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

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

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

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

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

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

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

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

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates, including Fovista, for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us and our commercialization partners 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 and our commercialization partners market, sell and distribute any products for which we or they

obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;

- the federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;

- the federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Heath Care and Education Affordability Reconciliation Act, and analogous state laws require manufacturers of drugs, devices, biologics and medical supplies to report information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

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

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

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

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

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

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

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

In addition, other legislative changes have been proposed and adopted since ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013, and will remain in effect through 2024. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period

for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding. Additionally, current legal challenges to the ACA could adversely affect coverage and/or reimbursement.

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

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

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

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

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

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

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

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

Risks Related to Employee Matters and Managing Growth and Our Operations

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

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

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

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

We are currently experiencing significant and rapid growth in the number of our employees and the scope of our operations, particularly in the areas of clinical development and manufacturing development. Between January 1, 2014 and December 31, 2014, we hired more than half of our 70 employees. We also expect to continue to hire additional employees and expand the scope of our operations in the area of clinical development and, as we approach potential marketing approval for any of our product candidates, in the area of sales, marketing and distribution. To manage our growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the inherent challenges associated with managing such rapid growth, we may not be able to manage effectively the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Risks Related to Information Technology

We rely significantly upon information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively.

Despite the implementation of security measures, our internal computer systems and those of third parties with which we contract are vulnerable to damage from cyber-attacks, computer viruses,

unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches could cause interruptions in our operations, and could result in a material disruption of our clinical and commercialization activities and business operations, in addition to possibly requiring substantial expenditures of resources to remedy. The loss of clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate public disclosure of confidential or proprietary information, we could incur liability and our product research, development and commercialization efforts could be delayed.

Risks Related to Our Common Stock

Our executive officers, directors and principal stockholders maintain the ability to significantly influence all matters submitted to stockholders for approval.

As of December 31, 2014, our executive officers, directors and principal stockholders and their affiliates, in the aggregate, beneficially owned shares representing approximately 30% of our capital stock. As a result, if these stockholders were to choose to act together, they would be able to significantly influence 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, could significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

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

A significant portion of our total outstanding shares may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well. Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. As of December 31, 2014, we had outstanding 33,994,520 shares of common stock. Of these shares, approximately 10,258,000 shares are restricted securities under Rule 144 under the Securities Act. Any of our remaining shares that are not restricted securities under Rule 144 under the Securities Act, including, for example, shares sold in our initial public offering or our follow-on public offering, may be resold in the public market without restriction unless purchased by our affiliates. Moreover, holders of an aggregate of approximately 10,170,000 shares of our common stock, including shares issuable pursuant to outstanding warrants, have rights, subject to specified conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We have filed, or plan to file, registration statements on Form S-8 registering all shares of common stock that we may issue under our equity compensation plans prior to awards becoming exercisable. As of December 31, 2014, we had outstanding stock options to purchase an aggregate of approximately 3,680,000 shares of our common stock, of which options to purchase approximately 993,000 shares were vested. Once registered on Form S-8, these shares can be freely sold in the public market upon issuance, subject to volume, notice and manner of sale limitations applicable to affiliates and the applicable lock-up agreements entered into in connection with our public offerings.

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

Provisions in our certificate of incorporation and our by-laws 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 our stockholders might otherwise receive a premium for their 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:

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

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

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

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

- the success of competitive products or technologies;

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

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

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

As a public company, we incur and will continue to 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 Select 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 devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and will make some activities more time-consuming and costly.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we are required to furnish with our periodic Exchange Act reports a report by our management on our internal control over financial reporting. We are also required to include with our annual report an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404, we are 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, engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control

over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe, or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our properties consist of office space in New York, New York and Princeton, New Jersey. We lease approximately 22,395 square feet of office space in New York, New York under a lease that expires in 2020. We lease approximately 13,693 square feet of office space in Princeton, New Jersey under a lease that expires in 2019. We also occupy approximately 1,800 square feet of additional office space in Princeton, New Jersey under a lease that expires in September 2016.

Item 3. Legal Proceedings

We are not currently subject to any material legal proceedings.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuers Purchases of Equity Securities

Our common stock has been publicly traded on The NASDAQ Global Select Market under the symbol "OPHT" since September 25, 2013. Prior to that time, there was no public market for our common stock. The following table sets forth the high and low sale prices per share for our common stock on The NASDAQ Global Select Market for the periods indicated:

	Year ended December 31, 2014		Year ended December 31, 2013	
	High	Low	High	Low
Quarter ended March 31,	$ 42.54	$ 28.60	n/a	n/a
Quarter ended June 30,	$ 47.99	$ 30.13	n/a	n/a
Quarter ended September 30,*	$ 42.88	$ 35.38	$ 31.99	$ 23.00
Quarter ended December 31,	$ 50.00	$ 36.46	$ 36.60	$ 22.61

* During the third quarter of 2013, our common stock was publicly traded from September 25, 2013 through September 30, 2013.

Holders

As of January 31, 2015, there were approximately 26 holders of record of our common stock. This number does not include beneficial owners whose shares are held by nominees in street name.

Dividends

We have never declared or paid cash dividends on our common stock, and we do not expect to pay any cash dividends on our common stock in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Recent Sales of Unregistered Securities

Set forth below is information regarding stock options granted by us during the year ended December 31, 2014 that were not registered under the Securities Act of 1933, as amended, or the Securities Act, and that have not otherwise been described in a Quarterly Report on Form 10-Q. Also included is the consideration, if any, received by us for such shares and options and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed. Other than described below or as previously reported in our Quarterly Reports on Form 10-Q, there were no issuances of unregistered equity securities during the period covered by this Annual Report on Form 10-K.

On October 3, 2014, the Company issued to an employee an option to purchase 150,000 shares of its common stock at an exercise price of $38.41 per share. This option grant was an inducement grant issued outside the Company's existing equity compensation plan in accordance with NASDAQ listing rule 5635(c)(4).

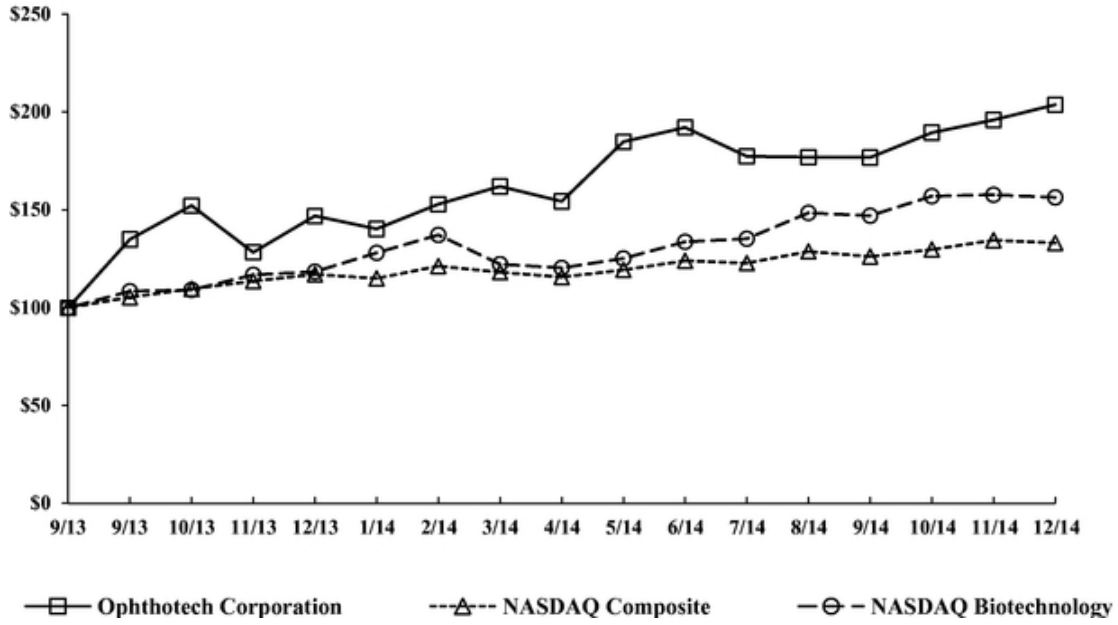
Purchase of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Annual Report on Form 10-K.

Stock Performance Graph

The following graph and chart compares the cumulative annual stockholder return on our common stock over the period commencing September 25, 2013 and ending on December 31, 2014, to that of the total return for the NASDAQ Composite Index and the NASDAQ Biotechnology Index, assuming an investment of $100 on August 31, 2016. In calculation cumulative total annual stockholder return, reinvestment of dividends, if any, is assumed. The indices are included for comparative purposes only. They do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of our common stock and are not intended to forecast or be indicative of future performance of our common stock. The following graph and related information shall not be deemed "soliciting material" or to be "filed: with the Securities and Exchange Commission, nor shall such information be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing. We obtained information used on the graph from Research Data Group, Inc., a source we believe to be reliable.

COMPARISON OF 15 MONTH CUMULATIVE TOTAL RETURN*
Among Ophthotech Corporation, the NASDAQ Composite Index
and the NASDAQ Biotechnology Index



* $100 invested on September 25, 2013 in sotck or August 31, 2013 in index, including reinvestment of dividends.

	9/25/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013	1/31/2014	2/28/2014	3/31/2014	4/30/2014
Ophthotech Corporation	$ 100.00	$ 135.05	$ 152.36	$ 128.41	$ 147.05	$ 140.41	$ 153.05	$ 162.16	$ 154.50
NASDAQ Composite	100.00	105.46	109.71	113.69	117.13	115.08	121.38	118.23	115.76
NASDAQ Biotechnology	100.00	108.52	109.20	116.91	118.51	128.17	137.33	122.37	120.44

	5/31/2014	6/30/2014	7/31/2014	8/31/2014	9/30/2014	10/31/2014	11/30/2014	12/31/2014
Ophthotech Corporation	$ 185.00	$ 192.32	$ 177.55	$ 177.09	$ 176.95	$ 189.64	$ 196.14	$ 203.95
NASDAQ Composite	119.41	124.11	122.91	128.85	126.29	129.84	134.63	133.19
NASDAQ Biotechnology	125.29	133.81	135.37	148.60	147.15	157.15	157.86	156.52

Use of Proceeds from Registered Securities

On September 30, 2013, we closed our initial public offering of 8,740,000 shares of our common stock, including 1,140,000 shares of our common stock pursuant to the exercise by the underwriters of an over-allotment option, at a public offering price of $22.00 per share for an aggregate offering price of approximately $192.3 million. The offer and sale of all of the shares in the offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-190643), which was declared effective by the SEC on September 24, 2013.

We received aggregate net proceeds from the offering of $175.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by us.

As of December 31, 2014, we have used approximately $24.2 million of the net proceeds from the offering as follows:

- approximately $16.1 million to fund certain costs of our Phase 3 clinical program for Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD, which costs consists of external research and development expenses and clinical development related employee expenses; and

- approximately $8.1 million for working capital and other general corporate purposes.

We have not used any of the net proceeds from the offering to make payments, directly or indirectly, to any director or officer of ours, or any of their associates, to any person owning 10 percent or more of our common stock or to any affiliate of ours. We have invested the remaining net proceeds from the offering in a variety of capital preservation investments, including short-term, investment grade, interest bearing instruments and U.S. government securities. There has been no material change in our planned use of the net proceeds from the offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act.

Item 6. Selected Financial Data

The following selected financial data should be read together with our financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Annual Report on Form 10-K. We have derived the statements of operations data for the years ended December 31, 2014, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2014, 2013, 2012 and 2011 from our audited financial statements included elsewhere in this Annual Report on Form 10-K, which have been audited by Ernst & Young LLP, an independent registered accounting firm. Our historical results for any

prior period are not necessarily indicative of results to be expected in any future period, and our results for any interim period are not necessarily indicative of results to be expected for a full fiscal year.

	Year Ended December 31,			
	2014	2013	2012	2011
	(in thousands)			
Statement of Operations Data:				
Collaboration revenue	$ 41,259	$ —	$ —	$ —
Operating Expenses:				
Research and development	88,385	33,215	6,792	13,896
General and administrative	33,387	14,210	6,889	5,738
Total operating expenses	121,772	47,425	13,681	19,634
Loss from operations	(80,513)	(47,425)	(13,681)	(19,634)
Interest (expense) income	217	(1,454)	(507)	2
Loss on extinguishment of debt	—	(1,091)	—	—
Other loss	—	(1,175)	(374)	(30)
Net loss before income tax provision (benefit)	(80,296)	(51,145)	(14,562)	(19,662)
Income tax provision (benefit)	17,892	—	—	(1,029)
Net loss	(98,188)	(51,145)	(14,562)	(18,633)
Add: accretion of preferred stock dividends	—	(5,891)	(7,063)	(6,838)
Net loss attributable to common stockholders	$ (98,188)	$ (57,036)	$ (21,625)	$ (25,471)
Net loss attributable to common stockholders per share:				
Basic and diluted	$ (2.95)	$ (6.34)	$ (14.89)	$ (18.27)
Weighted average common shares outstanding:				
Basic and diluted	33,258	9,003	1,452	1,394

	As of December 31,			
	2014	2013	2012	2011
	(in thousands)			
Balance sheet data:				
Cash, cash equivalents and available for sale securities	$ 463,560	$ 210,596	$ 4,304	$ 6,396
Total assets	$ 498,370	$ 217,682	$ 4,879	$ 7,728
Deferred revenue	$ 209,624	$ —	$ —	$ —
Royalty purchase liability	$ 125,000	$ 41,667	$ —	$ —
Total liabilities	$ 351,249	$ 47,962	$ 14,410	$ 3,338
Preferred stock	$ —	$ —	$ 113,939	$ 106,877
Additional paid-in capital	$ 428,390	$ 352,739	$ —	$ —
Accumulated deficit	$ (281,238)	$ (183,050)	$ (126,471)	$ (105,488)
Total stockholders' equity (deficit)	$ 147,121	$ 169,720	$ (123,470)	$ (102,487)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties and should be read together with the "Risk Factors" section of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the back of the eye, with a focus on developing therapeutics for age-related macular degeneration, or AMD. Our most advanced product candidate is Fovista, which is in Phase 3 clinical development for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet AMD. We have completed one Phase 1 and one Phase 2b clinical trial of Fovista administered in combination with the anti-VEGF drug Lucentis. We are also developing our product candidate Zimura, for the treatment of patients with geographic atrophy, a form of dry AMD, and in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation.

We have initiated a pivotal Phase 3 clinical program for Fovista, which consists of three separate Phase 3 clinical trials to evaluate the safety and efficacy of Fovista administered in combination with anti-VEGF drugs for the treatment of wet AMD compared to anti-VEGF monotherapy and are actively enrolling patients in these trials. Two of these trials are evaluating Fovista in combination with Lucentis and the other is evaluating Fovista in combination with each of Eylea or Avastin. We plan to enroll a total of 1,866 patients at more than 225 centers internationally across the three trials. Based on our estimates regarding patient enrollment, we expect to have initial, top-line data from our Phase 3 clinical program for Fovista available in 2016. If the results of this Phase 3 clinical program are favorable, we will submit applications for marketing approval for Fovista in the United States and, together with our commercialization partner Novartis, in the European Union. We also initiated, in the third quarter of 2014, a Phase 2a open-label trial designed to investigate the potential effect of the administration of Fovista in combination with anti-VEGF therapy in reducing the formation of subretinal fibrosis in wet AMD patients, and, in the fourth quarter of 2014, a Phase 2a clinical trial, which will evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, in the reduction of treatment burden. We are also planning additional clinical trials to assess the potential therapeutic benefit of Fovista in other ophthalmic conditions.

On May 19, 2014, we entered into a licensing and commercialization agreement with Novartis Pharma AG, which we refer to as the Novartis Agreement. Under the Novartis Agreement, we granted Novartis exclusive rights under specified patent rights, know-how and trademarks controlled by us to manufacture, from bulk API supplied by us, standalone Fovista products and products combining Fovista with an anti-VEGF product to which Novartis has rights in a co-formulated product, for the treatment, prevention, cure or control of any human disease, disorder or condition of the eye, and to develop and commercialize those licensed products in all countries outside of the United States, which we refer to as the Novartis Territory. We have agreed to use commercially reasonable efforts to complete our ongoing pivotal Phase 3 clinical program for Fovista and Novartis has agreed to use commercially reasonable efforts to develop a standalone Fovista product and a co-formulated product containing Fovista and an anti-VEGF to which Novartis has rights, as well as a pre-filled syringe presentation of such products and to use commercially reasonable efforts, subject to obtaining

marketing approval, to commercialize licensed products in the Novartis Territory in accordance with agreed development and marketing plans.

Novartis paid us a $200.0 million upfront fee upon execution of the Novartis Agreement. Novartis is also obligated to pay us up to an aggregate of $130.0 million if we achieve specified patient enrollment milestones for our Phase 3 clinical program for Fovista, $50.0 million of which we received in October 2014, and up to an aggregate of an additional $300.0 million upon achievement of specified marketing approval milestones in certain countries in the Novartis Territory. In addition, Novartis has agreed to pay us up to an aggregate of an additional $400.0 million if Novartis achieves specified sales milestones in the Novartis Territory. Novartis also is obligated to pay us royalties with respect to standalone Fovista products and combination Fovista products that Novartis successfully commercializes. We will receive royalties at a mid-thirties percentage of net sales of standalone Fovista products and a royalty of approximately equal value for sales of combination Fovista products. Such royalties are subject to customary deductions, credits, and reductions for lack of patent coverage or market exclusivity. Novartis's obligation to pay such royalties will continue on a licensed product-by-licensed product and country-by-country basis until Novartis's last actual sale of such licensed product in such country. We will continue to be responsible for royalties we owe to third parties on sales of Fovista products.

We have retained control over the design and execution of our pivotal Phase 3 clinical program for Fovista and remain responsible for funding the costs of that program, subject to Novartis's responsibility to provide Lucentis, an anti-VEGF agent to which Novartis has rights in the Novartis Territory, for use in the Phase 3 trials in the Novartis Territory following the effective date of the Novartis Agreement. Novartis will have control over, and will be responsible for the costs of, all other clinical trials that may be required to obtain marketing approvals in the Novartis Territory for licensed products under the agreement. Novartis is also responsible for costs associated with co-formulation development, pre-filled syringe development and other development costs in the Novartis Territory, but excluding regulatory filing fees in the European Union for the standalone Fovista product, for which we will be responsible.

We plan to initiate a Phase 2/3 clinical trial to evaluate the safety and efficacy of Zimura monotherapy in patients with geographic atrophy in the second half of 2015. We also initiated in late 2014 a very small, open-label Phase 2 trial investigating Zimura administered in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, or PCV, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy has failed.

We were incorporated and commenced active operations in 2007. Our operations to date have been primarily limited to organizing and staffing our company, acquiring rights to product candidates, business planning, raising capital and developing Fovista and Zimura. We acquired our rights to Fovista from (OSI) Eyetech, Inc., or Eyetech, in July 2007. The acquisition included an assignment of license rights and obligations under an agreement with Archemix Corp. We have licensed rights to our product candidate Zimura from Archemix Corp. Since inception, we have incurred significant operating losses. Our net loss was $98.2 million for the year ended December 31, 2014, and $51.1 million for the year ended December 31, 2013. As of December 31, 2014, we had an accumulated deficit of $281.2 million. We have not generated any revenues from product sales and have financed our operations primarily through private placements of our preferred stock, venture debt borrowings, funding under our royalty purchase and sale agreement with Novo A/S, which we refer to as the Novo Agreement, our initial public offering, which we closed in September 2013, our follow-on public offering of common stock, which we closed in February 2014, and the Novartis Agreement. We received net proceeds from the initial public offering of $175.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. We received net proceeds from the follow-on public offering of $55.4 million, after deducting underwriting discounts and commissions and other offering expenses

payable by us. We have received $125.0 million of funding under the Novo Agreement, which constitutes the full amount of funding under that agreement. We also received an upfront payment of $200.0 million from Novartis upon the execution of the Novartis Agreement and a $50.0 million enrollment-based milestone payment from Novartis in October 2014. In connection with the receipt of the upfront payment from Novartis, we made a milestone payment in June 2014 of approximately $19.8 million under one of our agreements. We made income tax payments of $40.2 million during the year ended December 31, 2014. These payments relate to estimated taxable income that resulted from the receipt of the $250.0 million in upfront and milestone payments from Novartis and $83.3 million in proceeds from the Novo Agreement in 2014.

We initiated our pivotal Phase 3 clinical program for Fovista in August 2013. We expect our expenses to continue to increase substantially, particularly as we continue the development of Fovista in our Phase 3 clinical program for the treatment of wet AMD. We plan to enroll a total of 1,866 patients for this program. In addition, we also expect our expenses to increase as we further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need and pursue the development of Zimura for both the treatment of geographic atrophy, a form of dry AMD, and in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. We expect these expenses to increase as patient enrollment increases in these clinical trials and as we manufacture validation production batches of API and drug product for Fovista. In addition, our expenses will increase prior to obtaining marketing approval for Fovista as we expand our infrastructure to support commercial operations and, if we obtain marketing approval for Fovista, Zimura or any other product candidate that we may develop, we expect our commercialization expenses related to product sales, marketing, distribution and manufacturing to increase significantly. Furthermore, we are incurring and will continue to incur additional costs associated with operating as a public company, hiring additional personnel and expanding our facilities. These costs include significant legal, accounting, investor relations and other expenses that we did not incur as a private company. Moreover, additional rules and regulations applicable to public companies will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Our ability to become and remain profitable depends on our ability to generate revenue in excess of our expenses. We do not expect to generate and maintain significant product revenue unless, and until, we obtain marketing approval for, and commercialize, Fovista, Zimura or other product candidates that we may develop. We may be unsuccessful in our efforts to develop and commercialize these product candidates. Even if we succeed in developing and commercializing one or more of our product candidates, we may never achieve sufficient sales revenue to achieve or maintain profitability. Our capital requirements will also depend on many other factors, including whether we pursue the acquisition or in-licensing and subsequent development of additional product candidates. 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.

Financial Overview

Revenue

Prior to 2014, we had not generated any revenue. In September 2014, we earned a $50.0 million enrollment-based milestone under the Novartis Agreement. We recognized approximately $41.3 million as collaboration revenue during the year ended December 31, 2014. Using the relative selling price method, the Company allocated revenue of $38.4 million to the license it delivered to Novartis under the Novartis Agreement, $2.0 million to the research and development activities we performed under the Novartis Agreement, and $0.9 million to the transfer of API to Novartis. In the future, we may

generate additional revenue from a combination of product sales and license fees, milestone payments and research and development activity-related payments and royalties in connection with the Novartis Agreement. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of certain milestone and other payments, if any, that we may receive from Novartis and the amount and timing of payments that we receive upon the sale of our products, to the extent any are successfully commercialized. We do not expect to generate revenue from products sales until 2017 at the earliest. If we fail to complete the development of Fovista, Zimura or other product candidates we may develop, in a timely manner or obtain regulatory approval for them, our ability to generate future revenue and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

Research and development expenses primarily consist of costs associated with the development and clinical testing of Fovista and Zimura. Our research and development expenses consist of:

- external research and development expenses incurred under arrangements with third parties, such as contract research organizations, or CROs, and other vendors, contract manufacturing organizations and consultants, including for the production of drug substance and drug product; and

- employee-related expenses, including salaries, benefits, travel and share-based compensation expense.

All research and development costs are charged to operations as incurred in accordance with Financial Accounting Standards Board Accounting Standards Codification, or ASC, 730 Topic, *Research and Development*. We account for non-refundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received, rather than when the payment is made.

To date, the large majority of our research and development work has been related to Fovista and Zimura. We anticipate that our research and development expenses will increase substantially in connection with our ongoing activities, particularly as we continue the development of and seek marketing approval for Fovista, Zimura and, possibly, other product candidates.

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

The following table summarizes our research and development expenses for the years ended December 31, 2014, 2013 and 2012:

	Years ended December 31,		
	2014	2013	2012
		(in thousands)	
Fovista	$ 66,095	$ 26,206	$ 3,619
Zimura	4,377	15	36
Personnel-related	9,514	4,770	2,725
Share-based compensation	7,594	2,062	412
Other	805	162	—
	$ 88,385	$ 33,215	$ 6,792

We expect to spend significant additional funds on our Phase 3 clinical program for Fovista, our other planned clinical programs, including additional clinical trials to further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet medical need, a planned clinical trial evaluating Zimura for the treatment of geographic atrophy and a clinical trial evaluating Zimura administered in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation, and for general corporate purposes and working capital. Costs related to our clinical programs could exceed our expectations if we experience delays in our clinical trials, including because of the timing of our patient enrollment, the availability and costs of drug supply for our clinical trials or for other reasons. Our costs will also increase if we increase investigator fees for our clinical trials or expand the scope of our clinical trials and programs, or change the geographic mix of sites at which patients are enrolled, or increase other corporate or licensing activities, or staffing.

Our current Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data and to fund our other development programs. Moreover, we are at the early stages of formulating our clinical development plan for Zimura. We expect the clinical development of Zimura will continue for at least the next several years. At this time, we cannot reasonably estimate the remaining costs necessary to complete the clinical development of either Fovista or Zimura, complete process development and manufacturing scale-up activities associated with Fovista and Zimura and seek marketing approval for Fovista or Zimura, or the nature, timing or costs of the efforts necessary to complete the development of any other product candidate we may develop.

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

- the scope, rate of progress and expense of our research and development activities;
- the potential benefits of our product candidates over other therapies;
- our and our commercialization partner's ability to market, commercialize and achieve market acceptance for any of our product candidates;
- clinical trial results;
- the terms and timing of regulatory approvals; and
- our ability to successfully file, prosecute, defend and enforce patent claims and other intellectual property rights, together with associated expenses.

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

See the "Liquidity and Capital Resources" section on page 130 of this Annual Report on Form 10-K for more information regarding our current and future financial resources.

General and Administrative Expenses

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

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

Interest Income

Our cash, cash equivalents and marketable securities are invested primarily in U.S. Treasury money market funds and U.S. Treasury securities, which generate a nominal amount of interest income.

Critical Accounting Policies and Significant Judgments and Estimates

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

Our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this Annual Report on Form 10-K. Of those policies, we believe that the following accounting policies are the most critical to aid our stockholders in fully understanding and evaluating our financial condition and results of operations.

Accrued Research and Development Expenses

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

We base our expenses related to CROs and contract manufacturing organizations on our estimates of the services received and efforts expended pursuant to quotes and contracts with such vendors that

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

Revenue Recognition

Collaboration Revenue

Prior to 2014, we had not generated any revenue. In May 2014, we received an up-front payment of $200.0 million in connection with the Novartis Agreement, which has not been recorded as revenue due to certain contingencies associated with the payment. In September 2014, we achieved a $50.0 million enrollment-based milestone under the Novartis Agreement. We recognized collaboration revenue of approximately $41.3 million during the year ended December 31, 2014. We use the relative selling price method to allocate arrangement consideration to our performance obligations under the Novartis Agreement. Below is a summary of the components of our collaboration revenue for the years ended December 2014, 2013 and 2012:

	Year ended December 31,		
	2014	2013	2012
License revenue	$ 38,372	$ —	$ —
Research and development activity revenue	2,004	—	—
API transfer revenue	883	—	—
Total collaboration revenue	$ 41,259	$ —	$ —

In the future, we may generate additional revenues from a combination of products sales and license fees, milestone payments and research and development activity-related payments and royalties in connection with the Novartis Agreement. The terms of this agreement and other potential collaboration or commercialization agreements we may enter into generally contain multiple elements, or deliverables, which may include (i) licenses, or options to obtain licenses, to our technology, (ii) research and development activities to be performed on behalf of the collaborative partner, and (iii) in certain cases, services in connection with the manufacturing of pre-clinical and clinical material. Payments to us under these arrangements typically include one or more of the following: non-refundable, up-front license fees; option exercise fees; funding of research and/or development efforts; milestone payments; and royalties on future product sales.

When evaluating multiple element arrangements, we consider whether the deliverables under the arrangement represent separate units of accounting. This evaluation requires 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. In determining the units of accounting, management evaluates certain criteria, including whether the deliverables have standalone value, based on the consideration of the relevant facts and circumstances for each arrangement. The consideration received is allocated among the separate units of accounting using the

relative selling price method, and the applicable revenue recognition criteria are applied to each of the separate units.

We determine the estimated selling price for deliverables within each agreement 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. Determining the best estimate of selling price for a deliverable requires significant judgment. We use BESP to estimate the selling price for licenses to our proprietary technology, since we often do not have VSOE or TPE of selling price for these deliverables. In those circumstances where we utilize BESP to determine the estimated selling price of a license to our proprietary technology, we consider market conditions as well as entity-specific factors, including those factors contemplated in negotiating the agreements as well as internally developed models that include assumptions related to the market opportunity, estimated development costs, probability of success and the time needed to commercialize a product candidate pursuant to the license. In validating our best estimate of selling price, we evaluate whether changes in the key assumptions used to determine the best estimate of selling price will have a significant effect on the allocation of arrangement consideration among multiple deliverables.

When management believes the license to its intellectual property and products has stand-alone value, we generally recognize revenue attributed to the license upon delivery. When management believes such a license does not have stand-alone value from the other deliverables to be provided in the arrangement, we generally recognize revenue attributed to the license on a straight-line basis over our contractual or estimated performance period, which is typically the term of our research and development obligations. If management cannot reasonably estimate when our performance obligation ends, then revenue is deferred until management can reasonably estimate when the performance obligation ends. The periods over which revenue should be recognized are subject to estimates by management and may change over the course of the research and development agreement. Such a change could have a material impact on the amount of revenue we record in future periods.

At the inception of arrangements that include 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 (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance, and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. We evaluate factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

We aggregate our milestones into three categories: (i) clinical and development milestones, (ii) regulatory milestones, and (iii) commercial milestones. Clinical and development milestones are typically achieved when a product candidate advances into a defined phase of clinical research or completes such phase or when a contractually specified clinical trial enrollment target is attained. Regulatory milestones are typically achieved upon acceptance of the submission for marketing approval of a product candidate or upon approval to market the product candidate by the FDA or other global regulatory authorities. For example, a milestone payment may be due to us upon the FDA's acceptance of an NDA. Commercial milestones are typically achieved when an approved pharmaceutical product reaches certain defined levels of net sales by the licensee, such as when a product first achieves global sales or annual sales of a specified amount.

Revenues from clinical and development and regulatory milestone payments, if the milestones are deemed substantive and the milestone payments are nonrefundable, are recognized upon successful accomplishment of the milestones. With regards to the Novartis Agreement, we have concluded that the clinical and development milestones and certain regulatory milestones are not substantive and that the regulatory approval milestones pursuant to the Novartis Agreement are substantive. Milestones payments received that are not considered substantive are included in the allocable arrangement consideration and are recognized as revenue in proportion to the relative-selling price allocation established at the inception of the arrangement. Revenues from commercial milestone payments are accounted for as royalties and are recorded as revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met.

Royalty Purchase Liability

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

Share-Based Compensation

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

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

We use the Black-Scholes option pricing model to value our stock option awards. Use of this valuation methodology requires that we make assumptions as to the volatility of our common stock, the expected term of our stock options, and the risk free interest rate for a period that approximates the expected term of our stock options and the expected dividend yield of our common stock. As a new public company, we do not have sufficient history to estimate the volatility of our common stock price or the expected life of the options. We calculate expected volatility based on reported data for similar publicly traded companies for which historical information is available and will continue to do so until the historical volatility of our common stock is sufficient to measure expected volatility for future option grants.

We use the simplified method as prescribed by the Securities and Exchange Commission Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term of stock option

grants to employees as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. The risk-free interest rate used for each grant is based on the U.S. Treasury yield curve in effect at the time of grant for instruments with a similar expected life. We utilize a dividend yield of zero based on the fact that we have never paid cash dividends and have no current intention to pay cash dividends. The weighted-average assumptions used to estimate grant date fair value of stock options using the Black-Scholes option pricing model were as follows for the years ended December 31, 2014, 2013 and 2012:

	Year ended December 31,		
	2014	2013	2012
Expected common stock price volatility	82%	83%	81%
Risk-free interest rate	1.61% - 2.13%	0.89% - 2.94%	0.94% - 1.77%
Expected term of options (years)	6.2	6.1	6.6
Expected annual dividend per share	$—	$—	$—

We are also required to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest. To the extent that actual forfeitures differ from our estimates, the difference is recorded as a cumulative adjustment in the period the estimates were revised. Through December 31, 2014, actual forfeitures have not been material.

Share-based compensation expense for equity grants to employees and non-employees was $13.0 million, $2.9 million, and $0.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, we had $42.8 million of total unrecognized share-based compensation expense, which we expect to recognize over a weighted-average remaining vesting period of approximately 3.0 years. We expect our share-based compensation for our share-based awards to employees and non-employees to increase as a result of recognizing our existing unrecognized share-based compensation for awards that will vest and as we issue additional share-based awards to attract and retain our employees.

For the years ended December 31, 2014, 2013 and 2012, we allocated share-based compensation as follows:

	Year ended December 31,		
	2014	2013	2012
Research and development	$ 7,594	$ 2,062	$ 412
General and administrative	5,446	809	228
Total	$ 13,040	$ 2,871	$ 640

Income Taxes

In each of January 2014 and November 2014, we received $41.7 million from Novo A/S under the Novo Agreement, or $83.3 million in the aggregate, which will be reported as revenue for income tax purposes. In May 2014, we received $200.0 million from Novartis upon execution of the Novartis Agreement, a portion of which will be reported as revenue for income tax purposes. In October 2014, we received a milestone payment of $50.0 million from Novartis which will be reported as revenue for income tax purposes. As a result of these payments, and after taking into account the utilization of our federal net operating loss carry-forwards and utilization of our research and development tax credits, we expect to report taxable income for the 2014 tax year. We made income tax payments of

$40.2 million during the year ended December 31, 2014. These payments relate to estimated taxable income that resulted from the payments we received from Novo A/S and Novartis in 2014. In addition, we expect that the valuation allowance on certain of our deferred tax assets will be released, where appropriate. See Note 10 to our financial statements in Item 8 of this Annual Report on form 10-K for further information regarding our expectations with respect to our income tax provision.

JOBS Act

Prior to January 1, 2015, as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, we were entitled to 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. Prior to January 1, 2015, we elected to delay our adoption of such new or revised accounting standards. As a result of this election, our financial statements for periods prior to January 1, 2015, may not be comparable to the financial statements of other public companies. Commencing in January 1, 2015, we no longer qualify for such status and, as such, we will comply with all new or revised accounting standards applicable to other public companies. We do not expect this change in status to have a material impact on our 2015 financial position or results of operations.

Results of Operations

Comparison of Years Ended December 31, 2014 and 2013

	Years ended December 31,		Increase (Decrease)
	2014	2013	
	(in thousands)		
Statement of Operations Data:			
Collaboration revenue	$ 41,259	$ —	$ 41,259
Operating Expenses:			
Research and development	88,385	33,215	55,170
General and administrative	33,387	14,210	19,177
Total operating expenses	121,772	47,425	74,347
Loss from operations	(80,513)	(47,425)	33,088
Interest income (expense)	217	(1,454)	1,671
Loss on extinguishment of debt	—	(1,091)	(1,091)
Other loss	—	(1,175)	(1,175)
Net loss before income tax provision	(80,296)	(51,145)	29,151
Income tax provision	17,892	—	17,892
Net loss	(98,188)	(51,145)	47,043
Add: accretion of preferred stock dividends	—	(5,891)	5,891
Net loss attributable to common stockholders	$ (98,188)	$ (57,036)	$ 41,152

Collaboration Revenue

Collaboration revenue for the year ended December 31, 2014 were approximately $41.3 million. Using the relative selling price method, we allocated $38.4 million to the license delivered to Novartis under the Novartis Agreement, $2.0 million to research and development activities we performed under the Novartis Agreement and $0.9 million to the transfer of API to Novartis during the year ended December 31, 2014.

We did not recognize any revenue during the year ended December 31, 2013.

Research and Development Expenses

Our research and development expenses were $88.4 million for the year ended December 31, 2014, an increase of $55.2 million compared to $33.2 million for the year ended December 31, 2013. The increase was due to a milestone payment of $19.8 million that we made in June 2014 in connection with our entry into the Novartis Agreement and costs associated with our Fovista Phase 3 clinical program, including clinical trial costs and the costs to manufacture Fovista for the trials as we continue to progress the Fovista Phase 3 clinical program. Other contributing factors include increased personnel costs associated with additional management and research and development staffing, including share-based compensation expense. We initiated our pivotal Phase 3 clinical program for Fovista in August 2013.

General and Administrative Expenses

Our general and administrative expenses for the year ended December 31, 2014 were $33.4 million, an increase of $19.2 million compared to $14.2 million for the year ended December 31, 2013. The increase was primarily due to an increase in costs to support the expansion of the Company's operations, including our public company infrastructure, and relates to the hiring of additional management and corporate staffing, professional services and consulting fees, increased share-based compensation, and costs related to an executive retirement and other one-time post-employment costs.

Interest Income (Expense), Net

Net interest income for the year ended December 31, 2014 was $0.2 million compared to net interest expense of $1.5 million for the year ended December 31, 2013. Net interest income earned during the year ended December 31, 2014 was a result of a significant increase in our cash, cash equivalents and marketable securities average balances during the year ended December 31, 2014 as compared to the year ended December 31, 2013. The amounts recorded in the year ended December 31, 2013 were related to interest expense associated with our venture debt facility that we entered into in June 2012. The debt facility was paid off in May 2013 and as such, there was no corresponding interest expense during the year ended December 31, 2014.

Other Loss

There was no other loss recorded for the year ended December 31, 2014 compared to other loss of $1.2 million for the year ended December 31, 2013. Amounts recorded as other loss were due to the change in fair value of the preferred stock warrant liability recorded in the first half of 2013. Upon completion of our initial public offering on September 30, 2013, the preferred stock warrants were converted to common stock warrants and are now treated as permanent equity.

Provision for Income Taxes

The provision for income taxes recorded for the year ended December 31, 2014 was $17.9 million. This primarily relates to the payments we received from Novartis and Novo A/S in 2014, a significant portion of which contributed to an increase in taxable income for 2014. For the year ended December 31, 2013, we did not record a provision for income taxes due to our significant operating losses.

Comparison of Years Ended December 31, 2013 and 2012

	Years ended December 31,		Increase (Decrease)
	2013	2012	
	(in thousands)		
Statement of Operations Data:			
Collaboration revenue	$ —	$ —	$ —
Operating Expenses:			
Research and development	33,215	6,792	26,423
General and administrative	14,210	6,889	7,321
Total operating expenses	47,425	13,681	33,744
Loss from operations	(47,425)	(13,681)	33,744
Interest expense, net	(1,454)	(507)	947
Loss on extinguishment of debt	(1,091)	—	1,091
Other loss	(1,175)	(374)	801
Net loss before income tax provision	(51,145)	(14,562)	36,583
Income tax provision	—	—	—
Net loss	(51,145)	(14,562)	36,583
Add: accretion of preferred stock dividends	(5,891)	(7,063)	(1,172)
Net loss attributable to common stockholders	$ (57,036)	$ (21,625)	$ 35,411

Collaboration Revenue

We did not recognize any revenue for the year ended December 31, 2013 or for the year ended December 31, 2012.

Research and Development Expenses

Our research and development expenses were $33.2 million for the year ended December 31, 2013, an increase of $26.4 million compared to $6.8 million for the year ended December 31, 2012. The increase was primarily due to milestone payments, manufacturing activity and clinical trial startup costs as we commenced our Phase 3 clinical program for Fovista in August 2013.

General and Administrative Expenses

Our general and administrative expenses for the year ended December 31, 2013 were $14.2 million, an increase of $7.3 million compared to $6.9 million for the year ended December 31, 2012. The increase was primarily due to an increase in intellectual property related expenses, professional services and consulting fees and personnel costs, including additional management and corporate staffing to support our public company infrastructure.

Interest Expense, net

Interest expense, net for the year ended December 31, 2013 was $1.5 million compared to $0.5 million for the year ended December 31, 2012. The amounts in both 2013 and 2012 were related to interest associated with our venture debt facility that we entered into in June 2012 and paid off in May 2013. The related interest expense for the year ended December 31, 2013 included a payment of $0.8 million that was required upon the earlier of the maturity date or the date of repayment of the venture debt facility.

Loss on Extinguishment of Debt

In May 2013, we repaid the outstanding balance on our venture debt facility. The associated $1.1 million loss on extinguishment of debt represents the related prepayment penalties and an expense for deferred costs and unamortized debt discount related to the venture debt facility.

Other Loss

Other loss was $1.2 million for the year ended December 31, 2013 compared to $0.4 million for the year ended December 31, 2012. The $0.8 million increase was primarily due to the change in fair value of the preferred stock warrant liability. These warrants were converted into warrants to purchase common stock upon the closing of our initial public offering.

Liquidity and Capital Resources

Sources of Liquidity

Since inception, we have financed our operations primarily through private placements of our preferred stock, venture debt borrowings, funding we received under the Novo Agreement, our initial public offering, which we closed on September 30, 2013, our follow-on public offering of common stock, which we completed in February 2014, and funds we received under the Novartis Agreement. In September 2013, we issued and sold an aggregate of 8,740,000 shares of common stock in our initial public offering at a public offering price of $22.00 per share. We received net proceeds from the initial public offering of $175.6 million. In February 2014, we issued and sold 1,900,000 shares of common stock and selling shareholders sold 728,571 shares of common stock in a follow-on public offering at a public offering price of $31.50 per share. We received net proceeds of $55.4 million from the follow-on offering. The Novo Agreement, which is described in more detail below, provides for financing of up to $125.0 million in the aggregate in return for the sale to Novo A/S of royalty interests in worldwide sales of Fovista. We received an aggregate of $125.0 million of this financing in separate tranches in May 2013, January 2014 and November 2014, which constitutes the full amount of funding under the Novo Agreement. In May 2013, we issued and sold an aggregate of 6,666,667 shares of our series C preferred stock at a price per share of $2.50, for an aggregate purchase price of $16.7 million. In August 2013, we issued and sold an aggregate of 13,333,333 additional shares of our series C preferred stock to the same purchasers at a price per share of $2.50, for an aggregate purchase price of $33.3 million.

In May 2014, we received an upfront payment of $200.0 million upon execution of the Novartis Agreement for the rights to commercialize Fovista, a product candidate currently in Phase 3 clinical trials, outside the United States. Novartis is also obligated to pay us up to an aggregate of $130.0 million if we achieve specified patient enrollment milestones for our ongoing pivotal Phase 3 clinical program for Fovista, $50.0 million of which we received in October 2014. In connection with the receipt of the upfront payment from Novartis, we made a milestone payment in June 2014 of approximately $19.8 million under one of our agreements. We made income tax payments of $40.2 million during the year ended December 31, 2014. These payments relate to estimated taxable income that resulted from the receipt of $250.0 million in upfront and milestone payments under the Novartis Agreement, and $83.3 million in proceeds from the Novo Agreement in 2014

Cash Flows

As of December 31, 2014, we had cash, cash equivalents, and available for sale securities totaling $463.6 million and no debt. We primarily invest our cash and cash equivalents in U.S. Treasury securities and money market funds that invest in U.S. Treasury securities.

The following table shows a summary of our cash flows for the years ended December 31, 2014, 2013 and 2012:

	Years ended December 31,		
	2014	2013	2012
	(in thousands)		
Net cash provided by (used in):			
Operating Activities	$ 111,088	$ (48,775)	$ (13,104)
Investing Activities	(427,817)	(5)	—
Financing Activities	145,947	255,072	11,012
Net change in cash and cash equivalents	$ (170,782)	$ 206,292	$ (2,092)

Cash Flows from Operating Activities

Net cash provided by operating activities of $111.1 million for the year ended December 31, 2014 relates primarily to the receipt of the upfront payment of $200.0 million and the first enrollment milestone payment of $50.0 million under the Novartis Agreement, offset by (i) tax payments made in 2014 totaling $40.2 million relating to our estimated taxable income in 2014, (ii) a milestone payment in June 2014 of approximately $19.8 million that we paid under one of our agreements in connection with our entry into the Novartis Agreement and (iii) costs we have incurred in our efforts to advance Fovista into Phase 3 clinical trials, including increased spending on Phase 3 clinical trial costs and manufacturing activity for Fovista, as well as increased general and administrative expenses. Net cash used in operating activities in prior periods resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital.

In August 2013, we initiated our pivotal Phase 3 clinical program for Fovista which consists of three separate clinical trials. We expect cash used in operating activities to continue to increase substantially compared to prior periods and for the foreseeable future, particularly as our patient enrollment increases in our Phase 3 clinical program, as we manufacture validation production batches of API and drug product for Fovista, and as we continue the development of and seek marketing approval for Fovista, Zimura and, possibly, other product candidates.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2014 was $427.8 million and relates primarily to the purchase of marketable securities totaling $597.8 million offset by marketable security maturities of $171.6 million. Also contributing to our cash used in investing activities for this period were capital expenditures associated with new manufacturing equipment and our new office facilities in New York, New York and Princeton, New Jersey. Net cash used in investing activities was de minimis for the year ended December 31, 2013.

Cash Flows from Financing Activities

Net cash provided by financing activities was $145.9 million for the year ended December 31, 2014 and $255.1 million for the year ended December 31, 2013. Net cash provided by financing activities for the year ended December 31, 2014 consisted primarily of $83.3 million in proceeds under the Novo Agreement received in two tranches in January 2014 and November 2014, and proceeds of $55.4 million from our follow-on public offering in February 2014. Net cash provided by financing activities for the year ended December 31, 2013 related primarily to proceeds of $175.6 million from our initial public offering in September 2013, proceeds of $49.7 million from the issuance of preferred stock and proceeds of $41.7 million from the Novo Agreement in May 2013, offset by the repayment of our former venture debt facility.

Funding Requirements

Our product candidates, Fovista and Zimura, are in clinical development. We expect our expenses to continue to increase, particularly as we continue the development of Fovista in our Phase 3 clinical program and other additional clinical trials for the treatment of wet AMD. We initiated our pivotal Phase 3 clinical program for Fovista in August 2013. We plan to enroll a total of 1,866 patients for this program. In addition, we also expect our expenses to increase as we further evaluate the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet medical need and pursue the development of Zimura for the treatment of geographic atrophy, a form of dry AMD and in combination with anti-VEGF therapy and, potentially, Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. We expect our expenses to increase as patient enrollment increases in these clinical trials. In addition, our expenses will increase prior to obtaining marketing approval for Fovista as we manufacture validation production batches of API and drug product for Fovista, expand our infrastructure to support commercial operations and if we obtain marketing approval for Fovista, we expect our commercialization expenses in the United States related to product sales, marketing, distribution and manufacturing to increase significantly. Outside the United States, our partner Novartis is responsible for these commercialization expenses. If we obtain marketing approval for Zimura or any other product candidate that we develop, we also expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. Furthermore, we are incurring and expect to continue to incur additional costs associated with being a public company, including legal, compliance, accounting and investor and public relations expenses as well as increased insurance premiums. We are party to agreements, specifically an asset acquisition agreement with OSI (Eyetech), Inc., which agreement is now held by OSI Pharmaceuticals, LLC, a subsidiary of Astellas US, LLC, and license agreements with Archemix Corp., or Archemix, and Nektar Therapeutics, or Nektar, that impose significant milestone payment obligations on us in connection with our achievement of specific clinical, regulatory and commercial milestones with respect to Fovista. For example, in connection with our entry into the Novartis Agreement, we made a milestone payment of $19.8 million to Nektar Therapeutics in June 2014.

Our expenses also will increase if and as we:

- undertake additional clinical development of Fovista, if it is approved, in support of our efforts to broaden the label for Fovista;
- conduct additional clinical trials of Zimura that may be required by regulatory authorities, including a second Phase 3 clinical trial, for us to seek marketing approval for Zimura for the treatment of geographic atrophy and/or wet AMD;
- in-license or acquire the rights to other complementary products, product candidates or technologies, including drug delivery technology, for the treatment of ophthalmic diseases;
- seek marketing approval for any product candidates that successfully complete clinical trials;
- expand our outsourced manufacturing activities and establish sales, marketing, distribution capabilities, if we receive, or expect to receive, marketing approval for any product candidates;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, manufacturing, quality control and scientific personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- continue to develop tivozanib for the treatment of ophthalmic diseases.

As of December 31, 2014, we had cash, cash equivalents, and marketable securities of $463.6 million and $351.2 million in total liabilities, including liabilities of $334.6 million relating to the Novo Agreement and deferred revenue associated with the Novartis Agreement.

We believe that our cash, cash equivalents and marketable securities, together with the potential remaining enrollment-based milestone payments under Novartis Agreement, will be sufficient to fund our operations and capital expenditure requirements as currently planned, including the expansion of our infrastructure to support commercial operations, through the end of 2017. Our capital requirements will also depend on other factors, including the success of our development and commercialization of our product candidates and whether we pursue the acquisition or in-licensing and subsequent development of additional product candidates. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Our costs will increase if we experience delays in enrollment, the availability of drug supply for our clinical trials or for other reasons. Our costs will also increase if we increase our investigator fees for our clinical trials or expand the scope of our clinical trials and programs, including, for example by changing the geographic mix of sites at which patients are enrolled, or if we decide to increase other corporate or licensing activities or staffing, or if we experience issues with the process development and scale-up of manufacturing activities.

Our current Phase 3 clinical program for Fovista is expected to continue through at least 2017, and substantial expenditures to complete the Phase 3 clinical program will be required after the receipt of initial, top-line data. Moreover, we are at the early stages of formulating our clinical development plan for Zimura, which we expect will continue for at least the next several years. At this time, we cannot reasonably estimate the remaining costs necessary to complete the clinical development of either Fovista or Zimura, complete process development and manufacturing scale-up activities associated with Fovista and Zimura and potentially seek marketing approval for Fovista and Zimura, or the nature, timing or costs of the efforts necessary to complete the development of Zimura and any other product candidate we may develop.

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

- the scope progress, costs and results of our Phase 3 clinical program for Fovista;
- the progress, costs and results of our planned clinical trials to further evaluate the potential benefit of Fovista in wet AMD when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet need;
- the scope, progress, results and costs of (i) our planned Phase 2/3 clinical trial evaluating Zimura for the treatment of geographic atrophy and additional clinical trials (including a second Phase 3 trial) required by regulatory authorities for us to seek marketing approval in this indication, (ii) our very small Phase 2 clinical trial evaluating Zimura in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails, and (iii) our planned Phase 2 clinical trial evaluating Zimura in combination with anti-VEGF therapy and Fovista, for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation;
- the costs and timing of process development and manufacturing scale-up activities associated with Fovista and Zimura;
- the costs, timing and outcome of regulatory review of Fovista and Zimura;
- the timing, scope and cost of commercialization activities for Fovista or Zimura if we receive, or expect to receive, marketing approval for either product candidate, including the costs and

timing of expanding our internal commercial operations, expanding our outsourced manufacturing activities and establishing product sales, marketing and distribution capabilities;

- subject to receipt of marketing approval, net revenue received from commercial sales of Fovista or Zimura, after milestone payments and royalties;
- the scope, progress, results and costs of clinical trials for any other product candidates that we may develop;
- our ability to establish collaborations on favorable terms, if at all;
- the scope, progress and results of our preclinical and clinical plans for tivozanib;
- the extent to which we in-license or acquire rights to complimentary products, product candidates or technologies; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending intellectual property-related claims.

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

Licensing and Commercialization Agreement with Novartis Pharma AG

On May 19, 2014, we entered into a licensing and commercialization agreement with Novartis Pharma AG, which we refer to as the Novartis Agreement. Under the agreement with Novartis, we granted Novartis exclusive rights under specified patent rights, know-how and trademarks controlled by us to manufacture, from bulk API supplied by us, standalone Fovista products and products combining Fovista with an anti-VEGF product to which Novartis has rights in a co-formulated product, for the treatment, prevention, cure or control of any human disease, disorder or condition of the eye, and to develop and commercialize those licensed products in all countries outside of the United States, which we refer to as the Novartis Territory. We have agreed to use commercially reasonable efforts to complete our ongoing pivotal Phase 3 clinical program for Fovista and Novartis has agreed to use commercially reasonable efforts to develop a standalone Fovista product and a co-formulated product containing Fovista and an anti-VEGF product to which Novartis has rights, as well as a pre-filled syringe presentation of such products and to use commercially reasonable efforts, subject to obtaining marketing approval, to commercialize licensed products in the Novartis Territory in accordance with agreed development and marketing plans. Novartis has also granted us options, subject to specified

limitations, and to the extent such rights are controlled by Novartis, to obtain exclusive rights from Novartis to develop and commercialize in the United States the co-formulated and pre-filled syringe products developed by Novartis. We and Novartis have each granted the other options, subject to specified limitations, to obtain access to study data from certain clinical trials of licensed products that we or Novartis may conduct, including for use by the other in regulatory filings in its territory. We have agreed to exclusively supply Novartis, and Novartis has agreed to exclusively purchase from us, its clinical and commercial requirements for the bulk API in Fovista for use in licensed products in the Novartis Territory. We have agreed not to commercialize any product comprising Fovista or any other anti-PDGF product in the ophthalmic field in the Novartis Territory.

Novartis paid us $200.0 million upon execution of the Novartis Agreement. Novartis is also obligated to pay us up to an aggregate of $130.0 million if we achieve specified patient enrollment milestones for its ongoing pivotal Phase 3 clinical program for Fovista, $50.0 million of which was received in October 2014, and up to an aggregate of an additional $300.0 million upon achievement of specified approval milestones, including reimbursement approval in certain countries in the Novartis Territory. In addition, Novartis has agreed to pay us up to an aggregate of an additional $400.0 million if Novartis achieves specified sales milestones in the Novartis Territory. Novartis also is obligated to pay us royalties with respect to standalone Fovista products and combination Fovista products that Novartis successfully commercializes. We will receive royalties at a mid-thirties percentage of net sales of standalone Fovista products and a royalty of approximately equal value for sales of combination Fovista products. Such royalties are subject to customary deductions, credits, and reductions for lack of patent coverage or market exclusivity. Novartis's obligation to pay such royalties will continue on a licensed product-by-licensed product and country-by-country basis until Novartis's last actual commercial sale of such licensed product in such country. We will continue to be responsible for royalties we owe to third parties on sales of Fovista products.

Novartis has agreed to pay our manufacturing costs plus a specified percentage margin for supplies of the bulk API in Fovista that we supply to Novartis. If we or Novartis exercise our respective rights to obtain access to study data from clinical trials conducted by the other party, the party exercising the option will be obligated to pay the other party's associated past development costs and share with such other party any future associated development costs. If we exercise our option to obtain Novartis-controlled rights to develop, manufacture and commercialize any co-formulated Fovista product in the United States, we will be obligated to pay a specified percentage of Novartis's associated past development costs and share with Novartis any future associated development costs. We and Novartis will also need to negotiate and agree on financial and other terms that would apply to such rights. If we exercise our option to obtain Novartis-controlled rights to develop and commercialize a pre-filled syringe product in the United States, we will be obligated to either enter into a supply agreement with Novartis under which we will pay Novartis its manufacturing cost plus a specified percentage margin for supplies of Fovista products in pre-filled syringes that Novartis supplies to us, or obtain supplies of products in pre-filled syringes from a third party manufacturer and pay Novartis a low single-digit percentage of our net sales of such products.

We have retained control over the design and execution of our pivotal Phase 3 clinical program for Fovista and remain responsible for funding the costs of that program, subject to Novartis's responsibility to provide Lucentis, an anti-VEGF agent to which Novartis has rights in the Novartis Territory, for use in our ongoing Phase 3 clinical trials and ongoing Phase 2 trials and future Phase 2 and Phase 3 trials in the Novartis Territory following the effective date of the Novartis agreement. Novartis will have control over, and will be responsible for the costs of, all other clinical trials that may be required to obtain marketing approvals in the Novartis Territory for licensed products under the agreement. Novartis is also responsible for costs associated with co-formulation development, pre-filled syringe development and other development costs in the Novartis Territory, but excluding regulatory filing fees in the European Union for the standalone Fovista product, for which we will be responsible.

The Novartis Agreement, unless earlier terminated by us or Novartis, will expire upon the expiration of Novartis's obligation to pay us royalties on net sales of licensed products. We and Novartis each may terminate the agreement if the other party materially breaches the agreement and does not cure such breach within a specified cure period, if the other party experiences any specified insolvency event, if the other party challenges or assists a third party in challenging the validity or enforceability of certain patent rights controlled by the terminating party, or if the parties are prevented in any manner that materially adversely affects the progression of the development or commercialization of licensed products for a specified period as a result of specified governmental actions. Novartis may terminate the agreement at any time without cause, or within a specified period after a change in control of us, as defined in the agreement, or for specified safety reasons, effective at the end of a specified period following Novartis's written notice to us of Novartis's election to terminate the agreement. We may also terminate the agreement if Novartis determines to seek marketing approval of an alternative anti-PDGF product in the Novartis Territory as more fully described below. If we elect to terminate the agreement because specified governmental actions prevent the parties from materially progressing the development or commercialization of licensed products as described above, we will be required to pay a substantial termination fee, with the specific amount of such fee determined based on the effective date of the termination. Following any termination, all rights to Fovista that we granted to Novartis, including, without limitation, the right to commercialize standalone Fovista products in the Novartis Territory, will revert to us, Novartis will perform specified activities in connection with transitioning to us the rights and responsibilities for the continued development, manufacture and commercialization of the standalone Fovista product for countries in the Novartis Territory, and the parties will cooperate on an orderly wind down of development and commercialization activities for other licensed products in the Novartis Territory.

Novartis has agreed to specified limitations on its ability to in-license, acquire or commercialize any anti-PDGF product that does not contain Fovista, which we refer to as an Alternative Anti-PDGF Product in the Novartis Territory and, to the extent Novartis develops, in-licenses or acquires such a product, to make such product available to us in the United States under specified option conditions. If we exercise our option, we will be obligated to make certain payments to Novartis, including specified milestone and royalty payments. The amounts of such payments will vary based on the product's stage of clinical development at the time we exercise our option, whether the product is a standalone or combination product and whether Novartis exercises an option to co-promote such product in the United States. If Novartis determines to seek marketing approval of an Alternative Anti-PDGF Product in the Novartis Territory, we will, subject to specified limitations, have the option to terminate the agreement, convert Novartis's exclusive licenses into non-exclusive licenses, or elect to receive a royalty on sales of such product by Novartis. If we elect to terminate the agreement, Novartis will, subject to specified limitations, be required to pay to us, certain payments based on achievement, with respect to such product, of the milestones that would have otherwise applied to licensed products under the agreement.

The agreement contains standstill provisions pursuant to which Novartis agrees to certain restrictions relating to our voting securities until marketing approval for a standalone Fovista product is granted in either the United States or the European Union. The agreement contains indemnification and dispute resolution provisions that are customary for agreements of its kind.

Clinical Manufacturing and Supply Agreement with Agilent Technologies, Inc.

On May 2, 2014, we entered into a Clinical Manufacturing and Supply Agreement with Agilent Technologies, Inc. pursuant to which Agilent has agreed to manufacture and supply to us, and we have agreed to purchase from Agilent, a specified percentage of our clinical requirements in specified jurisdictions of the API in Fovista. The agreement has an initial five year term, which is subject to automatic renewal absent termination by either party in accordance with the terms of the agreement.

The agreement provides for pricing structured on a tiered basis with the price reduced as the volume ordered increases. We may terminate the agreement or any statement of work thereunder upon 12 months prior written notice to Agilent and Agilent may terminate the agreement if we do not, over a specified period, purchase and take delivery from Agilent of a specified minimum quantity of API for Fovista. Each party also has the right to terminate the agreement for other customary reasons such as material breach and bankruptcy. The agreement contains provisions relating to compliance by Agilent with current Good Manufacturing Practices, cooperation by Agilent in connection with marketing applications for Fovista, indemnification, confidentiality, dispute resolution and other customary matters for an agreement of this kind.

Financing Agreement with Novo A/S

In May 2013, we entered into the Novo Agreement, pursuant to which we had the ability to obtain financing in three tranches in an amount of up to $125.0 million in return for the sale to Novo A/S of aggregate royalties at mid-single-digit percentages of worldwide sales of Fovista, with the royalty percentage determined by the amount of funding provided by Novo A/S. The three tranches of financing, in which Novo A/S purchased three low single-digit royalty interests and paid us $125.0 million in the aggregate, closed in May 2013, January 2014 and November 2014.

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

We used a portion of the proceeds that we initially received under the Novo Agreement to repay in full an aggregate of $14.4 million of outstanding principal, interest and fees under our venture debt facility and are using the remaining proceeds we received from the sale of royalty interests under the Novo Agreement, primarily to support clinical development and regulatory activities for Fovista and for general corporate expenses.

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

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2014:

	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			($ in thousands)		
Operating Leases(1)	$ 8,298	$ 1,562	$ 3,299	$ 3,199	$ 238
Purchase Obligations(2)	12,605	12,605	—	—	—
Total(3)	$ 20,903	$ 14,167	$ 3,299	$ 3,199	$ 238

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

(2) Purchase obligations represent our commitments under certain of our supply agreements.

(3) This table does not include (a) any milestone payments which may become payable to third parties under license agreements as the timing and likelihood of such payments are not known with certainty, (b) any royalty payments to third parties as the amounts, timing and likelihood of such payments are not known, (c) contracts that are entered into in the ordinary course of business which are not material in the aggregate in any period presented above and (d) the royalty purchase liability of $125.0 million as of December 31, 2014, due to the fact that the royalty payment period is not known.

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

- Under our acquisition agreement with OSI (Eyetech), Inc., which agreement is now held by OSI Pharmaceuticals, LLC., or OSI Pharmaceuticals, a subsidiary of Astellas US, LLC, for rights to particular anti-PDGF aptamers, including Fovista, we are obligated to pay to OSI Pharmaceuticals future one-time payments of $12.0 million in the aggregate upon marketing approval in the United States and the European Union of a covered anti-PDGF product. We also are obligated to pay to OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product we successfully commercialize.

- Under a license agreement with Archemix Corp., or Archemix, with respect to pharmaceutical products comprised of or derived from any anti-PDGF aptamer, we are obligated to make future payments to Archemix of up to an aggregate of $14.0 million if we achieve specified clinical and regulatory milestones with respect to Fovista, up to an aggregate of $3.0 million if we achieve specified commercial milestones with respect to Fovista and, for each other anti-PDGF aptamer product that we may develop under the agreement, up to an aggregate of approximately $18.8 million if we achieve specified clinical and regulatory milestones and up to an aggregate of $3.0 million if we achieve specified commercial milestones. No royalties are payable to Archemix under this license agreement.

- Under a license agreement with Archemix with respect to pharmaceutical products comprised of or derived from anti-C5 aptamers, for each anti-C5 aptamer product that we may develop under the agreement, including Zimura, we are obligated to make future payments to Archemix of up to an aggregate of $57.5 million if we achieve specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22.5 million if we achieve specified commercial milestones. We are also obligated to pay Archemix a double-digit percentage of specified non-royalty payments we may receive from any sublicensee of our rights under this license agreement. No royalties are payable to Archemix under this license agreement.

- Under a license, manufacturing and supply agreement with Nektar Therapeutics, or Nektar, for specified pegylation reagents used to manufacture Fovista, we are obligated to make future payments to Nektar of up to an aggregate of $6.5 million if we achieve specified clinical and regulatory milestones, and an additional payment of $3.0 million if we achieve a specified commercial milestone with respect to Fovista. We are obligated to pay Nektar tiered royalties at low to mid-single-digit percentages of net sales of any licensed product we successfully commercialize, with the royalty percentage determined by our level of licensed product sales and the extent of patent coverage for the licensed product and whether we have granted a third-party commercialization rights to the licensed product. In June 2014, we paid Nektar $19.8 million in connection with our entry into the Novartis Agreement.

- Under the Novo Agreement, with respect to Fovista, we will be obligated to pay Novo A/S a mid-single-digit percentage royalty based on worldwide sales of Fovista. See "Note 7—Financing Agreement with Novo A/S" above for further information about Novo Agreement.

- Under the clinical supply agreement with Agilent Technologies, Inc., Agilent has agreed to manufacture and supply to us, and we have agreed to purchase from Agilent, a specified percentage of our clinical requirements in specified jurisdictions of the API in our product candidate Fovista. Our agreement with Agilent has an initial five year term, which is subject to automatic renewal absent termination by either party in accordance with the terms of the Agreement. The Agreement provides for pricing structured on a tiered basis with the price reduced as the volume ordered increases. We may terminate the agreement or any statement of work thereunder upon 12 months prior written notice to Agilent.

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

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

Off-Balance Sheet Arrangements

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents and marketable securities of $463.6 million as of December 31, 2014, consisting of cash, money market funds that invest in U.S. Treasury securities, and direct investment in U.S. Treasury 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 a significant portion of our investments are in short-term securities. Our available for sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

We contract with CROs and contract manufacturers globally. We may be subject to fluctuations in foreign currency rates in connection with certain of these agreements. Transactions denominated in currencies other than the U.S. dollar are recorded based on exchange rates at the time such

transactions arise. As of December 31, 2014, substantially all of our total liabilities were denominated in the U.S. dollar.

Item 8. Financial Statements and Supplementary Data

Our financial statements, together with the report of our independent registered public accounting firm, appear on pages F-1 through F-27 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2014, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Our internal control over financial reporting is a process designed by, or under the supervision of our Chief Executive Officer and our Chief Financial Officer, and effected by the Company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the original *Internal Control—Integrated Framework* updated in 2013. Based on that assessment, our management concluded that, as of December 31, 2014, our internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Ophthotech Corporation

We have audited Ophthotech Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Ophthotech Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ophthotech Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of Ophthotech Corporation as of December 31, 2014 and 2013, and the related statements of operations, comprehensive loss, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2014 of Ophthotech Corporation and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
MetroPark, New Jersey
March 2, 2015

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the three months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Compliance with Section 16(a) of the Exchange Act

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Code of Ethics

We have adopted a code of business conduct and ethics that applies to our directors and officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) as well as our other employees. A copy of our code of business conduct and ethics is available on our website. We intend to post on our website all disclosures that are required by applicable law, the rules of the Securities and Exchange Commission or the NASDAQ Global Market concerning any amendment to, or waiver of, our code of business conduct and ethics.

Director Nominees

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Audit Committee

We have separately designated a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Additional information regarding the Audit Committee that is required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Audit Committee Financial Expert

Our board of directors has determined that Glenn Sblendorio is an "audit committee financial expert" as defined by Item 407(d)(5) of Regulation S-K of the Exchange Act and Mr. Sblendorio and the other members of our Audit Committee are "independent" under the rules of the NASDAQ Global Market.

Item 11. Executive Compensation

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be set forth in our Proxy Statement for the 2015 Annual Meeting of Shareholders and is incorporated in this Annual Report on Form 10-K by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following financial statements are filed as part of this Annual Report on Form 10-K:

No financial statement schedules have been filed as part of this Annual Report on Form 10-K because they are not applicable, not required or because the information is otherwise included in our financial statements or notes thereto.

The exhibits filed as part of this Annual Report on Form 10-K are set forth on the Exhibit Index immediately following our financial statements. The Exhibit Index is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 2, 2015

OPHTHOTECH CORPORATION

By: /s/ DAVID R. GUYER

David R. Guyer, M.D.
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAVID R. GUYER David R. Guyer, M.D.	Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)	March 2, 2015
/s/ SAMIR C. PATEL Samir C. Patel, M.D.	President and Vice Chairman of the Board of Directors	March 2, 2015
/s/ MICHAEL G. ATIEH Michael G. Atieh	Chief Financial and Business Officer (principal financial and accounting officer)	March 2, 2015
/s/ AXEL BOLTE Axel Bolte	Director	March 2, 2015
/s/ THOMAS DYRBERG Thomas Dyrberg, M.D., D.M.Sc.	Director	March 2, 2015
/s/ NICHOLAS GALAKATOS Nicholas Galakatos, Ph.D.	Director	March 2, 2015
/s/ MICHAEL ROSS Michael Ross, Ph.D.	Director	March 2, 2015
/s/ GLENN SBLENDORIO Glenn Sblendorio	Director	March 2, 2015

OPHTHOTECH CORPORATION

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Ophthotech Corporation

We have audited the accompanying balance sheets of Ophthotech Corporation (the Company) as of December 31, 2014 and 2013, and the related statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ophthotech Corporation at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with US generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ophthotech Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
MetroPark, New Jersey
March 2, 2015

Ophthotech Corporation

Balance Sheets

(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 39,814	$ 210,596
Due from Novartis Pharma, AG	960	—
Available for sale securities	423,746	—
Prepaid expenses and other current assets	8,812	6,804
Deferred tax assets	293	—
Total current assets	473,625	217,400
Property and equipment, net	1,555	27
Deferred tax assets, non-current	22,808	—
Security deposits	282	255
Other assets	100	—
Total assets	$ 498,370	$ 217,682
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 8,707	$ 3,810
Accrued research and development expenses	7,918	2,485
Deferred revenue	3,206	—
Total current liabilities	19,831	6,295
Deferred revenue, long-term	206,418	—
Royalty purchase liability	125,000	41,667
Total liabilities	351,249	47,962
Stockholders' equity		
Preferred stock—$0.001 par value, 5,000,000 shares authorized, no shares issued or outstanding	$ —	$ —
Common stock—$0.001 par value, 200,000,000 shares authorized, 33,994,520 and 31,413,208 shares issued and outstanding at December 31, 2014 and 2013, respectively	34	31
Additional paid-in capital	428,390	352,739
Accumulated deficit	(281,238)	(183,050)
Accumulated other comprehensive loss	(65)	—
Total stockholders' equity	147,121	169,720
Total liabilities and stockholders' equity	$ 498,370	$ 217,682

The accompanying notes are an integral part of these financial statements.

Ophthotech Corporation

Statements of Operations

(in thousands, except per share data)

	Years ended December 31,		
	2014	2013	2012
Collaboration revenue	$ 41,259	$ —	$ —
Costs and expenses:			
Research and development	88,385	33,215	6,792
General and administrative	33,387	14,210	6,889
Total costs and expenses	121,772	47,425	13,681
Loss from operations	(80,513)	(47,425)	(13,681)
Interest income (expense)	217	(1,454)	(507)
Loss on extinguishment of debt	—	(1,091)	—
Other loss	—	(1,175)	(374)
Loss before income tax provision	(80,296)	(51,145)	(14,562)
Income tax provision	17,892	—	—
Net loss	(98,188)	(51,145)	(14,562)
Add: accretion of preferred stock dividends	—	(5,891)	(7,063)
Net loss attributable to common stockholders	$ (98,188)	$ (57,036)	$ (21,625)
Net loss attributable to common stockholders per share :			
Basic and diluted	$ (2.95)	$ (6.34)	$ (14.89)
Weighted average common shares outstanding:			
Basic and diluted	33,258	9,003	1,452

The accompanying notes are an integral part of these financial statements.

Ophthotech Corporation

Statements of Comprehensive Loss

(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Net loss	$ (98,188)	$ (51,145)	$ (14,562)
Other comprehensive income:			
Unrealized loss on available for sale securities, net of taxes	(65)	—	—
Other comprehensive income	(65)	—	—
Comprehensive loss	$ (98,253)	$ (51,145)	$ (14,562)

The accompanying notes are an integral part of these financial statements.

Ophthotech Corporation

Statements of Stockholders' Equity (Deficit)

(in thousands)

	Junior Series A Preferred		Common Stock		Additional paid-in capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2011	3,000	$ 3,000	1,451	$ 1	$ —	$ (105,488)	$ —	$ (102,487)
Issuance of common stock	—	—	19	—	2	—	—	2
Share-based compensation	—	—	—	—	640	—	—	640
Preferred Stock dividends	—	—	—	—	(642)	(6,421)	—	(7,063)
Net loss	—	—	—	—	—	(14,562)	—	(14,562)
Balance at December 31, 2012	3,000	$ 3,000	1,470	$ 1	$ —	$ (126,471)	$ —	$ (123,470)
Issuance of common stock upon conversion of Series A, A-1, B, B-1 and C preferred stock	—	—	21,038	21	174,310	—	—	174,331
Issuance of common stock from initial public offering, net	—	—	8,740	9	175,546	—	—	175,555
Issuance of common stock upon conversion of Junior Series A Preferred Stock	(3,000)	(3,000)	—	—	—	—	—	(3,000)
Reclassification of warrant liability	—	—	—	—	2,179	—	—	2,179
Reclassification of preferred stock issuance costs	—	—	—	—	(1,804)	—	—	(1,804)
Exercise of stock options and warrants			165	—	94	—	—	94
Share-based compensation	—	—	—	—	2,871	—	—	2,871
Preferred Stock dividends	—	—	—	—	(457)	(5,434)	—	(5,891)
Net loss	—	—	—	—	—	(51,145)	—	(51,145)
Balance at December 31, 2013	—	$ —	31,413	$ 31	$ 352,739	$ (183,050)	$ —	$ 169,720
Exercise of stock options and warrants	—	—	682	1	2,948	—	—	2,949
Issuance from follow-on public offering, net	—	—	1,900	2	55,407	—	—	55,409
Share-based compensation	—	—	—	—	13,040	—	—	13,040
Excess tax benefit from share-based compensation					4,256	—	—	4,256
Net loss	—	—	—	—	—	(98,188)	—	(98,188)
Unrealized loss on available for sale securities, net of tax	—	—	—	—	—	—	(65)	(65)
Balance at December 31, 2014	—	$ —	33,995	$ 34	$ 428,390	$ (281,238)	$ (65)	$ 147,121

The accompanying notes are an integral part of these financial statements.

Ophthotech Corporation

Statements of Cash Flows

(in thousands)

	Year ended December 31,		
	2014	2013	2012
Operating Activities			
Net loss	$ (98,188)	$ (51,145)	$ (14,562)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	127	20	31
Amortization of debt issuance costs	—	88	47
Accretion of debt discount	—	87	59
Amortization of premium and discounts on investment securities	2,024	—	—
Non-cash change in fair value of warrant liability	—	1,181	366
Loss on extinguishment of debt	—	1,091	—
Deferred income taxes	(18,798)	—	—
Share-based compensation	13,040	2,871	640
Excess tax benefits from share-based compensation	(4,256)	—	—
Changes in operating assets and liabilities:			
Due from Novartis Pharma, AG	(960)	—	—
Prepaid expense and other current assets	(2,008)	(6,761)	21
Accrued interest receivable	280	—	—
Security deposits	(27)	(96)	—
Other assets	(100)	—	1,036
Accrued research and development expenses	5,433	1,472	(485)
Accounts payable and accrued expenses	4,897	2,417	(257)
Deferred revenue	209,624	—	—
Net cash provided by (used in) operating activities	111,088	(48,775)	(13,104)
Investing Activities			
Purchase of marketable securities	(597,762)	—	—
Maturities of marketable securities	171,600	—	—
Purchase of property and equipment	(1,655)	(5)	—
Net cash used in investing activities	(427,817)	(5)	—
Financing Activities			
Payment of debt issuance costs	—	(43)	(377)
Proceeds from stock option/warrant exercises	2,949	94	2
Proceeds from follow-on public offering, net	55,409	—	—
Proceeds from initial public offering, net	—	175,555	—
Excess tax benefits from share-based compensation	4,256	—	—
Repayment of venture debt facility, net	—	(11,900)	11,387
Proceeds from issuance of preferred stock, net	—	49,699	—
Proceeds from royalty purchase agreement	83,333	41,667	—
Net cash provided by financing activities	145,947	255,072	11,012
Net change in cash and cash equivalents	(170,782)	206,292	(2,092)
Cash and cash equivalents			
Beginning of period	210,596	4,304	6,396
End of period	$ 39,814	$ 210,596	$ 4,304
Supplemental disclosure of cash paid			
Interest	$ —	$ 1,523	$ 437
Income Taxes	$ 40,159	$ —	$ —
Supplemental disclosures of non-cash information related to investing activities			
Change in unrealized loss in marketable securities, net of tax	$ (65)	$ —	$ —
Supplemental disclosures of cash flow information			
Conversion of preferred stock to common stock upon completion of IPO	$ —	$ 174,310	$ —
Accreted dividends on Series A, Series A-1, Series of B, B-1 and Series C Preferred Stock	$ —	$ 5,891	$ 7,063

The accompanying notes are an integral part of these financial statements.

OPHTHOTECH CORPORATION

Notes to Financial Statements

(tabular dollars and shares in thousands, except per share data)

1. Business

Description of Business and Organization

Ophthotech Corporation (the "Company" or "Ophthotech") was incorporated on January 5, 2007, in Delaware. The Company is a biopharmaceutical company specializing in the development of novel therapeutics to treat diseases of the back of the eye, with a focus on developing therapeutics for age-related macular degeneration, or AMD. The Company's most advanced product candidate is Fovista, which is in Phase 3 clinical development for use in combination with anti-VEGF drugs that represent the current standard of care for the treatment of wet AMD. The Company has completed one Phase 1 and one Phase 2b clinical trial of Fovista administered in combination with the anti-VEGF drug Lucentis. The Company is also developing its product candidate Zimura, for the treatment of patients with geographic atrophy, a form of dry AMD, in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails, and, potentially, in combination with anti-VEGF therapy and Fovista for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include all adjustments necessary for the fair presentation of the Company's financial position for the periods presented.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's Balance Sheets and the amount of expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, accounting for share-based compensation, accounting for research and development costs and accounting for income taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents. The carrying amounts reported in the Balance Sheets for cash and cash equivalents are valued at cost, which approximates their fair value.

Available for Sale Securities

The Company considers securities with original maturities of greater than 90 days to be available for sale securities. Securities under this classification are recorded at fair value and unrealized gains and losses are recorded within accumulated other comprehensive income. The estimated fair value of the available for sale securities is determined based on quoted market prices or rates for similar

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

instruments. In addition, the cost of debt securities in this category is adjusted for amortization of premium and accretion of discount to maturity. The Company evaluates securities with unrealized losses to determine whether such losses, if any, are other than temporary.

Revenue Recognition

Collaboration Revenue

Prior to 2014, the Company had not generated any revenue. In May 2014, the Company received an up-front payment of $200.0 million in connection with its licensing and commercialization agreement with Novartis Pharma, AG , (the "Novartis Agreement"), which has not been recorded as revenue due to certain contingencies associated with the payment. In September 2014, the Company achieved a $50.0 million enrollment-based milestone under the Novartis Agreement. The Company recognized revenue of approximately $41.3 million during the year ended December 31, 2014. The Company uses the relative selling price method to allocate arrangement consideration to the Company's performance obligations under the Novartis Agreement. Below is a summary of the components of the Company's collaboration revenue for the years ended December 2014, 2013 and 2012:

	Year ended December 31,		
	2014	2013	2012
License revenue	$ 38,372	$ —	$ —
Research and development activity revenue	2,004	—	—
API transfer revenue	883	—	—
Total collaboration revenue	$ 41,259	$ —	$ —

In the future, the Company may generate additional revenues from a combination of product sales and license fees, milestone payments and research and development activity-related payments and royalties in connection with the Novartis Agreement. The terms of this agreement and other potential collaboration or commercialization agreements the Company may enter into generally contain multiple elements, or deliverables, which may include (i) licenses, or options to obtain licenses, to certain of the Company's technology and products, (ii) research and development activities to be performed on behalf of the collaborative partner, and (iii) in certain cases, services in connection with the manufacturing of pre-clinical and clinical material. Payments to the Company under these arrangements typically include one or more of the following: non-refundable, up-front license fees; option exercise fees; funding of research and/or development efforts; milestone payments; and royalties on future product sales.

When evaluating multiple element arrangements, the Company considers whether the deliverables under the arrangement represent separate units of accounting. This evaluation requires 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. In determining the units of accounting, management evaluates certain criteria, including whether the deliverables have standalone value, based on the consideration of the relevant facts and circumstances for each arrangement. The consideration received is allocated among the separate units of accounting

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

using the relative selling price method, and the applicable revenue recognition criteria are applied to each of the separate units.

The Company determines the estimated selling price for deliverables within each agreement 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. Determining the best estimate of selling price for a deliverable requires significant judgment. The Company uses BESP to estimate the selling price for licenses to the Company's proprietary technology, since the Company often does not have VSOE or TPE of selling price for these deliverables. In those circumstances where the Company utilizes BESP to determine the estimated selling price of a license to the Company's proprietary technology, the Company considers market conditions as well as entity-specific factors, including those factors contemplated in negotiating the agreements as well as internally developed models that include assumptions related to the market opportunity, estimated development costs, probability of success and the time needed to commercialize a product candidate pursuant to the license. In validating the Company's best estimate of selling price, the Company evaluates whether changes in the key assumptions used to determine the best estimate of selling price will have a significant effect on the allocation of arrangement consideration among multiple deliverables.

When management believes the license to its intellectual property and products has stand-alone value, the Company generally recognizes revenue attributed to the license upon delivery. When management believes such a license does not have stand-alone value from the other deliverables to be provided in the arrangement, the Company generally recognizes revenue attributed to the license on a straight-line basis over the Company's contractual or estimated performance period, which is typically the term of the Company's research and development obligations. If management cannot reasonably estimate when the Company's performance obligation ends, then revenue is deferred until management can reasonably estimate when the performance obligation ends. The periods over which revenue should be recognized are subject to estimates by management and may change over the course of the research and development agreement. Such a change could have a material impact on the amount of revenue the Company records in future periods.

At the inception of arrangements that include 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 (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance, and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

The Company aggregates its milestones into three categories: (i) clinical and development milestones, (ii) regulatory milestones, and (iii) commercial milestones. Clinical and development milestones are typically achieved when a product candidate advances into a defined phase of clinical

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

research or completes such phase or when a contractually specified clinical trial enrollment target is attained. Regulatory milestones are typically achieved upon acceptance of the submission for marketing approval of a product candidate or upon approval to market the product candidate by the FDA or other global regulatory authorities. For example, a milestone payment may be due to the Company upon the FDA's acceptance of an NDA. Commercial milestones are typically achieved when an approved pharmaceutical product reaches certain defined levels of net sales by the licensee, such as when a product first achieves global sales or annual sales of a specified amount.

Revenues from clinical and development and regulatory milestone payments, if the milestones are deemed substantive and the milestone payments are nonrefundable, are recognized upon successful accomplishment of the milestones. With regard to the Novartis Agreement, the Company has concluded that the clinical and development milestones and certain regulatory milestones are not substantive and that the regulatory approval milestones are substantive. Milestones payments received that are not considered substantive are included in the allocable arrangement consideration and are recognized as revenue in proportion to the relative-selling price allocation established at the inception of the arrangement. Revenues from commercial milestone payments are accounted for as royalties and are recorded as revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents and available for sale securities. The Company maintains its cash in bank accounts, which, at times exceed federally insured limits. The Company maintains its cash equivalents in U.S. Treasury securities with maturities less than three months and in money market funds that invest primarily in U.S. Treasury securities.

The Company's available for sale securities are also invested in U.S. Treasury securities. The Company has not recognized any losses from credit risks on such accounts during any of the periods presented. The Company believes it is not exposed to significant credit risk on its cash, cash equivalents and available for sale securities.

Foreign Currency Translation

The Company considers the U.S. dollar to be its functional currency. Expenses are translated at the exchange rate on the date the expense is incurred. The effect of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars is included in the Statements of Operations. Foreign exchange transaction gains and losses are included in the results of operations and are not material in the Company's financial statements.

Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, available for sale securities, accounts payable and accrued expenses approximate their respective fair value due to their short maturities.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment, which consists mainly of manufacturing and clinical equipment, furniture and fixtures, computers and other equipment, and leasehold improvements, are carried at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the respective assets, generally three to ten years, using the straight-line method rather than when the payment is made.

Research and Development

Research and development expenses primarily consist of costs associated with the development and clinical testing of Fovista, an anti-platelet derived growth factor ("PDGF") aptamer that the Company is developing for use in combination with anti-VEGF drugs for treatment of wet age-related macular degeneration, or wet AMD, and Zimura, an inhibitor of complement factor C5 that the Company is developing with a focus on treatment of patients with geographic atrophy, a form of dry AMD; in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom anti-VEGF monotherapy fails; and, potentially, in combination with anti-VEGF therapy and Fovista for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. Research and development expenses consist of:

- external research and development expenses incurred under arrangements with third parties, such as contract research organizations, ("CROs") and other vendors, contract manufacturing organizations and consultants, including for the production of drug substance and drug product; and

- employee-related expenses, including salaries, benefits, travel and share-based compensation expense.

Research and development costs also include costs of acquired product licenses and related technology rights where there is no alternative future use, costs of prototypes used in research and development, consultant fees and amounts paid to collaborative partners.

All research and development costs are charged to operations as incurred in accordance with ASC Topic 730, *Research and Development*. The Company accounts for non-refundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received, rather than when the payment is made.

The Company anticipates that it will continue to incur significant research and development expenses in connection with conducting its pivotal Phase 3 clinical program for Fovista and if such trials are successful, seeking marketing approval for Fovista. The Company also anticipates that its research and development expenses will increase as a result of its plan to initiate a Phase 2/3 clinical trial to evaluate the safety and efficacy of Zimura in patients with geographic atrophy in the second half of 2015, the very small Phase 2 trial recently commenced investigating Zimura in combination with anti-VEGF therapy for the treatment of polypoidal choroidal vasculopathy, a specific type of wet AMD, in patients who do not respond adequately to treatment with anti-VEGF monotherapy or for whom

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

anti-VEGF monotherapy fails, and the planned Phase 2 study of Zimura in combination with anti-VEGF therapy and Fovista for the treatment of anti-VEGF resistant wet AMD patients who are believed to have complement mediated inflammation. In addition, the Company also expects its research and development expenses to increase as it further evaluates the potential benefit of Fovista in wet AMD, when administered in combination with anti-VEGF drugs, and in other ophthalmic diseases and conditions with unmet medical need. The Company expects these expenses to increase as patient enrollment increases in these trials.

Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes, as set forth in ASC 740-10, *Income Taxes—Overall*. Under this method, deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The Company's U.S. federal net operating losses have occurred since its inception in 2007 and as such, tax years subject to potential tax examination could apply from that date because the utilization of net operating losses from prior years opens the relevant year to audit.

Share-Based Compensation

The Company follows the provisions of ASC 718, *Compensation—Stock Compensation*, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and non-employee directors, including employee stock options. Share-based compensation expense is based on the grant date fair value estimated in accordance with the provisions of ASC 718 and is generally recognized as an expense over the requisite service period, net of forfeitures.

The Company estimates the fair value of stock options granted to employees on the date of grant using the Black-Scholes option-pricing model. Due to the lack of trading history, the Company's computation of stock-price volatility is based on the volatility rates of comparable publicly held companies over a period equal to the expected term of the options granted by the Company. The Company's computation of expected term is determined using the "simplified" method which is the midpoint between the vesting date and the end of the contractual term. The Company believes that it does not have sufficient reliable exercise data in order to justify the use of a method other than the "simplified" method of estimating the expected exercise term of employee stock option grants. The Company has paid no dividends to stockholders. The risk-free interest rate is based on the zero-coupon U.S. Treasury yield at the date of grant for a term equivalent to the expected term of the option.

For stock options granted as consideration for services rendered by non-employees, the Company recognizes expense in accordance with the requirements of ASC 505-50, *Equity Based Payments to Non-Employees*. Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period of the underlying stock options. At the end of each financial reporting period prior to vesting, the value of these options, as calculated using the Black-Scholes option-pricing model, will be re-measured using the fair value of the Company's common stock and the non-cash expense recognized during the period will be adjusted accordingly. Since the fair value of

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

options granted to non-employees is subject to change in the future, the amount of the future expense will include fair value re-measurements until the stock options are fully vested.

Share-based compensation expense includes stock options and restricted stock units granted to employees and non-employees, and has been reported in the Company's Statements of Operations as follows:

	Years ended December 31,		
	2014	2013	2012
Research and development	$ 7,594	$ 2,062	$ 412
General and administrative	5,446	809	228
Total	$ 13,040	$ 2,871	$ 640

JOBS Act

Prior to January 1, 2015, as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, the Company was able to 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. Prior to January 1, 2015, the Company elected to delay its adoption of such new or revised accounting standards. As a result of this election, the Company's financial statements for the periods prior to January 1, 2015 may not be comparable to the financial statements of other public companies. Commencing January 1, 2015, the Company no longer qualifies for such status and, as such, it will comply with all new or revised accounting standards applicable to other public companies. The Company does not expect this change in status to have a material impact on its 2015 financial position or results of operations.

Recent Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update No. 2014-10, "*Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, including an Amendment to Variable Interest Entities Guidance in Topic 810 Consolidation*" ("ASU 2014-10"). The objective of the amendments in ASU No. 2014-10 is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company evaluated and elected early adoption of ASU 2014-10 for its quarterly filing on Form 10-Q for the three and six months ended June 30, 2014. The adoption of ASU 2014-10 did not have a material impact on the Company's financial statements.

In May 2014, the FASB issued Accounting Stands Update No. 2014-09, "*Revenue from Contracts with Customers (Topic 606),"* ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

2. Summary of Significant Accounting Policies (Continued)

recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU 2014-09 is effective for public entities for annual reporting periods beginning after December 15, 2016 and interim periods within those periods. Early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. The Company is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, *Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). ASU 2013-02 requires an entity to present the effect of certain significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. The amendments in ASU 2013-02 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU 2013-02 is effective for public companies on a prospective basis for fiscal years beginning after December 15, 2012 and for new public companies and for non-public companies for reporting periods beginning after December 15, 2013. The Company adopted this pronouncement on January 1, 2014. The Company has not reclassified any components of comprehensive income into net income for the periods presented. ASU 2013-02 requires only additional presentation and as such, there was no impact to the Company's results of operations or financial position upon adoption.

3. Capitalization

On September 30, 2013, the Company closed its initial public offering of 8,740,000 shares of common stock at a price of $22.00 per share. The net proceeds to the Company were $175.6 million, after deducting underwriters' discounts and commissions and other offering expenses. In connection with the closing of the IPO, all of the Company's shares of redeemable convertible preferred stock outstanding at the time of the offering were automatically converted into 21,038,477 shares of common stock.

On February 18, 2014, the Company closed a follow-on public offering of 2,628,571 shares of common stock at a public offering price of $31.50 per share of common stock. The Company sold 1,900,000 shares and 728,571 shares were sold by selling stockholders, 342,857 of which were sold by the selling stockholders upon the full exercise by the underwriters of their option to purchase additional shares in the follow-on public offering. The net proceeds to the Company were $55.4 million, after deducting underwriters' discounts and commissions and other offering expenses. The Company did not receive any proceeds from the sale of shares by the selling stockholders in the follow-on public offering.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

4. Net Loss Per Common Share

Basic and diluted net loss per common share is determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period. For the periods where there is a net loss attributable to common shareholders, the outstanding shares of preferred stock, stock options, and warrants have been excluded from the calculation of diluted loss per common share because their effect would be anti-dilutive. Therefore, the weighted average shares used to calculate both basic and diluted loss per share would be the same. The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

	Year ended December 31,		
	2014	2013	2012
Basic and diluted net loss per common share calculation:			
Net loss	$ (98,188)	$ (51,145)	$ (14,562)
Accretion of preferred stock dividends	—	(5,891)	(7,063)
Net loss attributable to common stockholders	$ (98,188)	$ (57,036)	$ (21,625)
Weighted average common shares outstanding—basic and diluted	33,258	9,003	1,452
Net loss per share of common stock—basic and diluted	$ (2.95)	$ (6.34)	$ (14.89)

The following potentially dilutive securities have been excluded from the computations of diluted weighted average shares outstanding for the periods presented, as they would be anti-dilutive:

	Years ended December 31,		
	2014	2013	2012
Redeemable convertible preferred stock	—	—	16,663
Options outstanding	3,680	2,708	1,344
Warrants	14	88	94
Restricted stock units	37	—	—
Total	3,731	2,796	18,101

5. Cash, Cash Equivalents and Available for Sale Securities

The Company considers all highly liquid investments purchased with original maturities at the date of purchase of 90 days or less to be cash equivalents. Cash and cash equivalents included cash of $4.7 million and $6.8 million at December 31, 2014 and 2013, respectively. Cash and cash equivalents at December 31, 2014 and December 31, 2013 also included investments of $35.1 million and $203.8 million, respectively, in U.S. Treasury securities with original maturities of less than 90 days and investments in money market funds that invest in U.S. Treasury Securities.

At December 31, 2014, the Company held available for sale securities with a fair value totaling $423.7 million. These available for sale securities consisted of U.S. Treasury securities and had

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

5. Cash, Cash Equivalents and Available for Sale Securities (Continued)

maturities less than one year. The Company evaluates securities with unrealized losses, if any, to determine whether such losses are other than temporary. The Company has determined that there were no other than temporary declines in fair values of its investments as of December 31, 2014. The Company classifies these securities as available for sale, however, the Company does not currently intend to sell its investments and it is more likely than not that the Company will recover the carrying value of these investments. Unrealized gains (losses) are reported as a component of accumulated other comprehensive loss in stockholders' equity. The unrealized loss, net of tax, was $0.1 million as of December 31, 2014. As of December 31, 2013, the Company did not hold any available for sale securities.

Available for sale securities, including carrying value and estimated fair values, are summarized as follows:

	As of December 31, 2014			
	Cost	Fair Value	Carrying Value	Unrealized Loss
U.S. Treasury securities—maturities < 1 year	$ 423,859	$ 423,746	$ 423,746	$ (113)
U.S. Treasury securities—maturities > 1 year	$ —	$ —	$ —	$ —
Total	$ 423,859	$ 423,746	$ 423,746	$ (113)

6. Licensing and Commercialization Agreement with Novartis Pharma AG

On May 19, 2014, the Company entered into a licensing and commercialization agreement with Novartis Pharma AG. Under the Novartis Agreement, the Company granted Novartis exclusive rights under specified patent rights, know-how and trademarks controlled by the Company to manufacture, from bulk API supplied by the Company, standalone Fovista products and products combining Fovista with an anti-VEGF product to which Novartis has rights in a co-formulated product, for the treatment, prevention, cure or control of any human disease, disorder or condition of the eye, and to develop and commercialize those licensed products in all countries outside of the United States (the "Novartis Territory"). The Company has agreed to use commercially reasonable efforts to complete its ongoing pivotal Phase 3 clinical program for Fovista and Novartis has agreed to use commercially reasonable efforts to develop a standalone Fovista product and a co-formulated product containing Fovista and an anti-VEGF product to which Novartis has rights, as well as a pre-filled syringe presentation of such products and to use commercially reasonable efforts, subject to obtaining marketing approval, to commercialize licensed products in the Novartis Territory in accordance with agreed development and marketing plans. Novartis has also granted the Company options, subject to specified limitations, and to the extent such rights are controlled by Novartis, to obtain exclusive rights from Novartis to develop and commercialize in the United States the co-formulated and pre-filled syringe products developed by Novartis. The Company and Novartis have each granted the other options, subject to specified limitations, to obtain access to study data from certain clinical trials of licensed products that the Company or Novartis may conduct, including for use by the other in regulatory filings in its territory. The Company has agreed to exclusively supply Novartis, and Novartis has agreed to exclusively purchase from the Company, its clinical and commercial requirements for the bulk API in Fovista for use in licensed products in the Novartis Territory. The Company has agreed not to commercialize any

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

6. Licensing and Commercialization Agreement with Novartis Pharma AG (Continued)

product comprising Fovista or any other anti-PDGF product in the ophthalmic field in the Novartis Territory.

Novartis paid the Company a $200.0 million upfront fee upon execution of the Novartis Agreement. Novartis is also obligated to pay the Company up to an aggregate of $130.0 million if the Company achieves specified patient enrollment milestones for its Phase 3 clinical program for Fovista, $50.0 million of which was achieved in September 2014 and received by the Company in October 2014, and up to an aggregate of an additional $300.0 million upon achievement of specified regulatory approval milestones, including reimbursement approval, in certain countries in the Novartis Territory. In addition, Novartis has agreed to pay the Company up to an aggregate of an additional $400.0 million if Novartis achieves specified sales milestones in the Novartis Territory. Novartis also is obligated to pay the Company royalties with respect to standalone Fovista products and combination Fovista products that Novartis successfully commercializes. The Company will receive royalties at a mid-thirties percentage of net sales of standalone Fovista products and a royalty of approximately equal value for sales of combination Fovista products. Such royalties are subject to customary deductions, credits, and reductions for lack of patent coverage or market exclusivity. Novartis's obligation to pay such royalties will continue on a licensed product-by-licensed product and country-by-country basis until Novartis's last actual commercial sale of such licensed product in such country. The Company will continue to be responsible for royalties it owes to third parties on sales of Fovista products.

Novartis has agreed to pay the Company's manufacturing costs plus a specified percentage margin for supplies of the bulk API in Fovista that the Company supplies to Novartis. If the Company or Novartis exercises each of their respective rights to obtain access to study data from clinical trials conducted by the other party, the party exercising the option will be obligated to pay the other party's associated past development costs and share with such other party any future associated development costs. If the Company exercises its option to obtain Novartis-controlled rights to develop, manufacture and commercialize any co-formulated Fovista product in the United States, the Company will be obligated to pay a specified percentage of Novartis's associated past development costs and share with Novartis any future associated development costs. The Company and Novartis will also need to negotiate and agree on financial and other terms that would apply to such rights. If the Company exercises its option to obtain Novartis-controlled rights to develop and commercialize a pre-filled syringe product in the United States, the Company will be obligated to either enter into a supply agreement with Novartis under which the Company will pay Novartis its manufacturing cost plus a specified percentage margin for supplies of Fovista products in pre-filled syringes that Novartis supplies to the Company, or obtain supplies of products in pre-filled syringes from a third party manufacturer and pay Novartis a low single-digit percentage of the Company's net sales of such products.

The Company has retained control over the design and execution of its pivotal Phase 3 clinical program for Fovista and remains responsible for funding the costs of that program, subject to Novartis's responsibility to provide Lucentis, an anti-VEGF agent to which Novartis has rights in the Novartis Territory, for use in the Phase 3 trials in the Novartis Territory following the effective date of the Novartis Agreement. Novartis will have control over, and will be responsible for the costs of, all other clinical trials that may be required to obtain marketing approvals in the Novartis Territory for licensed products under the agreement. Novartis is also responsible for costs associated with co-formulation development, pre-filled syringe development and other development costs in the

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

6. Licensing and Commercialization Agreement with Novartis Pharma AG (Continued)

Novartis Territory, excluding regulatory filing fees in the European Union for the standalone Fovista product, for which the Company will be responsible.

The Novartis Agreement, unless earlier terminated by the Company or Novartis, will expire upon the expiration of Novartis's obligation to pay the Company royalties on net sales of licensed products. The Company and Novartis each may terminate the Novartis Agreement if the other party materially breaches the agreement and does not cure such breach within a specified cure period, if the other party experiences any specified insolvency event, if the other party challenges or assists a third party in challenging the validity or enforceability of certain patent rights controlled by the terminating party, or if the parties are prevented in any manner that materially adversely affects the progression of the development or commercialization of licensed products for a specified period as a result of specified governmental actions. Novartis may terminate the Novartis Agreement at any time without cause, or within a specified period after a change in control of the Company, as defined in the Novartis Agreement, or for specified safety reasons, effective at the end of a specified period following Novartis's written notice to the Company of Novartis's election to terminate the agreement. The Company may also terminate the agreement if Novartis determines to seek marketing approval of an alternative anti-PDGF product in the Novartis Territory as more fully described below. If the Company elects to terminate the Novartis Agreement because specified governmental actions prevent the parties from materially progressing the development or commercialization of licensed products as described above, the Company will be required to pay a substantial termination fee, with the specific amount of such fee determined based on the effective date of the termination. Following any termination, all rights to Fovista that the Company granted to Novartis, including, without limitation, the right to commercialize standalone Fovista products in the Novartis Territory, will revert to the Company, Novartis will perform specified activities in connection with transitioning to the Company the rights and responsibilities for the continued development, manufacture and commercialization of the standalone Fovista product for countries in the Novartis Territory, and the parties will cooperate on an orderly wind down of development and commercialization activities for other licensed products in the Novartis Territory.

Novartis has agreed to specified limitations on its ability to in-license, acquire or commercialize any anti-PDGF product that does not contain Fovista (an "Alternative Anti-PDGF Product") in the Novartis Territory and, to the extent Novartis develops, in-licenses or acquires such a product, to make such product available to the Company in the United States under specified option conditions. If the Company exercises its option, the Company will be obligated to make certain payments to Novartis, including specified milestone and royalty payments. The amounts of such payments will vary based on the product's stage of clinical development at the time the Company exercise its option, whether the product is a standalone or combination product and whether Novartis exercises an option to co-promote such product in the United States. If Novartis determines to seek marketing approval of an Alternative Anti-PDGF Product in the Novartis Territory, the Company will, subject to specified limitations, have the option to terminate the Novartis Agreement, convert Novartis's exclusive licenses into non-exclusive licenses, or elect to receive a royalty on sales of such product by Novartis. If the Company elects to terminate the Novartis Agreement, Novartis will, subject to specified limitations, be required to pay to the Company, certain payments based on achievement, with respect to such product, of the milestones that would have otherwise applied to licensed products under the Novartis Agreement.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

6. Licensing and Commercialization Agreement with Novartis Pharma AG (Continued)

Activities under the licensing and commercialization Novartis Agreement were evaluated under ASC 605-25, *Revenue Recognition—Multiple Element Arrangements* ("ASC 605-25") (as amended by ASU 2009-13, *Revenue Recognition* ("ASU 2009-13")) to determine if they represented a multiple element revenue arrangement. The Novartis Agreement includes the following deliverables: (1) an exclusive license to commercialize Fovista outside the United States (the "License Deliverable"); (2) the performance obligation to conduct research and development activities related to the Phase 3 Fovista clinical trials and certain Phase 2 trials for Fovista (the "R&D Activity Deliverable"); (3) the performance obligation to supply API to Novartis for development and manufacturing purposes (the "Manufacturing Deliverable") and (4) the Company's obligation to participate on the joint operating committee established under the terms of the Novartis Agreement and related subcommittees (the "Joint Operating Committee Deliverable"). Novartis has the right, subject to the certain approval rights of the Company, to sublicense the exclusive royalty-bearing license to commercialize Fovista in the Novartis Territory. The Company's obligation to provide access to clinical and regulatory information as part of the License Deliverable includes the obligation to provide access to all clinical data, regulatory filings, safety data and manufacturing data to Novartis which is necessary for commercialization of Fovista in the Novartis Territory. The R&D Activity Deliverable includes the right and responsibility for the Company to conduct the Phase 3 Fovista clinical program and other studies of Fovista in the Novartis Territory which are necessary or desirable for regulatory approval or commercialization of Fovista. The Manufacturing Deliverable includes the obligation for the Company to supply API to Novartis for development and manufacturing purposes, for which Novartis has agreed to pay the Company's manufacturing costs, plus a specified margin. The Joint Operating Committee Deliverable includes the obligation to participate in the Joint Operating Committee and related subcommittees at least through the first anniversary of regulatory approval in the European Union. All of these deliverables were deemed to have stand-alone value and to meet the criteria to be accounted for as separate units of accounting under ASC 605-25. Factors considered in this determination included, among other things, the subject of the licenses and the research and development and commercial capabilities of Novartis. Accordingly, each unit will be accounted for separately.

Options are considered substantive if, at the inception of the arrangement, the Company is at risk as to whether the collaboration partner will choose to exercise the option. Factors that the Company considers in evaluating whether an option is substantive include the overall objective of the arrangement, the benefit the collaborator might obtain from the arrangement without exercising the option, the cost to exercise the option and the likelihood that the option will be exercised. For arrangements under which an option is considered substantive, the Company does not consider the item underlying the option to be a deliverable at the inception of the arrangement and the associated option fees are not included in allocable arrangement consideration, assuming the option is not priced at a significant and incremental discount. Conversely, for arrangements under which an option is not considered substantive or if an option is priced at a significant and incremental discount, the Company would consider the item underlying the option to be a deliverable at the inception of the arrangement and a corresponding amount would be included in allocable arrangement consideration. All of the options included in the Company's collaboration arrangement have been determined to be substantive, and none of the options are priced at a significant and incremental discount.

The Novartis Agreement provides that, if the Company elects to terminate the Novartis Agreement because specified governmental actions prevent the parties from materially progressing the development

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

6. Licensing and Commercialization Agreement with Novartis Pharma AG (Continued)

or commercialization of licensed products as described above, the Company will be required to pay a substantial termination fee, with the specific amount of such fee determined based on the effective date of the termination. The Company has concluded that this termination provision constitutes a contingent event that is unknown at the inception of the agreement. As such, the Company has recorded the $200.0 million upfront payment in deferred revenue, long-term until such time that the contingency related to this termination provision is resolved. The Company believes the enrollment milestones and certain of the regulatory milestones that may be achieved under the Novartis Agreement do not meet the recognition criteria within the definition of a milestone included in ASU 2010-17, *Revenue Recognition—Milestone Method*, and therefore, payments received for the achievement of the enrollment milestones in excess of the termination fee will be included in the allocable arrangement consideration and allocated to the deliverables based upon BESP using the relative selling price method.

The Company believes the remaining regulatory approval milestones that may be achieved under the Novartis Agreement are consistent with the definition of a milestone included in ASU 2010-17, *Revenue Recognition—Milestone Method*, and, accordingly, the Company will recognize payments related to the achievement of such milestones, if any, when the applicable milestone is achieved. Factors considered in this determination included scientific and regulatory risks that must be overcome to achieve each milestone, the level of effort and investment required to achieve each milestone, and the monetary value attributed to each milestone.

In September 2014, the Company achieved a $50.0 million enrollment-based milestone under the Novartis Agreement. The Company recognized revenue of approximately $41.3 million during the year ended December 31, 2014. Using the relative selling price method, the Company allocated revenue of $38.4 million to the license it delivered to Novartis under the Novartis Agreement, $2.0 million to research and development activities the Company has performed under the Novartis Agreement, and $0.9 million to the transfer of API to Novartis during the year ended December 31, 2014.

7. Financing Agreement with Novo A/S

In May 2013, the Company entered into a Purchase and Sale Agreement with Novo A/S, which is referred to as the Novo Agreement, pursuant to which the Company had the ability to obtain financing in three tranches in an amount of up to $125.0 million in return for the sale to Novo A/S of aggregate royalties of worldwide sales of (a) Fovista, (b) Fovista-Related Products, and (c) Other Products (each as defined in the Novo Agreement), calculated as low to mid-single digit percentages of net sales, with the royalty percentage determined by the amount of funding provided by Novo A/S.

The Novo Agreement provided for up to three separate purchases for a purchase price of $41.7 million each, at a first, second and third closing, for an aggregate purchase price of $125.0 million. In each purchase, Novo A/S acquires rights to a low single digit percentage of net sales. In each of May 2013, January 2014 and November 2014, the Company received cash payments of $41.7 million, $125.0 million in the aggregate, and Novo A/S received a right to receive royalties on net sales of Fovista at a mid-single digit percentage in the aggregate.

The royalty payment period covered by the Novo Agreement begins on commercial launch and ends, on a product-by-product and country-by-country basis, on the latest to occur of (i) the 12th anniversary of the commercial launch, (ii) the expiration of certain patent rights and (iii) the expiration of the regulatory exclusivity for each product in each country.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

7. Financing Agreement with Novo A/S (Continued)

Under the terms of the Novo Agreement, the Company is not required to reimburse or otherwise compensate Novo A/S through any means other than the agreed royalty entitlement. In addition, the Company does not, under the terms of the Novo Agreement, have the right or obligation to prepay Novo A/S in connection with a change of control of the Company or otherwise.

The $125.0 million in aggregate proceeds from the three financing tranches under the Novo Agreement represents the full funding available under the Novo Agreement, and has been recorded as a liability on the Company's Balance Sheet as of December 31, 2014, in accordance with ASC Topic 730, *Research and Development*. Because there is a significant related party relationship between the Company and Novo A/S, the Company is treating its obligation to make royalty payments under the Novo Agreement as an implicit obligation to repay the funds advanced by Novo A/S. As the Company makes royalty payments in accordance with the Novo Agreement, it will reduce the liability balance. At the time that such royalty payments become probable and estimable, and if such amounts exceed the liability balance, the Company will impute interest accordingly on a prospective basis based on such estimates, which would result in a corresponding increase in the liability balance.

The Novo Agreement requires the establishment of a Joint Oversight Committee in the event that Novo A/S does not continue to have a representative on the Company's board of directors. The Joint Oversight Committee would have responsibilities that include "discussion and review" of all matters related to Fovista research, development, regulatory approval and commercialization, but there is no provision either implicit or explicit that gives the Joint Oversight Committee or its members decision-making authority.

8. Product and Technology Agreements

Transferred Technology and Assumed Agreements

Under an agreement dated July 27, 2007, the Company assumed the rights and obligations related to certain patents and know-how (the "Transferred Technology") and under certain agreements (the "Assumed Agreements") owned and/or controlled by OSI (Eyetech), Inc. (the "Transferor") for use in the Company's activities in the research, development and commercial production of a product as defined in the agreement (the "Divestiture Agreement"). In consideration for the Transferred Technology and the Assumed Agreements, the Company made an upfront payment of $4.0 million to the Transferor. In addition, on August 9, 2007, the Company issued to the Transferor 3,000,000 shares of Junior Series A Preferred Stock which was valued at $1.00 per share based upon the Original Issue Price.

The Divestiture Agreement also entitles the Transferor to significant payments from the Company upon achievement of certain milestones, and to royalties on the Company's net sales of Products, as defined, and on terms set forth in the Divestiture Agreement.

The Divestiture Agreement may be terminated by either party in the event of the other party's insolvency or material breach (following a specified cure period). Unless terminated earlier by the Company or the Transferor, the Divestiture Agreement will remain in effect until the Company no longer has any financial obligations to the Transferor, after which the rights granted to the Company under the Divestiture Agreement will become perpetual and fully paid-up.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

8. Product and Technology Agreements (Continued)

If the Company fails to satisfy its diligence obligations under the Divestiture Agreement, the Transferor may terminate the Divestiture Agreement as to particular countries with respect to which such failure has occurred, and upon such termination the Company will be obligated to transfer to the Transferor specified rights and licenses related to the product covered by the Divestiture Agreement and other related assets, and if the Company is then manufacturing such product or products, at the time of such termination, the Company may be obligated to provide transitional supply of the covered products to the Transferor, for the applicable countries.

The Assumed Agreements include a license, manufacturing and supply agreement (the "Supply Agreement") with Nektar Therapeutics, AL (the "Supplier") for a reagent linked with the active ingredient in the Company's lead product candidate. Prior to the Company's assumption of the Supply Agreement in 2007, the Transferor paid the Supplier approximately $0.3 million under the Supply Agreement. The Company has paid the Supplier an aggregate of approximately $21.5 million in milestone payments under the Supply Agreement, $19.8 million of which was paid and charged to research and development expense during the year ended December 31, 2014. Under the Supply Agreement, the Company is obligated to make certain milestone payments to the Supplier, as well as tiered royalties based on certain percentages of net sales. See "Note 13—Commitments and Contingencies" below.

The Supply Agreement, unless earlier terminated by either party, will expire upon the expiration of the Company's obligation to pay royalties to the Supplier on net sales of licensed products. The Supply Agreement may be terminated by either party in the event of the other party's material breach (following a specified cure period). The Company may terminate the Supply Agreement, without cause, effective at the end of a specified period following written notice to the Supplier, in which event the Company will be obligated to pay the Supplier specified termination fees and reimburse the Supplier for certain costs.

License Agreements

The Assumed Agreements also included an agreement with Archemix Corp. (the "Licensor") for the Company's acquisition of an exclusive royalty-bearing license over certain patent rights and technology owned and/or controlled by the Licensor (the "PDGF License") for use in the Company's activities in the research, development and commercial production of pharmaceutical products related to anti-PDGF aptamers (the "PDGF Licensed Products") as contemplated in the agreement (the "PDGF Agreement"). In addition, on July 31, 2007, the Company also entered into an agreement with the Licensor for the Company's acquisition of an exclusive royalty-bearing license over certain patent rights and technology owned and/or controlled by the Licensor (the "C5 License" and together with the PDGF License, the "Licenses") for use in the Company's activities in the research, development and commercial production of pharmaceutical products related to Zimura, formerly known as ARC1905 (the "C5 Licensed Product"), as contemplated in the agreement (the "C5 License Agreement" and together with the PDGF License Agreement, the "License Agreements"). In consideration of the Licenses, the Company paid the Licensor aggregate upfront fees of $1.0 million and, on August 9, 2007, issued to the Licensor an aggregate of 2,000,000 shares of Series A-1 Preferred Stock which was valued at $1.00 per share based on the cash price paid by the Series A Investors for similar shares on the same date.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

8. Product and Technology Agreements (Continued)

The Licensor is also entitled to certain regulatory milestone payments and sales milestone payments under the License Agreements.

On September 12, 2011, the License Agreements, were amended to cover expanded licenses for all indications outside of the ophthalmic field (as defined in the amended license agreements (the "Amended License Agreements")). Upon the execution of the Amended License Agreements, the Company issued 500,000 shares of Series B-1 Preferred Stock to the Licensor. The Series B-1 Preferred Stock was valued at $1.00 per share based upon the Original Issue Price, which was deemed to be fair value as of the date of this transaction.

Unless earlier terminated, the amended PDGF Agreement will expire upon the later of 10 years after the first commercial sale in any country of the last PDGF Licensed Product and the expiration of the last-to-expire valid claim of the PDGF licensed patents that covers a PDGF Licensed Product. Unless earlier terminated, the amended C5 Agreement will expire upon the later of 12 years after the first commercial sale in any country of the last C5 Licensed Product, the expiration of the last-to-expire valid claim of the C5 licensed patents, and the date on which no further payments of sublicensing income, if any, are to be received by the Company.

Either of the Amended License Agreements may be terminated by either party in the event of the other party's material breach (following a specified cure period). The Licensor may also terminate each of the Amended License Agreements, or may convert the Company's exclusive licenses to non-exclusive licenses, if the Company challenges or assists a third party in challenging the validity or enforceability of any of the patents licensed under the applicable Amended License Agreement. The Company may terminate each of the Amended License Agreements at any time and for any or no reason effective at the end of a specified period following written notice to the Licensor.

9. Property, Plant and Equipment

Property and equipment at December 31, 2014 and 2013 were as follows:

	Useful Life (Years)	December 31, 2014	December 31, 2013
Manufacturing and clinical equipment	7 - 10	$ 617	$ —
Computer and other office equipment	5	292	$ 85
Furniture and fixtures	7	591	117
Leasehold improvements	3 - 5	357	—
		1,857	202
Accumulated depreciation		(302)	(175)
Property and equipment, net		$ 1,555	$ 27

For the years ended December 31, 2014, 2013 and 2012, depreciation expense was $127 thousand, $20 thousand, $31 thousand, respectively.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

10. Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes. Under this method, deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance is established against deferred tax assets when, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company's policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2014 and December 31, 2013, the Company does not believe any material uncertain tax positions were present. Accordingly, interest and penalties have not been accrued due to an uncertain tax position.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A reconciliation of the statutory U.S. federal rate to the Company's effective tax rate is as follows:

	Years ended December 31,		
	2014	2013	2012
Percent of pre-tax income:			
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	6.8%	—	—
Permanent items	2.3%	(2.2)%	(1.0)%
Research and development credit	—	2.7%	1.0%
Change in valuation allowance	(66.4)%	(35.5)%	(35.0)%
Effective income tax rate	(22.3)%	0.0%	0.0%

The components of income tax expense are as follows:

	Years ended December 31,		
	2014	2013	2012
Current:			
Federal	$ 29,505	$ —	$ —
State	11,440	—	—
Deferred:			
Federal	(23,053)	—	—
State	—	—	—
Income tax expense	$ 17,892	$ —	$ —

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

10. Income Taxes (Continued)

Significant components of the Company's deferred tax assets (liabilities) for 2014 and 2013 consist of the following:

	As of December 31,	
	2014	2013
Deferred tax assets (liabilities)		
Deferred revenue	$ 120,611	$ 16,667
License and technology payments	14,251	6,407
Share-based compensation	5,679	1,396
Accrued Expenses	442	—
Depreciation	(328)	(7)
Federal net operating loss carryforwards	—	30,084
State and local net operating loss carryforwards	—	5,026
Federal research and development credit carryforwards	—	2,966
State research and development credit carryforwards	—	1,483
Deferred income tax assets	140,655	64,022
Valuation allowance	(117,554)	(64,022)
Net deferred tax assets	$ 23,101	$ —

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which the temporary differences representing net future deductible amounts become deductible, and is impacted by the Company's ability to carryback losses to previous years in which the Company had taxable income. In connection with the $83.3 million the Company received from Novo A/S in 2014 under the Novo Agreement, the $200.0 million the Company received from Novartis in May 2014, a portion of which has been deferred for income tax purposes, and the $50.0 million enrollment-based milestone payment the Company earned in September 2014 under the Novartis Agreement, the Company expects to have taxable income in 2014, after taking into account the utilization of its federal net operating losses from prior years and the utilization of its research and development tax credits. As such, the Company made income tax payments of $40.2 million during the year ended December 31, 2014. Due to the Company's history of losses and lack of other positive evidence to support taxable income after the 2014 tax year, the Company has recorded a valuation allowance against those deferred tax assets that are not expected to be realized. The valuation allowance was approximately $117.6 million and $64.0 million as of December 31, 2014 and 2013, respectively, representing an increase of $53.6 million.

Actual tax benefits result from a stock plan award transaction that exceeds the tax benefit associated with the grant date fair value of the related stock award. The Company recognizes these excess tax benefits in additional paid in capital only if an incremental tax benefit would be realized after considering all other tax benefits presently available to the Company. In 2013, deferred tax assets relating to employee share-based compensation deductions were reduced to reflect exercises of non-qualified stock option grants. Although certain of these deductions were reported on the corporate

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

10. Income Taxes (Continued)

tax returns and increased net operating losses, these related tax benefits were not recognized for financial reporting purposes.

The Company's federal, state, and local net operating loss carryforwards of approximately $91.3 million are expected to be utilized in 2014. Utilization of the net operating losses and general business tax credits carryforwards may be subject to a substantial limitation under Sections 382 and 383 of the Internal Revenue Code of 1986 due to changes in ownership of the Company that have occurred previously or that could occur in the future. These ownership changes may limit the amount of net operating losses and general business tax credits carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50 percentage points over a three-year period. The Company has completed a study to determine whether it had undergone an ownership change since the Company's inception. The Company concluded that it had not undergone an ownership change and the Company expects that it will have the ability to utilize its net operating loss carryforwards against taxable income in 2014.

11. Operating Leases

The Company leases office spaces located in Princeton, New Jersey and New York, New York under operating lease arrangements. The Company's Princeton, New Jersey office space lease expires in January 2019, whereas the Company's New York, New York office space lease expires in February 2020. Future minimum rental commitments under non-cancelable operating leases in effect as of December 31, 2014, are as follows:

2015	$ 1,562
2016	1,629
2017	1,669
2018	1,700
2019	1,499
Thereafter	239
Total	$ 8,298

Rent expense is calculated on the straight-line basis and amounted to $1.0 million, $0.5 million and $0.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

12. Security Deposits

Security deposits consist of amounts required to secure the Company's performance of its obligations under the operating leases for its New Jersey and New York offices. Such amounts were approximately $0.3 million as of December 31, 2014 and 2013, respectively.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

13. Commitments and Contingencies

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

- Under the Company's acquisition agreement with OSI (Eyetech), Inc., which agreement is now held by OSI Pharmaceuticals, LLC., or OSI Pharmaceuticals, a subsidiary of Astellas US, LLC, for rights to particular anti-PDGF aptamers, including Fovista, the Company is obligated to pay to OSI Pharmaceuticals future one-time payments of $12.0 million in the aggregate upon marketing approval in the United States and the European Union of a covered anti-PDGF product. The Company is also obligated to pay to OSI Pharmaceuticals a royalty at a low single-digit percentage of net sales of any covered anti-PDGF product the Company successfully commercializes.

- Under a license agreement with Archemix Corp., or Archemix, with respect to pharmaceutical products comprised of or derived from any anti-PDGF aptamer, the Company is obligated to make future payments to Archemix of up to an aggregate of $14.0 million if the Company achieves specified clinical and regulatory milestones with respect to Fovista, up to an aggregate of $3.0 million if the Company achieves specified commercial milestones with respect to Fovista and, for each other anti-PDGF aptamer product that it may develop under the agreement, up to an aggregate of approximately $18.8 million if the Company achieves specified clinical and regulatory milestones and up to an aggregate of $3.0 million if the Company achieves specified commercial milestones. No royalties are payable to Archemix under this license agreement.

- Under a license agreement with Archemix with respect to pharmaceutical products comprised of or derived from anti-C5 aptamers, for each anti-C5 aptamer product that the Company may develop under the agreement, including Zimura, the Company is obligated to make future payments to Archemix of up to an aggregate of $57.5 million if the Company achieves specified development, clinical and regulatory milestones and, as to all anti-C5 products under the agreement collectively, up to an aggregate of $22.5 million if the Company achieves specified commercial milestones. The Company is also obligated to pay Archemix a double-digit percentage of specified non-royalty payments the Company may receive from any sublicensee of its rights under this license agreement. No royalties are payable to Archemix under this license agreement.

- Under a license, manufacturing and supply agreement with Nektar Therapeutics, or Nektar, for specified pegylation reagents used to manufacture Fovista, the Company is obligated to make future payments to Nektar of up to an aggregate of $6.5 million if the Company achieves specified clinical and regulatory milestones, and an additional payment of $3.0 million if the Company achieves a specified commercial milestone with respect to Fovista. The Company is obligated to pay Nektar tiered royalties at low to mid-single-digit percentages of net sales of any licensed product the Company successfully commercializes, with the royalty percentage determined by the Company's level of licensed product sales and the extent of patent coverage for the licensed product and whether the Company has granted a third-party commercialization rights to the licensed product. In June 2014, the Company paid Nektar $19.8 million in connection with its entry into the Novartis Agreement.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

13. Commitments and Contingencies (Continued)

- Under the Novo Agreement, with respect to Fovista, the Company will be obligated to pay Novo A/S a mid-single-digit percentage royalty based on worldwide sales of Fovista. See "Note 7—Financing Agreement with Novo A/S" above for further information about Novo Agreement.

- Under the clinical supply agreement with Agilent Technologies, Inc., Agilent has agreed to manufacture and supply to the Company, and the Company has agreed to purchase from Agilent, a specified percentage of its clinical requirements in specified jurisdictions of the active pharmaceutical ingredient in the Company's product candidate Fovista. The Company's agreement with Agilent has an initial five year term, which is subject to automatic renewal absent termination by either party in accordance with the terms of the Agreement. The Agreement provides for pricing structured on a tiered basis with the price reduced as the volume ordered increases. The Company may terminate the agreement or any statement of work thereunder upon 12 months prior written notice to Agilent.

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

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

14. Stock Option and Compensation Plans

The Company adopted its 2007 Stock Incentive Plan (the "2007 Plan") for employees, directors and consultants for the purpose of advancing the interests of the Company stockholders by enhancing its ability to attract, retain and motivate persons who are expected to make important contributions to the Company. The 2007 Plan provided for the granting of stock option awards, restricted stock awards, and other stock-based and cash-based awards. Following the effectiveness of the 2013 Stock Incentive Plan described below in connection with the closing of the Company's initial public offering, the Company is no longer granting additional awards under the 2007 Plan.

In August 2013, the Company's board of directors adopted and the Company's stockholders approved the 2013 stock incentive plan (the "2013 Plan"), which became effective immediately prior to the closing of the Company's initial public offering. The 2013 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other stock-based awards. Upon effectiveness of the 2013 Plan, the number of shares of the Company's common stock that were reserved for issuance under the 2013 Plan was the sum of (1) such number of shares (up to approximately 3,359,641 shares) as is equal to the sum of 739,317 shares (the number of shares of the common stock then available for issuance under the 2007 Plan), and such number of shares of the Company's common stock that are subject to outstanding

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

14. Stock Option and Compensation Plans (Continued)

awards under the 2007 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right plus (2) an annual increase, to be added the first business day of each fiscal year, beginning with the fiscal year ending December 31, 2014 and continuing until, and including, the fiscal year ending December 31, 2023, equal to the lowest of 2,542,372 shares of the Company's common stock, 4% of the number of shares of the Company's common stock outstanding on the first day of the fiscal year and an amount determined by its board of directors. The Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 2013 Plan. However, incentive stock options may only be granted to employees of the Company.

In connection with the evergreen provisions of the 2013 Plan, the number of shares available for issuance under the 2013 Plan was increased by approximately 1,257,000 shares, effective as of January 1, 2014. As of December 31, 2014, the Company had approximately 479,000 shares available for grant under the 2013 Plan. In connection with the evergreen provisions of the 2013 Plan, the number of shares available for issuance under the 2013 Plan was further increased by approximately 1,360,000 shares, effective as of January 1, 2015.

A summary of the stock option activity, weighted average exercise prices, options outstanding and exercisable as of December 31, 2014, 2013 and 2012 is as follows:

	Year ended December 31,					
	2014		2013		2012	
	Common Stock Options	Weighted Average Exercise Price	Common Stock Options	Weighted Average Exercise Price	Common Stock Options	Weighted Average Exercise Price
Outstanding at beginning of year:	2,708	$ 9.41	1,344	$ 1.65	1,113	$ 1.30
Granted	1,744	$ 33.92	1,583	$ 14.82	250	$ 3.12
Exercised	(621)	$ 4.75	(151)	$ 0.61	(19)	$ 0.12
Expired or forfeited	(151)	$ 28.50	(68)	$ 1.53	—	—
Outstanding at end of year:	3,680	$ 21.03	2,708	$ 9.41	1,344	$ 1.65

	Year ended December 31,		
	2014	2013	2012
Options exercisable at end of year	993	984	823
Weighted average grant date fair value (per share) of options granted during the period	$ 24.41	$ 10.48	$ 1.65

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

14. Stock Option and Compensation Plans (Continued)

	As of December 31, 2014				
	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Total Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.12 - $10.03	1,243	7.1	$ 5.67	761	$ 3.66
$10.04 - $20.00	534	8.5	$ 13.38	132	$ 13.39
$20.01 - $30.00	179	8.8	$ 25.64	46	$ 25.43
$30.00 - $43.90	1,724	9.2	$ 34.00	54	$ 34.79
	3,680		$ 21.03	993	$ 7.65
Aggregate Intrinsic Value	$ 87,728			$ 36,965	

Cash proceeds from, and the aggregate intrinsic value of, stock options exercised during the years ended December 31, 2014, 2013 and 2012, respectively, were as follows:

	Year ended December 31,		
	2014	2013	2012
Cash Proceeds from options exercised	$ 2,949	$ 94	$ 2
Aggregate intrinsic value of options exercised	$ 21,646	$ 4,545	$28

In connection with stock option awards granted to employees, the Company recognized share-based compensation expense approximately $11.3 million, $2.2 million, and $0.5 million, for the years ended December 31, 2014, 2013, and 2012, respectively, net of expected forfeitures. As of December 31, 2014, there was approximately $37.8 million of unrecognized compensation costs, net of estimated forfeitures, related to stock option awards to employees, which are expected to be recognized over a remaining weighted average period of 3.1 years.

In connection with stock options awards granted to consultants, the Company recognized approximately $1.4 million, $0.7 million and $0.1 million in share-based compensation expense during the years ended December 31, 2014, 2013 and 2012, respectively, net of expected forfeitures. As of December 31, 2014, there was approximately $4.1 million of unrecognized compensation costs, net of estimated forfeitures, related to stock option award granted to consultants which are expected to be recognized over a remaining weighted average period of 2.9 years.

As of December 31, 2014, the Company had approximately 37,000 restricted stock units outstanding. In connection with restricted stock units granted to employees, the Company recognized share-based compensation of approximately $0.3 million during the year ended December 31, 2014, net of expected forfeitures. The Company did not recognize any share-based compensation expense related to restricted stock units during year ended December 31, 2013. As of December 31, 2014, there was approximately $0.9 million of unrecognized compensation costs, net of estimated forfeitures, related to restricted stock units granted to employees to be recognized over a remaining weighted average period of 2.4 years.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

14. Stock Option and Compensation Plans (Continued)

On September 30, 2014, the Company issued to an employee an option to purchase 200,000 shares of its common stock at an exercise price of $38.93 per share. This option grant was an inducement grant issued outside the Company's existing equity compensation plan in accordance with NASDAQ listing rule 5635(c)(4).

On October 3, 2014, the Company issued to an employee an option to purchase 150,000 shares of its common stock at an exercise price of $38.41 per share. This option grant was an inducement grant issued outside the Company's existing equity compensation plan in accordance with NASDAQ listing rule 5635(c)(4).

15. Employee Benefit Plan

The Company maintains a defined contribution 401(k) plan available to employees. Employee contributions are voluntary and are determined on an individual basis, limited by the maximum amounts allowable under federal tax regulations. The Company's matching contributions to employees totaled approximately $0.2 million during the year ended December 31, 2014. The Company did not match any of the employee contributions during the years ended December 31, 2013 and 2012.

16. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market. The Company's Level 1 assets consist of investments in U.S. Treasury money market funds and U.S. Treasury securities.

- Level 2—inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

16. Fair Value Measurements (Continued)

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2014:

	Fair Value Measurement Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in U.S. Treasury money market funds*	$ 35,111	$ —	$ —
Investments in U.S. Treasury securities maturities < three months*	$ —	$ —	$ —
Investments in U.S. Treasury securities maturities < 1 year	$ 423,746	$ —	$ —

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2013:

	Fair Value Measurement Using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets			
Investments in U.S. Treasury money market funds*	$ 203,828	$ —	$ —

* Investments in U.S. Treasury money market funds and U.S. Treasury securities with maturities less than three months are reflected in cash and cash equivalents in the accompanying Balance Sheets.

17. Selected Quarterly Financial Information (unaudited)

The following is a summary of the quarterly results of operations for the years ended December 31, 2014 and 2013:

	2014			
	March 31	June 30	September 30	December 31
Collaboration revenue	$ —	$ —	$ 39,575	$ 1,684
Research and development expenses	14,377	34,707	17,105	22,196
General and administrative expenses	6,349	7,570	8,812	10,656
Income (loss) from operations	(20,726)	(42,277)	13,658	(31,168)
Net income (loss) attributable to common stockholders	$ (20,682)	$ (52,499)	$ 10,864	$ (35,871)
Basic earnings (loss) per common share	$ (0.64)	$ (1.57)	$ 0.32	$ (1.06)
Diluted earnings (loss) per common share	$ (0.64)	$ (1.57)	$ 0.31	$ (1.06)

OPHTHOTECH CORPORATION

Notes to Financial Statements (Continued)

(tabular dollars and shares in thousands, except per share data)

17. Selected Quarterly Financial Information (unaudited) (Continued)

	2013			
	March 31	June 30	September 30	December 31
Collaboration revenue	$ —	$ —	$ —	$ —
Research and development expenses	2,390	4,345	11,101	15,379
General and administrative expenses	1,738	3,241	4,166	5,065
Loss from operations	(4,128)	(7,586)	(15,267)	(20,444)
Net loss attributable to common shareholders	$ (6,361)	$ (11,863)	$ (18,424)	$ (20,388)
Basic and diluted earnings per common share	$ (4.33)	$ (8.07)	$ (10.26)	$ (0.65)

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
3.1	Restated Certificate of Incorporation of the Registrant	S-1/A	333-190643	9/9/2013	3.3	
3.2	Amended and Restated Bylaws of the Registrant	S-1/A	333-190643	9/9/2013	3.4	
4.1	Specimen Stock Certificate evidencing the shares of common stock	S-1/A	333-190643	9/9/2013	4.1	
10.1	Amended and Restated 2007 Stock Incentive Plan, as amended	S-1	333-190643	8/15/2013	10.1	
10.2	Form of Incentive Stock Option Agreement under Amended and Restated 2007 Stock Incentive Plan	S-1	333-190643	8/15/2013	10.2	
10.3	Form of Nonstatutory Stock Option Agreement under 2007	S-1	333-190643	8/15/2013	10.3	
10.4	2013 Stock Incentive Plan					Yes
10.5	Form of Incentive Stock Option Agreement under 2013 Stock Incentive Plan	S-1/A	333-190643	9/9/2013	10.5	
10.6	Form of Nonqualified Stock Option Agreement under 2013 Stock Incentive Plan	S-1/A	333-190643	9/9/2013	10.6	
10.7	Form of Restricted Stock Unit Agreement under 2013 Stock Incentive Plan					Yes
10.8	Lease Agreement, dated as of September 30, 2007, between the Registrant and One Penn Plaza LLC, as the same has been supplemented by agreement dated March 12, 2013 and amended by the Amendment of Lease, dated as of August 30, 2013, Second Amendment to Lease, entered into on January 7, 2014, Third Amendment of Lease, dated as of April 18, 2014, and the Fourth Amendment of Lease, dated as of December 22, 2014					Yes
10.9	Lease Agreement with Carnegie 214 Associates Limited Partnership, dated as of October 25, 2013	S-1	333-193681	1/31/2014	10.8	
10.10†	Divestiture Agreement, dated as of July 27, 2007, by and between the Registrant and (OSI) Eyetech, Inc.	S-1	333-190643	8/15/2013	10.9†	

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
10.11†	License, Manufacturing and Supply Agreement, dated as of September 30, 2006, by and between Nektar Therapeutics AL, Corporation and (OSI) Eyetech, Inc., as the same was assigned to the Registrant on July 27, 2007 and amended by Amendment No. 1 thereto, dated as of April 5, 2012, and supplemented by a letter agreement, dated as of June 20, 2013	S-1	333-190643	8/15/2013	10.10†	
10.12†	Amended and Restated Exclusive License Agreement, dated as of September 12, 2011, by and between the Registrant and Archemix Corp., as amended by Amendment No. 1 thereto dated December 20, 2011 and supplemented by a letter agreement, dated as of April 30, 2012	S-1	333-190643	8/15/2013	10.11†	
10.13†	Amended and Restated Exclusive License Agreement, dated as of September 12, 2011, by and between the Registrant and Archemix Corp., as amended by Amendment No. 1 thereto, dated as of December 20, 2011	S-1	333-190643	8/15/2013	10.12†	
10.14†	Purchase and Sale Agreement, dated as of May 23, 2013, by and between the Registrant and Novo A/S	S-1	333-190643	8/15/2013	10.13†	
10.15+	Offer of Employment between the Registrant and David Guyer	S-1/A	333-190643	9/9/2013	10.14	
10.16+	Second Amended and Restated Employment Agreement between the Registrant and Samir Patel	S-1/A	333-190643	9/9/2013	10.15	
10.17	Office Lease Agreement, dated as of August 22, 2013, by and between the Registrant and PSN Partners, L.P.	S-1/A	333-190643	9/9/2013	10.17	
10.18†	Clinical Manufacturing and Supply Agreement by and between the Registrant and Agilent Technologies, Inc. dated May 2, 2014	10-Q		8/6/2014	10.1	
10.19†	Licensing and Commercialization Agreement by and between the Registrant and Novartis Pharma AG dated May 19, 2014	10-Q		8/6/2014	10.2	
10.20+	Offer of Employment between the Registrant and Michael G. Atieh dated September 20, 2014	10-Q		11/12/2014	10.1	

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
10.21+	Nonstatutory Stock Option Agreement between the Registrant and Michael G. Atieh, dated September 30, 2014	10-Q		11/12/2014	10.2	
10.22+	Offer of Employment between the Registrant and Todd N. Smith dated September 29, 2014					Yes
10.23+	Nonstatutory Stock Option Agreement between the Registrant and Todd N. Smith, dated October 3, 2014					Yes
10.24*	Amendment No. 1 to the Purchase and Sale Agreement, dated as of May 23, 2013, by and between the Registrant and Novo A/S					Yes
23.1	Consent of Ernst & Young LLP					Yes
31.1	Certification of principal executive officer pursuant to Rule 13a- 14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.					Yes
31.2	Certification of principal financial officer pursuant to Rule 13a- 14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.					Yes
32.1	Certification of principal executive officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					Yes
32.2	Certification of principal financial officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					Yes
101.INS	XBRL Instance Document.					Yes
101.SCH	XBRL Taxonomy Extension Schema Document.					Yes
101.CAL	XBRL Taxonomy Calculation Linkbase Document.					Yes
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					Yes
101.LAB	XBRL Taxonomy Label Linkbase Document.					Yes
101.PRE	XBRL Taxonomy Presentation Linkbase Document.					Yes

† Confidential treatment has been granted as to certain portions, which portions have been omitted and separately filed with the Securities and Exchange Commission.

* Confidential treatment has been requested as to certain portions, which portions have been omitted and separately filed with the Securities and Exchange Commission.

+ Management contract or compensatory plan or arrangement filed in response to Item 15(a)(3) of the Instructions to the Annual Report on Form 10-K.

Exhibit 10.4

OPHTHOTECH CORPORATION

2013 STOCK INCENTIVE PLAN

1. Purpose

The purpose of this 2013 Stock Incentive Plan (the "***Plan***") of Ophthotech Corporation, a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as such terms are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "***Securities Act***"), or any successor form) are eligible to be granted Awards under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." "***Award***" means Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), Restricted Stock Units (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8).

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "***Committee***"). All references in the Plan to the "***Board***" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Options and other Awards that constitute rights under Delaware law (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, *provided* that the Board shall fix the terms of such Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to such Awards that the officers may grant; *provided further*, however, that no officer shall be authorized to grant such Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act). The Board may not delegate authority under this Section 3(c) to grant Restricted Stock, unless Delaware law then permits such delegation.

4. Stock Available for Awards

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options, as defined in Section 5(b)) for up to such number of shares of common stock, $0.001 par value per share, of the Company (the "***Common Stock***") as is equal to the sum of:

(A) such number of shares of Common Stock (up to 3,362,256 shares) as is equal to the sum of (x) the number of shares of Common Stock reserved for issuance under the Company's Amended and Restated 2007 Stock Incentive Plan (the "***Existing Plan***") that remain available for grant under the Existing Plan immediately prior to the closing of the Company's initial public offering and (y) the number of shares of Common Stock subject to awards granted under the Existing Plan which awards expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right (subject, however, in the case of Incentive Stock Options to any limitations of the Code); plus

(B) an annual increase to be added on the first day of each of the fiscal year, beginning with the fiscal year ending December 31, 2014 and continuing for each fiscal year until, and including, the fiscal year ending December 31, 2023, equal to the least of (i) 2,542,372 shares of Common Stock, (ii) 4% of the outstanding shares on such date or (iii) an amount determined by the Board.

Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan:

(A) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; *provided*, *however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an

Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(B) if any Award (i) expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided, however*, that (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (3) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR; and

(C) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards.

(b) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a)(1) or any sublimit contained in the Plan, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "***Incentive Stock Option***") shall only be granted to employees of Ophthotech Corporation, any of Ophthotech Corporation's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an Incentive Stock Option shall be designated a "***Nonstatutory Stock Option***." The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify the exercise price in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value per share of Common Stock as determined by (or in a manner approved by) the Board ("***Fair Market Value***") on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise

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price to be determined on a future date, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, in its sole discretion, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, in its sole discretion, by delivery (either by actual delivery or attestation) of shares

of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option agreement or approved by the Board in its sole discretion, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option

being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, in its sole discretion, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such

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outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(b)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market ("***NASDAQ***").

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Fair Market Value on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided*, *however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(b)) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of NASDAQ.

7. Restricted Stock; Restricted Stock Units

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the

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end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***Restricted Stock Units***") (Restricted Stock and Restricted Stock Units are each referred to herein as a "***Restricted Stock Award***").

(b) Terms and Conditions for All Restricted Stock Awards. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Unless otherwise provided in the applicable Award agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Accrued Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Accrued Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to Restricted Stock Units.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company such number of shares of Common Stock or (if so provided in the applicable Award agreement) an amount of cash equal to the Fair Market Value of such number of shares of Common Stock as are set forth in the applicable Restricted Stock Unit agreement. The Board may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant in a manner that complies with Section 409A of the Code.

(2) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

(3) Dividend Equivalents. The Award agreement for Restricted Stock Units may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, in each case to the extent provided in the Award agreement.

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8. Other Stock-Based Awards

(a) General. Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("***Other Stock-Based Awards***"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

9. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules set forth in Section 4(a), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "***Reorganization Event***" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award

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agreement or another agreement between the Company and the Participant): (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unvested and/or unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 9(b)(2)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (i) if the applicable Restricted Stock Unit agreement provides that the Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the Restricted Stock Units shall instead be settled in accordance with the terms of the applicable Restricted Stock Unit agreement; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the Restricted Stock Units pursuant to clause (i) of Section 9(b)(2)(A), then the unvested Restricted Stock Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 9(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of

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shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided, however*, that the Board may provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

(c) Change in Control Events.

(1) Definitions.

A "***Change in Control Event***" shall mean:

(A) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act)) (a "***Person***") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); provided, however, that for purposes of this subsection (A), the following acquisitions shall not constitute a Change in Control Event: (1) any acquisition directly from the Company or (2) any acquisition by any corporation pursuant to a Business Combination (as defined below) which complies with clauses (x) and (y) of subsection (C) of this definition; or

(B) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "***Continuing Director***" means at any date a member of the Board (x) who was a member of the Board on the date of the initial adoption of this Plan by the Board or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; or

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(C) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "***Business Combination***"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "***Acquiring Corporation***") in substantially the same proportions as their ownership of the Outstanding Company Voting Securities immediately prior to such Business Combination and (y) no Person beneficially owns, directly or indirectly, 50% or more of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(D) the liquidation or dissolution of the Company.

"***Good Reason***" shall mean the occurrence of any of the following without the Participant's prior written consent: (A) any change in the Participant's position, title or reporting relationship with the Company from and after such Reorganization Event or Change in Control Event that diminishes in any material respect the authority, duties or responsibilities of the Participant as in effect immediately preceding the Reorganization Event or Change in Control Event, as the case may be; provided, however, that a change in the Participant's title or reporting relationship solely due to the Company becoming a division, subsidiary or other similar part of a larger organization following a Reorganization Event or Change in Control Event shall not by itself constitute Good Reason; or (B) any material reduction in the Participant's annual base compensation from and after such Reorganization Event or Change in Control Event, as the case may be. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless (x) the Participant provides the Company with written notice that the Participant intends to terminate employment for one of the grounds set forth in subsections (A) or (B) within sixty (60) days of such ground(s) arising, (y) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (z) the Participant terminates employment within six (6) months from the date that Good Reason first occurs.

"***Cause***" shall mean the occurrence of any of the following: (A) the Participant's willful failure to perform in any material respect Participant's material duties or responsibilities for the

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Company, which is not cured within 30 days of written notice thereof to the Participant from the Company; (B) repeated unexplained or unjustified absence from the Company inconsistent with the Participant's duties and responsibilities for the Company, which continues without explanation or justification after written notice thereof to the Participant from the Company; (C) Participant's willful misconduct that causes material and demonstrable monetary or reputational injury to the Company, including, but not limited to, misappropriation or conversion of assets of the Company (other than non-material assets); or (D) the conviction of the Participant of, or the entry of a plea of guilty or *nolo contendere* by the Participant to, any crime involving moral turpitude or any felony.

(2) Effect on Options. Notwithstanding the provisions of Section 9(b), except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company, each Option shall be immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(3) Effect on Awards of Restricted Stock. Notwithstanding the provisions of Section 9(b), except to the extent specifically provided to the contrary in the instrument evidencing any Award of Restricted Stock or any other agreement between a Participant and the Company, each Award of Restricted Stock shall immediately become free from all conditions or restrictions if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(4) Effect on SARs, Restricted Stock Units and Other Stock-Based Awards. The Board may specify in an Award at the time of the grant the effect of a Change in Control Event on any SAR, Restricted Stock Unit and Other Stock-Based Award.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided, however*, that the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an Award or approved by the Board in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are

applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(f) Amendment of Award. Except as otherwise provided in Sections 5(g) and 6(e) with respect to repricings, Section 11(d) with respect to actions requiring stockholder approval, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 9.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders approve such amendment in the manner required by Section 162(m); and (ii) no amendment that would require stockholder approval under the rules of the NASDAQ Stock Market may be made effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be

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required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "***New Payment Date***"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

Exhibit 10.7

OPHTHOTECH CORPORATION

Restricted Stock Unit Agreement
2013 Stock Incentive Plan

NOTICE OF GRANT

This Restricted Stock Unit Agreement (this "Agreement") is made as of the Agreement Date between Ophthotech Corporation (the "Company"), a Delaware corporation, and the Participant.

I. Agreement Date

Date:

II. Participant Information

Participant:
Participant Address:

III. Grant Information

Grant Date:
Number of Restricted Stock Units:

IV. Vesting Table

Vesting Date	Number of Restricted Stock Units that Vest

This Agreement includes this Notice of Grant and the following Exhibit, which is expressly incorporated by reference in its entirety herein:

Exhibit A — General Terms and Conditions

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Agreement Date.

OPHTHOTECH CORPORATION	PARTICIPANT
Name: Title:	Name:

Restricted Stock Unit Agreement
2013 Stock Incentive Plan

EXHIBIT A

GENERAL TERMS AND CONDITIONS

For valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

1. Award of Restricted Stock Units.

In consideration of services rendered and to be rendered to the Company by the Participant, the Company has granted to the Participant, subject to the terms and conditions set forth in this Agreement and in the Company's 2013 Stock Incentive Plan (the "Plan"), an award with respect to the number of restricted shares units (the "RSUs") set forth in the Notice of Grant that forms part of this Agreement (the "Notice of Grant"). Each RSU represents the right to receive one share of common stock, $0.001 par value per share, of the Company (the "Common Stock") upon vesting of the RSU, subject to the terms and conditions set forth herein.

2. Vesting.

(a) The RSUs shall vest in in accordance with the Vesting Table set forth in the Notice of Grant (the "Vesting Table"). Any fractional shares resulting from the application of the percentages in the Vesting Table shall be rounded down to the nearest whole number of RSUs.

(b) Upon the vesting of the RSU, the Company will deliver to the Participant, for each RSU that becomes vested, one share of Common Stock, subject to the payment of any taxes pursuant to Section 7. The Common Stock will be delivered to the Participant as soon as practicable following each vesting date, but in any event within 30 days of such date.

3. Forfeiture of Unvested RSUs Upon Cessation of Service.

In the event that the Participant ceases to perform services to the Company for any reason or no reason, with or without cause, all of the RSUs that are unvested as of the time of such cessation shall be forfeited immediately and automatically to the Company, without the payment of any consideration to the Participant, effective as of such cessation. The Participant shall have no further rights with respect to the unvested RSUs or any Common Stock that may have been issuable with respect thereto. If the Participant provides services to a subsidiary of the Company, any references in this Agreement to provision of services to the Company shall instead be deemed to refer to service with such subsidiary.

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4. Restrictions on Transfer.

The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any RSUs, or any interest therein. The Company shall not be required to treat as the owner of any RSUs or issue any Common Stock to any transferee to whom such RSUs have been transferred in violation of any of the provisions of this Agreement.

5. Rights as a Shareholder.

The Participant shall have no rights as a stockholder of the Company with respect to any shares of Common Stock that may be issuable with respect to the RSUs until the issuance of the shares of Common Stock to the Participant following the vesting of the RSUs.

6. Provisions of the Plan.

This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

7. Tax Matters.

(a) Acknowledgments; No Section 83(b) Election. The Participant acknowledges that he or she is responsible for obtaining the advice of the Participant's own tax advisors with respect to the award of RSUs and the Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with respect to the tax consequences relating to the RSUs. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's tax liability that may arise in connection with the acquisition, vesting and/or disposition of the RSUs. The Participant acknowledges that no election under Section 83(b) of the Internal Revenue Code, as amended, is available with respect to RSUs.

(b) Withholding. The Participant acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Participant any federal, state, local or other taxes of any kind required by law to be withheld with respect to the vesting of the RSUs. At such time as the Participant is not aware of any material nonpublic information about the Company or the Common Stock, the Participant shall execute the instructions set forth in Exhibit A attached hereto (the "Automatic Sale Instructions") as the means of satisfying such tax obligation. If the Participant does not execute the Automatic Sale Instructions prior to an applicable vesting date, then the Participant agrees that if under applicable law the Participant will owe taxes at such vesting date on the portion of the Award then vested the Company shall be entitled to immediate payment from the Participant of the amount of any tax required to be withheld by the Company. The Company shall not deliver any shares of Common Stock to the Participant until it is satisfied that all required withholdings have been made.

8. Miscellaneous.

(a) Authority of Compensation Committee. In making any decisions or taking any actions with respect to the matters covered by this Agreement, the Compensation Committee shall have all of the authority and discretion, and shall be subject to all of the protections, provided for in the Plan. All decisions and actions by the Compensation Committee

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with respect to this Agreement shall be made in the Compensation Committee's discretion and shall be final and binding on the Participant.

(b) No Right to Continued Service. The Participant acknowledges and agrees that, notwithstanding the fact that the vesting of the RSUs is contingent upon his or her continued service to the Company, this Agreement does not constitute an express or implied promise of continued service relationship with the Participant or confer upon the Participant any rights with respect to a continued service relationship with the Company.

(c) Section 409A. The RSUs awarded pursuant to this Agreement are intended to be exempt from or comply with the requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations issued thereunder ("Section 409A"). The delivery of shares of Common Stock on the vesting of the RSUs may not be accelerated or deferred unless permitted or required by Section 409A.

(d) Participant's Acknowledgements. The Participant acknowledges that he or she: (i) has read this Agreement; (ii) has been represented in the preparation, negotiation and execution of this Agreement by legal counsel of the Participant's own choice or has voluntarily declined to seek such counsel; (iii) understands the terms and consequences of this Agreement; and (iv) is fully aware of the legal and binding effect of this Agreement.

(e) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws provisions.

I hereby acknowledge that I have read this Agreement, have received and read the Plan, and understand and agree to comply with the terms and conditions of this Agreement and the Plan.

PARTICIPANT ACCEPTANCE

Exhibit A

Automatic Sale Instructions

The undersigned hereby consents and agrees that any taxes due on a vesting date as a result of the vesting of RSUs on such date shall be paid through an automatic sale of shares as follows:

(a) Upon any vesting of RSUs pursuant to Section 2 hereof, the Company shall sell, or arrange for the sale of, such number of shares of Common Stock issuable with respect to the RSUs that vest pursuant to Section 2 as is sufficient to generate net proceeds sufficient to satisfy the Company's minimum statutory withholding obligations with respect to the income recognized by the Participant upon the vesting of the RSUs (based on minimum statutory withholding rates for all tax purposes, including payroll and social security taxes, that are applicable to such income), and the Company shall retain such net proceeds in satisfaction of such tax withholding obligations.

(b) The Participant hereby appoints the General Counsel and Secretary of the Company his attorney in fact to sell the Participant's Common Stock in accordance with this Exhibit A. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Exhibit A.

(c) The Participant represents to the Company that, as of the date hereof, he or she is not aware of any material nonpublic information about the Company or the Common Stock. The Participant and the Company have structured this Agreement, including this Exhibit A, to constitute a "binding contract" relating to the sale of Common Stock, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

The Company shall not deliver any shares of Common Stock to the Participant until it is satisfied that all required withholdings have been made.

_____

Participant Name: _____

Date: _____

Exhibit 10.8

LEASE

between

ONE PENN PLAZA LLC,

Landlord,

and

OPHTHOTECH CORPORATION,

Tenant.

One Penn Plaza

New York, New York 10119

as of September 30, 2007

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DEFINED TERMS

THIS LEASE, dated as of the 30th day of September, 2007, by and between ONE PENN PLAZA LLC, a New York limited liability company, having an address c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019, as landlord, and OPHTHOTECH CORPORATION, a Delaware corporation, having an address at One Penn Plaza (Suite 3508), New York, New York 10119, as tenant (the Person that holds the interest of the landlord hereunder at any particular time being referred to herein as “Landlord”; subject to Section 17.1(D) hereof, the Person that holds the interest of the tenant hereunder at any particular time being referred to herein as “Tenant”).

W I T N E S S E T H:

WHEREAS, Landlord wishes to demise and let unto Tenant, and Tenant wishes to hire and take from Landlord, on the terms and subject to the conditions set forth herein, the premises as shown on Exhibit “A” attached hereto and made a part hereof on the thirty-fifth (35th) floor (Suite 3508) of the building that is known by the street address of One Penn Plaza, New York, New York 10119 (such premises being referred to herein as the “Premises”; such building being referred to herein as the “Building”; the Building, together with the plot of land on which the Building is constructed, being collectively referred to herein as the “Real Property”).

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the mutual receipt and legal sufficiency of which the parties hereto hereby acknowledge, Landlord and Tenant hereby agree as follows:

Article 1
DEMISE, TERM, FIXED RENT

1.1. Demise.

Subject to the terms hereof, Landlord hereby demises and lets to Tenant and Tenant hereby hires and takes from Landlord the Premises for the term to commence on the Commencement Date and to end on the last day of the calendar month during which occurs the day immediately preceding the date that is five (5) years after the Commencement Date (the “Fixed Expiration Date”; the Fixed Expiration Date, or such earlier date that the term of this Lease terminates pursuant to the terms hereof or pursuant to law, being referred to herein as the “Expiration Date”; the term commencing on the Commencement Date and ending on the Expiration Date being referred to herein as the “Term”).

1.2. Commencement Date.

(A) The term of this Lease shall commence on the date Landlord delivers a fully executed counterpart of this Lease to Tenant or Tenant’s attorney (the “Commencement Date”). Subject to the terms of Section 1.2(B) hereof, Landlord shall deliver to Tenant vacant and exclusive possession of the Premises on the Commencement Date.

(B) If a Person remains in occupancy of the Premises (or any portion thereof) on the Commencement Date, then Landlord, at Landlord’s expense, shall use reasonable diligence to remove such Person from the Premises as promptly as reasonably practicable thereafter. If Landlord is unable to give possession of the Premises on the Commencement Date, then the Rent Commencement Date shall be adjourned for the number of days in the period beginning on the Commencement Date and ending on the day immediately preceding the date that Landlord delivers possession of the Premises to Tenant. Landlord shall have no liability to Tenant (except as otherwise set forth in this Section 1.2(B) and in Section 1.3), and Tenant shall have no right to terminate or rescind this Lease or reduce the Fixed Rent, the Tax Payment, or additional rent payable by Tenant to Landlord hereunder (collectively, the “Rental”) from and after the Rent Commencement Date, in each case deriving from Landlord’s failure to deliver vacant and exclusive possession of the Premises to Tenant

on the Commencement Date. Landlord and Tenant intend that this Section 1.2(B) constitutes an "express provision to the contrary" for purposes of Section 223-a of the New York Real Property Law.

1.3. Rent Commencement Date.

The term "Rent Commencement Date" shall mean the sixtieth (60th) day after the Commencement Date.

1.4. Fixed Rent.

(A) Subject to Section 1.5(f) hereof, the annual fixed rent for the Premises (the annual fixed rent payable hereunder for the Premises at any particular time being referred to herein as the "Fixed Rent") shall be an amount equal to:

(1) the product obtained by multiplying (x) the Electricity Inclusion Rate, by (y) the number of square feet of Rentable Area comprising the Premises, for the period commencing on the Commencement Date and ending on the date immediately preceding the Rent Commencement Date (except that during the period prior to the date that Tenant occupies the Premises for the conduct of business, the amount described in clause (x) above shall be reduced to an amount equal to the product obtained by multiplying (I) the Electricity Inclusion Rate, by (II) fifty percent (50%));

(2) Two Hundred Seventy-Four Thousand Eight Hundred Forty-Two Dollars and Eighty-Four Cents ($274,842.84) ($22,903.57 per month) for the period commencing on the Rent Commencement Date and ending on the day immediately preceding the date that is twelve (12) months after the Commencement Date;

(3) Two Hundred Eighty-One Thousand Three Hundred Eighty-Six Dollars and Sixty-Eight Cents ($281,386.68) ($23,448.89 per month) for the period commencing on the date that is twelve (12) months after the Commencement Date and ending on the day immediately preceding the date that is twenty-four (24) months after the Commencement Date;

(4) Two Hundred Eighty-Eight Thousand Ninety-Four Dollars and Twenty Cents ($288,094.20) ($24,007.85 per month) for the period commencing on the date that is twenty-four (24) months after the Commencement Date and ending on the day immediately preceding the date that is thirty (30) months after the Commencement Date;

(5) Three Hundred Thousand One Hundred Seventy-Five Dollars and Twenty Cents ($300,175.20) ($25,014.60 per month) for the period commencing on the date that is thirty (30) months after the Commencement Date and ending on the day immediately preceding the date that is thirty-six (36) months after the Commencement Date;

(6) Three Hundred Seven Thousand Three Hundred Fifty-Two Dollars and Twenty-Eight Cents ($307,352.28) ($25,612.69 per month) for the period commencing on the date that is thirty-six (36) months after the Commencement Date and ending on the day immediately preceding the date that is forty-eight (48) months after the Commencement Date; and

(7) Three Hundred Fourteen Thousand Seven Hundred Nine Dollars and Twenty Cents ($314,709.20) ($26,225.77 per month) for the period commencing on the date that is forty-eight (48) months after the Commencement Date and ending on the Fixed Expiration Date.

1.5. Payments of Fixed Rent.

(A) Subject to Section 1.5(E) hereof, Tenant shall pay the Fixed Rent in lawful money of the United States of America that is legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments, in advance, on the first (1st) day of each calendar month during the Term commencing on the Rent Commencement Date, at the office of Landlord or such other place as Landlord may designate from time to time on at least thirty (30) days of advance notice to Tenant, without any set-off, offset, abatement or deduction whatsoever (except to the extent otherwise expressly set forth herein).

(B) Landlord shall have the right to require Tenant to pay the Fixed Rent and any other items of Rental when due by wire transfer of immediately available funds to an account that Landlord designates from time to time on at least thirty (30) days of advance notice to Tenant.

(C) Subject to Section 1.5(B) hereof, Tenant shall have the right to pay the Fixed Rent and any other items of Rental by wire transfer of immediately available funds to an account that Landlord designates from time to time on at least thirty (30) days of advance notice to Tenant. Landlord shall so designate an account within thirty (30) days after Tenant's request therefor from time to time.

(D) If the Rent Commencement Date is not the first (1st) day of a calendar month, then (x) the Fixed Rent due hereunder for the calendar month during which the Rent Commencement Date occurs shall be adjusted appropriately based on the number of days in such calendar month, and (y) subject to Section 1.5(E) hereof, Tenant shall pay to Landlord such amount (adjusted as aforesaid for such calendar month) on the Rent Commencement Date. If the Expiration Date is not the last day of a calendar month, then the Fixed Rent due hereunder for the calendar month during which the Expiration Date occurs shall be adjusted appropriately based on the number of days in such calendar month.

(E) Tenant shall pay to Landlord on the date hereof an amount equal to Twenty-Two Thousand Nine Hundred Three Dollars and Fifty-Seven Cents ($22,903.57), which Landlord shall apply to the Fixed Rent that first comes due hereunder from and after the Rent Commencement Date until such amount is exhausted.

(F) The Fixed Rent as set forth in this Article 1 includes the Initial Electric Inclusion Factor and shall be adjusted from time to time to correspond to adjustments in the Electricity Inclusion Factor that are made in accordance with Article 5 hereof.

1.6. Certain Definitions.

(A) The term "Affiliate" shall mean a Person that (1) Controls, (2) is under the Control of, or (3) is under common Control with, the Person in question.

(B) The term "Applicable Rate" shall mean, at any particular time, the lesser of (x) four hundred (400) basis points above the Base Rate at such time, and (y) the maximum rate permitted by applicable law at such time.

(C) The term "Base Rate" shall mean the rate of interest announced publicly from time to time by Citibank, N.A., or its successor, as its "prime lending rate" (or such other term as may be used by Citibank, N.A. (or its successor), from time to time, for the rate presently referred to as its "prime lending rate").

(D) The term "Business Days" shall mean all days, excluding Saturdays, Sundays and Holidays.

(E) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, All Items (1982-84 = 100), seasonally adjusted, for the most specific area that includes the location of the Building (which the parties acknowledge is currently New York — Northern New Jersey — Long Island, NY — NJ — CT — PA), or any successor index thereto. If the Consumer Price Index is converted to a different standard reference base or otherwise revised, then the determination of adjustments provided for herein shall be made with the use of such conversion factor, formula or table for converting the Consumer Price Index as may be published by the Bureau of Labor Statistics or, if said Bureau does not publish such conversion factor, formula or table, then with the use of such conversion factor, formula or table as may be published by Prentice-Hall, Inc. or any other nationally recognized publisher of similar statistical information. If the Consumer Price Index ceases to be published, and there is no successor thereto, then Landlord and Tenant shall use diligent efforts, in good faith, to agree upon a substitute index for the Consumer Price Index. Either party shall have the right to submit the issue of the designation of such substitute index to an Expedited Arbitration Proceeding.

(F) The term "Control" shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting stock of a corporation or other majority equity interest if not a corporation and the possession of power to direct or cause the direction of the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or by contract.

(G) The term "Holidays" shall mean all days observed as legal holidays by either (x) the State of New York, (y) the United States of America, or (z) the labor unions that service the Building; provided, however, that if (x) all of the labor unions that service the Building do not observe a particular day as a holiday, and (y) the State of New York or the United States of America do not otherwise observe such day as a holiday, then such day shall constitute a Holiday for purposes hereof only to the extent that Landlord requires the services that are provided by members of the particular labor union to perform the corresponding service for Tenant hereunder (so that if, for example, (x) the labor union for office cleaning personnel observes a particular day as a holiday but the labor union for the engineers that operate the HVAC System does not observe such day as a holiday, and (y) the State of New York or the United States of America does not otherwise observe such day as a holiday, then such day shall constitute a Holiday for purposes of determining whether Landlord is required to provide office cleaning services on such day, but such day shall not constitute a Holiday for purposes of determining whether Landlord is required to provide HVAC services on such day).

(H) The term "Out-of-Pocket Costs" shall mean costs that a Person pays to a third party that is not an Affiliate of such Person (and, accordingly, Out-of-Pocket Costs shall not include (i) the costs that such Person incurs in compensating its own employees to perform a service or supervise work within the scope of their employment, or (ii) the administrative costs that such Person incurs in operating its own offices).

(I) The term "Person" shall mean any natural person or persons or any legal form of association, including, without limitation, a partnership, a limited partnership, a corporation, and a limited liability company.

(J) The term "Rentable Area" shall mean, with respect to a particular floor area, the area thereof (expressed as a particular number of square feet), as determined in accordance with the standards that the parties used to calculate that the area of the Premises is four thousand twenty-seven (4,027) square feet in the aggregate.

Article 2
ESCALATION RENT

2.1. Tax Definitions.

(A) The term "Assessed Valuation" shall mean the amount for which the Real Property is assessed pursuant to applicable provisions of the New York City Charter and of the Administrative Code of The City of New York, in either case for the purpose of calculating all or any portion of the Taxes.

(B) The term "Base Taxes" shall mean the Taxes for the Base Tax Year.

(C) The term "Base Tax Year" shall mean the fiscal year commencing on July 1, 2007 and ending on June 30, 2008.

(D) The term "Excluded Amounts" shall mean (w) any taxes imposed on Landlord's income, (x) franchise, estate, inheritance, capital gains, capital stock, excise, excess profits, gift, payroll or stamp taxes imposed on Landlord, (y) any transfer taxes or mortgage taxes that are imposed on Landlord in connection with the conveyance of the Real Property or granting or recording a mortgage lien thereon, and (z) any other similar taxes imposed on Landlord.

(E) Subject to the terms of this 2.1(E), the term "Taxes" shall mean the aggregate amount of real estate taxes and any general or special assessments that in each case are imposed upon the Real Property, including, without limitation, (i) any fee, tax or charge imposed by any Governmental

Authority for any vaults or vault spaces that in either case are appurtenant to the Real Property (except that Taxes shall not include such fee, tax or charge to the extent that Landlord leases or licenses such vaults or vault spaces to a third party), and (ii) any taxes or assessments levied, in whole or in part, for public benefits to the Real Property (including, without limitation, any business improvement district taxes and assessments). Taxes shall be calculated without taking into account (a) any discount that Landlord receives by virtue of any early payment of Taxes, (b) any penalties, fines or interest that the applicable Governmental Authority imposes for the late payment of such real estate taxes or assessments, (c) any Excluded Amounts, (d) any real estate taxes that are separately assessed against a sign or billboard that is affixed to the Building or otherwise located on the Real Property, and (e) any exemption or deferral of Taxes to which the Real Property is entitled under any program that a Governmental Authority adopts to promote the improvement or redevelopment of real property. If, because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profits, sales, use, occupancy, gross receipts or rental tax), is imposed upon the Real Property, the owner thereof, or the occupancy, rents or income derived therefrom, in substitution for any of the Taxes (to the extent that such substitution is evidenced by either the terms of the legislation imposing such tax or assessment, the legislative history thereof, or other documents or evidence that reasonably demonstrate that the applicable Governmental Authority intended for such tax or assessment to constitute a substitution for any Taxes), then such other tax or assessment to the extent substituted shall be included in Taxes for purposes hereof (assuming that the Real Property is Landlord's sole asset and the income therefrom is Landlord's sole income). If any such real estate taxes or assessments are payable in installments without interest, premium or penalty, then Landlord shall include in Taxes for any particular Tax Year only the installment of such real estate taxes or assessments that the applicable Governmental Authority requires Landlord to pay (and that Landlord actually pays) during such Tax Year.

(F) The term "Tax Payment" shall mean, with respect to any Tax Year, the product obtained by multiplying (i) the excess of (A) Taxes for such Tax Year, over (B) the Base Taxes, by (ii) Tenant's Tax Share.

(G) The term "Tax Statement" shall mean a statement that shows the Tax Payment for a particular Tax Year.

(H) The term "Tax Year" shall mean the Base Tax Year and each subsequent period from July 1 through June 30 (or such other period as hereinafter may be duly adopted by the Governmental Authority then imposing Taxes as its fiscal year for real estate tax purposes).

(I) The term "Tenant's Tax Share" shall mean, subject to the terms hereof, one thousand seven hundred fifty-nine ten-thousandths percent (.1759%), as the same may be increased or decreased pursuant to the terms hereof, which was calculated using a denominator of two million two hundred eighty-eight thousand seven hundred seventy-two (2,288,772) square feet.

2.2. Tax Payment.

(A) Subject to the provisions of this Section 2.2, Tenant shall pay to Landlord, as additional rent, the Tax Payment.

(B) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Tax Payment for a particular Tax Year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Tax Statement"; one-twelfth (1/12th) of the Tax Payment shown on a Prospective Tax Statement being referred to herein as the "Monthly Tax Payment Amount"). If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement, then, subject to the terms of this Section 2.2(B), Tenant shall pay to Landlord, as additional rent, on account of the Tax Payment due hereunder for such Tax Year, the Monthly Tax Payment Amount, on the first (1st) day of each subsequent calendar month until Tenant has paid to Landlord, pursuant to this Section 2.2(B), the full amount of the Tax Payment as so estimated in the Prospective Tax Statement. Tenant shall pay the Monthly Tax Payment Amount to Landlord in the same manner as the monthly installments of the Fixed Rent hereunder. Landlord shall not have the right to require Tenant to commence Tenant's payment of the Monthly Tax Payment Amount for a particular Tax Year earlier than the one hundred fiftieth (150th) day of the immediately preceding Tax Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement after the one hundred fiftieth (150th) day of the immediately preceding Tax Year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Tax Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Tax Payment Amount, by (y) the number of calendar months that have theretofore elapsed since the one hundred fiftieth (150th) day of the immediately preceding Tax Year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Tax Payment for the Tax Year to which the Prospective Tax Statement relates. Landlord shall not have the right to use this Section 2.2(B) to collect more than fifty percent (50%) of the Tax Payment shown on a particular Prospective Tax Statement earlier than the thirtieth (30th) day before the date that the first installment of Taxes is due to the applicable Governmental Authority for a particular Tax Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Tax Statement for a particular Tax Year, then Landlord shall also provide to Tenant, within one hundred eighty (180) days after the last day of such Tax Year, a Tax Statement for such Tax Year.

(C) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Tax Payment as reflected on a Tax Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Tax Payment (if any) as contemplated by Section 2.2(B) hereof, within thirty (30) days after the date that Landlord gives such Tax Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Tax Payment as contemplated by Section 2.2(B) hereof, over (ii) the Tax Payment as reflected on such Tax Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant a Tax Statement, then, unless Landlord otherwise specifies in such Tax Statement, Landlord shall be deemed to have given to Tenant a Prospective Tax Statement, for the Tax Year immediately succeeding the Tax Year that is covered by such Tax Statement, that reflects a Tax Payment for such immediately succeeding Tax Year in an amount equal to the Tax Payment for such Tax Year that is covered by such Tax Statement.

(D) If the Rent Commencement Date occurs later than the first (1st) day of the Tax Year that immediately succeeds the Base Tax Year, then the Tax Payment for the Tax Year during which the Rent Commencement Date occurs shall be an amount equal to the product obtained by multiplying (X) the Tax Payment that would have been due hereunder if the Rent Commencement Date was the first (1st) day of such Tax Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the Rent Commencement Date and ending on the last day of such Tax Year, and the denominator of which is three hundred sixty- five (365) (or three hundred sixty-six (366), if such Tax Year includes the month of February in a leap year).

(E) If the Expiration Date is not the last day of a Tax Year, then the Tax Payment for the Tax Year during which the Expiration Date occurs shall be an amount equal to the product obtained by multiplying (X) the Tax Payment that would have been due hereunder if the Expiration Date was the last day of such Tax Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the first (1st) day of such Tax Year and ending on the Expiration Date, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Tax Year includes the month of February in a leap year).

(F) The Tax Payment shall be computed initially on the basis of the Assessed Valuation in effect on the date that Landlord gives the applicable Tax Statement to Tenant (as the Taxes may have been settled or finally adjudicated prior to such time) regardless of any then pending application, proceeding or appeal to reduce the Assessed Valuation, but shall be subject to subsequent adjustment as provided in Section 2.3 hereof.

(G) Tenant shall pay the Tax Payment regardless of whether Tenant is exempt, in whole or part, from the payment of any Taxes by reason of Tenant's diplomatic status or otherwise.

(H) If Taxes are required to be paid on any date or dates other than as presently required by the Governmental Authority imposing Taxes, then the due date of the installments of the Tax Payment shall be adjusted so that each such installment is due from Tenant to Landlord thirty (30) days prior to the date that the corresponding payment is due to the Governmental Authority (with the understanding, however, that Tenant shall not be required to pay a Tax Payment to Landlord earlier than the thirtieth (30^{th}) day after the date that Landlord gives the applicable Tax Statement to Tenant).

(I) Landlord's failure to give to Tenant a Tax Statement for any Tax Year shall not impair Landlord's right to give to Tenant a Tax Statement for any other Tax Year.

(J) Landlord shall give to Tenant a copy of the relevant tax bill for each Tax Year (to the extent that the applicable Governmental Authority has issued such tax bill to Landlord) together with the Tax Statement.

2.3. Tax Reduction Proceedings.

(A) Landlord (and not Tenant) shall be eligible to institute proceedings to reduce the Assessed Valuation.

(B) If, after a Tax Statement has been sent to Tenant, an Assessed Valuation that Landlord used to compute the Tax Payment for a Tax Year is reduced, and, as a result thereof, a refund of Taxes is actually received by, or credited to, Landlord, then Landlord, promptly after Landlord's receipt of such refund (or such refund is credited to Landlord, as the case may be), shall send to Tenant a Tax Statement adjusting the Taxes for such Tax Year and setting forth, based on such adjustment, the portion of such refund for which Tenant is entitled a credit as set forth in this Section 2.3(B). Landlord shall have the right to deduct from such refund the actual Out-of-Pocket Costs that Landlord incurs in obtaining such refund (so that Landlord, in calculating the adjusted Tax Payment, takes into account only the net proceeds of such refund that Landlord receives (or that is credited to Landlord)). Landlord shall credit the portion of such refund to which Tenant is entitled against the Rental thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.3(B), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). If (i) Landlord receives such refund (or a credit therefor) after the Expiration Date, and (ii) Tenant is entitled to a portion thereof as contemplated by this Section 2.3(B), then Landlord shall pay to Tenant an amount equal to Tenant's share of such refund (or such credit) within thirty (30) days after the date that such refund is paid to Landlord (or such refund is credited to Landlord, as the case may be) (and Landlord's obligation to make such payment shall survive the Expiration Date).

(C)

(1) If the Assessed Valuation for the Base Tax Year is reduced at any time after the date that Landlord gives a Tax Statement to Tenant for a Tax Year, then Landlord shall have the right to give to Tenant a revised Tax Statement that recalculates the Tax Payment for a Tax Year (using the Taxes that reflect such reduction in such Assessed Valuation). Tenant shall pay to Landlord an amount equal to the excess of (i) the Tax Payment as reflected on such revised Tax Statement, over (ii) the Tax Payment as reflected on the prior Tax Statement, within thirty (30) days after Landlord gives such revised Tax Statement to Tenant.

(2) If the Assessed Valuation for the Base Tax Year is increased at any time after the date that Landlord gives a Tax Statement to Tenant for a Tax Year, then Landlord shall give to Tenant a revised Tax Statement that recalculates the Tax Payment for a Tax Year (using the Taxes that reflect such increase in such Assessed Valuation). Landlord shall credit against the Rental thereafter coming due hereunder an amount equal to Tenant's overpayment of the Tax Payment (calculated as aforesaid using such increased Assessed Valuation). If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.3(C)(2), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). If (i) such increase in such Assessed Valuation occurs after the Expiration Date, and (ii) Tenant is entitled to a credit against Rental as contemplated by this Section 2.3(C)(2), then Landlord shall pay to Tenant an amount equal to such credit within thirty (30) days after the date that such increase in such Assessed Valuation occurs (and Landlord's obligation to make such payment shall survive the Expiration Date).

(D) The terms and provisions of this Section 2.3 shall survive the Expiration Date.

2.4. Building Additions.

If Landlord makes improvements to the Building to expand the Rentable Area thereof, then, with respect to the period from and after the date that Taxes are assessed on the Building to reflect such improvements, (I) Tenant's Tax Share shall be recalculated as of the date that Taxes are so assessed as the quotient (expressed as a percentage) that is obtained by dividing (x) the number of square feet of Rentable Area in the Premises, by (y) the number of square feet of

Rentable Area in the Building (after taking into account such expansion of the Rentable Area thereof) and (II) Base Taxes shall be an amount equal to the product obtained by multiplying (x) Base Taxes immediately prior to the date that Taxes are assessed on the Building to reflect such improvements, by (y) a fraction, the numerator of which is the Taxes that are assessed against the Building (after taking such improvements into account), and the denominator of which is the Taxes that are assessed against the Building (before taking such improvements into account).

Article 3
USE

3.1. Permitted Use.

(A) Subject to Section 3.2 hereof, Tenant shall use the Premises, and Tenant shall cause any other Person claiming by, through or under Tenant to use the Premises, in either case only as general, administrative and executive offices and for uses reasonably incidental thereto.

(B) Landlord acknowledges that the following items qualify as uses that are incidental to Tenant's use of the Premises as general, administrative and executive offices (provided that Tenant's use of the Premises for such purposes supports Tenant's primary use of the Premises as general, administrative and executive offices):

(1) pantries and vending machines;

(2) conference rooms and board rooms;

(3) data processing centers;

(4) duplicating and photographic reproduction facilities;

(5) mailroom and messenger facilities; and

(6) secured storage facilities for Tenant's Property, including, without limitation, equipment, records and files.

Nothing contained in this Section 3.1(B) impairs Tenant's obligation to perform Alterations in accordance with the provisions of Article 7 hereof. Landlord and Tenant acknowledge that the parties' description of particular incidental uses in this Section 3.1(B) does not impair Tenant's right to use the Premises for other uses that are otherwise reasonably incidental to Tenant's use of the Premises as general, administrative and executive offices as provided in this Section 3.1.

3.2. Limitations.

Tenant shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used:

(1) for the conduct of "off-the-street" retail trade;

(2) by any Governmental Authority or any other Person having sovereign or diplomatic immunity (it being understood, however, that this clause (2) shall not prohibit a Permitted Party from permitting representatives of a Governmental Authority to enter a portion of the Premises temporarily to perform audits or other similar regulatory review of such Permitted Party's business);

(3) for the sale, storage, preparation, service or consumption of food or beverages in any manner whatsoever (except that a Permitted Party has the right to store, prepare, and serve food and beverages, by any reasonable means (including, without limitation, by means of customary vending machines), for consumption by such Permitted Party's personnel and business guests in the Premises);

(4) as an employment agency, executive search firm or similar enterprise, labor union, school, or vocational training center (except for the training of employees of a Permitted Party who are employed at the Premises); or

(5) for gaming or gambling.

3.3. Rules.

Subject to the terms of this Section 3.3, Tenant shall comply with, and Tenant shall cause any other Person claiming by, through or under Tenant to comply with, the rules set forth in Exhibit "3.3" attached hereto and made a part hereof, and other reasonable rules that Landlord hereafter adopts from time to time on reasonable advance notice to Tenant, including, without limitation, rules that govern the performance of Alterations (such rules that are attached hereto, and such other rules, being collectively referred to herein as the "Rules"). Landlord shall not have any obligation to enforce the Rules or the terms of any other lease against any other tenant, and Landlord shall not be liable to Tenant for violation thereof by any other tenant. Landlord shall not enforce any Rule against Tenant (i) that Landlord is not then enforcing against all other office tenants in the Building, or (ii) in a manner that differs in any material respect from the manner in which Landlord is enforcing the applicable Rule against other office tenants in the Building. If a conflict or inconsistency exists between the Rules and the provisions of the remaining portion of this Lease, then the provisions of the remaining portion of this Lease shall control.

3.4. Promotional Displays.

Tenant shall not have the right to use any window in the Premises for any sign or other display that is designed principally for advertising or promotion.

3.5. Core Toilets.

Tenant shall have the right to use the toilets that are located in the core area of the Building on any floor of the Building where the Premises is located and where the Premises does not include the entire Rentable Area of such floor (in common with the other occupants of such floor of the Building).

3.6. Wireless Internet Service.

Subject to the terms of this Section 3.6, Tenant shall have the right to install wireless Internet service in the Premises. Tenant shall not solicit other occupants of the Building to use wireless Internet service that emanates from the Premises. Tenant shall not permit the signals of

Tenant's wireless Internet service (if any) to emanate beyond the Premises in a manner that interferes in any material respect with any Building Systems or with any other occupant's use of other portions of the Building. Nothing contained in this Section 3.5 diminishes Tenant's obligation to perform Alterations in accordance with the provisions of Article 7 hereof.

3.7. Telecommunications.

Landlord shall permit Tenant to gain access to the facilities of the telecommunications provider that services the Building from time to time through the telecommunication closet on the floor of the Building where the Premises is located (it being understood that Landlord's granting such access to Tenant shall not constitute Landlord's agreement to provide telecommunications services to Tenant or to otherwise have responsibility for the operation or security thereof).

Article 4
SERVICES

4.1. Certain Definitions.

(A) The term "Building Hours" shall mean the period from 8:00 A.M. to 6:00 P.M. on Business Days.

(B) The term "Building Systems" shall mean the service systems of the Building, including, without limitation, the mechanical, gas, steam, electrical, sanitary, HVAC, elevator, plumbing, and life-safety systems of the Building (it being understood that the Building Systems shall not include any systems that Tenant installs in the Premises as an Alteration).

(C) The term "HVAC" shall mean heat, ventilation and air-conditioning.

(D) The term "HVAC Systems" shall mean the Building Systems that provide HVAC.

(E) The term "Overtime Periods" shall mean any times that do not constitute Building Hours; provided, however, that the Overtime Periods for the freight elevator shall also include the lunch period of the personnel who operate the freight elevator or the related loading facility.

4.2. Elevator Service.

(A) Subject to the terms of Section 9.6(C) hereof, Article 10 hereof and this Section 4.2, Landlord shall provide Tenant, at no cost to Tenant, with passenger elevator service for the Premises using the Building Systems therefor. Tenant's use of the passenger elevators shall be in common with other occupants of the Building. Tenant shall have the use of the passenger elevators that service the Premises at all times (twenty-four (24) hours per day, seven (7) days per week), except that Landlord, during Overtime Periods, shall have the right to limit

reasonably the passenger elevators that Landlord makes available to service the Premises (provided that there is available to Tenant on a non-exclusive basis at all times at least one (1) passenger elevator that services the Premises). Tenant shall use the passenger elevators only for purposes of transporting persons to and from the Premises.

(B) Subject to the terms of Section 9.6(C) hereof, Article 10 hereof and this Section 4.2, Landlord shall provide Tenant with freight elevator service for the Premises using the Building Systems therefor. Tenant's use of the freight elevator shall be in common with other occupants of the Building. Landlord shall have the right to prescribe reasonable rules from time to time regarding the rights of the occupants in the Building (including, without limitation, Tenant) to use the freight elevator (governing, for example, the responsibility of occupants of the Building to reserve freight elevator use in advance, particularly for Overtime Periods). Tenant shall use the freight elevator in accordance with applicable Requirements. If Tenant uses the freight elevator during Overtime Periods, then Tenant shall pay to Landlord, as additional rent, an amount calculated at the reasonable hourly rates that Landlord charges from time to time therefor, within thirty (30) days after Landlord's giving to Tenant an invoice therefor. Landlord shall have the right to charge Tenant for a particular minimum number of hours of usage of the freight elevator during Overtime Periods to the extent that the applicable union contract or service contract requires Landlord to engage the necessary personnel (including, without limitation, a freight elevator operator and loading dock attendant) for such minimum number of overtime hours. If (x) Tenant requests Landlord to provide Tenant with freight elevator service during Overtime Periods as provided in this Section 4.2(B), and (y) another tenant in the Building also uses, or other tenants in the Building also use, the applicable freight elevator during such Overtime Period, then Landlord shall allocate equitably the charges described in this Section 4.2(B) among Tenant and such other tenant or tenants.

4.3. Heat, Ventilation and Air-Conditioning.

(A) Subject to the terms of Article 10 hereof and this Section 4.3, Landlord shall operate the HVAC System to provide HVAC at the perimeter of the Premises. Landlord shall not be required to make any installations in the Premises to distribute HVAC within the Premises. Landlord shall not be required to repair or maintain during the Term (i) any installations that exist in the Premises on the Commencement Date that distribute within the Premises HVAC that

the HVAC System provides, or (ii) any system that is located in the Premises on the Commencement Date that provides supplemental HVAC for the Premises (in addition to the HVAC provided by the HVAC System). Tenant shall keep closed the curtains, blinds, shades or screens that Tenant installs on the windows of the Premises in accordance with the terms hereof to the extent reasonably necessary to reduce the interference of direct sunlight with the operation of the HVAC System.

(B) Landlord shall operate the HVAC System for Tenant's benefit during Overtime Periods if Tenant so advises Landlord not later than 2:00 P.M. on the Business Day immediately preceding the day on which Tenant requires HVAC during Overtime Periods. If Landlord so provides HVAC to the Premises during Overtime Periods (as so requested by Tenant), then Tenant shall pay to Landlord, as additional rent, an amount calculated at the

reasonable hourly rates that Landlord charges from time to time therefor, within thirty (30) days after Landlord gives to Tenant an invoice therefor. Landlord shall have the right to charge Tenant for a particular minimum number of hours of usage of the HVAC System during Overtime Periods to the extent that the applicable union contract or service contract requires Landlord to engage the necessary personnel (including, without limitation, a building engineer) for such minimum number of overtime hours.

4.4. Cleaning.

(A) Subject to the terms of Article 10 hereof and this Section 4.4, Landlord shall cause the Premises to be cleaned substantially in accordance with the standards set forth in Exhibit "4.4" attached hereto and made a part hereof. Landlord shall not be required to clean the portions of the Premises (if any) (x) that Tenant uses for the storage, preparation, service or consumption of food or beverages, (y) in which Tenant is performing Alterations, or (z) in which the interior installation has been demolished in all material respects. Tenant shall pay to Landlord, as additional rent, the reasonable costs incurred by Landlord in removing from the Building any of Tenant's refuse and rubbish to the extent exceeding the amount of refuse and rubbish usually generated by a tenant that uses the Premises for ordinary office purposes. Tenant shall make such payments to Landlord not later than the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor from time to time. Tenant shall pay to Landlord as additional rent, within thirty (30) days after Landlord's submission of an invoice to Tenant therefor, the reasonable charge that Landlord imposes for providing supplies to the core toilets and basins on the floor of the Building where the Premises is located.

(B) Tenant, at Tenant's expense, shall exterminate the portions of the Premises that Tenant uses for the storage, preparation, service or consumption of food against infestation by insects and vermin regularly and, in addition, whenever there is evidence of infestation. Tenant shall engage Persons to perform such exterminating that are approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. Tenant shall cause such Persons to perform such exterminating in a manner that is reasonably satisfactory to Landlord.

(C) Tenant, at Tenant's expense, shall clean daily all portions of the Premises used for the storage, preparation, service or consumption of food or beverages. Tenant shall not have the right to perform any cleaning services (or any other similar facilities management services such as, for example, matron services or handyman services) in the Premises using any Person other than the cleaning contractor that Landlord has engaged from time to time to perform cleaning services in the Building for Landlord; provided, however, that (x) Landlord shall not have the right to require Tenant to use such cleaning contractor unless the rates that such cleaning contractor agrees to charge Tenant for such additional cleaning services are commercially reasonable, and (y) subject to Section 4.8 hereof, Tenant shall have the right to use Tenant's own employees for such additional cleaning services. If such cleaning contractor does not agree to charge Tenant for such additional cleaning services (or such similar services) at commercially reasonable rates, then Tenant may employ to perform such additional cleaning services (or such similar services) another cleaning contractor that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay.

(D) Tenant shall comply with any refuse disposal program (including, without limitation, any waste recycling program) that Landlord imposes reasonably after having given Tenant reasonable advance notice of the effectiveness thereof or that is required by Requirements.

(E) Tenant shall not clean any window in the Premises, nor require, permit, suffer or allow any window in the Premises to be cleaned, in either case from the outside in violation of Section 202 of the New York Labor Law, any other Requirement, or the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

4.5. Water.

Landlord shall provide to the lavatories located in the portion of the Premises that is within the core of the Building hot and cold water only for ordinary drinking, cleaning and lavatory purposes. Landlord shall also provide, through the Building Systems, hot and cold water at one (1) connection point at the perimeter of the Premises only for ordinary drinking, pantry, cleaning and lavatory purposes. Landlord shall not be required to make any installations in the Premises to distribute water within the Premises. Landlord shall not be required to repair or maintain during the Term any installations that exist in the Premises on the Commencement Date that distribute water in the Premises. Nothing contained in this Section 4.5 limits the provisions of Article 10 hereof.

4.6. Directory.

Subject to the terms of this Section 4.6, Landlord shall make available to Tenant, from and after the Commencement Date, the computerized directory in the lobby of the Building for purposes of listing the names of the personnel of Permitted Parties. Landlord shall reprogram such directory to add or delete names of the personnel or Permitted Parties promptly after Tenant's request from time to time, except that Tenant shall not have the right to make any such request more frequently than twice in any particular period of ninety (90) days. Tenant shall pay to Landlord, as additional rent, a reasonable charge for any such reprogramming requested by Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor (it being understood that Tenant shall not be required to pay such charge for the initial programming of such computerized directory or for the first two (2) reprogramming requests in any given year of the Term, provided that such reprogramming requests do not require more than ten (10) name changes). If Landlord replaces the computerized directory with a standard directory in the lobby of the Building, then Tenant shall be entitled to a portion of such listings on such directory based on the proportion that the number of square feet of Rentable Area of the Premises bears to the number of square feet of Rentable Area of the Building (other than any retail portion thereof) for purposes of listing the names of the personnel of Permitted Parties as provided in this Section 4.6. Landlord reserves the right to remove the directory in the lobby of the Building at any time (without making a replacement thereof).

4.7. No Other Services.

Landlord shall not be required to provide any services to support Tenant's use and occupancy of the Premises, except to the extent expressly set forth herein.

4.8. Labor Harmony.

If (i) Tenant employs, or permits the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, (ii) such employment interferes or causes any conflict with other contractors, mechanics or laborers engaged in the maintenance, repair, management or operation of the Building or any adjacent property owned or managed by Landlord, and (iii) Landlord gives Tenant notice thereof (which notice may be given verbally to the person employed by Tenant with whom Landlord's representative ordinarily discusses matters relating to the Premises), then Tenant shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building promptly and shall take such other action as may be reasonably necessary to resolve such conflict.

4.9. Overtime Rates.

As of the date hereof, a list of the current charges for services during Overtime Periods for the Building is attached hereto as Exhibit "B" and made a part hereof. Landlord hereby reserves the right to increase, from time to time, such charges for the Building.

Article 5
ELECTRICITY

5.1. Capacity.

Tenant, during the Term, shall use electricity in the Premises only in such manner that complies with the requirements of the Utility Company. Tenant shall not permit the demand for electricity in the Premises to exceed the electrical capacity that serves the Premises on the Commencement Date (such electrical capacity being referred to herein as the "Base Electrical Capacity").

5.2. Electricity for the Building.

Landlord has arranged with a Utility Company to provide electricity for the Building. Landlord shall not be liable to Tenant for any failure or defect in the supply or character of electricity furnished to the Building, except to the extent that such failure or defect results from Landlord's negligence or willful misconduct. Landlord shall not be required to make any installations in the Premises to distribute electricity within the Premises. Landlord shall not be required to maintain or repair during the Term any installations that exist in the Premises on the Commencement Date that distribute electricity within the Premises.

5.3. Electric Rent Inclusion.

(A) Subject to the terms of this Section 5.3, Landlord shall furnish electricity to the Premises on a "rent inclusion" basis; that is, Landlord shall not charge Tenant (in addition to the Fixed Rent) for such electricity that Landlord furnishes to the Premises. The Fixed Rent includes an annual charge for electricity in an amount equal to Thirteen Thousand Eighty-Seven Dollars and Eighty Cents ($13,087.80) (such annual charge that is included in the Fixed Rent being referred to herein as the "Initial Electricity Inclusion Factor"; the Initial Electricity Inclusion Factor, as it may be changed from time to time pursuant to the provisions of this Section 5.3, being referred to as the "Electricity Inclusion Factor"; the quotient obtained by dividing (x) the Electricity Inclusion Factor at any particular time, by (y) the number of square feet of Rentable Area comprising the Premises at such time, being referred to herein as the "Electricity Inclusion Rate"). Nothing contained in this Section 5.3 shall permit Tenant to demand electric current for the Premises that exceeds the Base Electrical Capacity.

(B) The term "Average Cost per Peak Demand Kilowatt" shall mean, with respect to any particular period, the quotient obtained by dividing (x) the aggregate charge imposed by the Utility Company on Landlord for the Utility Company's making available electricity that satisfies the Building's peak demand for electricity during such period, by (y) the number of kilowatts that constituted such peak demand, as reflected on the electric meter or meters for the Building.

(C) The term "Average Cost per Kilowatt Hour" shall mean, with respect to any particular period, the quotient obtained by dividing (x) the aggregate charge imposed by the Utility Company on Landlord for the electricity supplied to the Building for such period (other than the aggregate charge imposed by the Utility Company on Landlord for the Utility Company's making available electricity that satisfies the Building's peak demand for electricity during such period), by (y) the number of kilowatt hours of electricity used in the Building during such period, as reflected on the electric meter or meters for the Building.

(D) The term "Utility Company" shall mean, collectively, the local electrical energy distribution company and the competitive energy provider with which Landlord has made arrangements to obtain electric service for the Building; provided, however, that if Landlord makes arrangements to produce electricity to satisfy all or a portion of the requirements of the Building, then (I) Utility Company shall also refer to the producer of such electricity, and (II) the charges imposed by such producer shall be included in the calculation of Average Cost per Kilowatt Hour and Average Cost per Peak Demand Kilowatt.

(E) Landlord, at any time and from time to time during the Term, shall have the right to cause a reputable and independent electrical engineer or electrical consulting firm that in either case Landlord selects reasonably (such engineer or consulting firm being referred to herein as "Landlord's Engineer") to (i) survey Tenant's electrical usage in the Premises, and (ii) estimate (x) the number of kilowatt hours of electricity used in the Premises during each

calendar month (an estimate of the number of kilowatt hours of electricity used in the Premises during each calendar month being referred to herein as a "Usage Estimate"), and (y) the number of

kilowatts that constitutes the peak demand for electricity in the Premises (an estimate of the number of kilowatts of peak demand in the Premises being referred to herein as a "Peak Demand Estimate"). If Landlord causes Landlord's Engineer to perform such survey and prepare such estimate, then Landlord shall give to Tenant a copy of the report prepared by Landlord's Engineer that sets forth the Usage Estimate of Landlord's Engineer and the Peak Demand Estimate of Landlord's Engineer (such report being referred to herein as the "Landlord Survey Report").

(F) If Landlord gives a Landlord Survey Report to Tenant, then Tenant shall have the right to dispute such Landlord Survey Report only by (i) giving notice thereof to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives the Landlord Survey Report to Tenant, and (ii) delivering to Landlord, on or prior to the sixtieth (60th) day after the date that Landlord gives such Landlord Survey Report to Tenant, a report (the "Tenant Survey Report"), prepared by a reputable and independent electrical engineer or electrical consulting firm that Tenant selects reasonably (such engineer or consulting firm being referred to herein as "Tenant's Engineer") that sets forth the Usage Estimate of Tenant's Engineer and the Peak Demand Estimate of Tenant's Engineer.

(G) If Tenant gives Landlord a Tenant Survey Report in accordance with the terms of Section 5.3(F) hereof, then Landlord shall cause Landlord's Engineer, and Tenant shall cause Tenant's Engineer, to consult with each other to attempt to agree on a Usage Estimate and a Peak Demand Estimate. If Landlord's Engineer and Tenant's Engineer fail to agree on a Usage Estimate and a Peak Demand Estimate within thirty (30) days after the date that Tenant gives the Tenant Survey Report to Landlord, then either party shall have the right to submit the determination of such Usage Estimate and such Peak Demand Estimate to an Expedited Arbitration Proceeding.

(H) If the Usage Estimate and the Peak Demand Estimate are determined as provided in this Section 5.3, then the Electricity Inclusion Factor (and, accordingly, the Fixed Rent) shall be increased to the extent (if any) necessary so that the Electricity Inclusion Factor equals an amount equal to the product obtained by multiplying (x) twelve (12), by (y) the sum of (a) the product obtained by multiplying (I) the Usage Estimate, by (II) the Average Cost per Kilowatt Hour for the calendar month most recently invoiced to Landlord by the Utility Company, and (b) the product obtained by multiplying (I) the Peak Demand Estimate, by (II) the Average Cost per Peak Demand Kilowatt for the calendar month most recently invoiced to Landlord by the Utility Company. The aforesaid increase in the Electricity Inclusion Factor shall be made as of the date that Landlord gives the Landlord Survey Report to Tenant (it being understood that the parties shall make an appropriate retroactive adjustment to reflect the Electricity Inclusion Factor being adjusted as aforesaid as of the date that Landlord gives the Landlord Survey Report to Tenant). Nothing contained in this Section 5.3(H) limits the provisions of Section 5.3(I) hereof.

(I) The parties shall increase the Electricity Inclusion Factor from time to time during the Term to reflect the percentage increase in the Average Cost per Kilowatt Hour from the Average Cost per Kilowatt Hour that is in effect as of the date hereof, or as of the date

of the most recent adjustment in the Electricity Inclusion Factor pursuant to Section 5.3(H) hereof, as the case may be. If the Electricity Inclusion Factor increases pursuant to this Section 5.3(I), then the Fixed Rent shall also be increased correspondingly. Nothing contained in this Section 5.3(I) limits the provisions of Section 5.3(H) hereof.

(J) Landlord shall have the right to require Tenant, at any time during the Term, to obtain electricity from Landlord for the Premises on a submetering basis as contemplated by this Section 5.4 hereof (rather than a "rent inclusion" basis as contemplated by this Section 5.3) by giving not less than sixty (60) days of advance notice thereof to Tenant (Landlord's aforesaid right being referred to herein as the "Submeter Conversion Right"). If Landlord exercises the Submeter Conversion Right, then the Fixed Rent for the remainder of the Term (from and after the date that Landlord's exercise of the Submeter Conversion Right becomes effective) shall be decreased by the Electricity Inclusion Factor that is then in effect.

5.4. Submetering.

(A) Subject to the provisions of this Section 5.4, if Landlord exercises the Submeter Conversion Right, then Landlord shall measure Tenant's demand for and consumption of electricity in the Premises using a submeter that is, or submeters that are, installed and maintained by Landlord. Landlord shall pay the cost of installing such submeter or submeters. If, at any time during the Term, Tenant performs Alterations that require modifications to the aforesaid submeter or submeters that Landlord installs, or that require a supplemental submeter or supplemental submeters, then Tenant shall perform such modification, or the installation of such supplemental submeter or submeters, at Tenant's cost, as part of the applicable Alteration.

(B) If Landlord exercises the Submeter Conversion Right, then Tenant shall pay to Landlord, as additional rent, an amount (the "Electricity Additional Rent") equal to one hundred four percent (104%) of the sum of:

(1) the product obtained by multiplying (x) the Average Cost per Peak Demand Kilowatt, by (y) the number of kilowatts that constituted the peak demand for electricity in the Premises for the applicable billing period, as registered on the submeter or submeters for the Premises, and

(2) the product obtained by multiplying (x) the Average Cost per Kilowatt Hour, by (y) the number of kilowatt hours of electricity used in the Premises for the applicable billing period, as registered on the submeter or submeters for the Premises.

(C) Subject to Section 5.4(D) hereof, Landlord shall give Tenant an invoice for the Electricity Additional Rent from time to time (but no less frequently than quarter- annually). Tenant shall pay the Electricity Additional Rent to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant each such invoice. Tenant shall not have the right to object to Landlord's calculation of the Electricity Additional Rent unless Tenant gives Landlord notice of any such objection on or prior to the ninetieth (90th) day after the date that Landlord gives Tenant the applicable invoice for the Electricity Additional Rent. If

Tenant gives Landlord a notice objecting to Landlord's calculation of the Electricity Additional Rent, as aforesaid, then Tenant shall have the right to review Landlord's submeter readings and Landlord's calculation of the Electricity Additional Rent, at Landlord's offices or, at Landlord's option, at the offices of Landlord's managing agent, in either case at reasonable times and on reasonable advance notice to Landlord. Either party shall have the right to submit a dispute regarding the Electricity Additional Rent to an Expedited Arbitration Proceeding.

(D) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Electricity Additional Rent for a particular calendar year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Electricity Statement"; one-twelfth (1/12th) of the Electricity Additional Rent shown on a Prospective Electricity Statement being referred to herein as the "Monthly Electricity Payment Amount"). If Landlord gives to Tenant a Prospective Electricity Statement (or Landlord is deemed to have given to Tenant a Prospective Electricity Statement pursuant to Section 5.4(E) hereof), then Tenant shall pay to Landlord, as additional rent, on account of the Electricity Additional Rent due hereunder for such calendar year, the Monthly Electricity Payment Amount, on the first (1st) day of each subsequent calendar month for the remainder of such calendar year, in the same manner as the monthly installments of the Fixed Rent hereunder (it being understood that Tenant shall not be required to commence such payments of the Monthly Electricity Payment Amount (x) before the first (1st) day of the calendar year to which relates the applicable Monthly Electricity Payment Amount, or (y) earlier than the thirtieth (30^{th}) day after the date that Landlord gives the Prospective Electricity Statement to Tenant). If Landlord gives (or is deemed to have given) to Tenant a Prospective Electricity Statement after the first (1st) day of the applicable calendar year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Electricity Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Electricity Payment Amount, by (y) the number of calendar months that have theretofore elapsed during such calendar year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Electricity Additional Rent for such calendar year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Electricity Statement for a particular calendar year, then Landlord shall also provide to Tenant, within one hundred eighty (180) days after the last day of such calendar year, an invoice for the Electricity Additional Rent for such calendar year based on an actual reading of the submeter or submeters (such invoice that is based on an actual reading of the submeter or submeters being referred to herein as an "Actual Reading Statement").

(E) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Electricity Additional Rent as reflected on the Actual Reading Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Electricity Additional Rent (if any), within thirty (30) days after the date that Landlord gives such Actual Reading Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Electricity Additional Rent, over (ii) the Electricity Additional Rent as reflected on such Actual Reading Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit

is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant an Actual Reading Statement, then, unless Landlord otherwise specifies in such Actual Reading Statement, Landlord shall be deemed to have given to Tenant a Prospective Electricity Statement, for the calendar year immediately succeeding the calendar year that is covered by such Actual Reading Statement, that reflects Electricity Additional Rent for such immediately succeeding calendar year in an amount equal to the Electricity Additional Rent for such calendar year that is covered by such Actual Reading Statement.

(F) If a submeter measuring Tenant's electrical demand and consumption in the Premises has not been installed in the Premises, or the submeters measuring Tenant's electrical demand and consumption in the Premises have not been installed in the Premises, in either case on or prior to the date that Landlord exercises the Submeter Conversion Right, then (x) Landlord shall order such submeter or such submeters promptly after the date that Landlord exercises the Submeter Conversion Right, and (y) Landlord shall install such submeter or such submeters promptly after the date that Landlord receives such submeter or submeters. Landlord, in installing such submeter or such submeters, shall have the right to interrupt electrical service to the Premises temporarily and in accordance with good construction practice.

(G) Subject to the terms of this Section 5.4(G), if (i) Landlord exercises the Submeter Conversion Right, and (ii) prior to Landlord's installing a submeter or the submeters in the Premises, Tenant commences the performance of the Initial Alterations, then Tenant shall pay to Landlord, as additional rent, a fee for electricity service in an amount equal to the product obtained by multiplying (I) $0.0045, by (II) the number of square feet of Rentable Area in the Premises (or the portion thereof in which Tenant is performing the Initial Alterations), by (III) the number of days in the period commencing on the date that Tenant so commences the Initial Alterations and ending on the earlier of (a) the date immediately preceding the date that Tenant first occupies the Premises (or the applicable portion thereof) for the conduct of business, and (b) the date immediately preceding the date that the submeter for the Premises (or the applicable portion thereof) is operational or the submeters for the Premises (or the applicable portion thereof) are operational. Landlord shall give Tenant an invoice for the aforesaid fee from time to time (but not less frequently than monthly). Tenant shall pay the aforesaid fee to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives each such invoice to Tenant.

(H) Subject to the terms of this Section 5.4(H), if (i) Landlord exercises the Submeter Conversion Right, and (ii) prior to Landlord's installing a submeter or submeters in the Premises, Tenant occupies all or any portion of the Premises for the conduct of business, then Tenant shall pay to Landlord, as additional rent, a fee for electricity service in an amount equal to the product obtained by multiplying (I) $0.0089 (which amount shall be increased on each anniversary of the Commencement Date to reflect the percentage increase, if any, in the Consumer Price Index from the Consumer Price Index that is in effect on Commencement Date), by (II) the number of square feet of Rentable Area in the Premises (or the portion thereof that Tenant is occupying for the conduct of business), by (III) the number of days in the period commencing on the date that Tenant occupies the Premises (or the applicable portion thereof) for

the conduct of business and ending on the date immediately preceding the date that the submeter for the Premises or the applicable portion thereof is operational or that the submeters for the Premises or the applicable portion thereof are operational (such fee being referred to herein as the "Electricity Inclusion Charge"). Landlord shall give Tenant an invoice for the Electricity Inclusion Charge from time to time (but not less frequently than monthly). Tenant shall pay the Electricity Inclusion Charge to Landlord on or prior to the thirtieth (30th) day after the date that Landlord gives each such invoice to

Tenant. If (I) the monthly amount that Tenant would have paid to Landlord as the Electricity Additional Rent for the period that Tenant occupies the Premises or the applicable portion thereof for the conduct of business prior to the date that the submeter is, or the submeters are, operational (as determined using the average monthly submeter readings for the period of three (3) months after the date that the submeter is, or the submeters are, operational), exceeds (II) the Electricity Inclusion Charge for any particular period of one (1) month, then Tenant shall pay to Landlord an amount equal to such excess for each such month within thirty (30) days after Landlord gives to Tenant an invoice therefor. If (I) the Electricity Inclusion Charge for any particular period of one (1) month, exceeds (II) the monthly amount that Tenant would have paid to Landlord as the Electricity Additional Rent for the period that Tenant occupies the Premises or the applicable portion thereof for the conduct of business prior to the date that the submeter is, or the submeters are, operational (as determined using the average monthly submeter readings for the period of three (3) months after the date that the submeter is, or the submeters are, operational), then Landlord, at Landlord's option, shall either (x) refund promptly to Tenant an amount equal to such excess for each such month, or (y) credit such excess for each such month against the monthly installments of Rental next becoming due and payable hereunder (together with interest on such excess calculated at the Base Rate from the date that Tenant is entitled to such credit). If Landlord gives Tenant such credit for such excess, and the Expiration Date occurs before the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

5.5. Termination of Electric Service.

(A) If Landlord is required by any Requirement to discontinue furnishing electricity to the Premises as contemplated by this Lease, then this Lease shall continue in full force and effect and shall be unaffected thereby, except that from and after the effective date of any such Requirement, (x) Landlord shall not be obligated to furnish electricity to the Premises, and (y) Tenant shall not be obligated to pay to Landlord the charges for electricity as described in this Article 5 (and, accordingly, if Landlord is then providing electricity to the Premises on a "rent inclusion" basis, the Fixed Rent shall be reduced by the Electricity Inclusion Factor that is then in effect).

(B) If Landlord discontinues Landlord's furnishing electricity to the Premises pursuant to a Requirement, then Tenant shall use Tenant's diligent efforts to obtain electricity for the Premises directly from the Utility Company. Tenant shall pay directly to the Utility Company the cost of such electricity. Tenant shall have the right to use the electrical facilities that then exist in the Building to obtain such direct electric service (without Landlord having any

liability or obligation to Tenant in connection therewith). Nothing contained in this Section 5.5 shall permit Tenant to use electrical capacity in the Building that exceeds the Base Electrical Capacity. Tenant, at Tenant's expense, shall make any additional installations that are required for Tenant to obtain electricity from the Utility Company.

(C) Landlord shall not discontinue furnishing electricity to the Premises as contemplated by this Section 5.5 (to the extent permitted by applicable Requirements) until Tenant obtains electric service directly from the Utility Company.

Article 6
INITIAL CONDITION OF THE PREMISES

6.1. Condition of Premises.

Subject to Section 8.1 hereof, (a) Tenant shall accept possession of the Premises in the condition that exists on the Commencement Date "as is," and (b) Landlord shall have no obligation to perform any work or make any installations in order to prepare the Building or the Premises for Tenant's occupancy. Except as expressly set forth herein, Landlord has made no representations or promises with respect to the Building, the Real Property or the Premises. On the Commencement Date, the Building Systems providing service to the Premises shall be in good working order.

Article 7
ALTERATIONS

7.1. General.

(A) Except as otherwise provided in this Article 7, Tenant shall not make any Alterations without Landlord's prior consent

(B) Tenant may make Decorative Alterations without Landlord's prior consent.

(C) The term "Alterations" shall mean alterations, installations, improvements, additions or other physical changes in each case in or to the Premises that are made by or on behalf of Tenant or any other Person claiming by, through or under Tenant.

(D) The term "Decorative Alterations" shall mean Alterations that constitute merely decorative changes to the Premises (such as, for example, the installation of carpeting or other customary floor coverings or painting or the installation of customary wall coverings) that in each case do not involve electrical, plumbing or mechanical connections.

(E) The term "Initial Alterations" shall mean the Alterations to prepare the Premises for Tenant's initial occupancy.

(F) The term "Specialty Alterations" shall mean Alterations that (i) perforate a floor slab in the Premises or a wall the encloses the core of the Building, (ii) require the reinforcement of a floor slab in the Premises, (iii) consist of the installation of a raised flooring system, (iv) consist of the installation of a vault or other similar device or system that is intended to secure the Premises or a portion thereof in a manner that exceeds the level of security that a reasonable Person uses for ordinary office space, or (v) involve material plumbing connections (such as kitchens and executive bathrooms outside of the Building core).

(G) The term "Substantial Completion" or words of similar import shall mean that the applicable work has been substantially completed in accordance with the applicable plans and specifications, if any, it being agreed that (i) such work shall be deemed substantially complete notwithstanding the fact that minor or insubstantial details of construction or demolition, mechanical adjustment or decorative items remain to be performed, and (ii) with respect to work that is being performed in the Premises, such work shall be deemed substantially complete only if the incomplete elements thereof do not interfere materially with Tenant's use and occupancy of the Premises for the conduct of business.

(H) The term "Tenant's Property" shall mean Tenant's personal property (other than fixtures), including, without limitation, Tenant's movable fixtures, movable partitions, telephone equipment, computer equipment, furniture, furnishings and decorations.

7.2. Basic Alterations.

(A) Subject to the terms of Section 7.1(B) hereof and Section 7.13 hereof, Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Alteration, provided that such Alteration (i) does not materially affect the external aesthetic appearance of the Building at street level, (ii) does not affect adversely any part of the Building other than the Premises, (iii) does not require any alterations, installations, improvements, additions or other physical changes to be performed in or made to any portion of the Building other than the Premises, (iv) does not affect adversely the proper functioning of any Building System, (v) does not reduce the value or utility of the Building, (vi) does not affect adversely the structure of the Building, (vii) does not impede Landlord's access to Reserved Areas in any material respect, and (viii) does not violate or render invalid the certificate of occupancy for the Building or any part thereof (any Alteration that satisfies the requirements described in clauses (i) through (viii) above being referred to herein as a "Basic Alteration").

(B) Nothing contained in this Section 7.2 limits the provisions of Section 7.11 hereof.

7.3. Approval Process.

(A) Tenant shall not perform any Alteration (other than Decorative Alterations) unless Tenant first gives to Landlord a notice thereof (an "Alterations Notice") that (i) refers specifically to this Section 7.3, (ii) includes six (6) copies of the plans and specifications for the proposed Alteration (including, without limitation, layout, architectural,

mechanical and structural drawings, to the extent applicable) in CADD format that contain sufficient detail for Landlord and Landlord's consultants to reasonably assess the proposed Alteration, and (iii) indicates whether Tenant considers the proposed Alterations to constitute a Basic Alteration.

(B) Landlord shall have the right to object to a proposed Alteration only by giving notice thereof to Tenant, and setting forth in such notice a statement in reasonable detail of the grounds for Landlord's objections.

(C) Landlord shall have the right to (a) disapprove any plans and specifications for a particular Alteration in part, (b) reserve Landlord's approval of items shown on such plans and specifications pending Landlord's review of other plans and specifications that Tenant is otherwise required to provide to Landlord hereunder, and (c) condition Landlord's approval of such plans and specifications upon Tenant's making revisions to the plans and specifications or supplying additional information (which Landlord shall have the right to request only reasonably if the applicable Alteration constitutes a Basic Alteration). Nothing contained in this Section 7.3(C) limits the provisions of Section 7.2 hereof or Section 7.3(B) hereof.

(D) Tenant acknowledges that (i) the review of plans or specifications for an Alteration by or on behalf of Landlord, or (ii) the preparation of plans or specifications for an Alteration by Landlord's architect or engineer (or any architect or engineer designated by Landlord), is solely for Landlord's benefit, and, accordingly, Landlord makes no representation or warranty that such plans or specifications comply with any Requirements or are otherwise adequate or correct.

7.4. Performance of Alterations.

(A) Tenant, at Tenant's expense, prior to the performance of any Alteration, shall obtain all permits, approvals and certificates required by any Governmental Authorities in connection therewith. Landlord shall have the right to require Tenant to make all filings with Governmental Authorities to obtain such permits, approvals and certificates using an expeditor designated reasonably by Landlord (provided that the charges imposed by such expeditor are commercially reasonable). Landlord shall execute any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the applicable Requirement requires Landlord to execute such application) within ten (10) Business Days after Tenant's request from time to time and shall otherwise cooperate reasonably with Tenant in connection therewith. Tenant shall not have the right to require Landlord to so execute such applications prior to the date that Landlord approves the applicable Alteration. Tenant shall reimburse Landlord for any reasonable Out-of-Pocket Costs, including, without limitation, reasonable attorneys' fees and disbursements, that Landlord incurs in so executing such applications and cooperating with Tenant, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor from time to time.

(B) Prior to performing any Alteration, Tenant shall also furnish to Landlord duplicate original policies of, or, at Tenant's option, certificates of, (1) worker's compensation

insurance in amounts not less than the statutory limits (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors, in connection with such Alteration), and (2) commercial general liability insurance (including property damage and bodily injury coverage), in each case in customary form, and in amounts that are not less than Five Million Dollars ($5,000,000) with respect to general contractors and One Million Dollars ($1,000,000) with respect to subcontractors, naming the Landlord Indemnitees as additional insureds; provided, however, that on each anniversary of the Commencement Date, the aforesaid amounts shall be adjusted to reflect the percentage increase in the Consumer Price Index from the Consumer Price Index that is in effect on the Commencement Date. Landlord acknowledges that Tenant's contractors and subcontractors may satisfy the liability insurance requirements as set forth in this Section 7.4(B) with an umbrella insurance policy if such umbrella insurance policy contains an aggregate per location endorsement that provides the required level of protection for the Premises.

(C) Within thirty (30) days after the Substantial Completion of each Alteration (other than Decorative Alterations), Tenant, at Tenant's expense, shall (1) obtain certificates of final approval for each Alteration to the extent required by any Governmental Authority, (2) furnish Landlord with copies of such certificates, and (3) give to Landlord copies of the "as-built" plans and specifications for such Alterations in CADD format.

(D) All Alterations (other than Decorative Alterations) shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord. All Alterations shall be made and performed in accordance with all Requirements and the Rules. All materials and equipment incorporated in the Premises as a result of any Alterations shall be first-quality.

7.5. Financial Integrity.

(A)

(1) Tenant shall not permit any materials or equipment that are incorporated as fixtures into the Premises in connection with any Alterations to be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement.

(2) Subject to the terms of Section 7.5(A)(3) hereof, Tenant shall not make any Alteration at a cost for labor and materials (as reasonably estimated by Landlord's architect, engineer or contractor) in excess of Fifty Thousand Dollars ($50,000), either individually or in the aggregate with any other Alterations constructed in any particular period of twelve (12) consecutive months, prior to Tenant's delivering to Landlord a performance bond and a payment bond that covers Tenant's obligation to pay the applicable contractor and the applicable contractor's obligation to pay its subcontractors (in either case issued by a surety company and in form reasonably satisfactory to Landlord), each in an amount equal to one hundred twenty percent (120%) of such estimated cost; provided, however, that on each anniversary of the Commencement Date, the aforesaid amount of Fifty Thousand Dollars ($50,000) shall be adjusted to reflect the percentage increase in the Consumer Price Index from the Consumer Price Index that is in effect on the Commencement Date.

(3) If Tenant is obligated to deliver a performance bond and a payment bond to Landlord as provided in Section 7.5(A)(2) hereof, then Tenant shall have the right to deposit with Landlord an amount in cash equal to the amount of such bonds that is otherwise required by Section 7.5(A)(2) hereof (such amount in cash being referred to herein as the "Work Deposit"). If Tenant deposits the Work Deposit with Landlord, then (i) Tenant shall not have the obligation to deliver to Landlord the performance bond and the payment bond as provided in Section 7.5(A)(2) hereof for the applicable Alteration, and (ii) Landlord shall disburse the Work Deposit (or the applicable portion thereof) to Tenant or Tenant's designee from time to time, within ten (10) days after Tenant's request therefor (but in no event more frequently than once during any particular calendar month), provided that Tenant delivers to Landlord, simultaneously with each such disbursement, waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property for material theretofore supplied, or labor or services theretofore performed, in connection with the applicable Alterations. If any mechanic's lien is filed against the Real Property for work claimed to have been done for, or for materials claimed to have been furnished to, Tenant (or any Person claiming by, through or under Tenant), then Landlord shall have the right (but not the obligation) to use the Work Deposit to discharge such mechanic's lien. Nothing contained in this Section 7.5(A)(3) diminishes Tenant's obligations under Section 7.5(A)(4) hereof. Landlord shall pay to Tenant any remaining balance of the Work Deposit for a particular Alteration within ten (10) days after the date that (x) Tenant has Substantially Completed the applicable Alteration, and (y) Tenant has delivered to Landlord waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations.

(4) Tenant shall discharge of record any mechanic's lien that is filed against the Real Property for work claimed to have been done for, or for materials claimed to have been furnished to, Tenant (or any Person claiming by, through or under Tenant) within fifteen (15) days after Tenant has received notice of filing thereof, at Tenant's expense, by payment or filing the bond required by law. Nothing contained in this Section 7.5(A)(4) (x) limits Tenant's right to challenge the claim that is made by the Person that files a mechanic's lien, provided that Tenant discharges such lien of record as aforesaid, or (y) obligates Tenant to discharge of record any mechanic's lien that derives from Landlord's acts or omissions.

(B) Subject to the terms of this Section 7.5(B), within thirty (30) days after the Substantial Completion of any Alterations (other than Decorative Alterations), Tenant shall deliver to Landlord: (i) waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations, and (ii) a certificate from a licensed architect that Tenant engages in accordance with the terms of this Article 7 certifying that, in his or her opinion, the Alterations have been Substantially Completed in substantial accordance with the final detailed plans and specifications for such Alterations as approved by Landlord. Tenant shall not be required to deliver to Landlord any waiver of lien if Tenant is disputing in good faith the

payment which would otherwise entitle Tenant to such waiver, provided that (x) Tenant keeps Landlord advised in a timely fashion of the status of such dispute and the basis therefor, and (y) Tenant delivers to Landlord the waiver of lien promptly after the date that the dispute is settled. Nothing contained in this Section 7.5(B), however, shall relieve Tenant from complying with the provisions of Section 7.5(A)(4) hereof.

7.6. Effect on Building.

If (i) as a result of any Alterations, any alterations, installations, improvements, additions or other physical changes are required to be performed in or made to any portion of the Building other than the Premises in order to comply with any Requirements (any such alterations, installations, improvements, additions or changes being referred to herein as a "Building Change"), and (ii) such Building Change would not otherwise have had to be performed or made pursuant to applicable Requirements at such time, then (x) Landlord may perform such Building Change, and (y) Tenant shall pay to Landlord the reasonable Out-of-Pocket Costs thereof, as additional rent, within thirty (30) days after Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Landlord shall seek to accomplish any such Building Change that minimizes the cost thereof to the extent reasonably practicable. Landlord shall give Tenant reasonable advance notice of Landlord's performance of the Building Change, and shall consult reasonably from time to time with Tenant in connection therewith (with the understanding that such consultations shall include, without limitation, Landlord's providing Tenant with the information that Landlord has in its possession regarding the expected cost of such Building Change).

7.7. Time for Performance of Alterations.

If the performance of any Alteration by or on behalf of Tenant, or any other Person claiming by, through or under Tenant, during Building Hours interferes with or interrupts the maintenance, repair, management or operation of the Building in any material respect or interferes with or interrupts the use and occupancy of the Building by other tenants in the Building in any material respect, then Landlord shall have the right to require Tenant to perform such Alteration at other times that Landlord reasonably designates from time to time.

7.8. Removal of Alterations and Tenant's Property.

(A) On or prior to the Expiration Date, Tenant, at Tenant's expense, shall remove Tenant's Property from the Premises, and, at Tenant's option, Tenant also may remove, at Tenant's expense, all Alterations made by or on behalf of Tenant or any other Person claiming by, through or under Tenant; provided, however, in any case, that Tenant shall repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal except that Landlord shall not have the right to require Tenant to remove any Qualified Alterations. Landlord, upon notice to Tenant given at least sixty (60) days prior to the Expiration Date, may require Tenant to remove any Specialty Alterations from the Premises, and to repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal. If (x) the Expiration Date is not

the Fixed Expiration Date, and (y) Landlord gives a notice to Tenant on or prior to the thirtieth (30th) day after the Expiration Date to the effect that Landlord does not wish to retain a particular Specialty Alteration, then Tenant shall pay to Landlord the reasonable Out-of-Pocket Costs that are incurred by Landlord in so removing such Specialty Alterations, and in so repairing and restoring any such damage to the Building or the Premises, within thirty (30) days after Landlord submits to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein; provided, however, that Landlord shall not have the right to give any such notice to Tenant in respect of Qualified Alterations. Any Alterations that remain in the Premises after the Expiration Date shall be deemed to be the property of Landlord (with the understanding, however, that Tenant shall remain liable to Landlord for any default of Tenant in respect of Tenant's obligations under this Section 7.8).

(B) Prior to Tenant's performance of a Specialty Alteration, Tenant shall have the right to request (simultaneously with Tenant's submission to Landlord of plans and specifications for such Specialty Alteration) that Landlord advise that Tenant shall not be required to remove (or pay the cost to remove) such Specialty Alteration upon the Expiration Date or earlier termination of the Term, provided, however, that such request shall state in bold capital letters as follows: **"LANDLORD TO ADVISE TENANT IF LANDLORD WILL NOT REQUIRE TENANT TO REMOVE THE SPECIALTY ALTERATION DESCRIBED HEREIN AT THE EXPIRATION OR EARLIER TERMINATION OF THE TERM."** Landlord shall have the right to approve or deny any such request in Landlord's sole discretion. If (i) Tenant makes any such request, and (ii) Landlord advises Tenant that removal shall not be required, then Landlord shall not have the right to require Tenant to remove (or pay the cost to remove) such Specialty Alteration upon the Expiration Date or earlier termination of the Term (any such Specialty Alteration which Tenant shall not be required to remove (or to pay the cost of removal) as aforesaid being referred to herein as a "Qualified Alteration").

7.9. Contractors and Supervision.

(A) All Alterations (other than Decorative Alterations) shall be performed only under the supervision of a licensed architect that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay.

(B) Subject to the provisions of this Section 7.9(B), Tenant shall perform all Alterations (other than Decorative Alterations) using contractors, subcontractors, engineers and mechanics that in each case Landlord designates from time to time and charge commercially reasonable prices. Landlord shall give Tenant a notice containing a list of such contractors, such subcontractors and such engineers that Landlord designates promptly after Tenant's request therefor from time to time (it being understood that Landlord shall include in such list the names of at least three (3) subcontractors for each trade and at least three (3) general contractors).

7.10. Landlord's Expenses.

Tenant shall pay to Landlord, from time to time, as additional rent, the reasonable Out-of-Pocket Costs incurred by Landlord in connection with an Alteration (other than Decorative Alterations) (including, without limitation, the reasonable Out-of-Pocket Costs that Landlord incurs in reviewing the plans and specifications for such Alterations, and inspecting the progress of such Alterations), within thirty (30) days after Landlord gives Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein.

7.11. Window Coverings.

Tenant shall install on the windows of the Premises only the curtains, blinds, shades or screens that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay (it being understood that Landlord, in considering whether to grant such approval, shall have the right to take into account the impact of Tenant's proposed installation on the exterior appearance of the Building).

7.12. Air-Cooled HVAC Installations.

Tenant shall not have the right to install a supplementary HVAC system for the Premises that requires vents or louvers to be installed on the exterior of the Building.

7.13. Sprinkler Installation

Subject to the terms of this Section 7.13, if Tenant, at any time during the Term, makes an Alteration that involves the removal of all or substantially all of the finished ceiling in the Premises (or a material portion thereof) (any such Alteration being referred to herein as a "Ceiling Alteration"), then Tenant, at Tenant's cost, shall install in the plenum above the finished ceiling in the Premises (or such portion thereof), as part of the Ceiling Alteration, the piping and sprinkler heads for a fire suppression system in the Premises (or such portion thereof) in accordance with standards that are employed customarily in

designing and installing such fire suppression systems in first-class office buildings (such piping and sprinkler heads being referred to herein as a "Sprinkler Distribution System"). Tenant's installation of a Sprinkler Distribution System shall itself constitute an Alteration for purposes of this Article 7. Landlord shall have the right to condition Landlord's approval of the Ceiling Alteration upon Tenant's performance of the Alteration for the installation of a Sprinkler Distribution System. If Tenant makes a Ceiling Alteration, then Tenant shall install a Sprinkler Distribution System as provided in this Section 7.13 regardless of whether (x) a Requirement then requires a Sprinkler Distribution System to be installed, or (y) a standpipe system exists in the core of the Building to which Tenant has access to attach the Sprinkler Distribution System. If (x) Tenant installs a Sprinkler Distribution System as provided in this Section 7.13, and (y) such standpipe system exists in the Building (either at the time that Tenant installs the Sprinkler Distribution System or at a subsequent time during the Term), then Tenant, at Tenant's cost, shall connect the Sprinkler Distribution System to such standpipe system as an Alteration. Nothing contained in this Section 7.13 obligates Tenant to (x) perform a Ceiling Alteration in the Premises, or (y) install a Sprinkler Distribution

System to the extent that a Sprinkler Distribution System is already installed in the Premises (or the applicable portion thereof). Nothing contained in this Section 7.13 diminishes Tenant's obligation to make Alterations in the Premises to the extent required by Section 11.1 hereof.

Article 8
REPAIRS

8.1. Landlord's Repairs.

Subject to the terms of this Article 8 and to Article 15 hereof and Article 16 hereof, Landlord shall maintain and make all necessary repairs to and replacements of (i) the Building Systems that service the Premises, (ii) the structural portions of the Building, (iii) the roof of the Building, (iv) the sidewalks that are adjacent to the Building, (v) the exterior walls of the Premises, (vi) the windows of the Premises, (vii) the public portions of the Building, and (viii) the Premises (to the extent that the necessity for such repair derives from a Work Access) in each case in conformity with the standards that are customary for first-class office buildings in the vicinity of the Building. Nothing contained in this Section 8.1 requires Landlord to maintain or repair the systems within the Premises that distribute within the Premises electricity, HVAC or water.

8.2. Tenant's Repairs.

(A) Subject to the terms of this Article 8 and to Article 15 hereof and Article 16 hereof, Tenant, at Tenant's expense, shall take good care of the Premises (including, without limitation, (i) the fixtures and equipment that are installed in the Premises on the Commencement Date, (ii) the Alterations, and (iii) the systems within the Premises that distribute within the Premises electricity, HVAC or water). Tenant shall make all repairs to the Premises as and when needed to preserve the Premises in good condition, except for reasonable wear and tear, obsolescence and damage for which Tenant is not responsible pursuant to the provisions of Article 15 hereof. Nothing contained in this Section 8.2(A) shall require Tenant to perform any repairs to the Premises that are Landlord's obligation to perform under Section 8.1 hereof. All repairs made by Tenant as contemplated by this Section 8.2(A) shall be in conformity with the standards that are customary for first-class office buildings in the vicinity of the Building. Tenant shall perform such repairs in accordance with the terms of Article 7 hereof.

(B) Subject to the terms of this Section 8.2(B), if (a) Landlord gives Tenant a notice that Tenant has failed to perform a repair that this Section 8.2 obligates Tenant to perform, and (b) Tenant fails to proceed with reasonable diligence to make such repair within thirty (30) days after the date that Landlord gives such notice to Tenant (or such shorter period that Landlord designates in such notice to the extent reasonably required under the circumstances to alleviate an imminent threat to persons or property), then (i) Landlord may make such repair, and (ii) Tenant shall pay to Landlord, as additional rent, the reasonable Out-of-Pocket Expenses thereof, with interest thereon at the Applicable Rate calculated from the date that Landlord incurs such expenses, within thirty (30) days after Landlord gives Tenant an invoice therefor together

with reasonable supporting documentation for the charges set forth therein. If (x) a particular repair that this Section 8.2 obligates Tenant to perform cannot be performed with reasonable diligence during the aforesaid period of thirty (30) days (or during such shorter period that Landlord designates, as the case may be), and (y) Tenant commences such repair during such period of thirty (30) days (or such shorter period that Landlord designates), then Landlord shall not have the right to perform such repair on Tenant's behalf as otherwise described in this Section 8.2(B) unless Tenant fails to pursue such repair with reasonable continuity and diligence. Nothing contained in this Section 8.2(B) limits the remedies that are available to Landlord after the occurrence of an Event of Default.

8.3. Certain Limitations.

(A) Tenant, at Tenant's expense, shall repair in accordance with the terms set forth in Section 8.2 hereof all damage to the Premises, or to any other part of the Building or the Building Systems, in each case to the extent resulting from the negligence or willful misconduct of, or Alterations made by, Tenant or any other Person claiming by, through or under Tenant; provided, however, that Landlord shall have the right to perform any such repair to the extent that such repair affects the structure of the Building or such repair affects any Building System, in which case Tenant shall pay to Landlord an amount equal to the Out-of-Pocket Costs that Landlord reasonably incurs in performing such repair, on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Nothing contained in this Section 8.3(A) limits the provisions of Section 14.3 hereof.

(B) Landlord, at Landlord's expense, shall repair promptly all damage to the Premises that results from Landlord's negligence or willful misconduct. Nothing contained in this Section 8.3(B) limits the provisions of Section 14.3 hereof.

8.4. Overtime.

Subject to the provisions of this Section 8.4, Landlord shall have no obligation to employ contractors or labor at overtime or premium pay rates in connection with Landlord's making repairs as contemplated by this Article 8. If Landlord's repair (or the condition that Landlord is required to repair) (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially

interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably necessary. Landlord, at Tenant's request, shall also perform any other repair that this Article 8 requires Landlord to perform, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in performing such repair (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in performing such repair without using contractors at overtime or premium pay rates, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation

for the charges set forth therein (it being understood that if more than one tenant requests that Landlord perform any such repair using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

Article 9
ACCESS; LANDLORD'S CHANGES

9.1. Access.

(A) Subject to the terms of this Lease, Tenant, during the Term, shall have access to the Premises at all times, twenty-four (24) hours per day, every day of the year.

(B) Subject to the terms of this Section 9.1(B), Landlord and Landlord's designees may enter the Premises at reasonable times upon reasonable prior notice to Tenant (which notice may be given verbally to the person employed by Tenant with whom Landlord's representative ordinarily discusses matters relating to the Premises) to (i) examine the Premises, (ii) show the Premises to prospective tenants during the last eighteen (18) months of the Term, (iii) show the Premises to prospective purchasers or master lessees of Landlord's interest in the Real Property, (iv) show the Premises to Mortgagees or Lessors (or prospective Mortgagees or Lessors), (v) gain access to Reserved Areas, or (vi) make repairs, alterations, improvements, additions or restorations that (I) Landlord is required to make pursuant to the terms of this Lease, or (II) are reasonably necessary in connection with the maintenance, repair, or operation of the Real Property (Landlord's entry upon the Premises to perform such repairs, alterations, improvements, additions or restorations being referred to herein as a "Work Access"). Tenant shall have the right at all times, other than during an emergency, to have an employee (which employee shall be designated in a notice given to Landlord by Tenant), accompany Landlord during such Work Access to the extent reasonably practical. Notwithstanding anything to the contrary contained herein, Landlord's entry into the Premises, pursuant to the terms of this Section 9.1, shall not be limited, restricted or delayed in any way in the event that such employee is unavailable to accompany Landlord. Landlord shall not be required to give Tenant advance notice of the entry by Landlord or Landlord's designees into the Premises as contemplated by this Section 9.1(B) to the extent necessary by reason of the occurrence of an emergency (with the understanding, however, that Landlord shall give Tenant notice of such emergency access as promptly as reasonably practicable thereafter). Landlord, in connection with a Work Access, shall have the right to bring into the Premises, and store in the Premises in a reasonable manner for the duration of the Work Access, the materials and tools that Landlord reasonably requires to perform the applicable repair, alteration, improvement, addition or restoration. Except as expressly set forth in this Lease, Landlord shall have no liability to Tenant for any loss sustained by Tenant by reason of Landlord's entry upon the Premises; provided, however, that (w) nothing contained in this Section 9.1(B) diminishes Landlord's obligation to repair the Premises (to the extent that the necessity for such repair derives from a Work Access) as provided in Section 8.1 hereof, and (x) subject to Section 14.3 hereof, Landlord shall remain liable to Tenant for personal injury or property damage that derives from Landlord's negligence or wilful misconduct in connection with any such entry upon the Premises.

9.2. Landlord's Obligation to Minimize Interference.

(A) Subject to Section 9.2(B) hereof, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use of the Premises in connection with Landlord's accessing the Premises as contemplated by Section 9.1 hereof.

(B) Subject to the provisions of this Section 9.2(B), Landlord shall have no obligation to employ contractors or labor at overtime or premium pay rates in connection with a Work Access as contemplated by this Article 8. If a Work Access (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably necessary. Landlord, at Tenant's request, shall also conduct a Work Access, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in conducting such Work Access (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in conducting such Work Access without using contractors at overtime or premium pay rates, within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein (it being understood that if more than one tenant requests that Landlord conduct such Work Access using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

9.3. Reserved Areas.

The Premises shall not include (i) the demising walls of the Premises (except for the interior face thereof), (ii) the walls of the Premises that constitute the curtain wall for the Building (except for the interior face thereof), (iii) balconies, terraces and roofs that are adjacent to the Premises, and (iv) space that is used for Building Systems or other purposes associated with the operation, repair, management or maintenance of the Real Property, including, without limitation, shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, mechanical rooms, plumbing facilities, and service closets (the areas described in clauses (iii) and (iv) above being collectively referred to herein as the "Reserved Areas").

9.4. Ducts, Pipes and Conduits.

Landlord shall have the right to install, use and maintain ducts, cabling, pipes and conduits in and through the Premises, provided that (a) such ducts, cabling, pipes and conduits are concealed within or above partitioning columns, walls or ceilings, except that if such ducts, cabling, pipes or conduits are installed in areas that are utility areas (such as storage areas, mailrooms or mud rooms), then such ducts, cabling, pipes or conduits may also be installed on partitioning walls, columns or ceilings, (b) such ducts, cabling, pipes and conduits do not reduce the usable area of the Premises by more than a de minimis amount, and (c) Landlord installs such

ducts, cabling, pipes and conduits in a manner that minimizes, to the extent reasonably practicable, any adverse effect on an Alteration theretofore performed in the Premises. If Landlord requires access to the Premises to make the installations as contemplated by this Section 9.4, then Landlord shall perform such installations in accordance with the terms hereof that govern a Work Access.

9.5. Keys.

Tenant shall provide Landlord, from time to time, with the keys to the Premises (or with the appropriate means to access the Premises using Tenant's electronic security systems).

9.6. Landlord's Changes.

(A) Subject to Section 9.6(B) hereof, Tenant shall have the right to use, in common with the other occupants of the Building, the portions of the Building that Landlord dedicates from time to time as common area for the general use of the occupants of the Building.

(B) Landlord, from time to time, shall have the right to change the arrangement or location of the public portions of the Building, including, without limitation, lobbies, entrances, passageways, doors, corridors, stairs and toilets that in each case are not located in the Premises, provided any such change does not (a) unreasonably reduce or unreasonably interfere with Tenant's access to the Building or the Premises, (b) reduce the floor area of the Premises (except to a de minimis extent), or (c) reduce to a material extent the level or quality of services that are available to Tenant on the Commencement Date.

(C) Landlord, from time to time, shall have the right to change, or reduce the number of, the passenger or freight elevators serving the Premises, provided that such change or reduction does not reduce to a material extent the passenger or freight elevator service standards that the passenger and freight elevators meet on the date hereof.

(D) Landlord, from time to time, shall have the right to change the name, number or designation by which the Building is commonly known.

(E)

(1) Landlord shall have the right, from time to time, to close, obstruct or darken the windows of the Premises temporarily to the extent required to comply with a Requirement or to perform repairs, maintenance, alterations, or improvements to the Building. Landlord shall have the right to close, obstruct or darken the windows of the Premises permanently to the extent required to comply with a Requirement that does not become applicable to the Building by virtue of Landlord's performance of elective construction in the Building.

(2) If, at any time, the windows of the Premises are closed, obstructed or darkened temporarily, as aforesaid, then Landlord shall perform (or cause to be performed) such repairs, maintenance, alterations or improvements, or shall comply with the applicable

Requirement (or cause such Requirement to be complied with), in each case with reasonable diligence, and otherwise take such action as may be reasonably necessary to minimize the period during which such windows are temporarily closed, obstructed or darkened (it being understood, however, that subject to Section 8.4 hereof, Landlord shall not be required to perform such repairs, maintenance, alterations or improvements using contractors or labor at overtime or premium pay rates).

Article 10
UNAVOIDABLE DELAYS AND INTERRUPTION OF SERVICE

10.1. Unavoidable Delays.

Subject to Article 15 hereof and Article 16 hereof, this Lease and the obligation of Tenant to pay Rental hereunder and to perform all of Tenant's other covenants shall not be affected, impaired or excused, and Landlord shall not have any liability to Tenant, to the extent that Landlord is unable to perform Landlord's covenants under this Lease by reason of any cause beyond Landlord's reasonable control, including, without limitation, strikes, labor troubles, acts of terrorism or the occurrence of an act of God; provided, however, that Landlord shall not have the right to claim under this Section 10.1 that Landlord's failure to have funds available to make a payment of money constitutes an excuse for Landlord's performance of an obligation of Landlord hereunder.

10.2. Interruption of Services.

Landlord, from time to time, shall have the right to interrupt or curtail the level of service provided by the Building Systems to the extent reasonably necessary to accommodate the performance of repairs, additions, alterations, replacements or improvements that in Landlord's reasonable judgment are desirable or necessary. Landlord shall give Tenant reasonable advance notice of any such interruption or curtailment (to the extent that Landlord does not need to arrange for such interruption or curtailment to manage an emergency) and schedule any such interruption or curtailment at times that minimizes, to the extent reasonably practicable, the effect of such interruption or curtailment on Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours. If such interruption or curtailment of the level of service provided by the Building Systems (i) denies Tenant from having reasonable access to the Premises, (ii) threatens the health or safety of any occupant of the Premises, or (iii) materially interferes with Tenant's ability to conduct its business in the Premises during Tenant's ordinary business hours, then Landlord shall employ contractors or labor at overtime or premium pay rates to the extent reasonably

necessary. Landlord, at Tenant's request, shall also schedule any such interruption or curtailment, to the extent reasonably practicable, using contractors or labor at overtime or premium pay rates, in which case Tenant shall pay to Landlord, as additional rent, an amount equal to the excess of (x) the Out-of-Pocket Costs that Landlord incurs in so scheduling such interruption or curtailment (using contractors or labor at overtime or premium pay rates), over (y) the Out-of-Pocket Costs that Landlord would have incurred in scheduling such interruption or curtailment without using contractors at overtime or premium pay rates,

within thirty (30) days after the date that Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein (it being understood that if more than one tenant requests that Landlord conduct such Work Access using contractors or labor at overtime or premium pay rates, then Landlord shall allocate such costs among such tenants equitably).

Article 11
REQUIREMENTS

11.1. Tenant's Obligation to Comply with Requirements.

(A) Subject to the terms of this Article 11, Tenant, at Tenant's expense, shall comply with all Requirements applicable to the Premises, including, without limitation, (i) Requirements that are applicable to the performance of Alterations, (ii) Requirements that become applicable by reason of Alterations having been performed, and (iii) Requirements that are applicable by reason of the specific nature or type of business operated by Tenant (or any other Person claiming by, through or under Tenant) in the Premises. Tenant shall not be required to make any Alteration or other changes to the structural components of the Building or to the Building Systems in either case to comply with any Requirement unless (a) such Alteration or other change is required by reason of Alterations having been performed by Tenant (or another Person claiming by, through or under Tenant), (b) such Alteration or other change is required by reason of the specific nature of the use of the Premises by Tenant (or such other Person) (as opposed to the use of the Premises for the general purposes otherwise permitted under Section 3.1 hereof) or (c) such Alteration or other change is required to install, modify, or replace any fire suppression device or system in the Premises (including, without limitation, sprinkler systems).

(B) The term "Requirements'' shall mean, collectively, (i) all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders of all Governmental Authorities, and of any applicable fire rating bureau, or other body exercising similar functions, and (ii) all requirements that the issuer of Landlord's Property Policy imposes (including, without limitation, any such requirements that such issuer requires as the basis for the premium that such issuer charges Landlord for Landlord's Property Policy), provided that such requirements that the issuer of Landlord's Property Policy imposes are reasonably consistent with the requirements imposed by reputable insurers of comparable properties in The City of New York.

(C) The term "Governmental Authority" shall mean the United States of America, the State of New York, The City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, or any quasi-governmental authority, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

(D) Subject to the terms of this Section 11.1(D), if (a) Landlord gives Tenant a notice that Tenant has failed to comply with a Requirement as required by this Section 11.1, and (b) Tenant fails to proceed with reasonable diligence to comply with such Requirement within twenty (20) days after the date that Landlord gives such notice to Tenant (or such shorter period that Landlord designates in such notice to the extent reasonably required under the circumstances to alleviate an imminent threat to persons or property), then (i) Landlord may perform the work and otherwise take steps that are required to comply with such Requirement, and (ii) Tenant shall pay to Landlord, as additional rent, the reasonable Out-of-Pocket Expenses thereof, with interest thereon at the Applicable Rate calculated from the date that Landlord incurs such expenses, within thirty (30) days after Landlord gives Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. If (x) Tenant's compliance with a particular Requirement as required by this Section 11.1 cannot be accomplished with reasonable diligence during the aforesaid period of twenty (20) days (or during such shorter period that Landlord designates, as the case may be), and (y) Tenant commences such compliance during such period of twenty (20) days (or such shorter period that Landlord designates), then Landlord shall not have the right to perform the work and otherwise take steps that are required to comply with such Requirement on Tenant's behalf as otherwise described in this Section 11.1(D) unless Tenant fails to pursue such compliance with reasonable continuity and diligence. Nothing contained in this Section 11.1(D) limits the remedies that are available to Landlord after the occurrence of an Event of Default.

11.2. Landlord's Obligation to Comply with Requirements.

Landlord shall comply with all Requirements applicable to the Premises and the Building (including, without limitation, Requirements in respect of which the violation thereof impedes Tenant's performance of Alterations in the Premises) other than the Requirements with respect to which Tenant is required to comply pursuant to Section 11.1 hereof, subject, however, to Landlord's right to contest in good faith the applicability or legality thereof (provided that Landlord's contesting such Requirements does not interfere in any material respect with Tenant's use and occupancy of the Premises).

11.3. Certificate of Occupancy.

(A) Subject to the terms of this Section 11.3(A), Landlord covenants that from and after the Commencement Date a temporary or permanent certificate of occupancy covering the Premises (or such other certificate as may be required by Requirements from time to time to lawfully occupy the Premises) shall be in full force and effect permitting the Premises to be used for the general purposes that are permitted under Article 3 hereof. Nothing contained herein constitutes Landlord's covenant, representation or warranty that the Premises or any part thereof lawfully may be used or occupied for any particular purpose or in any particular manner; provided, however, that Landlord shall not have the right to amend the certificate of occupancy for the Premises (or such other certificate as may be required by Requirements from time to time to lawfully occupy the Premises) in a manner that limits the uses that Tenant may perform in the Premises in accordance with Article 3 hereof. Landlord shall have no liability to Tenant under this Section 11.3(A) to the extent such certificate of occupancy (or such other certificate) is not in full force and effect by reason of Tenant's default hereunder or by reason of Alterations.

(B) Tenant shall use the Premises only in a manner that conforms with the certificate of occupancy that is in effect for the Premises. Tenant shall not have the right to amend the certificate of occupancy for the Premises or the Building without Landlord's prior approval.

Article 12
QUIET ENJOYMENT

12.1. Quiet Enjoyment.

Landlord covenants that Tenant may peaceably and quietly enjoy the Premises for the Term, subject, nevertheless, to the terms and conditions of this Lease.

Article 13
SUBORDINATION

13.1. Subordination.

(A) This Lease shall be subject and subordinate to the priority of each Superior Lease that hereafter exists (and does not exist as of the date hereof) in respect of which the Lessor is not an Affiliate of Landlord. This Lease shall be subject and subordinate to the lien of each Mortgage that hereafter exists (and does not exist as of the date hereof) in respect of which the Mortgagee is not an Affiliate of Landlord.

(B) The term "Lessor" shall mean a lessor under a Superior Lease.

(C) The term "Mortgage" shall mean any trust indenture or mortgage which now or hereafter encumbers Landlord's estate in the Premises.

(D) The term "Mortgagee" shall mean any trustee, mortgagee or holder of a Mortgage.

(E) The term "Superior Lease" shall mean any lease pursuant to which Landlord now or hereafter obtains or retains its interest in the Premises (to the extent that Landlord's interest in the Premises is a leasehold estate).

13.2. Attornment.

If, at any time prior to the Expiration Date, a Person succeeds to Landlord's interest in the Real Property by reason of a foreclosure under a Mortgage or by reason of the termination of a Superior Lease (any such Person being referred to herein as the "Successor"), then Tenant, at the Successor's election, shall attorn, from time to time, to the Successor, in either case upon the then

executory terms of this Lease, for the remainder of the Term. If the Successor is not an Affiliate of the Person that constituted Landlord immediately prior to such Successor's obtaining an interest in the Premises, then the Successor shall not be:

(A) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord), except to the extent that (i) such act or omission continues after the date that the Successor succeeds to Landlord's interest in the Real Property, and (ii) such act or omission of such prior landlord is of a nature that the Successor can cure by performing a service or making a repair, or

(B) subject to any defenses or offsets that Tenant has against any prior landlord (including, without limitation, the then defaulting landlord) (except for any offsets expressly permitted under this Lease), or

(C) bound by any payment of Rental that Tenant has made to any prior landlord (including, without limitation, the then defaulting landlord) more than thirty (30) days in advance of the date that such payment is due (other than the Rental that Tenant pays pursuant to Section 1.5(E) hereof), or

(D) bound by any obligation to make any payment to or on behalf of Tenant to the extent that such obligation accrues prior to the date that the Successor succeeds to Landlord's interest in the Real Property, or

(E) bound by any obligation to perform any work or to make improvements to the Premises, except for:

(1) repairs and maintenance that Landlord is required to perform pursuant to the provisions of this Lease and that first become necessary, or the need for which continues, after the date that the Successor succeeds to Landlord's interest in the Real Property,

(2) repairs to the Premises that become necessary by reason of a fire or other casualty that occurs from and after the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 15 hereof,

(3) repairs to the Premises or any part thereof that become necessary by reason of a fire or other casualty that occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 15 hereof, to the extent that the Successor can make such repairs from the net proceeds of Landlord's Property Policy that are actually made available to the Successor (with the understanding, however, that if (i) a fire or other casualty occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property, (ii) Landlord is required to repair the resulting damage to the Building pursuant to Article 15 hereof, and (iii) the Successor cannot make such repairs from such net proceeds, then Tenant shall have the right to terminate this Lease by giving notice thereof to the Successor within fifteen (15) days after the date that the Successor gives Tenant notice that the Successor does not intend to perform such repairs),

(4) repairs to the Premises as a result of a partial condemnation that occurs from and after the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 16 hereof, and

(5) repairs to the Premises as a result of a partial condemnation that occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property and that Landlord is required to perform pursuant to Article 16 hereof, to the extent that the Successor can make such repairs from the net proceeds of any condemnation award made available to the Successor (with the understanding, however, that if (i) a partial condemnation occurs prior to the date that the Successor succeeds to Landlord's interest in the Real Property, (ii) Landlord is required to make repairs to the Building pursuant to Article 16 hereof by reason of such partial condemnation, and (iii) the Successor cannot make such repairs from such net proceeds, then Tenant shall have the right to terminate this Lease by giving notice thereof to the Successor within fifteen (15) days after the date that the Successor gives Tenant notice that the Successor does not intend to perform such repairs),

(F) bound by any amendment or modification of this Lease made without the consent of the Successor after the date that Tenant is given notice of the applicable Mortgage or the applicable Superior Lease (as the case may be), or

(G) bound to return the Cash Security Deposit or the Letter of Credit until the Cash Security Deposit or the Letter of Credit has come into the Successor's actual possession and Tenant is entitled to the Cash Security Deposit or the Letter of Credit pursuant to the terms of this Lease.

The provisions of this Section 13.2 shall apply notwithstanding that, as a matter of law, this Lease terminates upon the termination of any Superior Lease or the foreclosure of a Mortgage. No further instrument shall be required to give effect to Tenant's attorning to a Successor as contemplated by this Section 13.2. Tenant, however, upon demand of any Successor, shall execute, from time to time, instruments, in a recordable form and in a form reasonably satisfactory to the Successor, confirming the foregoing provisions of this Section 13.2.

13.3. Amendments to this Lease.

Tenant shall execute and deliver, from time to time, amendments to this Lease, promptly after Landlord's request, to the extent that (x) such amendments are reasonably required by a Mortgagee or a Lessor that in either case is not an Affiliate of Landlord (or are reasonably required by a proposed Mortgagee or proposed Lessor that in either case is not an Affiliate of Landlord and that consummates the applicable Mortgage or the applicable Superior Lease contemporaneously with Tenant's execution and delivery of such amendment hereof), and (y) Landlord gives to Tenant reasonable evidence to the effect that such Mortgagee or Lessor requires such amendments; provided, however, that Tenant shall not be required to agree to any such amendments to this Lease that (i) increase Tenant's monetary obligations under this Lease, (ii) adversely affect or diminish Tenant's rights under this Lease (except in either case to a *de minimis* extent), or (iii) increase Tenant's other obligations under this Lease (except to a *de minimis* extent).

13.4. Tenant's Estoppel Certificate.

Tenant, within ten (10) Business Days after Landlord's request from time to time (but not more frequently than three (3) times in any particular period of twelve (12) months), shall deliver to Landlord a written statement executed by Tenant, in form reasonably satisfactory to Landlord, (1) stating that this Lease is then in full force and effect and has not been modified (or if this Lease is not in full force and effect, stating the reasons therefor, or if this Lease is modified, setting forth all modifications), (2) setting forth the date to which the Fixed Rent, the Tax Payment and other items of Rental have been paid, (3) stating whether, to the actual knowledge of Tenant (without having made any investigation), Landlord is in default under this Lease, and, if Landlord is in default, setting forth the specific nature of all such defaults, and (4) stating any other matters reasonably requested by Landlord and related to this Lease. Tenant acknowledges that any such statement that Tenant delivers to Landlord pursuant to this Section 13.4 may be relied upon by (x) any purchaser or owner of the Real Property or any interest therein (including, without limitation, any Lessor), or (y) any Mortgagee.

13.5. Landlord's Estoppel Certificate.

Landlord, within ten (10) Business Days after Tenant's request from time to time (but not more frequently than three (3) times in any particular period of twelve (12) months), shall deliver to Tenant a written statement executed by Landlord, in form reasonably satisfactory to Tenant, (i) stating that this Lease is then in full force and effect and has not been modified (or if this Lease is not in full force and effect, stating the reasons therefor, or if this Lease is modified, setting forth all modifications), (ii) setting forth the date to which the Fixed Rent, the Escalation Rent and any other items of Rental have been paid, (iii) stating whether, to the actual knowledge of Landlord (without having made any investigation), Tenant is in default under this Lease, and, if Tenant is in default, setting forth the specific nature of all such defaults, and (iv) stating any other matters reasonably requested by Tenant and related to this Lease. Landlord acknowledges that any statement delivered by Landlord to Tenant pursuant to this Section 13.5 may be relied upon by (w) any Person that extends credit to Tenant, (x) any assignee of Tenant's interest hereunder, (y) any subtenant of all or any part of the Premises, or (z) any Person that acquires Control of Tenant (provided that such assignment, sublease or transfer of Control is accomplished in a manner that complies with the provisions of Article 17 hereof).

13.6. Rights to Cure Landlord's Default.

If (x) a Superior Lease or Mortgage exists, (y) the Lessor or Mortgagee is not an Affiliate of Landlord, and (z) Landlord gives Tenant notice thereof, then Tenant shall not seek to terminate this Lease by reason of Landlord's default hereunder until Tenant has given written notice of such default to such Lessor or such Mortgagee in either case at the address that has been furnished to Tenant. If any such Lessor or Mortgagee notifies Tenant, within ten (10) Business Days after the date that such Lessor or Mortgagee receives such notice from Tenant,

that such Lessor or Mortgagee intends to remedy such act or omission of Landlord, then Tenant shall not have the right to so terminate this Lease unless such Lessor or Mortgagee fails to remedy such act or omission of Landlord within a reasonable period of time after the date that such Lessor or Mortgagee gives

such notice to Tenant (it being understood that such Lessor or Mortgagee shall not have any liability to Tenant for the failure of such Lessor or Mortgagee to so remedy such act or omission of Landlord during such period).

13.7. Zoning Lot Merger Agreement.

Tenant hereby waives irrevocably any rights that Tenant may have in connection with any zoning lot merger or transfer of development rights with respect to the Real Property, including, without limitation, any rights that Tenant may have to be a party to, to contest, or to execute any Declaration of Restrictions (as such term is used in Section 12-10 of the Zoning Resolution of The City of New York effective December 15, 1961, as amended) with respect to the Real Property, which would cause the Premises to be merged with or unmerged from any other zoning lot pursuant to such Zoning Resolution or to any document of a similar nature and purpose. Tenant agrees that this Lease shall be subject and subordinate to any Declaration of Restrictions or any other document of similar nature and purpose now or hereafter affecting the Real Property (it being understood, however, that Landlord shall not permit such Declaration of Restrictions or any such other document to impair Tenant's rights hereunder, or expand Tenant's obligations hereunder, except, in either case, to a *de minimis* extent). In confirmation of such subordination and waiver, Tenant, from time to time, shall execute and deliver promptly any certificate or instrument that Landlord reasonably requests.

13.8. Tenant's Financial Statements.

Subject to the terms of this Section 13.8, Tenant shall provide to Landlord (a) the balance sheet of Tenant and each Predecessor Tenant (if any) in either case dated as of the last day of each fiscal year (to the extent that the last day of each such fiscal year occurs during the Term), (b) the income statement of Tenant and each Predecessor Tenant (if any) for each such fiscal year that occurs, in whole or in part, during the Term, and (c) the statement of changes in financial condition of Tenant and each Predecessor Tenant (if any) for each such fiscal year that occurs, in whole or in part, during the Term, in each case on or prior to the one hundred twentieth (120^{th}) day after the last day of each such fiscal year (such financial statements being collectively referred to herein as "Tenant's Statements"). Tenant shall cause Tenant Statements to be prepared in accordance with generally accepted accounting principles, consistently applied. Landlord shall not disclose Tenant's Statements to any third party, except that Landlord may disclose Tenant's Statements (i) to Persons that provide (or that propose to provide), directly or indirectly, debt or equity capital to Landlord or Landlord's Affiliates and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (ii) to Persons that purchase (or that propose to purchase) the Real Property or any portion thereof and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (iii) to Lessors (or prospective Lessors) that provide Landlord with reasonable assurances that such Lessors (or prospective Lessors) will maintain the confidentiality of Tenant's Statements, (iv) to Persons that provide professional

services for Landlord (such as, for example, Landlord's attorneys and accountants) and that provide Landlord with reasonable assurances that such Persons will maintain the confidentiality of Tenant's Statements, (v) to the extent required by law, (vi) to the extent reasonably required by Landlord in enforcing Landlord's rights hereunder, and (vii) to the extent that Tenant's Statements are otherwise available to the general public. Tenant shall not have any obligation to provide Tenant's Statements to Landlord as provided in this Section 13.8 during the period that (x) the stock of Tenant is publicly traded on a recognized stock exchange, and (y) Tenant's Statements are available to the general public under filings that Tenant makes with the Securities and Exchange Commission.

Article 14
INSURANCE

14.1. Tenant's Insurance.

(A) Tenant, at Tenant's expense, shall obtain and keep in full force and effect (i) an insurance policy for Tenant's Property and the Specialty Alterations, in either case to the extent insurable under the available standard forms of "all-risk" insurance policies, in an amount equal to one hundred percent (100%) of the replacement value thereof (subject, however, at Tenant's option, to a reasonable deductible) (the insurance policy described in this clause (i) being referred to herein as "Tenant's Property Policy"), (ii) a policy of worker's compensation insurance, to the extent required by law (such policy being referred to herein as "Tenant's Worker's Compensation Policy"), and (iii) a policy of commercial general liability and property damage insurance on an occurrence basis, with a broad form contractual liability endorsement (the insurance policy described in this clause (iii) being collectively referred to herein as "Tenant's Liability Policy"). Tenant's Property Policy and Tenant's Liability Policy shall name Tenant as the insured. Tenant's Property Policy shall also include business interruption insurance that is sufficient in amount to pay the Fixed Rent and the Tax Payment due hereunder for a period of at least one (1) year. Tenant's Liability Policy shall name the Landlord Indemnitees as additional insureds thereunder.

(B) Except for standard provisions in ISO CG 0001 Form or its equivalent, Tenant's Liability Policy shall not contain any endorsement or exclusion that affects or limits the obligation of the insurer to pay the amount of any loss sustained caused by a negligent act or omission of Tenant. If Tenant receives any notice of cancellation or any other notice from the insurance carrier which may adversely affect the coverage of the insureds under Tenant's Property Policy or Tenant's Liability Policy, then Tenant shall immediately deliver to Landlord a copy of such notice. The minimum amounts of liability under Tenant's Liability Policy shall be a combined single limit with respect to each occurrence in the amount of Five Million Dollars ($5,000,000) for injury (or death) to persons and damage to property, which minimum amount Landlord may increase from time to time to the amount of insurance that in Landlord's reasonable judgment is then being customarily required by prudent landlords of first-class buildings in the vicinity of the Building from tenants leasing space similar in size, nature and location to the Premises.

(C) Tenant shall cause Tenant's Liability Policy, Tenant's Worker's Compensation Policy and Tenant's Property Policy to be issued by reputable and independent insurers that are (x) permitted to do business in the State of New York, and (y) rated in Best's Insurance Guide, or any successor thereto, as having a general policyholder rating of AA and a financial rating of at least XIII (it being understood that if such ratings are no longer issued, then such insurer's financial integrity shall conform to the standards that constitute such ratings from Best's Insurance Guide as of the date hereof).

(D) Tenant has the right to satisfy Tenant's obligation to carry Tenant's Liability Policy with an umbrella insurance policy if such umbrella insurance policy contains an aggregate per location endorsement that provides the required level of protection for the Premises. Tenant has the right to satisfy

Tenant's obligation to carry Tenant's Property Policy with a blanket insurance policy if such blanket insurance policy provides, on a per occurrence basis, that a loss that relates to any other location does not impair or reduce the level of protection available for the Premises below the amount required by this Lease.

14.2. Landlord's Insurance.

(A) Subject to the terms of this Section 14.2, Landlord shall obtain and keep in full force and effect insurance against loss or damage by fire and other casualty to the Building, to the extent insurable on commercially reasonable terms under then available standard forms of "all-risk" insurance policies, in an amount equal to one hundred percent (100%) of the replacement value thereof or, at Landlord's option, in such lesser amount as will avoid co-insurance (such insurance being referred to herein as "Landlord's Property Policy"). Tenant acknowledges that (i) Landlord's Property Policy may encompass rent insurance, (ii) the risks that Landlord's Property Policy covers may include, without limitation, fire, war, terrorism, environmental matters, and flood, and (iii) Landlord may also obtain a commercial general liability insurance policy.

(B) Landlord shall not be liable to Tenant for any failure to insure any Alterations unless Tenant notifies Landlord of the completion of such Alterations and the cost thereof, and maintains adequate records with respect to such Alterations to facilitate the adjustment of any insurance claims with respect thereto. Landlord shall have the right to provide that the coverage of Landlord's Property Policy is subject to a reasonable deductible. Tenant shall cooperate with Landlord and Landlord's insurance companies in the adjustment of any claims for any damage to the Building or the Alterations. Landlord shall not be required to carry insurance on Tenant's Property or the Specialty Alterations. Landlord shall not be required to carry insurance against any loss suffered by Tenant due to the interruption of Tenant's business.

14.3. Mutual Waiver of Subrogation.

(A) Subject to the provisions of this Section 14.3, Landlord and Tenant shall each obtain an appropriate clause in, or endorsement on, Landlord's Property Policy or Tenant's Property Policy (as the case may be) pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery. Landlord and Tenant also agree that,

having obtained such clauses or endorsements of waiver of subrogation or consent to a waiver of right of recovery, they shall not make any claim against or seek to recover from the Landlord Indemnitees or the Tenant Indemnitees (as the case may be) for any loss or damage to its property or the property of others resulting from fire or other hazards covered by Landlord's Property Policy or Tenant's Property Policy (as the case may be); provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by and be coextensive with the terms and provisions of the waiver of subrogation clause or endorsements or clauses or endorsements consenting to a waiver of right of recovery.

(B) If the payment of an additional premium is required for the inclusion of a waiver of subrogation provision as described in Section 14.3(A) hereof, then each party shall advise the other party of the amount of any such additional premiums and the other party at its own election may, but shall not be obligated to, pay such additional premium. If (x) Tenant is the party that elects to pay such additional premium to include such a waiver in Landlord's Property Policy, and (y) other tenants in the Building make concurrently a similar election, then the aforesaid amount that Tenant is obligated to pay to Landlord on account of such additional premium shall be only the portion thereof that Landlord allocates equitably to Tenant. If such other party does not elect to pay such additional premium, then the party whose insurer is charging the additional premium shall not be required to obtain such waiver of subrogation provision.

(C) If either party is unable to obtain the inclusion of such waiver of subrogation provision even with the payment of an additional premium, then such party shall attempt to name the other party as an additional insured (but not a loss payee) under the applicable insurance policy. If the payment of an additional premium is required for naming the other party as an additional insured (but not a loss payee), then such party shall advise the other of the amount of any such additional premium and the other party at its own election may, but shall not be obligated to, pay such additional premium. If (x) Tenant is the party that elects to pay such additional premium to name Tenant as an additional insured (but not as loss payee), and (y) other tenants in the Building make concurrently a similar election, then the aforesaid amount that Tenant is obligated to pay to Landlord on account of such additional premium shall be only the portion thereof that Landlord allocates equitably to Tenant. If such other party does not elect to pay such additional premium or if it is not possible to have the other party named as an additional insured (but not loss payee), even with the payment of an additional premium, then (in either event) the party whose insurer refuses to include such waiver of subrogation provision shall so notify the other party and such party shall not have the obligation to name the other party as an additional insured.

14.4. Evidence of Insurance.

On or prior to the Commencement Date, each party shall deliver to the other party appropriate certificates of insurance required to be carried by the parties pursuant to this Article 14, including evidence of waivers of subrogation and naming of additional insureds in either case as required by Section 14.3 hereof. Each party shall deliver to the other party evidence of each renewal or replacement of a policy at least twenty (20) days prior to the expiration of such policy.

14.5. No Concurrent Insurance.

Tenant shall not obtain any property insurance (under Tenant's Property Policy or otherwise) that covers the property that is covered by Landlord's Property Policy.

14.6. Tenant's Obligation to Comply with Landlord's Fire and Casualty Insurance.

If (i) Tenant (or any other Person claiming by, through or under Tenant) uses the Premises for any purpose other than general office use, and (ii) the use of the Premises by Tenant (or such other Person) causes the premium for Landlord's Property Policy to exceed the premium that would have otherwise applied therefor if Tenant (or such Person) used the Premises for general office use, then Tenant shall pay to Landlord, as additional rent, an amount equal to

such excess, on or prior to the thirtieth (30th) day after the date that Landlord gives to Tenant an invoice therefor, together with reasonable supporting documentation for the charges set forth therein. Nothing contained in this Section 14.6 expands Tenant's rights under Article 3 hereof.

Article 15
CASUALTY

15.1. Notice.

Tenant shall notify Landlord promptly of any fire or other casualty that occurs in the Premises.

15.2. Landlord's Restoration Obligations.

Subject to the terms of this Section 15.2, Landlord, with reasonable diligence, shall repair the damage to (i) the Premises (including, without limitation, the Alterations), (ii) the Building Systems that service the Premises, and (iii) the common elements of the Building that Tenant uses to gain access to the Premises, in each case to the extent caused by fire or other casualty. Landlord shall commence the performance of such repairs as promptly as reasonably practicable after the occurrence of such fire or other casualty. Landlord shall use commercially reasonable efforts to perform such repairs diligently, in a good and workmanlike manner, and in a manner that minimizes to the extent reasonably practicable interference with Tenant's use and occupancy of any portion of the Premises that remains tenantable. Landlord shall not be required to restore Tenant's Property or the Specialty Alterations. Landlord shall not be required to commence such restoration until Tenant gives Landlord the notice described in Section 15.1 hereof (unless Landlord otherwise has received actual notice of the fire or other casualty). Landlord shall not be obligated to restore any Alterations unless (i) Tenant has Substantially Completed the performance thereof, (ii) Tenant has given Landlord notice to the effect that Tenant has Substantially Completed such Alterations, (iii) Tenant has given Landlord notice of the cost

incurred by Tenant in performing such Alterations, and (iv) Tenant has maintained records with respect to such Alterations in a form that allows Landlord to make a Ml insurance recovery therefor under Landlord's Property Policy. If (x) Tenant, as part of the Initial Alterations, demolishes all or a material part of the interior installation that exists in the Premises on the Commencement Date, and (y) the Premises (including any Alterations) is damaged by fire or other casualty at any time prior to the date that Tenant Substantially Completes the Initial Alterations therein, then Landlord's obligation to repair the Premises (and any Alterations) shall be limited to (x) the part of the Building Systems serving the Premises on the Commencement Date, but not the distribution portions of such Building Systems located within the Premises, (y) the floor and ceiling slabs of the Premises, and (z) the exterior walls of the Premises, all to substantially the same condition that existed on the Commencement Date. Landlord shall have the right to adapt the restoration of the Premises as contemplated by this Section 15.2 to comply with applicable Requirements that are then in effect. Landlord shall not be obligated to restore the Premises as provided in this Section 15.2 to the extent that this Lease terminates by reason of such fire or other casualty as provided in this Article 15.

15.3. Rent Abatement.

(A) Subject to Section 15.3 hereof, the Fixed Rent and the Tax Payment that is otherwise due and payable hereunder shall be reduced in the proportion that the number of square feet of Rentable Area of the part of the Premises that is not usable or accessible by Tenant by reason of such fire or other casualty bears to the total Rentable Area of the Premises immediately prior to such fire or other casualty, for the period commencing on the date of such fire or other casualty and ending on the date that Landlord Substantially Completes the restoration described in Section 15.2 hereof or the applicable portion of the Premises becomes accessible, as the case may be.

(B) If a fire or other casualty occurs in the Premises after the Commencement Date and prior to the Rent Commencement Date, then the aggregate abatement of Fixed Rent and the Tax Payment to which Tenant is entitled as contemplated by Section 15.3 hereof (from and after the Rent Commencement Date) shall be an amount equal to the aggregate abatement of Fixed Rent and the Tax Payment to which Tenant would have been entitled under Section 15.3 hereof if the Rent Commencement Date had occurred immediately prior to such fire or other casualty.

15.4. Landlord's Termination Right.

If the Building is so damaged by fire or other casualty that, in Landlord's opinion, substantial alteration, demolition, or reconstruction of the Building is required (regardless of whether the Premises have been damaged or rendered untenantable), then Landlord may terminate this Lease by giving Tenant notice thereof on or prior to the ninetieth (90th) day after such fire or other casualty. If Landlord elects to terminate this Lease as aforesaid, then (I) the Term shall expire on a date set by Landlord that (A) is not sooner than (i) the tenth (10th) day after the date that Landlord gives such notice (if all or substantially all of the Premises is rendered untenantable by such fire or other casualty), and (ii) the ninetieth (90th) day after the

date that Landlord gives such notice (if less than all or substantially all of the Premises is rendered untenantable by such fire or other casualty), and (B) is not later than the first (1st) anniversary of the date on which such fire or other casualty occurs, and (II) Tenant, on such date set by Landlord, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term. Upon the termination of this Lease under this Section 15.3(A), the Rental shall be apportioned and any prepaid portion of the Rental for any period after the Expiration Date shall be refunded promptly by Landlord to Tenant (and Landlord's obligation to make such refund shall survive the Expiration Date).

15.5. Termination Rights at End of Term.

If the Premises are substantially damaged by a fire or other casualty that occurs during the period of eighteen (18) months immediately preceding the Fixed Expiration Date, then Landlord or Tenant may elect to terminate this Lease by notice given to the other party within thirty (30) days after such fire or other casualty occurs. If either party makes such election, then the Term shall expire on the thirtieth (30th) day after the notice of such election is given, and, accordingly, Tenant, on or prior to such thirtieth (30th) day, shall vacate the Premises and surrender the Premises to Landlord in accordance with the provisions of this Lease that govern Tenant's obligation to deliver vacant and exclusive possession of the Premises to Landlord upon the expiration of the Term. Upon the termination of this Lease under this Section 15.5, the Rental shall be apportioned and any prepaid portion of the Rental for any period after

the Expiration Date shall be refunded promptly by Landlord to Tenant (and Landlord's obligation to make such refund shall survive the Expiration Date). For purposes of this Section 15.5, the term "substantially damaged" shall mean that: (a) a fire or other casualty precludes Tenant from using more than thirty percent (30%) of the Premises for the conduct of its business, and (b) Tenant's inability to so use the Premises (or the applicable portion thereof) is reasonably expected to continue until at least the earlier to occur of (i) the Fixed Expiration Date, and (ii) the ninetieth (90th) day after the date that such fire or other casualty occurs.

15.6. No Other Termination Rights.

Tenant shall have no right to cancel this Lease by virtue of a fire or other casualty except to the extent specifically set forth in this Article 15. This Article 15 is intended to constitute an "express agreement to the contrary" for purposes of Section 227 of the New York Real Property Law.

Article 16
CONDEMNATION

16.1. Effect of Condemnation.

(A) Subject to the provisions of Section 16.2 hereof, if the entire Real Property, the entire Building or the entire Premises is condemned or otherwise acquired by the exercise of the power of eminent domain, then this Lease shall terminate as of the date that such condemnation or acquisition is consummated.

(B) If only a part of the Real Property and not the entire Premises is so acquired or condemned, then:

(1) except as hereinafter provided in this Section 16.1, this Lease shall remain effective, and, from and after the date that the condemnation or acquisition is consummated, (w) the Fixed Rent shall be reduced in the proportion that the number of square feet of Rentable Area of the part of the Premises so acquired or condemned bears to the total Rentable Area of the Premises immediately prior to such acquisition or condemnation, and (x) Tenant's Tax Share shall be redetermined based upon the proportion that the number of square feet of Rentable Area of the Premises that is remaining after such acquisition or condemnation bears to the number of square feet of Rentable Area of the Building that is remaining after such acquisition or condemnation;

(2) on or prior to the sixtieth (60th) day after the date that the condemnation or acquisition is consummated, Landlord shall have the right to terminate this Lease by giving notice to Tenant if either (i) at least fifteen percent (15%) of the usable area of the Premises is so acquired or condemned, or (ii) Landlord terminates leases (including this Lease) for at least fifty percent (50%) of the usable area of the Building (excluding any portion of the Building leased to or occupied by Landlord or Landlord's Affiliates); and

(3) if (a) the part of the Real Properly so acquired or condemned contains more than fifteen percent (15%) of the usable area of the Premises immediately prior to such acquisition or condemnation, or (b) by reason of such acquisition or condemnation, Tenant no longer has reasonable means of access to the Premises, then Tenant may elect to terminate this Lease by giving notice to Landlord on or prior to the sixtieth (60th) day after the date that Tenant is given notice of such acquisition or condemnation being consummated.

The Term shall expire on the thirtieth (30th) day after the date that Landlord or Tenant give any such notice to terminate this Lease.

(C) Landlord shall refund to Tenant, promptly after the date that such taking or acquisition becomes effective, any Rental that Tenant has theretofore paid for the Premises (or the applicable portion thereof that is so taken or acquired) to the extent that such Rental is properly allocable to the period after the date that such taking or acquisition becomes effective (and Landlord's obligation to make such refund shall survive the Expiration Date).

(D) If this Lease terminates pursuant to the provisions of this Section 16.1, then the Rental for the portion of the Premises that is not taken or acquired shall be apportioned as of the termination date. Landlord shall refund promptly to Tenant any Rental that Tenant has theretofore paid for any period after the date that such termination becomes effective (and Landlord's obligation to make such refund shall survive the Expiration Date).

(E) If a part of the Premises is so acquired or condemned and this Lease and the Term is not terminated pursuant to the foregoing provisions of this Section 16.1, then Landlord, at Landlord's expense, shall restore the part of the Premises that is not so acquired or condemned to a self-contained rental unit inclusive of Alterations that Tenant has theretofore Substantially Completed, except that if such acquisition or condemnation occurs prior to the Substantial Completion of the Initial Alterations, then Landlord shall only be required to restore the part of the Premises not so acquired or condemned to a self-contained rental unit exclusive of any Alterations.

16.2. Condemnation Award.

Subject to Section 16.3 hereof, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation of all or any part of the Real Property. Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term, and, accordingly, Tenant hereby expressly assigns to Landlord all of its right in and to any such award. Nothing contained in this Section 16.2 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the value of any Tenant's Property included in such taking, for any moving expenses or for the costs incurred by Tenant in performing the Initial Alterations (prior to Tenant's Substantial Completion thereof) in the portion of the Premises that is not so condemned or acquired.

16.3. Temporary Taking.

If the whole or any part of the Premises is acquired or condemned temporarily during the Term, then (a) Tenant shall give prompt notice thereof to Landlord, (b) the Term shall not be reduced or affected in any way, (c) Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement, and (d) Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that if the

acquisition or condemnation is for a period extending beyond the Term, then such award or payment shall be apportioned equitably between Landlord and Tenant. Tenant, at Tenant's expense, shall make Alterations to restore the Premises to the condition existing prior to any such temporary acquisition or condemnation.

Article 17
ASSIGNMENT AND SUBLETTING

17.1. General Limitations.

(A) Subject to the terms of this Article 17, without the prior consent of Landlord in each instance, Tenant shall not (i) assign Tenant's interest in this Lease, in whole or in part, by express assignment or by operation of law or by other means, (ii) sublease the Premises or any part thereof, (iii) permit a subtenant under a sublease that is consummated in accordance with the terms of this Article 17 to further sublease the Premises or any part thereof or to assign the subtenant's interest under any such sublease in whole or in part by express assignment or by operation of law or by other means, (iv) amend or modify any sublease that is

consummated in accordance with the terms of this Article 17, (v) mortgage or otherwise encumber Tenant's interest in this Lease, in whole or in part, or (vi) permit the Premises or any part thereof to be occupied by any Person other than Tenant (any of the events described in clauses (i) through (vi) above being referred to herein as a "Transfer"; Tenant and any other Person that has the right to occupy the Premises in accordance with the terms of this Article 17 (other than a Person that has the right to occupy the Premises by virtue of Landlord's exercising Landlord's rights under Section 17.3 hereof) being referred to herein as a "Permitted Party"). The termination or cancellation of a sublease shall not constitute a Transfer for purposes hereof.

(B) Subject to Section 17.7 hereof, the transfer of Control in a Permitted Party, however accomplished, whether in a single transaction or in a series of unrelated or related transactions, shall constitute an assignment of such Permitted Party's interest in this Lease or the Premises (as the case may be) for purposes of this Article 17.

(C) The consent by Landlord to any Transfer shall not relieve Tenant from its obligation to obtain the prior consent of Landlord to any other Transfer to the extent required by this Lease.

(D) The assignment by any Person that constitutes Tenant of the tenant's interest under this Lease shall not relieve such Person of the obligations of the tenant under this Lease. Such Person's liability under this Lease shall continue notwithstanding (x) the subsequent release of any other Person that constitutes Tenant from liability under this Lease, (y) any limitation on any such other Person's liability hereunder by virtue of the Bankruptcy Code, or (z) any modification or amendment of this Lease that Landlord consummates with any such other Person that constitutes Tenant subsequently; provided, however, that if such other Person is not an Affiliate of such Person, then any such modification or amendment shall not expand such Person's liability hereunder.

(E) Notwithstanding anything to the contrary contained herein, Tenant shall not, and Tenant shall not permit any other Permitted Party to, enter into any lease, sublease, license, concession or other agreement for use or occupancy of the Premises or any portion thereof which provides for a rental or other payment for such use or occupancy based in whole or in part on the net income or profits derived by any Person from the property leased, occupied or used, or which would require the payment of any consideration that would not qualify as "rents from real property," as that term is defined in Section 856(d) of the Internal Revenue Code of 1986, as amended.

(F) If Tenant assigns the tenant's interest under this Lease in violation of the terms of this Article 17, then such assignment shall be void and of no force and effect against Landlord; provided, however, that Landlord (x) may collect an amount equal to the then Rental from the assignee as a fee for such assignee's use and occupancy, and (y) shall apply the net amount collected to the Rental reserved in this Lease. If the Premises or any part thereof are sublet to, occupied by, or used by any Person other than Tenant (regardless of whether such subletting, occupancy or use violates this Article 17), then Landlord (a) after the occurrence of an Event of Default, may collect amounts from the subtenant, user or occupant as a fee for its use

and occupancy, and (b) shall apply the net amount collected to the Rental reserved in this Lease. No such assignment, subletting, occupancy or use, with or without Landlord's prior consent, nor any such collection or application of fees for use and occupancy, shall (i) be deemed a waiver by Landlord of any term, covenant or condition of this Lease, (ii) be deemed the acceptance by Landlord of such assignee, subtenant, occupant or user as tenant hereunder, or (iii) relieve Tenant of the obligations of the tenant under this Lease.

17.2. Landlord's Expenses.

Tenant shall reimburse Landlord for a reasonable processing fee, any reasonable Out-of-Pocket Costs that Landlord incurs in connection with any proposed Transfer, including, without limitation, reasonable attorneys' fees and disbursements, and the reasonable costs of making investigations as to the acceptability of the proposed Transferee, within thirty (30) days after Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein.

17.3. Recapture Procedure.

(A) Tenant shall have the right to institute the procedure described in this Section 17.3 (the "Recapture Procedure") only by giving to Landlord notice thereof (a "Transfer Notice"), which:

(1) refers expressly to this Section 17.3 and indicates that such notice constitutes a Transfer Notice,

(2) includes a copy of the documents that Tenant intends to use to evidence the proposed Transfer,

(3) identifies the Person to which Tenant proposes to make the Transfer (the Person to which a Transfer is made being referred to herein as a "Transferee"), and

(4) sets forth the date on which Tenant proposes that the term of a Transfer that constitutes a sublease, license or other similar agreement that grants occupancy rights will commence, or that a Transfer that constitutes an assignment will occur, as the case may be (such date being referred to herein as the "Transfer Date") (it being understood that the Transfer Date shall be no sooner than sixty (60) days, and no later than two hundred seventy (270) days, after the date that Tenant gives the Transfer Notice to Landlord) (the material terms of a proposed Transfer as set forth in the Transfer Notice being referred to herein as the "Proposed Transfer Terms").

(B) The term "Transfer Expenses" shall mean the actual Out-of-Pocket Expenses that Tenant pays solely in consummating a Transfer, including, without limitation, (i) brokerage commissions, (ii) allowances that Tenant makes available to the Transferee to fund the cost of Alterations that the Transferee makes to the Premises, (iii) costs that Tenant pays in making Alterations to prepare the Premises solely for the Transferee's initial occupancy, (iv) the amount payable to Landlord under Section 17.2 hereof for such Transfer, (v) reasonable

attorneys' fees and disbursements that Tenant pays in connection with consummating such Transfer, and (vi) the transfer taxes (and other similar charges and fees) that Tenant pays pursuant to Section 17.5 hereof.

(C) The term "Amortized Transfer Expenses" shall mean, with respect to any period, the amount of the Transfer Expenses that amortize during such period if the Transfer Expenses are amortized, in equal monthly installments, with interest calculated at the Base Rate, over the period that the Transferee is obligated to make payments to Tenant in respect of the applicable Transfer.

(D) The term "Recapture Date" shall mean the thirtieth (30th) day after the date that Tenant gives the Transfer Notice to Landlord.

(E)

(1) If (x) Tenant gives a Transfer Notice to Landlord, and (y) the Transfer described in the Transfer Notice constitutes a sublease for the Premises with respect to which the term thereof expires on or prior to the date that is eighteen (18) months before the Fixed Expiration Date (any sublease that expires before such date being referred to herein as a "Short-Term Sublease"), then Landlord shall have the right to sublease (or to cause the Recapture Subtenant to sublease) the Premises from Tenant, on the terms set forth in this Section 17.3(E), by giving notice thereof (the "Recapture Sublease Notice") to Tenant not later than the Recapture Date (as to which date time shall be of the essence) (any such sublease of the Premises that Landlord elects to consummate under this Section 17.3(E) being referred to herein as a "Recapture Sublease").

(2) If Landlord gives a Recapture Sublease Notice to Tenant, then Tenant shall, and Landlord shall (or Landlord shall cause the Recapture Subtenant to), consummate a Recapture Sublease for the Premises on the following terms:

(a) Landlord shall give to Tenant, within twenty (20) days after the date that Landlord gives to Tenant the Recapture Sublease Notice, a proposed sublease that conforms with the terms set forth in this Section 17.3(E) and is otherwise on the terms set forth in this Lease. Tenant shall execute and deliver such sublease promptly after Landlord's submission thereof to Tenant. Landlord shall execute and deliver (or cause the Recapture Subtenant to execute and deliver) such sublease promptly after Tenant delivers to Landlord the counterpart thereof that is executed by Tenant.

(b) Landlord shall have the right to designate that the subtenant under the Recapture Sublease is a Person other than Landlord (the Person that constitutes the subtenant under a Recapture Sublease being referred to herein as the "Recapture Subtenant").

(c) The rental payable by the Recapture Subtenant to Tenant shall be calculated on either of the following methods, as designated by Landlord (with the understanding that Landlord shall be deemed to have elected clause (i) below if Landlord does not designate otherwise in the Recapture Sublease Notice):

(i) the excess of (I) the rental that would have been payable by the Transferee for the applicable calendar month as contemplated by the Proposed Transfer Terms, over (II) the Amortized Transfer Expenses for such month that would have resulted from the Proposed Transfer Terms; or

(ii) the Fixed Rent and the Tax Payment that is due under this Lease for the Premises.

(d) The term of the Recapture Sublease shall commence on the Transfer Date and shall extend for the term set forth in the Transfer Notice as part of the Proposed Transfer Terms (with the understanding that the Recapture Subtenant shall have the right to extend the term of the Recapture Sublease for a term that corresponds, or for terms that correspond, to any renewal right or renewal rights that are set forth in the Transfer Notice as part of the Proposed Transfer Terms).

(e) If, during the term of the Recapture Sublease (or during the period that the Recapture Subtenant, or any Person claiming by, through or under the Recapture Subtenant, remains in occupancy of the Premises after the term of the Recapture Sublease expires or earlier terminates), an event or circumstance occurs that is attributable to the Recapture Subtenant (or a Person claiming by, through or under the Recapture Subtenant), then such event or circumstance shall not constitute a default by Tenant hereunder (and, accordingly, Tenant shall not have liability to Landlord in connection therewith).

(f) Tenant shall have the right to offset against the Rental due hereunder an amount equal to the rental that the Recapture Subtenant fails to pay when due to Tenant.

(g) The Recapture Subtenant (and any Person claiming by, through or under the Recapture Subtenant), during the term of the Recapture Sublease, shall have the right to make alterations to the Premises; provided, however, that the Recapture Subtenant shall be required to restore the Premises upon the expiration of the term of the Recapture Sublease to the extent required by the applicable Proposed Transfer Terms.

(h) The Recapture Subtenant shall have the right to further sublease the Premises, or assign the Recapture Subtenant's rights as subtenant under the Recapture Sublease, to any third party, without Tenant having any rights to consent thereto or to receive additional payments from the Recapture Subtenant in connection therewith.

(i) The Recapture Subtenant shall not have the right to receive from Tenant any free rent, tenant improvement allowance or other similar concession that constitutes part of the Proposed Transfer Terms.

(F)

(1) If (x) Tenant gives a Transfer Notice to Landlord, and (y) the Transfer described in the Transfer Notice constitutes either a sublease for the Premises (other than a

Short-Term Sublease) or an assignment, then Landlord shall have the right to terminate this Lease, on the terms set forth in this Section 17.3(F), by giving notice thereof (the "Recapture Termination Notice") to Tenant not later than the Recapture Date (any such termination of this Lease being referred to herein as a "Recapture Termination").

(2) If Landlord gives to Tenant a Recapture Termination Notice, then the Term shall terminate on the Transfer Date. If the Term so terminates on the Transfer Date, then Tenant, on the Transfer Date, shall vacate the Premises and deliver exclusive possession thereof to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(3) If (x) Landlord elects to consummate a Recapture Termination, and (y) the Transfer described in the applicable Transfer Notice constitutes a sublease or sublicense, then Tenant shall pay to Landlord, as additional rent, on the first day of each calendar month during the period from the Transfer Date to the date that the term of such sublease or sublicense would have expired under the Proposed Transfer Terms, an amount equal to the excess (if any) of:

(a) the Fixed Rent and the Tax Payment that would have otherwise been due under this Lease since the Transfer Date for the Premises, over

(b) the sum of (A) the excess of (I) the rental that would have been payable by the Transferee since the Transfer Date as contemplated by the Proposed Transfer Terms, over (II) the Amortized Transfer Expenses under the Proposed Transfer Terms that would have theretofore accrued, and (B) the amounts theretofore paid by Tenant to Landlord under this Section 17.3(F)(3) in respect of such Recapture Termination.

Tenant's obligation to pay such amount to Landlord shall survive the termination of this Lease (or the termination of this Lease only with respect to the Recapture Space, as the case may be).

(4) If (x) Landlord elects to consummate a Recapture Termination, and (y) the Transfer described in the applicable Transfer Notice constitutes an assignment of Tenant's interest under this Lease, then Tenant shall pay to Landlord the sum of:

(a) the present value of the consideration (if any) that would have been payable by Tenant to the Transferee under the Proposed Transfer Terms (calculated as of the Transfer Date using a discount rate equal to the Base Rate), and

(b) the excess, if any, of (I) the present value of the Transfer Expenses that Tenant would have incurred under the Proposed Transfer Terms, over (II) the present value of the consideration (if any) that would have been payable by the Transferee to Tenant under the Proposed Transfer Terms (in either case calculated as of the Transfer Date using a discount rate equal to the Base Rate).

Tenant shall pay the amounts described in clauses (a) and (b) above on the Transfer Date. Tenant's obligation to pay such amounts to Landlord shall survive the termination of this Lease (or the termination of this Lease only with respect to the Recapture Space, as the case may be).

17.4. Certain Transfer Rights.

Subject to Section 17.7 hereof, Landlord shall not unreasonably withhold, condition or delay Landlord's consent to Tenant's consummating a Transfer, provided that:

(A) Tenant has theretofore instituted the Recapture Procedure for such Transfer; provided, however, that Tenant shall not be required to have instituted the Recapture Procedure for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(B) Landlord's right to elect to consummate a Recapture Sublease or a Recapture Termination (as the case may be) with respect to the proposed Transfer has lapsed (without Landlord's having exercised Landlord's rights to consummate a Recapture Sublease or a Recapture Termination (as the case may be)); provided, however, that this Section 17.4(B) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(C) the Transfer is on terms that are at least as favorable to Tenant as the Proposed Transfer Terms; provided, however, that this Section 17.4(C) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(D) the Transfer occurs no earlier than the thirtieth (30th) day before the Transfer Date and no later than the thirtieth (30th) day after the Transfer Date; provided, however, that this Section 17.4(D) shall not apply for a Transfer that is proposed to be consummated by a Permitted Party other than Tenant;

(E) Tenant submits to Landlord a counterpart of the documents that Tenant intends to use to consummate the proposed Transfer, which have been executed and delivered by Tenant and the proposed Transferee, and which are subject to no conditions to the effectiveness thereof (other than Landlord's

granting Landlord's consent thereto);

(F) the Premises has not been listed or otherwise publicly advertised at a rental rate that is less than the prevailing rental rate set by Landlord for comparable space in the Building, or, if there is no comparable space, the prevailing rental rate reasonably determined by Landlord (it being agreed that nothing contained in this clause (F) prohibits Tenant from (I) consummating a Transfer at a rental rate that is less than such prevailing rate, or (II) disseminating broker's fliers or other marketing materials that indicate that the rental rate for the Premises is available upon request);

(G) no Event of Default has occurred and is continuing;

(H) the proposed Transferee has a financial standing that is reasonably satisfactory to Landlord;

(I) the proposed Transferee is of a character, is engaged in a business, and proposes to use the Premises in a manner that in each case is in keeping with the standards of a first-class office building in the vicinity of the Building;

(J) the proposed Transferee, or any Affiliate of the proposed Transferee, does not occupy any space in the Building;

(K) neither the proposed Transferee, nor an Affiliate of the proposed Transferee, is a Person with whom Landlord is then engaged in *bona fide* negotiations regarding the leasing or subleasing of space in the Building;

(L) if the Transfer constitutes a sublease, then the term thereof shall be for no less than one (1) year (unless such term commences less than one (1) year before the Fixed Expiration Date, in which case the term thereof shall extend for the remaining balance of the Term, with the understanding that a sublease shall be deemed to extend for the remaining balance of the Term for purposes of this clause (M) if the term of such sublease expires no earlier than one (1) day before the Fixed Expiration Date);

(M) any sublease of the Premises does not consist of less than the entire Rentable Area thereof;

(N) the use of the Premises by the Transferee does not violate any rights that Landlord has theretofore granted to a third party;

(O) Tenant, and the Transferee, executes and delivers to Landlord a consent to the Transfer in a form reasonably designated by Landlord;

(P) if the Transfer constitutes an assignment of the tenant's interest under this Lease, the assignee has expressly assumed all of the obligations of Tenant hereunder to the extent accruing from and after the date that the Transfer is effective; and

(Q) if the Transfer constitutes a sublease, such sublease provides expressly that (i) such sublease is subject and subordinate to the Lease (and to the terms thereof), and (ii) if this Lease terminates, then Landlord, at Landlord's option, may take over all of the right, title and interest of Tenant under such sublease, and the Transferee, at Landlord's option, shall attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be:

(1) liable for any act or omission of Tenant under such sublease (except for any such acts or omissions that (x) continue after the date that Landlord succeeds to the interest of the Transferor under such sublease, and (y) may be remedied by the providing a service or performing a repair),

(2) subject to any defense or offsets which the Transferee may have against Tenant that accrue prior to the date that Landlord succeeds to the interest of the Transferor,

(3) bound by any previous payment that the Transferee made to Tenant more than thirty (30) days in advance of the date that such payment was due,

(4) bound by any obligation to make any payment to or on behalf of the Transferee that accrues prior to the date that Landlord succeeds to the interest of the Transferor under such sublease,

(5) bound by any obligation to perform any work or to make improvements to the Premises (other than the obligation to perform maintenance, repairs or restoration that in each case first becomes necessary from and after the date that Landlord succeeds to the interest of the Transferor under such sublease) (with the understanding, however, that if (I) the Premises is damaged by fire or other casualty, or affected by condemnation, prior to the date that Landlord succeeds to the interest of the Transferor under such sublease, (II) Landlord would have otherwise been required to perform the restoration of the Premises, or the applicable portion thereof, that is required by virtue of such fire or other casualty, or such condemnation, in accordance with the terms hereof, and (III) Landlord does not elect to perform such restoration by giving notice thereof to the subtenant on or prior to the tenth (10^{th}) day after the date that Landlord so succeeds, then such subtenant shall have the right to terminate such sublease (and such subtenant's obligation to so attorn to Landlord, as aforesaid) by giving notice thereof to Landlord within ten (10) days after the last day of such period of ten (10) days during which Landlord has the right to give such notice to such subtenant),

(6) bound by any amendment or modification of such sublease made without Landlord's consent, or

(7) bound to return the Transferee's security deposit, if any, until such deposit has come into Landlord's actual possession and the Transferee is entitled to such security deposit pursuant to the terms of such sublease (the requirements of a proposed sublease as set forth in this Section 17.4(Q) being collectively referred to herein as the "Basic Sublease Provisions").

Landlord shall have the right to withhold Landlord's consent to any proposed Transfer made by any Person (other than Tenant) in Landlord's sole and absolute discretion.

17.5. Transfer Taxes.

Tenant shall pay any transfer taxes (and other similar charges and fees) that any Governmental Authority imposes in connection with any Transfer (including, without limitation, any such transfer taxes, charges or fees that a Governmental Authority imposes in connection with Landlord's exercising Landlord's rights to consummate a Recapture Sublease or a Recapture Termination (as the case may be)).

17.6. Transfer Profit.

(A) Subject to the terms of this Section 17.6 and Section 17.7 hereof, Tenant shall pay as additional rent to Landlord, on the first (1st) day of each calendar month during the Term in the same manner as Fixed Rent, an amount equal to the excess of (I) fifty percent (50%)

of the Transfer Profit for each Transfer that is determined as of the last day of the immediately preceding calendar month, over (II) the aggregate amount of the payments that Tenant has theretofore paid to Landlord for such Transfer under this Section 17.6(A).

(B)

(1) The term "Transfer Profit" shall mean, with respect to any particular Transfer, the excess (if any) of (x) the Transfer Inflow for such Transfer for the period beginning on the first (1st) day of the term of the applicable Transfer (if such Transfer is a sublease or sublicense) or the date that such Transfer becomes effective (if such Transfer is an assignment of the tenant's interest under this Lease) (as the case may be), over (y) the sum of (a) the Transfer Outflow for such Transfer for such period, and (b) the Amortized Transfer Expenses for such Transfer for such period.

(2) The term "Transfer Inflow" shall mean, with respect to any particular Transfer for any particular period, the amount that Tenant receives during such period from or on behalf of the Transferee in connection with the applicable Transfer.

(3) The term "Transfer Outflow" shall mean:

(a) with respect to any Transfer that is a sublease or sublicense, the aggregate amount that Tenant pays during the applicable period for the Premises to Landlord as Rental under this Lease, and

(b) with respect to any Transfer that is an assignment of the tenant's interest under this Lease, the Transfer Outflow thereof shall be zero.

(C) If Tenant (or an Affiliate thereof) receives in a transaction that occurs concurrently with the applicable Transfer consideration from the Transferee (or an Affiliate thereof) for the sale or lease of personal property or for services that Tenant (or an Affiliate thereof) agrees to provide for the Transferee (or an Affiliate thereof), then (I) the Transfer Inflow shall include (in addition to the consideration that Tenant receives for the Transfer) an amount equal to such other consideration, and (II) the Transfer Outflow shall include (in addition to the items that are otherwise includible in Transfer Outflow for purposes hereof) (a) the cost that Tenant (or such Affiliate thereof) incurs in acquiring the personal property that Tenant (or such Affiliate thereof) sells to the Transferee (or an Affiliate thereof) in such concurrent transaction (to the extent that such cost has not theretofore been amortized in accordance with generally accepted accounting principles), (b) the amortization of the cost that Tenant (or such Affiliate thereof) incurs in acquiring any personal property that Tenant (or such Affiliate thereof) leases to the Transferee, or (c) the cost that Tenant (or an Affiliate thereof) incurs in providing such services, as the case may be.

17.7. Permitted Transfers.

(A) The term "Net Worth Assignment Requirement" shall mean the requirement that Tenant has provided to Landlord, not later than the tenth (10th) Business Day

after the applicable assignment has been consummated, a balance sheet for Tenant and an audited balance sheet for the assignee that in either case is dated no earlier than the last day of the most recently ended fiscal quarter (or the last day of the fiscal quarter that immediately precedes the most recently ended fiscal quarter, if the applicable assignment occurs less than sixty (60) days after the last day of the most recently ended fiscal quarter) and that reflects that the assignee's tangible net worth, as determined in accordance with generally accepted accounting principles, consistently applied, is not less than the greater of (I) the tangible net worth of Tenant on the Commencement Date, and (II) the tangible net worth of Tenant on the date of such most recent balance sheet, as aforesaid.

(B) Tenant shall have the right to assign Tenant's entire interest under this Lease to an Affiliate of Tenant without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord, not later than the tenth (10th) Business Day after any such assignment is consummated, an instrument, duly executed by Tenant and the aforesaid Affiliate of Tenant, in form reasonably satisfactory to Landlord, to the effect that such Affiliate assumes all of the obligations of Tenant under this Lease to the extent arising from and after the date of such assignment, (ii) Tenant, with such notice, provides Landlord with reasonable evidence to the effect that the Person to which Tenant is so assigning Tenant's interest under this Lease constitutes an Affiliate of Tenant, and (iii) the Net Worth Assignment Requirement is satisfied.

(C) The merger or consolidation of Tenant into or with another Person shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) such merger or consolidation is not principally for the purpose of transferring Tenant's interest in this Lease, (ii) Tenant gives Landlord notice of such merger or consolidation not later than the tenth (10th) Business Day after the occurrence thereof, (iii) Tenant, within ten (10) Business Days after such merger or consolidation, provides Landlord with reasonable evidence that the requirement described in clause (i) above has been satisfied, and (iv) the Net Worth Assignment Requirement is satisfied.

(D) The assignment of Tenant's entire interest under this Lease in connection with the sale of all or substantially all of the assets of Tenant shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord, not later than the tenth (10th) Business Day after any such assignment is consummated, an instrument, duly executed by Tenant and the Transferee, in form reasonably satisfactory to Landlord, to the effect that such Transferee assumes all of the obligations of Tenant to the extent arising under this Lease from and after the date of such assignment, (ii) such sale of all or substantially all of the assets of Tenant is not principally for the purpose of transferring Tenant's interest in this Lease, (iii) Tenant, within ten (10) Business Days after such sale, provides Landlord with reasonable evidence that the requirement described in clause (ii) above has been satisfied, and (iv) the Net Worth Assignment Requirement is satisfied.

(E) The direct or indirect transfer of shares or equity interests in Tenant (including, without limitation, the issuance of treasury stock, or the creation or issuance of a new class of stock, in either case in the context of an initial public offering or in the context of a subsequent offering of equity securities) shall be permitted without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) such transfer is not principally for the purpose of transferring the interest of Tenant under this Lease, (ii) Tenant gives Landlord notice of such transfer not later than the tenth (10th) Business Day after the occurrence thereof, and (iii) Tenant, within ten (10) Business Days after the date that such transfer occurs, provides Landlord with reasonable evidence that the requirement described in clause (i) has been satisfied (except that Tenant shall not be required to comply with this clause (iii) to the extent that such direct or indirect transfer of shares or equity interests is accomplished through the public "over-the-counter" securities market or through any recognized stock exchange).

(F) Tenant shall have the right to sublease or license the Premises to an Affiliate of Tenant, without (x) Landlord's prior approval, (y) Landlord's having the right to consummate a Recapture Termination or a Recapture Sublease in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that in each case (i) Tenant gives to Landlord a copy of such sublease or license, not later than the tenth (10th) Business Day after any such sublease or license is consummated, (ii) Tenant, with such copy of such sublease or license, provides Landlord with reasonable evidence to the effect that the Person to which Tenant is so subleasing or licensing the Premises constitutes an Affiliate of Tenant, and (iii) such sublease includes the Basic Sublease Provisions.

(G) If (I) Tenant assigns Tenant's entire interest under this Lease to an Affiliate of Tenant without Landlord's consent as provided in this Section 17.7 and without paying to Landlord any Transfer Profit that derives therefrom, and (II) the assignee subsequently assigns the interest of such assignee under this Lease to a third party in a Transfer that is not governed by the provisions of this Section 17.7, then, for purposes of calculating the Transfer Profit that is due to Landlord for such subsequent assignment, the parties shall assume that the assignment that Tenant consummated without Landlord's approval under this Section 17.7 did not occur previously (and, accordingly, the parties, in calculating Transfer Profit for such Transfer that is not governed by this Section 17.7, shall include any Transfer Profit that resulted from the prior Transfer from Tenant to its Affiliate).

17.8. Special Occupants.

Tenant may permit portions of the Premises to be occupied, at any time and from time to time, by Persons who are not members, officers or employees of Tenant (each such Person who is permitted to occupy portions of the Premises pursuant to this Section 17.8 being referred to herein as a "Special Occupant"), without (x) Landlord's prior approval or consent, (y) Landlord's having the right to consummate a Recapture Termination or a Recapture Sublease in respect thereof, and (z) Tenant's being required to pay Transfer Profit to Landlord in connection therewith, provided that, in each case, (i) no demising walls are erected in the Premises

separating the space used by a Special Occupant from the remainder of the Premises, (ii) the Special Occupant uses the Premises in conformity with all applicable provisions of this Lease, (iii) the use of any portion of the Premises by any Special Occupant shall not create any right, title or interest of the Special Occupant in or to the Premises, (iv) no more than one (1) Special Occupant (in addition to Tenant) shall occupy the Premises or any portion thereof at any given time during the Term, (v) the portion of the Premises used by any such Special Occupant shall not exceed two (2) offices, (vi) such Person maintains a business relationship with Tenant (other than by virtue of such occupancy) and such business relationship extends during the term of such occupancy, (vii) the Special Occupant does not pay for its occupancy rights an amount greater than the Rental that is reasonably allocable to the portion of the Premises that the Special Occupant has the right to occupy, and (viii) at least ten (10) days prior to a Special Occupant taking occupancy of a portion of the Premises, Tenant gives notice to Landlord advising Landlord of (1) the name and address of such Special Occupant, (2) the character and nature of the business to be conducted by such Special Occupant, (3) the number of square feet of Rentable Area to be occupied by such Special Occupant, (4) the duration of such occupancy, and (5) the rent, if any, to be paid by such Special, Occupant for its use of the applicable portion of the Premises. Within ten (10) Business Days after request by Landlord from time to time, Tenant shall provide Landlord with a list of the names of all Special Occupants then occupying any portion of the Premises and a description of the spaces occupied thereby.

Article 18
LANDLORD'S RIGHT TO RELOCATE TENANT

18.1. Landlord's Rights.

(A) Subject to the terms of this Section 18.1, Landlord, at any time and from time to time during the Term, shall have the right to relocate Tenant from the Premises (the Premises from which Tenant is being relocated pursuant to this Section 18.1 being referred to herein as the "Old Premises") to other space in the Building (such other space being referred to as the "New Premises"; Landlord's aforesaid right to relocate Tenant from the Old Premises to the New Premises being referred to herein as the "Relocation Option").

(B) Landlord shall have the right to exercise the Relocation Option only by giving notice thereof (the "Relocation Notice") to Tenant not later than forty-five (45) days before the date that the aforesaid relocation becomes effective (the date that the relocation becomes effective being referred to herein as the "Relocation Date"). A Relocation Notice shall not be effective for purposes of this Section 18.1 unless Landlord includes therewith a floor plan identifying the New Premises. The New Premises shall (i) be comprised of Rentable Area equal to or greater than the Rentable Area of the Old Premises, and

(ii) be similar in configuration to the Old Premises. Landlord, at Landlord's expense, shall construct in the New Premises, not later than the Relocation Date, an interior installation that is as comparable as reasonably practicable to the interior installation that then exists in the Old Premises.

(C) Tenant shall cooperate reasonably with Landlord in connection with Landlord's designing and performing the construction of such interior installation in the New Premises. Such interior installation that Landlord constructs in the New Premises shall constitute the same Alterations and Specialty Alterations (as the case may be) as the corresponding Alterations and Specialty Alterations constituted in the Old Premises (from and after the date that Landlord completes the installation thereof in accordance with the terms of this Section 18.1). Tenant shall vacate the Old Premises and surrender vacant and exclusive possession of the Old Premises to Landlord on or before the Relocation Date, provided that Landlord has theretofore delivered vacant and exclusive possession of the New Premises to Tenant in accordance with the terms of this Section 18.1. Tenant shall not be required to remove any Alterations from the Old Premises by virtue of Landlord's exercise of the Relocation Option. Landlord shall reimburse Tenant for any reasonable moving expenses and for any other reasonable costs and expenses incurred by Tenant in so relocating to the New Premises from the Old Premises, within thirty (30) days after Tenant's request therefor and Tenant's submission to Landlord of reasonable supporting documentation therefor.

(D) From and after the Relocation Date, all references to the Premises herein shall mean the New Premises rather than the Old Premises.

(E) In the event that Landlord exercises the Relocation Option and delivers the Relocation Notice to Tenant, Tenant shall have the right to terminate this Lease ("Tenant's Termination Right"), effective as of the Relocation Date, by providing Landlord with notice within five (5) days of Tenant's receipt of the Relocation Notice from Landlord (time being of the essence). If Tenant exercises Tenant's Termination Right as provided in this Section 18.1(E), then Tenant, on the Relocation Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term and the Relocation Date shall be deemed the Expiration Date for purposes of this Lease.

Article 19
DEFAULT

19.1. Events of Default.

The term "Event of Default" shall mean the occurrence of any of the following events:

(A) Tenant fails to pay any installment of Fixed Rent when due and such failure continues for five (5) Business Days after the date that Landlord gives notice of such failure to Tenant; provided, however, that if (x) Tenant fails to pay any installment of Fixed Rent when due, (y) Tenant has theretofore failed to pay at least three (3) installments of Fixed Rent when due during the immediately preceding period of twelve (12) months, and (z) Landlord has theretofore given Tenant notice of Tenant's aforesaid failure to pay when due at least three (3) installments of Fixed Rent during such period of twelve (12) months, then Tenant's failure to pay such installment of Fixed Rent shall constitute an Event of Default (without Landlord's being required to first give Tenant notice of such failure and an opportunity to cure such failure, as aforesaid);

(B) Tenant fails to pay any installment of Rental (other than Fixed Rent) when due and such failure continues for five (5) Business Days after the date that Landlord gives notice of such failure to Tenant;

(C) Tenant's interest under this Lease (or the subtenant's interest under a sublease that Tenant consummates in accordance with the terms of Article 17 hereof) devolves upon or passes to any other Person, whether by operation of law or otherwise, except as expressly permitted under Article 17 hereof, and such Transfer is not reversed within ten (10) days after the date that such Transfer occurs;

(D) Tenant defaults in respect of Tenant's obligations under Section 4.8 hereof, and such default continues for more than three (3) Business Days after Landlord gives Tenant notice thereof;

(E) Tenant defaults in respect of Tenant's obligations under Section 7.5(A)(4) hereof, and such default continues for more than five (5) Business Days after Landlord gives Tenant notice thereof;

(F) if Tenant deposits the Letter of Credit with Landlord in accordance with the terms of Section 23.2 hereof, (i) Landlord presents the Letter of Credit for payment in accordance with the terms hereof, (ii) the issuer thereof fails to make payment thereon in accordance with the terms thereof, and (iii) either Tenant or such issuer fails to make such payment to Landlord within four (4) Business Days after the date that Landlord gives Tenant notice of such failure of such issuer;

(G) Tenant fails to deposit with Landlord any portion of the Cash Security Deposit that Landlord applies after the occurrence of an Event of Default as provided in Section 23.3 hereof or provide Landlord with a replacement Letter of Credit after Landlord presents the Letter of Credit for payment to apply the proceeds thereof after the occurrence of an Event of Default as provided in Section 23.3 hereof in either case within five (5) Business Days after the date that Landlord gives Tenant notice demanding that Tenant make such deposit or provide such replacement;

(H) Tenant defaults in the observance or performance of any other covenant of this Lease on Tenant's part to be observed or performed and Tenant fails to remedy such default within twenty (20) days after Landlord gives Tenant notice thereof, except that if (i) such default cannot be remedied with reasonable diligence during such period of thirty (30) days, (ii) Tenant takes reasonable steps during such period of thirty (30) days to commence Tenant's remedying of such default, and (iii) Tenant prosecutes diligently Tenant's remedying of such default to completion, then an Event of Default shall not occur by reason of such default; or

(I) the Premises are abandoned.

19.2. Termination.

If (1) an Event of Default occurs, and (2) Landlord, at any time thereafter, at Landlord's option, gives a notice to Tenant stating that this Lease and the Term shall expire and terminate on the third (3rd) Business Day after the date that Landlord gives Tenant such notice, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as of the third (3rd) Business Day after the date that Landlord gives Tenant such notice, and Tenant immediately shall quit and surrender the Premises, but Tenant shall nonetheless remain liable for all of its obligations hereunder, as provided in Article 21 hereof and Article 22 hereof.

Article 20
TENANT'S INSOLVENCY

20.1. Assignments pursuant to the Bankruptcy Code.

(A) The term "Bankruptcy Code" shall mean 11 U.S.C. Section 101 et seq., or any statute of similar nature and purpose.

(B) If Tenant, Tenant's trustee or Tenant as debtor-in-possession (each, an "Insolvency Party") proposes to assign the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code to any Person that has made a *bona fide* offer to accept an assignment of the tenant's interest under this Lease on terms acceptable to Tenant, then the Insolvency Party shall give to Landlord notice of such proposed assignment no later than twenty (20) days after the date that the Insolvency Party receives such offer, but in any event no later than ten (10) days before the date that the Insolvency Party makes application to a court of competent jurisdiction for authority and approval to consummate such assignment. Such notice given by the Insolvency Party to Landlord shall (a) set forth the name and address of such Person that has made such *bona fide* offer, (b) set forth all of the terms and conditions of such *bona fide* offer, and (c) confirm that such Person will provide to Landlord adequate assurance of future performance that conforms with the terms of Section 20.1(D) hereof. Landlord shall have the right to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the *bona fide* offer made by such Person (less any brokerage commissions that would otherwise be payable by the Insolvency Party out of the consideration to be paid by such Person in connection with such assignment of the tenant's interest under this Lease), by giving notice thereof to the Insolvency Party at any time prior to the effective date of such proposed assignment.

(C) Tenant shall pay to Landlord an amount equal to the reasonable Out-of-Pocket Costs that Landlord incurs in connection with Tenant's assignment of the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code, within thirty (30) days after Landlord's submission to Tenant of an invoice therefor that contains reasonable supporting documentation for the charges described therein.

(D) A Person that submits a *bona fide* offer to take by assignment the tenant's interest under this Lease as described in Section 20.1(B) hereof shall be deemed to have provided

Landlord with adequate assurance of future performance only if such Person (a) deposits with Landlord simultaneously with such assignee's taking by assignment the tenant's interest under this Lease an amount equal to the then annual Fixed Rent, as security for the faithful performance and observance by such assignee of the tenant's obligations of this Lease (and such Person gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, information reasonably satisfactory to Landlord that indicates that such Person has the ability to post such deposit), (b) gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, such Person's financial statements, audited by a certified public accountant in accordance with generally accepted accounting principles, consistently applied, for the three (3) fiscal years that immediately precede such assignment, that indicate that such Person has a tangible net worth of at least ten (10) times the then annual Fixed Rent for each of such three (3) years, and (c) gives to Landlord, at least five (5) days prior to the date that the proposed assignment becomes effective, such other information or takes such action that in either case Landlord, in its reasonable judgment, determines is necessary to provide adequate assurance of the performance by such assignee of the obligations of the tenant under this Lease; provided, however, that in no event shall such adequate assurance of future performance be less favorable to Landlord than the assurance contemplated by Section 365(b)(3) of the Bankruptcy Code (notwithstanding that this Lease may not be construed as a lease of real property in a shopping center).

(E) If Tenant's interest under this Lease is assigned to any Person pursuant to the provisions of the Bankruptcy Code, then any such assignee shall (x) be deemed without further act or deed to have assumed all the obligations of the tenant arising under this Lease from and after the date of such assignment, and (y) execute and deliver to Landlord upon demand an instrument confirming such assumption.

(F) Nothing contained in this Article 20 limits Landlord's rights against Tenant under Article 17 hereof.

20.2. Replacement Lease.

If (i) Tenant is not the Person that constituted Tenant initially, and (ii) either (I) this Lease is disaffirmed or rejected pursuant to the Bankruptcy Code, or (II) this Lease terminates by reason of occurrence of an Insolvency Event, then, subject to the terms of this Section 20.2, the Persons that constituted Tenant hereunder previously, including, without limitation, the Person that constituted Tenant initially (each such Person that previously constituted Tenant hereunder (but does not then constitute Tenant hereunder), and with respect to which Landlord exercises Landlord's rights under this Section 20.2, being referred to herein as a "Predecessor Tenant") shall (1) pay to Landlord the aggregate Rental that is then due and owing by Tenant to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (2) enter into a new lease, between Landlord, as landlord, and the Predecessor Tenant, as tenant, for the Premises, and for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Fixed Expiration Date, at the same Fixed Rent and upon the then executory terms that are contained in this Lease, except that (a) the Predecessor Tenant's rights under the new lease shall be subject to the possessory rights of Tenant under this Lease

and the possessory rights of any Person claiming by, through or under Tenant or by virtue of any statute or of any order of any court, and (b) such new lease shall require all defaults existing under this Lease to be cured by the Predecessor Tenant with reasonable diligence. Landlord shall have the right to require the Predecessor Tenant to execute and deliver such new lease on the terms set forth in this Section 20.2 only by giving notice thereof to Tenant and to the Predecessor Tenant within thirty (30) days after Landlord receives notice of any such disaffirmance or rejection (or, if this Lease terminates by reason of Landlord making an election to do so, then Landlord may exercise such right only by giving such notice to Tenant and the Predecessor Tenant within thirty (30) days after this Lease so terminates). If the Predecessor Tenant defaults in its obligation to enter into said new lease for a period of ten (10) days following Landlord's request therefor, then, in addition to all other rights and remedies by reason of such default, either at law or in equity, Landlord shall have the same rights and remedies against such Predecessor Tenant as if such Predecessor Tenant had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of such Predecessor Tenant's default thereunder.

20.3. Insolvency Events.

This Lease shall terminate automatically upon the occurrence of any of the following events:

(A) a Tenant Obligor commences or institutes any case, proceeding or other action (a) seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(B) a Tenant Obligor makes a general assignment for the benefit of creditors; or

(C) any case, proceeding or other action is commenced or instituted against a Tenant Obligor (a) seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, which in either of such cases (i) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect, and (ii) remains undismissed for a period of sixty (60) days; or

(D) any case, proceeding or other action is commenced or instituted against a Tenant Obligor seeking issuance of a warrant of attachment, execution, distraint or similar

process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(E) a Tenant Obligor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (A), (B), (C), or (D) above; or

(F) a trustee, receiver or other custodian is appointed for any substantial part of a Tenant Obligor's assets, and such appointment is not vacated or stayed within fifteen (15) Business Days (the events described in this Section 20.3 being collectively referred to herein as "Insolvency Events").

The term "Tenant Obligor" shall mean (a) Tenant, (b) any Person that comprises Tenant (if Tenant is comprised of more than one (1) Person), (c) any partner in Tenant (if Tenant is a general partnership), (d) any general partner in Tenant (if Tenant is a limited partnership), (e) any Person that has guarantied all or any part of the obligations of Tenant hereunder, and (f) any Person that previously constituted Tenant hereunder. If this Lease terminates pursuant to this Section 20.3, then (I) Tenant immediately shall quit and surrender the Premises, and (II) Tenant shall nonetheless remain liable for all of its obligations hereunder, as provided in Article 21 hereof and Article 22 hereof.

20.4. Effect of Stay.

Notwithstanding anything to the contrary contained herein, if (i) Landlord's right to terminate this Lease after the occurrence of an Event of Default, or the termination of this Lease upon the occurrence of an Insolvency Event, is stayed by order of any court having jurisdiction over an Insolvency Event, or by federal or state statute, (ii) the trustee appointed in connection with an Insolvency Event, or Tenant or Tenant as debtor-in-possession, fails to assume Tenant's obligations under this Lease on or prior to the earliest to occur of (a) the last day of the period prescribed therefor by law, (b) the one hundred twentieth (120th) day after entry of the order for relief, or (c) a date that is otherwise designated by the court, or (iii) said trustee, Tenant or Tenant as debtor-in-possession fails to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease as provided in Section 20.1(D) hereof, then Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on five (5) Business Days of advance notice to Tenant, Tenant as debtor-in-possession or said trustee, and, upon the expiration of said period of five (5) Business Days, this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession or said trustee shall immediately quit and surrender the Premises as aforesaid.

20.5. Rental for Bankruptcy Purposes.

Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, regardless of whether such amounts are expressly denominated as Rental, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code, and Tenant's payment obligations with respect thereto shall constitute obligations to be timely performed pursuant to Section 365(d) of the Bankruptcy Code.

Article 21
REMEDIES AND DAMAGES

21.1. Certain Remedies.

(A) If (x) an Event of Default occurs and this Lease and the Term expires and comes to an end as provided in Article 19 hereof, or (y) this Lease terminates as provided in Section 20.3 hereof, then:

(1) Tenant shall immediately quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may, without prejudice to any other remedy which Landlord may have, (a) re-enter the Premises or any part thereof, without notice, either by summary proceedings, or by any other applicable action or proceeding, or by lawful force (without being liable to indictment, prosecution or damages therefor), (b) repossess the Premises and dispossess Tenant and any other Persons from the Premises, and (c) remove any and all of their property and effects from the Premises; and

(2) Landlord, at Landlord's option, may relet the whole or any portion or portions of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Fixed Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine.

(B) Landlord shall have no obligation to relet the Premises or any part thereof and shall not be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting. Any such refusal or failure on Landlord's part shall not relieve Tenant of any liability under this Lease or otherwise affect any such liability. Landlord, at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

(C) In the event of a breach or threatened breach by Tenant, or any Persons claiming by, through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to (1) enjoin or restrain such breach, (2) invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not

provided in this Lease for such breach, and (3) seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease. The right to invoke the remedies hereinbefore set forth are cumulative and nonexclusive and shall not preclude Landlord from invoking any other remedy allowed at law or in equity.

21.2. No Redemption.

Tenant, on its own behalf and on behalf of all Persons claiming by, through or under Tenant, including all creditors, does hereby waive any and all rights which Tenant and all such Persons might have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (a) Tenant has been dispossessed by a judgment or by warrant of any court or judge, or (b) any re-entry by Landlord, or (c) any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination is by operation of law or pursuant to the provisions of this Lease. The words "re-enter," "re-entry" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings.

21.3. Calculation of Damages.

(A) If this Lease terminates by reason of the occurrence of an Event of Default or by reason of the occurrence of an Insolvency Event, then Tenant shall pay to Landlord, on demand, and Landlord shall be entitled to recover:

(1) all Rental payable under this Lease by Tenant to Landlord (x) to the date that this Lease terminates, or (y) to the date of re-entry upon the Premises by Landlord, as the case may be;

(2) the excess of (a) the Rental for the period which otherwise would have constituted the unexpired portion of the Term, over (b) the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of clause (2) of Section 21.1(A) hereof for any part of such period (such excess being referred to herein as a "Deficiency"), as damages (it being understood that (x) such net amount described in clause (b) above shall be calculated by deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease, Landlord's re-entry upon the Premises and such reletting, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, (y) any such Deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Rent or Tax Payment (as the case may be), and (z) Landlord shall be entitled to recover from Tenant each monthly Deficiency as it arises, and no suit to collect the amount of the Deficiency for any month shall prejudice Landlord's right to collect the Deficiency for any subsequent month by a similar proceeding); and

(3) regardless of whether Landlord has collected any monthly Deficiency as aforesaid, and in lieu of any further Deficiency, as and for liquidated and agreed final damages,

an amount equal to the excess (if any) of (a) the Rental for the period which otherwise would have constituted the unexpired portion of the Term (commencing on the date immediately succeeding the last date with respect to which a Deficiency, if any, was collected), over (b) the then fair and reasonable net effective rental value of the Premises for the same period (which is calculated by (X) deducting from the fair and reasonable rental value of the Premises the expenses that Landlord would reasonably expect to incur in reletting the Premises, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, and (Y) taking into account the time period that Landlord would reasonably require to consummate a reletting of the Premises to a new tenant), both discounted to present value at the Base Rate. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, have been relet by Landlord to any Person other than an Affiliate of Landlord for the period which otherwise would have constituted the

unexpired portion of the Term, or any part thereof, then the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value of the Premises (or the applicable part thereof) so relet during the term of the reletting.

(B) If the Premises, or any part thereof, are relet together with other space in the Building, then the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of this Section 21.3. Tenant acknowledges and agrees that in no event shall it be entitled to any rents collected or payable under any reletting, regardless of whether such rents exceed the Rental reserved in this Lease.

(C) Nothing contained in this Article 21 shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any applicable statute or rule of law, or of any sums or damages to which Landlord may be lawfully entitled in addition to the damages set forth in this Section 21.3.

Article 22
LANDLORD'S EXPENSES AND LATE CHARGES

22.1. Landlord's Costs.

(A) Tenant shall pay to Landlord an amount equal to the reasonable costs that Landlord incurs in instituting or prosecuting any legal proceeding against Tenant (or any other Person claiming by, through or under Tenant) to the extent that such legal proceeding derives from the occurrence of an Event of Default, together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such costs, within thirty (30) days after Landlord gives to Tenant an invoice therefor (it being understood that (x) Landlord shall have the right to collect such amount from Tenant as additional rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date, and (y) the amount that Landlord has the right to collect from Tenant under this Section 22.1(A) shall be adjusted appropriately to reflect the extent to which Landlord is successful in such legal proceeding).

(B) Tenant shall pay to Landlord an amount equal to the reasonable costs that Landlord incurs in defending successfully against a claim made by Tenant (or any other Person claiming by, through or under Tenant) against Landlord that relates to this Lease in a legal proceeding, together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such costs, within thirty (30) days after Landlord gives to Tenant an invoice therefor (it being understood that (x) Landlord shall have the right to collect such amount from Tenant as additional rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date, and (y) the amount that Landlord has the right to collect from Tenant under this Section 22.1(B) shall be adjusted appropriately to reflect the extent to which Landlord is successful in defending against such claim).

22.2. Interest on Late Payments.

If Tenant fails to pay any item of Rental on or prior to the date that such payment is due, then Tenant shall pay to Landlord, in addition to such item of Rental, as a late charge and as additional rent, an amount equal to interest at the Applicable Rate on the amount unpaid, computed from the date such payment was due to and including the date of payment. Nothing contained in this Section 22.2 limits Landlord's rights and remedies, by operation of law or otherwise, after the occurrence of an Event of Default.

Article 23
SECURITY

23.1. Security Deposit.

Subject to the terms of this Article 23, Tenant, on the date hereof, shall deposit with Landlord, as security for the performance of Tenant's obligations under this Lease, an amount in cash equal to One Hundred Seventy-Four Thousand Five Hundred Three Dollars and Thirty-Six Cents ($174,503.36) (the "Cash Security Deposit").

23.2. Letter of Credit.

Tenant, at any time during the Term, shall have the right to deliver to Landlord a "clean," unconditional, irrevocable and transferable letter of credit (the "Letter of Credit") that (i) is in the amount of the Cash Security Deposit, (ii) is in a form that is reasonably satisfactory to Landlord, (iii) is issued for a term of not less than one (1) year, (iv) is issued for the account of Landlord, (v) automatically renews for periods of not less than one (1) year unless the issuer thereof otherwise advises Landlord on or prior to the thirtieth (30th) day before the applicable expiration date, (vi) allows Landlord the right to draw thereon in part from time to time or in full, and (vii) is issued by, and drawn on, a bank that has a Standard & Poor's rating of at least "AA" (or, if Standard & Poor's hereafter ceases the publication of ratings for banks, a rating of a reputable rating agency as reasonably designated by Landlord that most closely approximates a Standard & Poor's rating of "AA" as of the date hereof) and that either (I) has an office in the city where the Building is located at which Landlord can present the Letter of Credit for payment, or (II) has an

office in the United States and allows Landlord to draw upon the Letter of Credit without presenting a draft in person (such as, for example, by submitting a draft by fax or overnight delivery service)(the aforesaid rating of the bank that issues the Letter of Credit being referred to herein as the "Bank Rating"). If Tenant gives notice to Landlord at least thirty (30) days before the date that Tenant delivers to Landlord the Letter of Credit, then Landlord shall deliver to Tenant, simultaneously with Tenant's delivery of the Letter of Credit to Landlord, the Cash Security Deposit (or the portion thereof that then remains unapplied in accordance with the terms of this Article 23). If Tenant does not give such notice to Landlord, then Landlord shall deliver to Tenant the Cash Security Deposit (or such portion thereof) on or prior to the thirtieth (30th) day after Tenant gives the Letter of Credit to Landlord.

23.3. Landlord's Rights.

If (i) an Event of Default occurs and is continuing, or (ii) Tenant fails to vacate the Premises and surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date, then Landlord may apply the whole or any part of the Cash Security Deposit or present the Letter of Credit for payment and apply the proceeds thereof, as the case may be, (i) to the payment of any Rental that then remains unpaid, or (ii) to any damages to which Landlord is entitled hereunder and that Landlord incurs by reason of such Event of Default or Tenant's aforesaid failure to vacate the Premises or surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date. If Landlord so applies any part of the Cash Security Deposit or the proceeds of the Letter of Credit, as the case may be, then Tenant, upon demand, shall deposit with Landlord the cash amount so applied or provide Landlord with a replacement Letter of Credit so that Landlord has the full amount of the required security at all times during the Term. If (x) Tenant deposits the Letter of Credit with Landlord as provided in Section 23.2 hereof, and (y) at any time the Bank Rating of the issuer of the Letter of Credit is less than "AA" (or, if Standard & Poor's hereafter ceases the publication of ratings for banks, the Bank Rating of the issuer of the Letter of Credit is less than a rating of a reputable rating agency as reasonably designated by Landlord that most closely approximates a Standard & Poor's rating of "AA" as of the date hereof), then Tenant shall deliver to Landlord a replacement Letter of Credit, issued by a bank that has a Bank Rating that satisfies the aforesaid requirement (and otherwise meets the requirements set forth in Section 23.2 hereof) within fifteen (15) days after the date that Landlord gives Tenant notice of such deficiency in such issuer's rating. If Tenant fails to deliver to Landlord such replacement Letter of Credit within such period of fifteen (15) days, then Landlord, in addition to Landlord's other rights at law, in equity or as otherwise set forth herein, shall have the right to present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 23). Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. Tenant shall not assign or encumber or attempt to assign or encumber the Cash Security Deposit. Nothing contained in this Section 23.3 limits Landlord's rights or remedies in equity, at law, or as otherwise set forth herein.

23.4. Return of Security.

Landlord shall return to Tenant the Cash Security Deposit (or the unapplied portion thereof, as the case may be) or the Letter of Credit (to the extent not theretofore presented for payment in accordance with the terms hereof), as the case may be, within thirty (30) days after Tenant performs all of the obligations of Tenant hereunder upon the expiration or earlier termination of the Term. Landlord's obligations under this Section 23.4 shall survive the expiration or earlier termination of the Term.

23.5. Transfer of Letter of Credit.

If Tenant gives the Letter of Credit to Landlord as contemplated by this Article 23, then Tenant, at Tenant's expense, shall cause the issuer thereof to amend the Letter of Credit to name a new beneficiary thereunder in connection with Landlord's assignment of Landlord's rights under this Lease to a Person that succeeds to Landlord's interest in the Real Property, promptly after Landlord's request from time to time.

23.6. Renewal of Letter of Credit.

If (i) Tenant delivers the Letter of Credit to Landlord as contemplated by this Article 23, and (ii) Tenant fails to provide Landlord with a replacement Letter of Credit that complies with the requirements of this Article 23 on or prior to the thirtieth (30^{th}) day before the expiration date of the Letter of Credit that is then expiring, then Landlord may present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 23). Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. Landlord also shall have the right to so present the Letter of Credit and so retain the proceeds thereof as security in lieu of the Letter of Credit at any time from and after the thirtieth (30th) day before the Expiration Date if the Letter of Credit expires earlier than the ninetieth (90th) day after the Expiration Date.

23.7. Reduction in Security Amount.

(A) Subject to the terms of this Section 23.7, Tenant shall have the right to reduce the amount of the Cash Security Deposit or the Letter of Credit, as the case may be, to One Hundred Thirty-Six Thousand Nine Hundred Eighteen Dollars and No Cents ($136,918.00) as of the date that is two (2) years after the Rent Commencement Date.

(B) Tenant shall have the right to request any such reduction only by giving notice thereof to Landlord at any time from and after the tenth (10th) day before the date that Tenant is entitled to such reduction. Tenant shall not be entitled to reduce the amount of the Cash Security Deposit or the Letter of Credit, as the case may be, if (I) an Event of Default has occurred and is continuing on the date that Tenant requests such reduction or the date that Landlord consummates such reduction, or (II) Landlord theretofore applied all or any portion of the security deposited hereunder. If Tenant requests and is entitled to any such reduction in

accordance with the terms of this Section 23.7, then Landlord shall release the appropriate amount from the Cash Security Deposit within ten (10) days after the date that Tenant makes such request or permit Tenant, at Tenant's expense, to amend or replace the Letter of Credit to reflect such reduction, as the case may be.

Article 24
END OF TERM

24.1. End of Term.

On the Expiration Date, Tenant shall quit and surrender to Landlord the Premises, vacant, broom-clean, in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and otherwise in compliance with the provisions hereof. Tenant expressly waives, for itself and for any Person claiming by, through or under Tenant, any rights which Tenant or any such Person may have under the

provisions of Section 2201 of the New York Civil Practice Law and Rules and of any successor law of like import then in force in connection with any holdover summary proceedings that Landlord institutes to enforce the provisions of this Article 24.

24.2. Holdover.

If vacant and exclusive possession of the Premises is not surrendered to Landlord on the Expiration Date, then Tenant shall pay to Landlord on account of use and occupancy of the Premises, for each month (or any portion thereof) during which Tenant (or a Person claiming by, through or under Tenant) holds over in the Premises after the Expiration Date, (i) for the first month (or portion thereof) of such holdover, an amount equal to one hundred fifty percent (150%) of the aggregate Rental that was payable under this Lease during the last month of the Term and (ii) for each month (or portion thereof) thereafter, an amount equal to two hundred percent (200%) of the aggregate Rental that was payable under this Lease during the last month of the Term. Landlord's right to collect such amount from Tenant for use and occupancy shall be in addition to any other rights or remedies that Landlord may have hereunder or at law or in equity (including, without limitation, Landlord's right to recover Landlord's damages from Tenant that derive from vacant and exclusive possession of the Premises not being surrendered to Landlord on the Expiration Date). Nothing contained in this Section 24.2 shall permit Tenant to retain possession of the Premises after the Expiration Date or limit in any manner Landlord's right to regain possession of the Premises, through summary proceedings or otherwise. Landlord's acceptance of any payments from Tenant after the Expiration Date shall be deemed to be on account of the amount to be paid by Tenant in accordance with the provisions of this Article 24.

Article 25
NO WAIVER

25.1. No Surrender.

(A) Landlord shall be deemed to have accepted a surrender of the Premises only if Landlord executes and delivers to Tenant a written instrument providing expressly therefor.

(B) No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the Expiration Date. The delivery of such keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises. If Tenant at any time desires to have Landlord sublet the Premises on Tenant's account, then Landlord or Landlord's agents are authorized to receive said keys for such purpose without releasing Tenant from any of Tenant's obligations under this Lease.

25.2. No Waiver by Landlord.

(A) Landlord's failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules, shall not be deemed to be a waiver thereof. The receipt by Landlord of Rental with knowledge of the breach of any covenant of this Lease by Tenant shall not be deemed a waiver of such breach.

(B) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Fixed Rent or other item of Rental herein stipulated shall be deemed to be other than on account of the earliest stipulated Fixed Rent or other item of Rental, or as Landlord may elect to apply such payment. No endorsement or statement on any check or any letter accompanying any check or payment as Fixed Rent or other item of Rental shall be deemed to be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Fixed Rent or other item of Rental or to pursue any other remedy provided in this Lease or otherwise available to Landlord at law or in equity.

(C) Landlord's failure during the Term to prepare and deliver any invoices, and Landlord's failure during the Term to make a demand for payment under any of the provisions of this Lease, shall not in any way be deemed to be a waiver of, or cause Landlord to forfeit or surrender, its rights to collect any item of Rental which may have become due during the Term (except to the extent otherwise expressly set forth herein). Tenant's liability for such amounts shall survive the expiration or earlier termination of this Lease (except to the extent otherwise expressly set forth herein).

(D) No provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing signed by Landlord.

25.3. No Waiver by Tenant.

(A) Tenant's failure to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease on Landlord's part to be performed, shall not be deemed to be a waiver. The payment by Tenant of any item of Rental or performance of any obligation of Tenant hereunder with knowledge of any breach by Landlord of any covenant of this Lease shall not be deemed a waiver of such breach, nor shall it prejudice Tenant's right to pursue any remedy against Landlord in this Lease provided or otherwise available to Tenant in law or in equity. No provision of this Lease shall be deemed to have been waived by Tenant, unless such waiver is in writing signed by Tenant.

(B) Tenant's failure during the Term to make a demand for payment under any of the provisions of this Lease shall not in any way be deemed to be a waiver of, or cause Tenant to forfeit or surrender, its rights to collect any amount which may have become due during the Term (except to the extent otherwise expressly set forth herein). Landlord's liability for such amounts shall survive the expiration or earlier termination of this Lease (except to the extent otherwise expressly set forth herein).

Article 26
JURISDICTION

26.1. Governing Law.

This Lease shall be construed and enforced in accordance with the laws of the State of New York.

26.2. Submission to Jurisdiction.

Tenant hereby (a) irrevocably consents and submits to the jurisdiction of any federal, state, county or municipal court sitting in the State of New York for purposes of any action or proceeding brought therein by Landlord against Tenant concerning any matters relating to this Lease, (b) irrevocably waives all objections as to venue and any and all rights it may have to seek a change of venue with respect to any such action or proceedings, (c) agrees that the laws of the State of New York shall govern in any such action or proceeding and waives any defense to any action or proceeding granted by the laws of any other country or jurisdiction unless such defense is also allowed by the laws of the State of New York, and (d) agrees that any final unappealable judgment rendered against it in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Tenant further agrees that any action or proceeding by Tenant against Landlord concerning any matters arising out of or in any way relating to this Lease shall be brought only in the State of New York, County of New York.

26.3. Waiver of Trial by Jury; Counterclaims.

(A) Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or for the enforcement of any remedy under any statute, emergency or otherwise.

(B) If Landlord commences any summary proceeding against Tenant, then Tenant shall not interpose any counterclaim of whatever nature or description in any such proceeding (except to the extent that applicable law precludes Tenant from asserting such counterclaim in another proceeding), and shall not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant. Nothing contained in this Section 26.3(B) limits Tenant's right to assert claims against Landlord in a separate proceeding.

Article 27
NOTICES

27.1. Addresses: Manner of Delivery.

Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications that a party desires or is required to give to the other party under this Lease shall (1) be in writing, (2) be deemed sufficiently given if (a) delivered by hand (against a signed receipt), (b) sent by registered or certified mail (return receipt requested), or (c) sent by a nationally-recognized overnight courier (with verification of delivery), and (3) be addressed in each case:

if to Tenant, at:

One Penn Plaza (Suite 3508)
New York, New York 10119

with a copy to:

Meister Seelig & Fein
140 East 45th Street
New York, New York 10017

Attn.: Matthew Kasindorf, Esq.

if to Landlord, at:

c/o Vornado Office Management LLC
888 Seventh Avenue
New York, New York 10019

Attn.: Daniel E. North

with a copy to:

Vornado Realty Trust
210 Route 4 East
Paramus, New Jersey 07652

Attn: Joseph Macnow

or to such other address or addresses as Landlord or Tenant may designate from time to time on at least ten (10) Business Days of advance notice given to the other in accordance with the provisions of this Article 27. Any such bill, statement, consent, notice, demand, request, or other communication shall be deemed to have been given (x) on the date that it is hand delivered, as aforesaid, or (y) three (3) Business Days after the date that it is mailed, as aforesaid, or (z) on the first (1st) Business Day after the date that it is sent by a nationally-recognized courier, as aforesaid. Any such bills, statements, consents, notices, demands, requests or other communications that the Person that is the property manager for the Building gives to Tenant in accordance with the terms of this Article 27 shall be deemed to have been given by Landlord (except that Landlord, at any time and from time to time, shall have the right to terminate or

suspend such property manager's right to give such bills, statements, consents, notices, demands, requests or other communications to Tenant by giving not less than five (5) days of advance notice thereof to Tenant).

Article 28
BROKERAGE

28.1. Broker.

Landlord and Tenant each represent to the other that it has not dealt with any broker, finder or salesperson in connection with this Lease other than Newmark & Company Real Estate, Inc., d/b/a Newmark Knight Frank (the "Broker"). Landlord shall pay Broker a commission pursuant to the terms of a separate agreement.

Article 29
INDEMNITY

29.1. Tenant's Indemnification of the Landlord Indemnitees.

(A) Subject to the terms of this Section 29.1, Tenant shall indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, from and against, all losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees

and expenses) that are incurred by a Landlord Indemnitee and that derive from a claim (a "Claim Against Landlord") made by a third party against such Landlord Indemnitee arising from or alleged to arise from:

(1) a wrongful act or wrongful omission of any Tenant Indemnitee during the Term (including, without limitation, claims that derive from a Permitted Party's conducting such Permitted Party's business in the Premises) (it being understood that Tenant shall not have responsibility under this clause (1) for any wrongful act or wrongful omission of a Recapture Subtenant);

(2) an event or circumstance that occurs during the Term in the Premises or in another portion of the Building with respect to which Tenant has exclusive use pursuant to the terms hereof (subject, however, to Landlord's rights of access under Article 9 hereof) (it being understood that Tenant's liability under this clause (2) shall not apply to the extent that Landlord exercises Landlord's rights under Section 17.3 hereof with respect to the Premises);

(3) the breach of any covenant to be performed by Tenant hereunder;

(4) a misrepresentation made by Tenant hereunder (including, without limitation, a misrepresentation of Tenant under Section 28.1 hereof);

(5) a Person with whom a Permitted Party has dealt making a claim for a leasing commission or other similar compensation in connection with a Transfer;

(6) Landlord's cooperating with Tenant as contemplated by Section 7.4(A) hereof.

Tenant shall not be required to indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, in either case as aforesaid, to the extent that it is finally determined that the negligence or wilful misconduct of a Landlord Indemnitee contributed to the loss or damage sustained by the Person making the Claim Against Landlord. Nothing contained in this Section 29.1 limits the provisions of Section 31.19 hereof.

(B) The term "Landlord Indemnitees" shall mean, collectively, Landlord, each Lessor, each Mortgagee and their respective partners, members, managers, shareholders, officers, directors, employees, trustees and agents.

(C) The term "Tenant Indemnitees" shall mean each Permitted Party and their respective partners, members, managers, shareholders, officers, directors, employees, trustees and agents.

(D) The parties intend that the Landlord Indemnitees (other than Landlord) shall be third-party beneficiaries of this Section 29.1.

29.2. Landlord's Indemnification of the Tenant Indemnitees.

(A) Subject to the terms of this Section 29.2, Landlord shall indemnify the Tenant Indemnitees, and hold the Tenant Indemnitees harmless, from and against, all losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) that are incurred by a Tenant Indemnitee and that derive from a claim (a "Claim Against Tenant") made by a third party against such Tenant Indemnitee arising from or alleged to arise from:

(1) the breach of any covenant to be performed by Landlord hereunder;

(2) a misrepresentation made by Landlord hereunder (including, without limitation, a misrepresentation of Landlord under Section 28.1 hereof);

(3) Landlord's failure to pay the Broker a commission or other compensation in connection herewith; or

(4) a wrongful act or wrongful omission of any Landlord Indemnitee (including, without limitation, a wrongful act or wrongful omission of the Person that has the right to occupy the Premises by virtue of Landlord's exercising Landlord's rights under Section 17.3 hereof).

Landlord shall not be required to indemnify the Tenant Indemnitees, and hold the Tenant Indemnitees harmless, in either case as aforesaid, to the extent that it is finally determined that the negligence or wilful misconduct of a Tenant Indemnitee contributed to the loss or damage sustained by the Person making the Claim Against Tenant.

(B) The parties intend that the Tenant Indemnitees (other than Tenant) shall constitute third-party beneficiaries of this Section 29.2.

29.3. Indemnification Procedure.

(A) If at any time a Claim Against Tenant is made or threatened against a Tenant Indemnitee, or a Claim Against Landlord is made or threatened against a Landlord Indemnitee, then the Person entitled to indemnity under this Article 29 (the "Indemnitee") shall give to the other party (the "Indemnitor") notice of such Claim Against Tenant or such Claim Against Landlord, as the case may be (the "Claim"); provided, however, that the Indemnitee's failure to provide such notice shall not impair the Indemnitee's rights to indemnity as provided in this Article 29 except to the extent that the Indemnitor is prejudiced materially thereby. Such notice shall state the basis for the Claim and the amount thereof (to the extent such amount is determinable at the time that such notice is given).

(B) The Indemnitor shall have the right to defend against the Claim using attorneys that the Indemnitor designates and that the Indemnitee approves (it being understood that (I) the Indemnitee shall not unreasonably withhold, condition or delay such approval, (II) the Indemnitee shall be deemed to have approved such attorneys if the Indemnitee fails to respond

within ten (10) days to the Indemnitor's request for approval, and (III) the attorneys designated by the Indemnitor's insurer shall be deemed approved by the Indemnitee for purposes hereof). The Indemnitor's failure to notify the Indemnitee of the Indemnitor's election to defend against the Claim within thirty (30) days after the Indemnitee gives such notice to the Indemnitor shall be deemed a waiver by the Indemnitor of its aforesaid right to defend against the Claim.

(C) Subject to the terms of this Section 29.3(C), if the Indemnitor elects to defend against the Claim pursuant to Section 29.3(B) hereof, then the Indemnitee may participate, at the Indemnitee's expense, in defending against the Claim. The Indemnitor shall have the right to control the defense against the Claim (and, accordingly, the Indemnitee shall cause its counsel to act accordingly). If there exists a conflict between the interests of the Indemnitor and the interests of the Indemnitee, then the Indemnitor shall pay the reasonable fees and disbursements of any counsel that the Indemnitee retains in so participating in the defense against the Claim. Except as otherwise provided in this Section 29.3(C), the Indemnitor shall not be required to pay the costs that Indemnitee otherwise incurs in engaging counsel to consult with Indemnitee in connection with the Claim.

(D) If the Claim is a Claim Against Landlord, then Landlord shall cooperate reasonably with Tenant in connection therewith. If the Claim is a Claim Against Tenant, then Tenant shall cooperate reasonably with Landlord in connection therewith.

(E) The Indemnitor shall not consent to the entry of any judgment or award regarding the Claim, or enter into any settlement regarding the Claim, except in either case with the prior approval of the Indemnitee (any such entry of any judgment or award regarding a Claim to which the Indemnitor consents, or any such settlement regarding a claim to which the Indemnitor agrees, being referred to herein as a "Settlement"). The Indemnitee shall not unreasonably withhold, condition or delay the Indemnitee's approval of a proposed Settlement, provided that (I) the Indemnitor pays, in cash, to the Person making the Claim, the entire amount of the Settlement contemporaneously with the Indemnitee's approval thereof (so that neither the Indemnitor nor the Indemnitee have any material obligations regarding the applicable Claim that remain executory from and after the consummation of the Settlement), or (II) the Person making the Claim releases the Indemnitee from any obligations owed to such Person pursuant to such Settlement that remain executory after the consummation thereof). If (x) the terms of the Settlement do not provide for the Indemnitor's making payment, in cash, to the Person making the Claim, the entire amount of the Settlement, contemporaneously with the Indemnitee's approval thereof (so that either the Indemnitor or the Indemnitee have any material obligations regarding the applicable Claim that remain executory from and after the consummation of the Settlement), (y) the Person making the Claim does not release the Indemnitee from any obligations owed to such Person pursuant to such Settlement that remain executory after the consummation thereof, and (z) the Indemnitee does not approve the proposed Settlement, then the Indemnitor's aggregate liability under this Article 29 for the Claim (including, without limitation, the costs incurred by the Indemnitor for legal costs and other costs of defense) shall not exceed an amount equal to the sum of (i) the aggregate legal costs and defense costs that the Indemnitor incurred to the date that the Indemnitor proposes such Settlement, (ii) the amount that the Indemnitor would have otherwise paid to the Person making the applicable Claim under the terms of the proposed Settlement, and (iii) the aggregate legal costs and defense costs that the Indemnitor would have reasonably expected to incur in consummating the proposed Settlement.

(F) If the Indemnitor does not elect to defend against the Claim as contemplated by this Section 29.3, then the Indemnitee may defend against, or settle, such claim, action or proceeding in any manner that the Indemnitee deems appropriate, and the Indemnitor shall be liable for the Claim to the extent provided in this Article 29.

Article 30
LANDLORD'S CONSENTS: ARBITRATION

30.1. Certain Limitations.

Subject to the terms of Section 30.2 hereof, Tenant hereby waives any claim against Landlord for Landlord's unreasonably withholding, unreasonably conditioning or unreasonably delaying any consent or approval requested by Tenant in cases where Landlord expressly agreed herein not to unreasonably withhold, unreasonably condition or unreasonably delay such consent or approval. If there is a determination that such consent or approval has been unreasonably withheld, unreasonably conditioned or unreasonably delayed, then (1) the requested consent or approval shall be deemed to have been granted, and (2) Landlord shall have no liability to Tenant for its refusal or failure to give such consent or approval. Tenant's sole remedy for Landlord's unreasonably withholding, conditioning or delaying consent or approval shall be as provided in this Article 30.

30.2. Expedited Arbitration.

(A) If (i) this Lease obligates Landlord to not unreasonably withhold, condition or delay Landlord's consent or approval for a particular matter, (ii) Landlord withholds, delays or conditions its consent or approval for such matter, and (iii) Tenant believes that Landlord did so unreasonably, then Tenant shall have the right to submit the issue of whether Landlord unreasonably withheld, delayed or conditioned such consent or approval to an Expedited Arbitration Proceeding only by giving notice thereof to Landlord on or prior to the thirtieth (30th) day after the date that Landlord denied or conditioned such consent or approval, or the thirtieth (30th) day after the date that Tenant claims that Landlord's delaying such consent or approval first became unreasonable, as the case may be.

(B) The sole decision to be made in the Expedited Arbitration Proceeding shall be whether Landlord unreasonably withheld, delayed or conditioned its consent with respect to the particular matter being arbitrated. If the decision in the Expedited Arbitration Proceeding is that Landlord unreasonably withheld, conditioned, or delayed consent with respect to such matter, then (i) Landlord shall be deemed to have consented to such matter, and (ii) Landlord shall execute and deliver documentation that is reasonably requested by Tenant to evidence such consent.

(C) The term "Expedited Arbitration Proceeding" shall mean a binding arbitration proceeding conducted in The City of New York under the Commercial Arbitration Rules of the American Arbitration Association (or its successor) and administered pursuant to the Expedited Procedures provisions thereof; provided, however, that with respect to any such arbitration, (i) the list of arbitrators referred to in Section E-5(b) shall be returned within five (5) Business Days from the date of mailing; (ii) the parties shall notify the American Arbitration Association (or its successor) by telephone, within four (4) Business Days, of any objections to the arbitrator appointed and, subject to clause (vii) below, shall have no right to object if the arbitrator so appointed was on the list submitted by the American Arbitration Association (or its successor) and was not objected to in accordance with Section E-4(b) as modified by clause (i) above; (iii) the notification of the hearing referred to in Section E-7 shall be four (4) Business Days in advance of the hearing; (iv) the hearing shall be held within seven (7) Business Days after the appointment of the arbitrator; (v) the arbitrator shall have no right to award damages or vary, modify or waive any provision of this Lease; (vi) the decision of the arbitrator shall be final and binding on the parties; and (vii) the arbitrator shall not have been employed by either party (or their respective Affiliates) during the period of three (3) years prior to the date of the Expedited Arbitration Proceeding. The arbitrator shall determine the extent to which each party is successful in such Expedited Arbitration Proceeding in addition to rendering a decision on the dispute submitted. If the arbitrator determines that one (1) party is entirely unsuccessful, then such party shall pay all of the fees of such arbitrator. If the arbitrator determines that both parties are partially successful, then each party shall be responsible for such arbitrator's fees only to the extent such party is unsuccessful (e.g., if Landlord is eighty percent (80%) successful and Tenant is twenty percent (20%) successful, then Landlord shall be responsible for twenty percent (20%) of such arbitrator's fees and Tenant shall be responsible for eighty percent (80%) of such arbitrator's fees).

Article 31
ADDITIONAL PROVISIONS

31.1. Tenant's Property Delivered to Building Employees.

Any Building employee to whom any property is entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agent with respect to such property.

31.2. Not Binding Until Execution.

This Lease shall not be binding upon Landlord or Tenant unless and until Landlord and Tenant have executed and unconditionally delivered a fully executed counterpart of this Lease to each other.

31.3. No Third Party Beneficiaries.

Landlord and Tenant hereby acknowledge that they do not intend for any other Person to constitute a third-party beneficiary hereof, except to the extent otherwise set forth herein.

31.4. Extent of Landlord's Liability.

(A) The obligations of Landlord under this Lease shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), (x) to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer and (y) to the extent such obligations accrue prior to the date of such sale, conveyance, assignment or transfer, provided that such transferee assumes or is deemed to have assumed by operation of law the obligations of Landlord under this Lease.

(B) The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord shall not be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder.

(C) The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Real Property and the proceeds thereof (including, without limitation, proceeds of a sale or refinancing of Landlord's interest in the Real Property, casualty insurance proceeds, and condemnation awards). Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and such proceeds thereof) in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

31.5. Extent of Tenant's Liability.

If Tenant is a corporation, limited partnership, limited liability partnership or limited liability company, then (i) the members, managers, limited partners, shareholders, directors, officers and principals, direct and indirect, comprising Tenant shall not be liable for the performance of Tenant's obligations

under this Lease, and (ii) Landlord shall look solely to Tenant to enforce Tenant's obligations hereunder.

31.6. Survival.

Subject to the terms hereof, Tenant's liability for all amounts that are due and payable to Landlord hereunder shall survive the Expiration Date.

31.7. Recording.

Tenant shall not record this Lease. Tenant shall not record a memorandum of this Lease. Landlord shall have the right to record a memorandum of this Lease. If Landlord submits to Tenant a memorandum hereof that is in reasonable form, then Tenant shall execute, acknowledge and deliver such memorandum promptly after Landlord's submission thereof to Tenant.

31.8. Entire Agreement.

This Lease contains the entire agreement between the parties and supersedes all prior understandings, if any, with respect thereto. This Lease shall not be modified, changed, or supplemented, except by a written instrument executed by both parties.

31.9. Counterparts.

This Lease may be executed in counterparts, it being understood that all such counterparts, taken together, shall constitute one and the same agreement.

31.10. Exhibits.

If any inconsistency exists between the terms and provisions of this Lease and the terms and provisions of the Exhibits hereto, then the terms and provisions of this Lease shall prevail.

31.11. Gender: Plural.

Wherever appropriate in this Lease, personal pronouns shall be deemed to include the other gender and the singular to include the plural.

31.12. Divisibility.

If any term of this Lease, or the application thereof to any Person or circumstance, is held to be invalid or unenforceable, then the remainder of this Lease or the application of such term to any other Person or any other circumstance shall not be thereby affected, and each term shall remain valid and enforceable to the fullest extent permitted by law.

31.13. Vault Space.

If (i) Tenant uses or occupies any vaults, vault space or other space outside the boundaries of the Real Property that in each case is located below grade, and (ii) such space is diminished by any Governmental Authority or by any utility company, then such diminution shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord.

31.14. Adjacent Excavation.

If an excavation is made upon land adjacent to the Building, or is authorized to be made, then Tenant, upon reasonable advance notice, shall grant to the Person causing or authorized to cause such excavation a license to enter upon the Premises for the purpose of doing such work as said Person deems necessary to preserve the Building from injury or damage and to support the same by proper foundations, without any claim for damages or indemnity against Landlord, or diminution or abatement of Rental. Landlord acknowledges that Landlord's right to access the Premises as provided in this Section 31.14 is subject to the provisions of Article 9 hereof.

31.15. Captions.

The captions are inserted only for convenience and for reference and in no way define, limit or describe the scope of this Lease or the intent of any provision thereof.

31.16. Parties Bound.

The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and, except as otherwise provided in this Lease, their assigns.

31.17. Authority.

(A) Tenant hereby represents and warrants to Landlord that (i) Tenant is duly organized and validly existing in good standing under the laws of Delaware, and possesses all licenses and authorizations necessary to carry on its business, (ii) Tenant has full power and authority to carry on its business, enter into this Lease and consummate the transaction contemplated by this Lease, (iii) the individual executing and delivering this Lease on Tenant's behalf has been duly authorized to do so, (iv) this Lease has been duly executed and delivered by Tenant, (v) this Lease constitutes a valid, legal, binding and enforceable obligation of Tenant (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Lease by Tenant will not cause or constitute a default under, or conflict with, the organizational documents of Tenant or any

agreement to which Tenant is a party, (vii) the execution, delivery and performance of this Lease by Tenant will not violate any Requirement, and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Tenant for the execution, delivery and performance of this Lease have been obtained or made.

(B) Landlord hereby represents and warrants to Tenant that (i) Landlord is duly organized and validly existing in good standing under the laws of New York, and possesses all licenses and authorizations necessary to carry on its business, (ii) Landlord has full power and authority to carry on its business, enter into this Lease and consummate the transaction contemplated by this Lease, (iii) the individual executing and delivering this Lease on Landlord's behalf has been duly authorized to do so, (iv) this Lease has been duly executed and delivered by Landlord, (v) this Lease constitutes a valid, legal, binding and enforceable obligation of Landlord (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Lease by Landlord will not cause or constitute a default under, or conflict with, the organizational documents of Landlord or any agreement to which Landlord is a party, (vii) the execution, delivery and performance of this Lease by Landlord does not violate any Requirement, and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Landlord for the execution, delivery and performance of this Lease have been obtained or made.

31.18. Rent Control.

If at the commencement of, or at any time or times during, the Term, the Rental reserved in this Lease is not fully collectible by reason of any Requirement, then Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord may reasonably request and as may be legally permissible to allow Landlord to collect the maximum rents which may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the amounts reserved therefor under this Lease). Upon the termination of such legal rent restriction prior to the expiration of the Term, (a) the Rental shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Lease for the periods following such termination, and (b) Tenant shall pay to Landlord, if legally permissible, an amount equal to the excess of (i) the items of Rental which would have been paid pursuant to this Lease but for such legal rent restriction, over (ii) the rents paid by Tenant to Landlord during the period or periods such legal rent restriction was in effect.

31.19. Consequential Damages.

Tenant shall have no liability for any consequential, indirect or punitive damages that Landlord suffers (it being understood, however, that nothing contained in this Section 31.19 limits Landlord's right to recover damages (x) as expressly provided in Section 21.3(A) hereof and in Section 24.2 hereof, or (y) for Tenant's failure to remove Specialty Alterations to the extent provided in Section 7.8 hereof). Landlord shall have no liability for any consequential, indirect or punitive damages that are suffered by Tenant or any Person claiming by, through or under Tenant.

31.20. Tenant's Advertising.

Tenant shall not use a picture, photograph or drawing of the Building (or a silhouette thereof) in Tenant's letterhead or promotional materials without Landlord's prior approval.

31.21. Specially Designated Nationals: Blocked Persons: Embargoed Persons.

(A) Tenant represents and warrants to Landlord that (a) Tenant and each person or entity directly or indirectly owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by, any Embargoed Person, (c) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (d) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by Requirements or that the Lease is in violation of Requirements, and (e)

Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by Requirements or Tenant is in violation of Requirements.

(B) Tenant covenants and agrees (a) to comply with all Requirements relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under the Lease and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.

(C) Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time during the Lease Term shall be an Event of Default under this Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be an Event of Default under this Lease.

This page constitutes the signature page to the Lease, dated as of the 30th day of September, 2007, between ONE PENN PLAZA LLC, as landlord, and OPHTHOTECH CORPORATION, as tenant, for certain space in the building known by the street address of One Penn Plaza, New York, New York 10119

IN WITNESS WHEREOF, Landlord and Tenant have duly executed and delivered this Lease as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., member

By: Vornado Realty Trust, general partner

By: 

Name: David R. Greenbaum

Title: President- New York Office Division

OPHTHOTECH CORPORATION, Tenant

By: 

Name: Samir Patel

Title: President & CEO

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF)

: ss.:

COUNTY OF)

On the day of , in the year 2007, before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF NEW JERSEY)

: ss.:

COUNTY OF MERCER)

On the 28th day of September, in the year 2007, before me, the undersigned, personally appeared Samir Patel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the Princeton, NJ. (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

(Signature and office of individual taking acknowledgement)

Exhibit “A”

Premises

[See Attached]

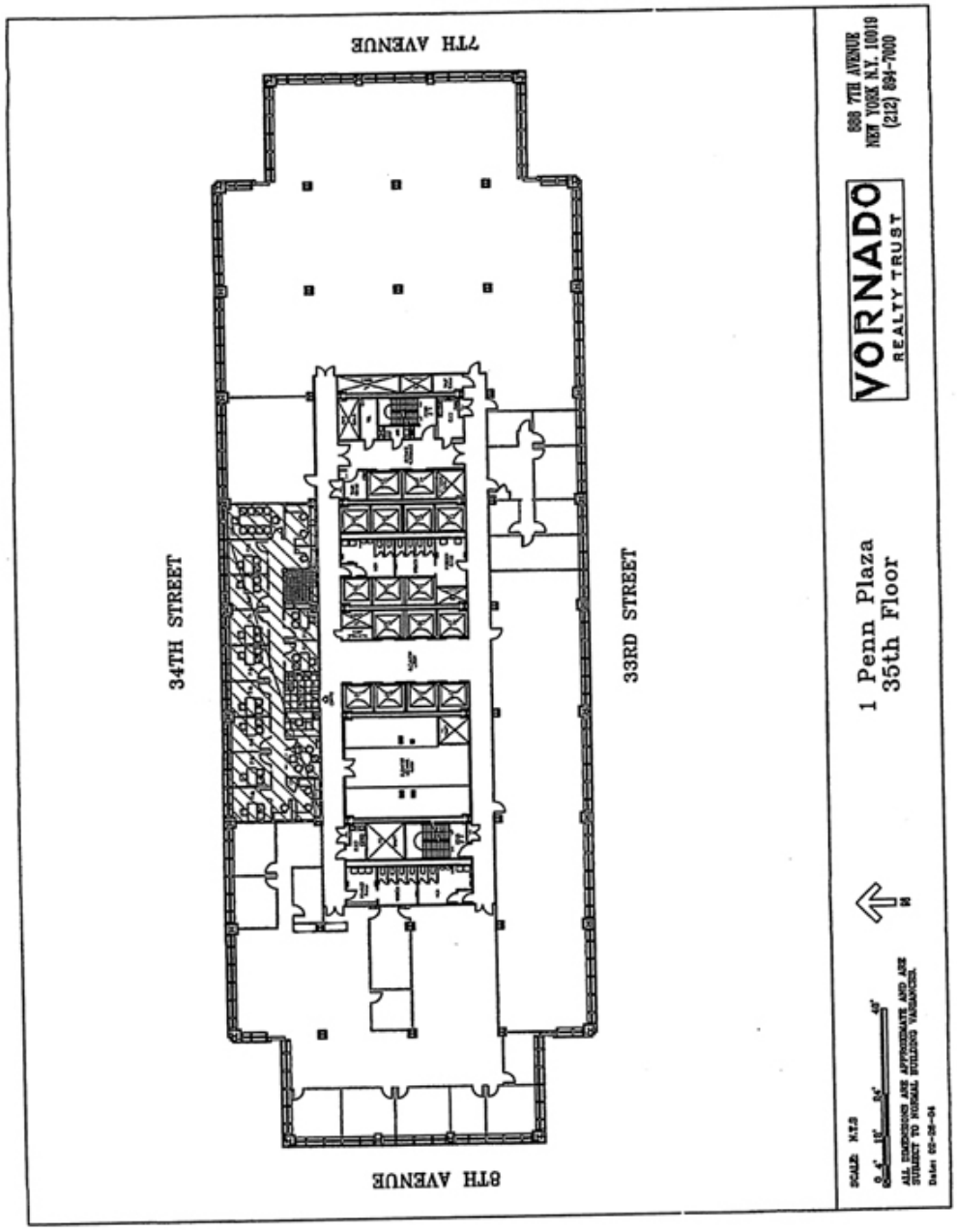

Exhibit “B”

List of Charges during Overtime Periods

[See Attached]

TENANT CHARGE PRICE LIST - Effective January 1, 2007

TYPE OF SERVICE	SERVICE COST
FREIGHT ELEVATOR	$ 80.00/hr*

** (min 4 hours on Sat, Sun & Holidays)*

ENGINEER	$	80.00/hr
PLUMBER	$	70.00/hr
ELECTRICIAN	$	70.00/hr
PORTER	$	50.00/hr
SECURITY GUARD	$	50.00/hr
Loading dock after hours		
DUMPSTERS		
Demo	$	65.00
Large	$	44.00
Small	$	22.00
20 Yard Container	$	985.00
30 Yard Container	$	1,150.00
LOCKSMITH	$	70.00/hr
key change (schlage)	*$*	*5.00*
medeco key	*$*	*10.00*
ACCESS CARD	$	25.00
DIRECTORY ADDITIONS (above Lease)	$	25.00
deletions/changes	$	4.00
ELEVATOR DIRECTORY STRIPS	$	25.00
AIR CONDITIONING		
all	$	1,202.00 per hour
upper (Floors 35-55)	$	801.00 per hour
middle (Floors 7-34)	$	655.00 per hour
lower (Floors 2-6)	$	645.00 per hour
VENTILATION		
all	$	502.00 per hour
upper (Floors 35-55)	$	346.00 per hour
middle (Floors 7-34)	$	371.00 per hour
lower (Floors 2-6)	$	371.00 per hour
HEATING		
all	$	998.00 per hour
upper (Floors 35-55)	$	537.00 per hour
middle (Floors 7-34)	$	537.00 per hour
lower (Floors 2-6)	$	620.00 per hour

All labor is charged with a half-hour minimum and does not include materials needed. All weekend labor is charged with a four (4) hour minimum.

Overtime freight elevator hours are before 8:00 AM and after 5:00 PM, Monday through Friday. **Please be advised that anytime the freight elevator is reserved for after business hours use, the Tenant will be charged for the freight elevator plus the security guard stationed in the loading dock.**

Other services can be requested. Wherever possible, we will obtain the service for you, at a charge. Also check your BMS brochure for additional cleaning service.

Exhibit “3.3”

Rules

1. Tenant shall not obstruct the common areas of the Building. Tenant shall not use the common areas of the Building for any purpose other than for the purpose that the applicable common area is used ordinarily.

2. Tenant shall not use any plumbing fixtures that are connected to Building Systems for any purpose other than the ordinary purpose for which such plumbing fixtures are installed.

3. Tenant shall not use the Premises in any manner that materially and unreasonably interferes with the use of any other portion of the Building for ordinary business purposes.

4. Tenant shall not at any time keep in the Premises any flammable, combustible or explosive substance, except for any such substances that are incidental to the use or maintenance of the Premises for ordinary office purposes or the performance of Alterations that are performed in accordance with the terms of this Lease.

5. Tenant shall not bring any bicycles, vehicles or animals of any kind (except for service animals) into the Premises or the Building.

6. Subject to Section 3.3 of the Lease, Tenant shall comply with the security procedures that Landlord reasonably adopts from time to time for the Building. Tenant acknowledges that Landlord’s security procedures may include, without limitation, (i) Landlord’s denying entry to the Building by any person who does not present a Building pass or who does not comply with Landlord’s procedures regarding the registration of visitors to the Building, and (ii) procedures governing the inspection of freight that arrives at the loading facilities for the Building.

7. Landlord shall have the right to require Tenant to (x) direct Persons who are delivering packages to the Premises to make delivery to an office in the Building that Landlord designates (in which case Landlord shall make arrangements for such packages to be delivered to Tenant using other

personnel that Landlord engages), or (y) arrange for such Persons to be escorted by a representative of Tenant while such Person makes delivery to the Premises.

8. Tenant shall subject to inspection by Landlord or Landlord's designee all items being brought into the Building by or on behalf of Tenant (including, without limitation, packages, boxes, bags, handbags, attaché cases, and suitcases). Landlord may refuse entry into the Building to any Person who refuses to cooperate with such inspection or who is carrying any item which has a reasonable likelihood of being dangerous to persons or property.

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9. Tenant, at Tenant's expense, shall operate its interior lights for the employees of Landlord during the period that such employees make repairs in the Premises or perform cleaning services in accordance with the terms of this Lease.

10. Tenant shall not canvass or solicit the other occupants of the Building. Tenant shall cooperate reasonably with Landlord in connection with Landlord's efforts to prevent any Person from canvassing, soliciting or peddling in the Building.

11. Tenant shall use in the Building only hand trucks and hand carts that in either case are equipped with rubber tires and side guards.

12. Tenant shall implement a policy that precludes its personnel from smoking in the Building and shall use reasonable efforts to enforce such policy.

Exhibit "4.4"

Cleaning Specifications

NIGHTLY (ON BUSINESS DAYS)

· Sweep hard-surfaced flooring in general office space using a dust-down preparation.

· Carpet sweep carpets in general office areas without moving heavy furniture (such as desks, file cabinets, computer stands, and sofas).

· Hand dust and wipe clean all furniture, fixtures and window sills in the general office areas that are within reach of the cleaning staff without ladders.

· Empty and clean waste receptacles in the general office areas and remove wastepaper.

· Dust the interior of waste receptacles in the general office areas.

· Wash clean water fountains and coolers in the general office areas.

· Sweep private stairways within the premises.

· Sweep and wash (using disinfectant) all floors in the base building lavatories that are located in the Building core.

· Wash and polish mirrors, shelves, bright work and enameled surfaces in the base building lavatories that are located in the Building core.

· Wash and disinfect basins, bowls and urinals in the base building lavatories that are located in the Building core.

· Wash toilet seats in the base building lavatories that are located in the Building core.

· Hand dust and clean all partitions, tile walls, dispensers and receptacles in the base building lavatories that are located in the Building core.

· Empty paper receptacles and remove wastepaper in the base building lavatories that are located in the Building core.

· Fill toilet tissue holders in the base building lavatories that are located in the Building core.

· Empty and clean sanitary disposal receptacles in the base building lavatories that are located in the Building core.

WEEKLY

· Vacuum clean carpeting and rugs in the general office areas without moving heavy furniture (such as desks, file cabinets, computer stands, and sofas).

· Dust door louvres and other ventilating louvres that are within reach of the cleaning staff without ladders.

· Wipe clean bright work.

QUARTERLY

· High dust the Premises, including the following:

- Dust pictures, frames, charts, graphs and similar wall hangings that are not reached in nightly or weekly cleaning.
- Dust clean vertical surfaces, such as walls, partitions, doors and door bucks and other surfaces not reached in nightly or weekly cleaning.
- Dust pipes, ventilating and air-conditioning louvers, ducts, high moldings and other high areas not reached in nightly or weekly cleaning.
- Dust Venetian blinds.

ADDITIONAL SERVICES

- Wash the exterior of windows periodically, subject to weather conditions and Requirements.

Tom Biancardi

From: Panzirer, Craig [CPanzirer@vno.com]

Sent: Tuesday, March 12, 2013 4:10 PM

To: Tom Biancardi

Subject: 1 Penn Plaza Lease

Tom-

Per our conversation, we will continue to let Ophthotech remain month to month tenant for the next few months. As I said to you recently, we would like to finalize your plans in the next couple of weeks.

Please call me with any questions.

Thanks
CP

Craig Panzirer
Senior Vice President — Leasing
Vornado Realty Trust
888 Seventh Avenue — 44th Floor
New York, NY 10019
Telephone 212-894-7438
Fax 212-894-7483
cpanzirer@vno.com

AMENDMENT OF LEASE

THIS AMENDMENT OF LEASE, made as of the 30th day of August, 2013 (this "Amendment"), by and between ONE PENN PLAZA LLC, a New York limited liability company, having an office c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019 ("Landlord"), and OPHTHOTECH CORPORATION, a Delaware corporation, having an office at One Penn Plaza, New York, New York 10019 ("Tenant").

WITNESSETH:

WHEREAS, by Lease, dated as of September 30, 2007 (the "Original Lease"), between Landlord and Tenant, Landlord did demise and let unto Tenant and Tenant did hire and take from Landlord, a portion of the rentable area located on the thirty-fifth (35th) floor of the building known by the street address of One Penn Plaza, New York, New York (the "Building"), as more particularly described therein (the "Original Premises");

WHEREAS, the Original Lease was amended and modified by a letter agreement, dated as of September 28, 2012 (as so amended, the "Lease"), between Landlord and Tenant;

WHEREAS, the term of the Lease expired on October 31, 2012 (the "Prior Expiration Date"):

WHEREAS, from and after the Prior Expiration Date, Tenant continued to occupy and use and as of the date hereof, continues to occupy and use the Original Premises on a month-to-month basis in accordance with the terms of the Lease; and

WHEREAS, (x) Tenant desires surrender the Original Premises to Landlord and Landlord has agreed to accept the surrender thereof on the terms and conditions more particularly set forth herein, (y) Landlord desires to let unto Tenant and Tenant desires to hire and take from Landlord, a portion of the nineteenth (19th) floor of the Building, as more particularly shown on the floor plan attached hereto as Exhibit "A" and made a part hereof (the "New Premises"), and (z) Landlord and Tenant desire to extend the term of the Lease and to otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.

2. Surrender.

(A) On or prior to the date which is ten (10) days after the New Premises Commencement Date (as hereinafter defined) (the date which is ten (10) days after the New Premises Commencement Date, the "Surrender Date"), Tenant shall vacate, quit and surrender to Landlord possession of the Original Premises, vacant, broom clean, free of all liens, encumbrances, tenancies and occupancies, with all of Tenant's Property and any property of any subtenant or other occupant removed therefrom and otherwise in the condition required by the Lease, as if the Surrender Date were the Fixed Expiration Date set forth in the Lease with respect to the Original Premises only, and, to the intent and purpose that the term of the Lease with respect to the Original Premises only, be wholly merged and extinguished effective as of the Surrender Date, Tenant hereby gives, grants and surrenders all of its right, title and interest in, to and under the Lease with respect to the Original Premises only, to Landlord. If possession of the Original Premises is not surrendered to Landlord on or prior to the Surrender Date, the provisions of Article 24 of the Lease shall be applicable to such holdover by Tenant. Nothing contained in this Paragraph 2(A) shall permit Tenant to retain possession of the Original

Premises or limit in any manner Landlord's right to regain possession of the Original Premises, through summary proceedings or otherwise. The provisions of this Paragraph 2(A) shall survive the surrender of the Original Premises and the Surrender Date.

(B) Tenant covenants, represents and warrants to Landlord that (i) Tenant is the sole and present tenant under the Lease and Tenant has not assigned, conveyed, encumbered, pledged, sublet or otherwise transferred, in whole or in part, its interest in the Lease or the Original Premises, nor shall Tenant do any of the foregoing prior to the Surrender Date, (ii) there are no persons or entities claiming under Tenant, or who or which may claim under Tenant, any rights with respect to the Original Premises, nor shall Tenant permit any such claim to arise prior to the Surrender Date, (iii) Tenant has the right, power and authority to execute and deliver this Amendment and to perform Tenant's obligations hereunder and (iv) this Amendment is a valid and binding obligation of Tenant enforceable against Tenant in accordance with the terms hereof. The foregoing covenants, representations and warranties shall survive the surrender of the Original Premises and the Surrender Date.

(C) Subject to the terms of Paragraph 2(A) hereof, (x) any and all provisions of the Lease which impose obligations on Tenant to pay Fixed Rent and Escalation Rent with respect to the Original Premises only, shall cease as of the New Premises Commencement Date; provided, however, that such payments shall be apportioned as of such date, and the obligation to pay any such amounts shall survive the surrender of the Original Premises and the Surrender Date and (y) any and all provisions of the Lease which impose obligations on Tenant to pay any other items of Rental with respect to the Original Premises only, shall cease as of the Surrender Date; provided, however, that such payments shall be apportioned as of such date, and the obligation to pay any such amounts shall survive the surrender of the Original Premises and the Surrender Date. Nothing contained herein shall be deemed to relieve Tenant from Tenant's obligation to pay Rental with respect to the New Premises as set forth in Paragraph 5(A) hereof.

(D) Effective as of Surrender Date, Tenant hereby releases and relieves Landlord and its successors and assigns from and against any and all actions, causes of action, suits, controversies, damages, judgments, claims and demands whatsoever, at law or in equity, of every kind and nature whatsoever arising out of, or in connection with, the Original Premises or the Lease with respect to the Original Premises only.

(E) Provided that Tenant has complied with all of the terms and conditions of this Amendment (other than those obligations which by the terms of this Amendment are to be performed after the Surrender Date), Landlord, on the Surrender Date, shall accept Tenant's surrender of the Original Premises and, effective as of the Surrender Date, except as otherwise set forth in this Amendment, hereby releases and relieves Tenant and its respective successors and assigns from and against all claims, obligations and liabilities of every kind and nature whatsoever thereafter arising out of or in connection with the Original Premises and the Lease with respect to the Original Premises only, relating to the period from and after the Surrender Date. Notwithstanding the foregoing, Tenant shall not be released from any covenant, representation or warranty contained in this Amendment and the Lease, which by the terms of this Amendment or the Lease is specifically stated to survive the Surrender Date, the surrender of the Original Premises, or the expiration of the Lease.

(F) Landlord and Tenant shall each complete, execute and deliver, within seven (7) days after request by either party of the other party, any questionnaire, affidavit or document with respect to the tax imposed by Title 11, Chapter 21 of the New York City Administrative Code (the "City Transfer Tax") and Article 31 of the Tax Law of the State of

New York (the "State Transfer Tax"), required to be completed, executed and delivered by Landlord and Tenant with respect to the transactions contemplated by this Amendment. The provisions of this Paragraph 2(F) shall survive the Surrender Date and the surrender of the Original Premises.

(G) Landlord and Tenant, each upon request of the other party, at any time and from time to time hereafter and without further consideration, shall execute, acknowledge and deliver to the other any instruments or documents, or take such further action, as shall be reasonably requested or as may be necessary to more effectively assure the vacation, quitting and surrender of the Original Premises and the full benefits intended to be created by this Amendment.

3. New Premises. (A) From and after the date on which Landlord delivers vacant and exclusive possession of the New Premises to Tenant with Landlord's New Work (as hereinafter defined) Substantially Complete (such date, the "New Premises Commencement Date"). Landlord leases to Tenant, and Tenant hires from Landlord, the New Premises upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the New Premises Commencement Date until the Surrender Date, all references in the Lease to the Premises shall be deemed to mean, collectively, the Original Premises and the New Premises, and from and after the Surrender Date, all references in the Lease to the Premises shall be deemed to mean the New Premises only, for all purposes of the Lease, as amended hereby.

(B) If the New Premises Commencement Date does not occur on or prior to May 1, 2014, as such date may be extended by periods of Unavoidable Delays (as hereinafter defined), Tenant New Work Delays and/or delays in connection with items of Long Lead Work

(May 1, 2014, as such date may be so extended, the "Outside Date"), then from and after the Outside Date, Tenant, shall have the right to terminate the Lease by giving Landlord notice of such termination by the tenth (10th) day after the Outside Date (the tenth (10th) day after the Outside Date, the "Termination Notice Deadline"), time being of the essence with respect thereto, which notice shall state in bold capital letters the following: **"TENANT SHALL TERMINATE THE LEASE EFFECTIVE AS OF THE NINETIETH (90th) DAY FOLLOWING THE TERMINATION NOTICE DEADLINE, UNLESS LANDLORD SHALL DELIVER VACANT AND EXCLUSIVE POSSESSION OF THE NEW PREMISES TO TENANT WITH LANDLORD'S NEW WORK SUBSTANTIALLY COMPLETE ON OR PRIOR TO THE FIFTH (5th) BUSINESS DAY FOLLOWING THE TERMINATION NOTICE DEADLINE"** and if the Tenant delivers such notice to Landlord in accordance with the terms hereof, and the New Premises Commencement Date shall not occur on or prior to the fifth (5th) Business Day after the Termination Notice Deadline, then the Lease shall be deemed terminated effective as of the ninetieth (90th) day following the Termination Notice Deadline and shall be of no force and effect except for obligations expressly surviving the Expiration Date. The foregoing shall be the only remedy available to Tenant in the event that the New Premises Commencement Date does not occur by the Outside Date. As used herein the term "Unavoidable Delays" shall mean collectively, any cause beyond Landlord's reasonable control, including, without limitation, strikes, labor troubles, acts of terrorism, the occurrence of an act of God, the impact of Requirements or the failure of the Building Systems.

4. Lease Term. The Term is hereby extended on all of the same terms and conditions set forth in the Lease, as hereinafter modified, so that the Term shall expire at 11:59 PM on the day immediately preceding the sixth (6th) anniversary of the New Premises Rent

Commencement Date (as hereinafter defined) (the day immediately preceding the sixth (6th) anniversary of the New Premises Rent Commencement Date, the "New Expiration Date"), unless it shall sooner expire pursuant to any of the terms, covenants or conditions of the Lease, as amended by this Amendment, or pursuant to law. Accordingly, the New Expiration Date shall be deemed the Fixed Expiration for all purposes of the Lease, as amended hereby. The foregoing shall not be deemed to modify the provisions of Paragraph 2 hereof.

5. Modification of Lease. From and after the New Premises Commencement Date, the Lease with respect to the New Premises only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) Three Hundred Ninety-Eight Thousand Nine Hundred Forty-Three and 00/100 Dollars ($398,943.00) per annum for the period commencing on the New Premises Commencement Date and ending on the day immediately preceding the date which is the third (3rd) anniversary of the New Premises Rent Commencement Date (as hereinafter defined) ($33,245.25 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the New Premises Commencement Date and ending on the New Premises Rent Commencement Date shall be abated. The term "New Premises Rent Commencement Date" shall mean the date which is sixty (60) days after the New Premises Commencement Date; and

(ii) Four Hundred Thirty-Three Thousand Nine Hundred Thirty-Eight and 00/100 Dollars ($433,938.00) per annum for the period commencing on the third (3rd) anniversary of the New Premises Rent Commencement Date and ending on the New Expiration Date ($36,161.50 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The term "Rental" (as such term is defined in Section 1.2(B) of the Lease) shall mean, collectively, the Fixed Rent, the Tax Payment, the Operating Expense Payment (as such term is defined in new Section 2.5(E) of the Lease, as set forth on Exhibit "B" attached hereto and made a part hereof), additional rent payable by Tenant to Landlord under the Lease as amended hereby, and all other amounts payable by Tenant to Landlord under the Lease, as amended hereby.

(C) The term "Rentable Area" (as such term is defined in Section 1.6(J) of the Lease) shall mean, with respect to a particular floor area, the area thereof (expressed as a particular number of square feet), as determined in accordance with the standards that the parties used to calculate that the area of the New Premises is six thousand nine hundred ninety-nine (6,999) square feet in the aggregate.

(D) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the average of the Taxes payable during the Base Tax Year.

(E) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the period consisting of two (2) fiscal years which commences on July 1, 2013 and ends on June 30, 2015 (it being understood that the Tax Payment shall be due with respect to each Tax Year following the first Tax Year in the Base Tax Year).

(F) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, two thousand eight hundred seventy-seven ten-thousandths percent (0.2877%), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(G) The following shall be deemed added to the Lease as a new Section 3.8 thereto:

"3.8 Risers.

Subject to the terms of this Section 3.8. Landlord hereby consents to Tenant's installing and maintaining electrical lines, telecommunications lines, or other similar lines, and conduits (collectively, the "Risers") in the shaft locations shown on Exhibit "C" attached to that certain Amendment of Lease, dated as of August 30, 2013 (the "Amendment"), between Landlord and Tenant and made a part thereof (the "Designated Shaftway"). Landlord shall provide Tenant with reasonably necessary access in accordance with good construction practice for the installation, operation and maintenance of the Risers, provided that such access shall (i) not unreasonably interfere with or interrupt the operation and maintenance of the Building, and (ii) be upon such other terms reasonably designated by Landlord. Tenant shall install the Risers at Tenant's expense. Tenant shall perform such installation in accordance with the provisions of this Lease, including, without limitation, the provisions pertaining to the performance of Alterations. If Tenant exercises Tenant's right to install the Risers as contemplated by this Section 3.8, then Tenant, at Tenant's expense, shall maintain the Risers in good condition during the Term. Landlord, at Landlord's cost and expense and at no cost to Tenant, and upon reasonable prior notice to Tenant of not less than ninety (90) days, may, at any time and from time to time during the Term, relocate any of the Risers; provided, however, that (i) Landlord shall perform such relocation in a manner that does not interfere with the operation of Tenant's business in any material respect during ordinary business hours or Business Days, and (ii) if Landlord's aforesaid relocation of any Risers would interfere in any respect with a system that Tenant uses on a continuous basis for the conduct of Tenant's business, then Landlord, prior to removing such Risers, shall install and make operative new Risers and cooperate with Tenant to enable Tenant to maintain the continuous operation of such systems. Tenant, upon the Expiration Date, shall not be required to remove the Risers."

(H) Section 5.1 of the Lease is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"5.1 Capacity.

Landlord shall provide to the electrical closet on the nineteenth (19^{th}) floor of the Building for Tenant's use in the Premises, six (6) watts of electrical capacity (demand load) per square foot of Usable Area (exclusive of the electrical capacity

that is required to operate the Building Systems) (such electrical capacity being referred to herein as the "Base Electrical Capacity"). Tenant, during the Term, shall use electricity in the Premises only in such manner that complies with the requirements of the Utility Company. Tenant shall not permit the demand for electricity in the Premises to exceed the Base Electrical Capacity. The term "Usable Area" shall mean, with respect to a particular floor area, the usable area thereof (expressed as a particular number of square feet), as determined in accordance with The Recommended Method of Floor Measurement of Office Buildings, Effective January 1, 1987, as published by The Real Estate Board of New York, Inc."

(I) Pursuant to terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the New Premises and the provisions of Section 5.4 of the Lease, as amended hereby, shall be deemed applicable with respect to the New Premises from and after the New Premises Effective Date. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) shall not be applicable to the New Premises from and after the New Premises Effective Date. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the New Premises simultaneously with the performance of Landlord's New Work (as hereinafter defined); it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the New Premises simultaneously with the performance of Landlord's New Work, Landlord and Tenant shall cooperate with each other in good faith to coordinate the installation of such submeter or such submeters with Tenant's performance of the Initial Alterations in the New Premises.

(J) Section 5.4 of the Lease is hereby amended and modified to:

(i) delete from Section 5.4(B) thereof, the percentage "one hundred four percent (104%)" and to insert the percentage "one hundred seven percent (107%)" in lieu thereof;

(ii) insert in clause (ii) of Section 5.4(G) thereof, immediately after the words "installing a submeter or submeters in the Premises", the words "or prior to the date on which such submeter or submeters become operational";

(iii) delete from Section 5.4(G) thereof, the amount of "$.0045" therefrom and insert the amount of "$.0041" in lieu thereof;

(iv) insert in clause (ii) of Section 5.4(H) thereof, immediately after the words “installing a submeter or submeters in the Premises”, the words “or prior to the date on which such submeter or submeters become operational”; and

(v) delete from Section 5.4(H) thereof, the amount of “$.0089” and insert the amount of “$.0041” in lieu thereof.

(K) Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease shall be deemed amended and modified to insert after the words “the Tax Payment” in each section thereof, the words “and the Operating Expense Payment (as such term is defined in Section 2.5 hereof, as set forth in Exhibit “B” attached to the Amendment and made a part thereof), between Landlord and Tenant)” except that the language in the parenthetical shall only be added the first time such language is inserted into the Lease.

(L) Section 21.3(A)(2) of the Lease shall be deemed amended and modified to insert after the words “or Tax Payment” in the twelfth (12th) line thereof, the words “or Operating Expense Payment” in lieu thereof.

(M) The provisions set forth on Exhibit “B” attached hereto and made a part hereof are hereby added to the Lease as new Sections 2.5, 2.6, 2.7, 2.8 and 2.9 thereof.

6. Modification of Lease from and after the date hereof. From and after the date hereof, the Lease is hereby amended and modified as follows:

(A) The definition of the term “Taxes”, as such term is defined in Section 2.1(E) of the Lease, is hereby amended and modified to:

(i) delete the word “and” at the end of clause (i) in the first (1st) sentence thereof;

(ii) insert the word “, fees” after the words “any taxes” at the beginning of clause (ii) in the first (1st) sentence thereof; and

(iii) insert the following words at the end of the first (1st) sentence thereof:”, and (iii) any taxes, fees and assessments that are levied based on the extent of Landlord’s or the Building’s use of water or energy.”

(B) Section 3.2 of the Lease is hereby amended and modified to:

(i) delete the word “or” at the end of subsection (4) thereof;

(ii) delete the period from the last line of subsection (5) thereof and insert a semi colon followed by the word “; or” in lieu thereof; and

(iii) insert the following as a new subsection (6) thereof:

“(6) for any pornographic or obscene purpose, any commercial sex establishment, any pornographic, obscene, nude or semi-nude performances, modeling or sexual conduct of any kind.”

(C) Section 7.4(B) is hereby deleted in its entirety and the following is deemed inserted in lieu thereof:

“Prior to performing any Alteration, Tenant shall maintain on behalf of its contractors (of any tier) and vendors or cause its contractors (of any tier) and vendors to maintain (1) worker’s compensation and disability insurance in amounts not less than the statutory limits required by Requirements (covering all persons to be employed by Tenant, and Tenant’s contractors, subcontractors, and vendors in connection with such Alteration); (2) commercial general liability insurance (covering bodily injury including death, personal injury and property damage), in each case in customary form, and in amounts that are not less than Five Million Dollars ($5,000,000) per occurrence and in the annual policy aggregate with respect to general contractors and Three Million Dollars ($3,000,000) per occurrence and in the annual policy aggregate with respect to

subcontractors, such policies shall be endorsed to name the Landlord Indemnitees as additional insureds; it being understood that the foregoing insurance shall be required in addition to Tenant’s Liability Policy; and (3) commercial auto liability insurance, if the contractor or vendor uses a vehicle at the Real Property, covering all vehicles with a minimum combined single limit of One Million Dollars ($1,000,000). A contractor’s or vendor’s liability shall in no way be limited by the amount of insurance recovery or the amount of insurance in force, or available, or required by any provisions of this Lease. The limits listed above are minimum requirements only. Tenant shall include in any agreement that Tenant consummates with a contractor or vendor in either case for a particular Alteration, and Tenant shall cause any contractor to include in any agreement that such contractor consummates with a subcontractor regarding the applicable Alteration, a provision pursuant to which the contractor, subcontractor or vendor agrees to indemnify the Landlord Indemnitees, and hold the Landlord Indemnitees harmless, from and against, any Claim Against Landlord that arises from any wrongful act or wrongful omission of such contractor, such subcontractor or such vendor, and such provision shall state expressly that the Landlord Indemnitees constitute third-party beneficiaries thereof. Prior to the start of any such Alterations and prior to the expiration of any policy, Tenant shall deliver to Landlord certificates of insurance (on a form reasonably acceptable to Landlord) along with copies of endorsements naming Landlord Indemnitees as additional insureds. The liabilities of any contractor or vendor shall survive and not be terminated, reduced or otherwise limited by any expiration or termination of such insurance coverage. Neither approval nor failure to disapprove insurance furnished by the contractor or vendor shall relieve the contractor, its subcontractors or vendors from responsibility to provide insurance as required herein.”

(D) Section 7.10 of the Lease is hereby amended and modified to insert the following at the end thereof:

“If Tenant requests during the Term that Landlord coordinate and supervise any Alterations then Landlord shall do so for an arm’s length fee agreed to by Landlord and Tenant.”

(E) Section 11.1(A) of the Lease is hereby amended and modified to (i) delete the word "and" from the fourth (4th) line thereof and (ii) insert after the word "Premises" and before the period on the sixth (6th) line thereof, the words "and (iv) Local Law No. 88 of the City of New York".

(F) Sections 17.4(J) and (K) of the Lease are hereby amended and modified to insert after the word "Building" and before the semicolon on the last line thereof, the words "or in any of the buildings owned by Landlord's Affiliates and known as Two Penn Plaza and/or Eleven Penn Plaza".

(G) Section 19.1 of the Lease is hereby amended and modified to:

(i) delete the word "or" at the end of subsection (H) thereof;

(ii) delete the period from the last line of subsection (I) thereof and insert a semicolon followed by the word "; or" in lieu thereof; and

(iii) insert the following as a new subsection (J) thereto:

"(J) an Insolvency Event occurs."

(H) Section 19.2 of the Lease is hereby amended and modified to insert the following at the end thereof:

"provided, however, that if the Event of Default derives from an Insolvency Event, then the provisions of Article 20 hereof shall apply. Notwithstanding anything to the contrary contained in this Article 19, in the event of a monetary default by Tenant under this Lease, Landlord retains its right to avail itself of any and all remedies provided for in Section 711(2) of the New York Real Property Actions and Proceedings Law (the "RPAPL") and, in the event that Landlord elects to avail itself of its rights thereunder, no Event of Default need be declared by Landlord and no notices need be served by Landlord under this Article 19 or this Lease; instead, in such instances, Landlord shall be required to serve upon Tenant only such notice(s) as may be required by said Section 711(2) of the RPAPL including, without limitation, a statutory demand for rent."

(I) Section 27.1 of the Lease is hereby amended and modified to delete the names "Daniel E. North" and "Joseph Macnow" therefrom and insert the titles "President - New York Division" and "Executive Vice President - Finance and Administration and Chief Financial Officer", respectively, in lieu thereof.

(J) As of the date hereof, subject to and in accordance with the provisions of Article 23 of the Lease, as amended hereby, Tenant has deposited the Letter of Credit with Landlord to be held as security for the performance of Tenant's obligations under the Lease, as amended hereby. Notwithstanding anything to the contrary contained in the Lease, including,

without limitation, Article 23 thereof, all references in the Lease to the "Cash Security Deposit" are hereby deleted; it being the intent and purpose hereof that Tenant shall not have the right to maintain the security deposit in the form of cash.

(K) The Lease shall be deemed modified to insert after the words "generally accepted accounting principles" each time such words shall appear, the words "or, international financial reporting standards, if and when the same may be adopted, as the case may be".

7. Condition of Premises. (A) Tenant acknowledges that Landlord has made no representations to Tenant with respect to the condition of the Original Premises. Tenant acknowledges that it is currently occupying the Original Premises and agrees to take the same "as is" in the condition existing on the date hereof and that, notwithstanding anything to the contrary contained in the Lease, as amended by this Amendment, Landlord shall have no obligation to perform any work, provide any work allowance or rent credit, alter, improve, decorate, or otherwise prepare the Original Premises for Tenant's continued occupancy.

(B) Tenant represents that it has made a thorough inspection of the New Premises and, subject to the provisions of Paragraph 8 hereof, agrees to take the New Premises in its "as-is" condition existing on the New Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the New Premises and Landlord shall have no obligation to perform any work (other than Landlord's New Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraph 5(A)(i) hereof), alter, improve, decorate, or otherwise prepare the New Premises for Tenant's occupancy prior to the New Premises Commencement Date. On the New Premises Commencement Date, the New Premises shall be in broom clean condition. Promptly following the New Premises Commencement Date, Landlord shall deliver to Tenant a form ACP-5 (or the then current equivalent thereof) covering the New Premises.

8. Landlord's New Work. (A) Landlord shall, at Landlord's expense, perform the work necessary to modify the Premises in accordance with the New Work Final Plans (as hereinafter defined) to be prepared by Spin Design, Inc. ("Architect"), at Landlord's own cost and expense, which New Work Final Plans shall be based upon that certain drawing identified as SP-1, prepared by Architect and dated May 10, 2013 (the "New Work Final Space Plan"), a copy of which is attached hereto as Exhibit "D" and made a part hereof (such work, "Landlord's New Work"). Landlord shall perform Landlord's New Work using materials and finishes which are reasonably comparable to the materials and finishes installed in the Original Premises (such materials and finishes, "Building Standard Installations"). Notwithstanding the foregoing to the contrary, Landlord shall not be obligated to install any supplemental air-conditioning system furniture or built-ins or telecommunication wiring or equipment even if same are shown on the Tenant's New Work Initial Plans (as hereinafter defined), the New Work Final Space Plan or the New Work Final Plans.

(B) Tenant shall cause Architect to deliver to Landlord on or prior to September 1, 2013 (the "Plan Deadline") in the manner set forth in Paragraph 8(D) hereof, six (6) copies of the plans ("Tenant's New Work Initial Plans") for Landlord's New Work, which shall be (x) one hundred percent (100%) complete and ready to bid and build (including, without limitation, layout, architectural, mechanical, structural, engineering and plumbing drawings, to the extent applicable), (y) stamped and approved by Architect, and (z) in format containing sufficient detail (i) for Landlord and Landlord's consultants to reasonably assess the proposed work to prepare the New Premises for Tenant's initial occupancy, and (ii) to permit Landlord to

make all necessary filings with Governmental Authorities to obtain the required permits, approvals and certificates to allow Landlord to commence Landlord's New Work (the requirements set forth in clauses (x)-(z) hereof, the "Plan Requirements").

(C) Tenant shall cause Architect to revise Tenant's New Work Initial Plans if and to the extent that Landlord objects or comments thereto and deliver to Landlord in the manner set forth in Paragraph 8(D) hereof, six (6) copies of Tenant's New Work Initial Plans, as so revised, which revised plans shall (i) address all of Landlord's objections and comments to Landlord's reasonable satisfaction and (ii) satisfy all of the Plan Requirements (the Tenant's New Work Initial Plans either (x) revised as aforesaid, or (y) if Landlord shall not object or comment thereto, as applicable, shall constitute the "New Work Final Plans"). Tenant shall deliver or cause Architect to deliver the New Work Final Plans to Landlord on or prior to the earlier to occur of (x) the date which is five (5) days following the date that Landlord gives Tenant Landlord's objections and/or comments, if any, to Tenant's New Work Initial Plans and (y) October 1,2013 (such earlier date, the "Revision Deadline").

(D) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall (I) deliver or cause Architect to deliver (x) five (5) copies of Tenant's New Work Initial Plans and the New Work Final Plans to Landlord at the Building, Attention: Property Manager and (y) one (1) copy of Tenant's New Work Initial Plans and the New Work Final Plans to Landlord, c/o Vornado Office Management LLC, 888 Seventh Avenue, 44th Floor, New York, New York 10019, Attention: Steve Sonitis and (II) cause Tenant's New Work Initial Plans and the New Work Final Plans to be clearly labeled in large, bold, capitalized font on the exterior thereof **"TENANT'S PLANS ENCLOSED- TIME SENSITIVE".**

(E) Landlord shall perform Landlord's New Work in a good and workmanlike manner. Landlord shall perform Landlord's New Work in accordance with all applicable Requirements.

(F) On or prior to five (5) Business Days after Landlord's rendition of a statement therefor, Tenant shall pay Landlord for Landlord's actual, out-of-pocket costs to perform any Tenant New Extra Work, which statement shall have annexed thereto documentation that reasonably substantiates the charges set forth thereon. For purposes hereof, the term "Tenant New Extra Work" shall mean collectively, (i) any above Building Standard Installations (to the extent the hard and soft costs incurred in connection with performing the applicable portion of Landlord's New Work in connection therewith exceed the hard and soft costs which Landlord would have incurred in performing such portion of Landlord's New Work using Building Standard Installations), and/or (ii) any portion of Landlord's New Work that is denoted on the New Work Final Plans (including, without limitation, the "Note" and "Legends" sections of the New Work Final Plans) as "Alternate Pricing", "Alt. Pricing" or similar language denoting any alternatives from the New Work Final Space Plan. The cost for performing any Tenant New Extra Work shall be determined in accordance with Landlord's standard bidding procedure. Notwithstanding the foregoing to the contrary, Landlord shall have the right to let the construction contract to the lowest responsible bidder without taking into account the cost of any items of Tenant New Extra Work (with the understanding that Landlord shall have the right to exercise Landlord's reasonable business judgment in selecting the form of contractual arrangement for the construction contract). Landlord shall notify Tenant pursuant to Paragraph 8(K) hereof as promptly as reasonably practicable after Landlord's bidding procedure is completed of the estimated price for each item of Tenant New Extra Work. On or prior to five

(5) Business Days after Landlord gives Tenant notice of such estimated price, Tenant shall notify Landlord if Tenant (w) elects for Landlord to perform such items of Tenant New Extra Work, (x) elects for Landlord not to perform a particular item of Tenant New Extra Work and instead elects to have Landlord perform the particular item of work at Landlord's cost using a Building Standard Installation (if such item is capable of being replaced with a Building Standard Installation), (y) elects to choose a finish or specification that costs less than the original estimated price given by Landlord to Tenant but for which Tenant would pay Landlord pursuant to the terms of this Paragraph 8(F), or (z) elects, at Tenant's cost and expense, to perform such item of Tenant New Extra Work itself, in which event Tenant shall perform such item as an Alteration; provided, however, Landlord shall be permitted to install a Building Standard Installation or otherwise in lieu of any such item if Tenant's delay in performing such item would delay Landlord's New Work. If Tenant elects the immediately preceding clause (z), then such item of work shall be performed by Tenant as an Alteration, in accordance with the applicable terms and provisions of the Lease, as amended hereby, governing Alterations except that such item of work shall be deemed to be approved by Landlord to the extent Tenant performs such item or work in accordance with the New Work Final Plans; it being understood, however, that Landlord shall be deemed to have Substantially Completed Landlord's New Work even if certain items are incomplete as a result of Tenant's failure to complete any portion of Tenant New Extra Work. In the event that any item of Tenant New Extra Work creates a field condition that requires a change to Landlord's New Work resulting in an increase of the cost of Landlord's New Work Landlord shall have the right before proceeding with such change to require Tenant (x) to agree in writing to such increase in cost within two (2) Business Days from the date of Landlord's request (which request may be verbal) for Tenant's agreement and (y) to

pay such increase within five (5) Business Days of Landlord's invoice therefor; it being understood, however, that Landlord shall not have the aforesaid right unless such field condition arises as a result of any item of Tenant New Extra Work. If Tenant shall fail or refuse to so agree to and/or pay for such increase then Landlord shall have the right (but not the obligation) to either refuse to perform such Tenant New Extra Work, and continue the performance of Landlord's New Work without making the changes thereto contemplated by such Tenant New Extra Work or to revise the scope of Landlord's New Work so as not to require a change resulting from a field condition.

(G) Landlord shall have the right to delegate Landlord's obligations to perform all or any portion of Landlord's New Work to an affiliate of Landlord (it being understood, however, that Landlord's delegating such obligations to an affiliate of Landlord shall not diminish Landlord's liability for the performance of Landlord's New Work in accordance with the terms of this Paragraph 8). Landlord shall also have the right to assign to such affiliate of Landlord the rights of Landlord hereunder to receive from Tenant the payments for the performance of the portions of Landlord's New Work pursuant to Paragraph 8(F) hereof (it being understood that if (i) Landlord so assigns such rights to such affiliate of Landlord, and (ii) Landlord gives Tenant notice thereof, then Tenant shall pay directly to such affiliate any such amounts otherwise due and payable to Landlord hereunder). Landlord shall not be required to maintain or repair during the Term any items of Landlord's New Work except as otherwise expressly provided in the Lease, as amended hereby, it being agreed that Landlord shall make available to Tenant all guaranties or warranties received by Landlord in connection with Landlord's New Work to the extent such guaranties and warranties shall not be rendered invalid thereby.

(H) The following terms shall have the following meanings:

(i) The term "Long Lead Work" shall mean any item which is not a stock item and must be specially manufactured, fabricated or installed or is of such an unusual, delicate or fragile nature that there is a substantial risk that (i) there will be a delay in its manufacture, fabrication, delivery or installation, or (ii) after delivery of such item will need to be reshipped or redelivered or repaired so that, in Landlord's reasonable judgment, the item in question cannot be completed when the standard items are completed even though the items of Long Lead Work in question are (1) ordered together with the other items required and (2) installed or performed (after the manufacture or fabrication thereof) in order and sequence that such Long Lead Work and other items are normally installed or performed in accordance with good construction practice. In addition, Long Lead Work shall include any standard item, which in accordance with good construction practice should be completed after the completion of any item of work in the nature of the items described in the immediately preceding sentence. Landlord shall notify Tenant in accordance with Paragraph 8(K) hereof, if any items on the New Work Final Plans constitute items of Long Lead Work and advise Tenant of the reasonably anticipated time period for the delivery of such items, and subject to the terms hereof, Tenant shall have two (2) Business Days from receipt of such notice to revise such plans to change or remove such items; provided, however, in such event, to the extent Tenant revises the New Work Final Plans, any period beyond such two (2) Business Day period shall constitute a Tenant Work Delay, subject to the terms of Paragraph 8(H)(ii) hereof.

(ii) The term "Tenant New Work Delays" shall mean Tenant's acts or omissions (including, without limitation, (w) changes or change orders to plans or finishes, (x) the failure to deliver or cause Architect to deliver Tenant's New Work Initial Plans to Landlord on or prior to the Plan Deadline, and/or the failure to deliver or cause Architect to deliver the New Work Final Plans to Landlord on or prior to the Revision Deadline, in either case in compliance with the Plan Requirements and in accordance with the provisions of Paragraph 8(D) hereof, (y) delays or failures to notify or respond to requests of Landlord and/or (z) the failure to make any of the payments required by Paragraph 8(F) hereof within the time periods specified therein) that delay Landlord in the performance of Landlord's New Work.

(I) Notwithstanding the provisions of Paragraph 5(A) hereof to the contrary, in the event that Substantial Completion of Landlord's New Work shall be delayed by reason of any Tenant New Work Delays and/or items of Long Lead Work, then only for purposes of determining the date on which the New Premises Rent Commencement Date shall occur, the New Premises Commencement Date and the Substantial Completion of Landlord's New Work shall each be deemed to have occurred on the date the same would have otherwise occurred but for such Tenant New Work Delays and/or such items of Long Lead Work, notwithstanding that Landlord has not yet delivered possession of the New Premises to Tenant.

(J) Tenant during the Term, shall not remove Landlord's New Work or any portion thereof (or Alterations that replace Landlord's New Work (or such portion thereof) unless Tenant replaces Landlord's New Work (or such portion thereof), or such Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than such portion of Landlord's New Work (it being understood that such Alterations that Tenant performs to replace Landlord's New Work (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by this Paragraph 8(J).

(K) Notwithstanding the provisions of Article 27 of the Lease, as amended hereby to the contrary, any notices required to be given pursuant to this Paragraph 8 shall be deemed given if sent to Tenant via electronic mail to the attention of Tom Biancardi at tom.biancardi@ophthotech.com.

9. Tenant's Early Termination Right. (A) Subject to the terms of this Paragraph 9, Tenant shall have the one-time only right to terminate the Lease, as amended hereby ("Tenant's Termination Right"), effective as of the last day of the month in which the day immediately preceding the date that is four (4) years after the New Premises Rent Commencement Date occurs (such last day of the month in which the day immediately preceding the date that is four (4) years after the New Premises Rent Commencement Date occurs being referred to herein as the "Tenant's Termination Date") provided that (i) no Event of Default has occurred and is then continuing on the date that Tenant gives Landlord the Tenant's Termination Notice and (ii) Ophthotech Corporation is the Tenant hereunder on the date that Tenant gives Landlord the Tenant's Termination Notice (as hereinafter defined). Tenant shall have the right to exercise Tenant's Termination Right effective as of Tenant's Termination Date only by giving notice thereof (a "Tenant's Termination Notice") to Landlord not later than the date which is three hundred sixty-five (365) days prior to the Tenant's Termination Date (as to which date time shall be of the essence). Tenant's exercise of Tenant's right to terminate the Lease, as amended hereby, as provided in this Paragraph 9 shall be ineffective unless Tenant pays to Landlord, on the date that Tenant gives the Termination Notice to Landlord, an amount equal to the Termination Payment (as hereinafter defined), as additional rent. If Tenant effectively exercises

Tenant's right to terminate the Lease, as amended hereby, as of Tenant's Termination Date as provided in this Paragraph 9, then Tenant, on Tenant's Termination Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease, as amended hereby, that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(B) The term "Termination Payment" shall mean an amount equal to Two Hundred Fifty-Four Thousand Eight Hundred Twenty-Seven and 24/100 Dollars ($254,827.24) which amount represents the sum of (I) the cost of Landlord's New Work, the free rent to which Tenant is entitled pursuant to this Amendment, and the brokerage commission that Landlord pays in connection with this Amendment, to the extent that such amount remains unamortized as of the Tenant's Termination Date (assuming that such amount is amortized, in equal monthly installments, over the period from the date that Landlord incurs the applicable cost to the New Expiration Date, with an interest factor equal to eight percent (8%)) plus (II) an amount equal to the product obtained by multiplying (x) the Fixed Rent due hereunder for the calendar month immediately preceding the calendar month during which Tenant's Termination Date occurs (without taking into account any abatement or credit to which Tenant may be entitled during such month hereunder), by (y) three (3).

10. Use of Freight Elevator During Overtime Periods. Notwithstanding the provisions of Section 4.2(B) of the Lease to the contrary, Tenant shall not be required to pay for the first ten (10) hours of Tenant's overtime use of the freight elevator only for Tenant's initial move from the Original Premises into the New Premises (but not for purposes associated with the ordinary conduct of Tenant's business).

11. Liability of Landlord. The obligations of Landlord under the Lease, as amended by this Amendment, shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer. The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord (collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under the Lease, as amended by this Amendment. Tenant shall look solely to Landlord to enforce Landlord's obligations under the Lease, as amended by this Amendment and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under the Lease, as amended by this Amendment, shall be limited to Landlord's interest in the Real Property and the proceeds thereof. Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and the proceeds thereof) in seeking either to enforce Landlord's obligations under the Lease, as amended hereby, or to satisfy a judgment for Landlord's failure to perform such obligations.

12. Brokerage.

(A) Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Amendment other than CBRE Inc. ("Broker"). Tenant does hereby indemnify and hold Landlord harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Landlord by reason of any claim of or liability to any broker, finder or like agent other than Broker who shall claim to have dealt with Tenant in connection herewith.

(B) Landlord represents and warrants to Tenant that it has not dealt with any broker, finder or like agent in connection with this Amendment other than Broker. Landlord does hereby indemnify and hold Tenant harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Tenant by reason of any claim of or liability to any broker, finder or like agent, including Broker, who shall claim to have dealt with Landlord in connection herewith. Landlord shall pay a commission to Broker in connection with this amendment pursuant to a separate agreement between Broker and Landlord.

(C) The provisions of this Paragraph 12 shall survive the expiration or termination of the Lease, as amended by this Amendment.

12. Authorization. Tenant represents and warrants to Landlord that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Tenant has been duly authorized to do so, and that no other action or approval is required with respect to this transaction. Landlord represents and warrants to Tenant that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Landlord has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

13. Full Force and Effect of Lease. Except as modified by this Amendment, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

14. Entire Agreement. The Lease, as amended by this Amendment, constitutes the entire understanding between the parties hereto with respect to the Premises thereunder and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

15. Enforceability. This Amendment shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Amendment.

16. Counterparts. This Amendment may be executed in one or more counterparts each of which when taken together shall constitute but one original.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: /s/ David R. Greenbaum

David R. Greenbaum

President - New York Division

OPHTHOTECH CORPORATION. Tenant

By:

Name:

Title:

TENANT'S EIN#:

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By:

David R. Greenbaum

President - New York Division

OPHTHOTECH CORPORATION. Tenant

By: /s/ Thomas Biancardi

Name: Thomas Biancardi

Title:VP Finance

TENANT'S EIN#: 20 818 5347

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF)

: ss.:

COUNTY OF)

On the day of , in the year 2013, before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF NJ)

: ss.:

COUNTY OF Mercer)

On the 27 day of August, in the year 2013, before me, the undersigned, personally appeared Tom Biancardi, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the Princeton, NJ (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

/s/ Melanie Rice

Melanie J. Rice
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 2017

/s/ Tom Biancardi

(Signature and office of individual taking acknowledgement)

Exhibit “A”

New Premises

One Penn Plaza (N001)
Floor 19

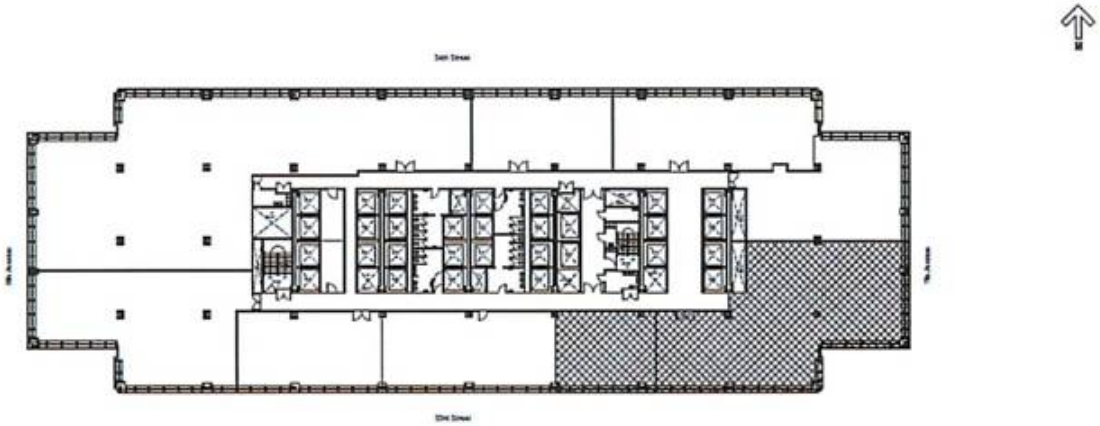

Exhibit “B

New Lease Sections 2.5, 2.6, 2.7, 2.8 and 2.9

2.5. Operating Expense Definitions.

(A) The term “Base Operating Expenses” shall mean the Operating Expenses for the Base Operating Expense Year.

(B) The term "Base Operating Expense Year" shall mean the 2014 calendar year.

(C) The term "GAAP" shall mean generally accepted accounting principles, consistently applied, except that if, at any time from and after the date hereof, the American Institute of Certified Public Accountants adopts international financial reporting standards as the basis for financial reporting in the United States, then references in this Lease to GAAP shall be deemed to be references to such international financial reporting standards, consistently applied.

(D) The term "Operating Expenses" shall mean, subject to the terms of this Section 2.5 and to Section 2.6(C) hereof, the expenses paid or incurred by or on behalf of Landlord in insuring, maintaining, repairing, managing and operating the Real Property (and employing personnel therefor) as reflected on Landlord's books (which Landlord shall keep in accordance with GAAP). Landlord shall have the right to include in Operating Expenses for a particular Operating Expense Year a property management charge in an amount equal to the product obtained by multiplying (i) three percent (3%), by (ii) the gross rents that Landlord collects from Tenant and the other tenants in the Building during such Operating Expense Year (such amount being referred to herein as the "Property Management Charge"). Operating Expenses shall exclude:

(1) Taxes,

(2) Excluded Amounts,

(3) subject to Section 2.6(C) hereof, payments of interest or principal in respect of Landlord's debt (including, without limitation, any debt that is secured by Mortgages),

(4) expenses that relate to leasing space in the Building (including, without limitation, the cost of tenant improvements (or allowances that Landlord provides to a tenant therefor), the cost of performing improvements to prepare a particular portion of the Building for occupancy by a tenant, the cost of rent concessions, advertising expenses, leasing commissions and the cost of lease buy-outs),

(5) expenses that Landlord incurs in selling, purchasing, financing or refinancing the Real Property,

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(6) the cost of any repairs, replacements or improvements to the Building that are required to be capitalized by GAAP (including, without limitation, lease obligations that are required to be capitalized under GAAP) (except in each case as otherwise provided in Section 2.6(C) hereof),

(7) depreciation or amortization expense (subject, however, to Section 2.6(C) hereof),

(8) the cost of electricity that is furnished to the portions of the Building that Landlord has leased, that Landlord is offering for lease, or that otherwise constitutes leasable space that is not used for the general benefit of the occupants the Building (it being understood that Operating Expenses shall include the cost of electricity that is required to operate the Building Systems as provided in Section 2.6(B) hereof),

(9) salaries and the cost of benefits in either case for personnel above the grade of building manager,

(10) charges for the general overhead costs that Landlord incurs in managing, operating, maintaining, or staffing its offices that are not located at the Building,

(11) rent paid or payable under Superior Leases (except to the extent that (I) such rent that is paid or payable under Superior Lease is for Taxes or Operating Expenses, and (II) Landlord has not otherwise included such Taxes or Operating Expenses in the calculation of the Tax Payment or the Operating Expense Payment, as the case may be, under this Article 2),

(12) subject to Section 2.6 hereof, any expense for which Landlord is otherwise compensated, whether by virtue of insurance proceeds, condemnation proceeds, claims under warranties, Tenant or other tenants in the Building making payment directly to Landlord for Landlord's services in the Building or otherwise (other than by virtue of other tenants in the Building making payments to Landlord for Operating Expenses as escalation rental),

(13) the cost of providing any level of service that exceeds the level of service that Landlord furnishes to Tenant hereunder,

(14) legal or arbitration fees and disbursements that are paid or incurred in connection with the negotiation of, or disputes arising out of, any lease for space in the Real Property,

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(15) costs that Landlord incurs in restoring the Building after the occurrence of a fire or other casualty or after a partial condemnation thereof,

(16) advertising, entertainment and promotional costs that are paid or incurred for the Building,

(17) management fees that Landlord pays to a property manager (it being understood, however, that nothing in this clause (17) limits Landlord's right to include in Operating Expenses the Property Management Charge),

(18) the expenses paid or incurred by or on behalf of Landlord in owning, maintaining, repairing, managing and operating the portion of the Real Property that is used for retail purposes,

(19) any fee or expenditure that is paid or payable to any Affiliate of Landlord to the extent that such fee or expenditure exceeds the amount that would be reasonably expected to be paid in the absence of such relationship,

(20) interest, penalties and late charges that in either case are paid or incurred as a result of late payments made by Landlord or by reason of Landlord's failure to comply with Requirements (to the extent that Landlord is required to comply with such Requirements pursuant to the terms hereof),

(21) costs incurred in operating any sign or other similar device designed principally for advertising or promotion to the extent that Landlord leases or licenses to a third party such sign or device, or the portion of the Building where such sign or device is installed,

(22) the cost of any judgment, settlement, or arbitration award resulting from any liability of Landlord (other than liability for amounts otherwise includible in Operating Expenses hereunder) and all expenses incurred in connection therewith,

(23) amounts payable by Landlord for withdrawal liability or unfunded pension liability to a multi-employer pension plan (under Title IV of the Employee Retirement Income Security Act of 1974, as amended),

(24) costs incurred by Landlord which result from Landlord's breach of this Lease or Landlord's negligence or willful misconduct,

(25) costs that Landlord incurs to correct a representation made by Landlord in this Lease,

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(26) fines or penalties that are assessed against Landlord by a Governmental Authority by virtue of violations at the Building of applicable Requirements,

(27) fees, dues or contributions that Landlord pays voluntarily to civic organizations, charities, political parties or political action committees,

(28) the cost of providing HVAC during Overtime Periods to portions of the Building that Landlord has leased, that Landlord is offering for lease, or that otherwise constitutes leasable space that is not used for the general benefit of the occupants the Building (except that Landlord shall have the right to include in Operating Expenses the cost of providing HVAC during Overtime Periods that Landlord ordinarily supplies to the Building generally in accordance with good management practices),

(29) the cost of providing freight elevator or loading dock service during Overtime Periods (except that Landlord shall have the right to include in Operating Expenses the cost of providing freight elevator or loading dock service during Overtime Periods that Landlord ordinarily supplies to the Building generally in accordance with good management practices),

(30) the cost of objects of fine art that Landlord installs in the Building (with the understanding, however, that (x) Landlord shall have the right to include in Operating Expenses the cost of fine art that Landlord installs in the Building to the extent that such installation is required by applicable Requirements (subject, however, to Section 2.6(C) hereof), and (y) nothing contained in this clause (30) precludes Landlord from including in Operating Expenses the cost of maintaining and repairing objects of fine art that Landlord installs in the common areas of the Building),

(31) costs associated with the construction, installation, repair or operation of any broadcasting facility, conference center, luncheon club, athletic facility, child care facility, auditorium, cafeteria, or any other similar specialty facility, except to the extent that any such facility exists in the Building as of the date hereof for the general benefit of tenants in the Building,

(32) costs that Landlord incurs in operating an ancillary service in the Building in respect of which users pay a separate charge (such as a shoe shine stand, a newsstand, a stationery store or a parking facility),

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(33) costs that are duplicative of any other cost that is included in Operating Expenses,

(34) costs that Landlord incurs in organizing or maintaining in good standing the entity that constitutes Landlord, or in authorizing Landlord to do business in the jurisdiction where the Building is located,

(35) the portion of any costs that are properly allocable to any building other than Building,

(36) costs incurred in connection with the acquisition or sale of air rights, transferable development rights, easements or other real property interests, and

(37) costs incurred in connection with expanding the Rentable Area of the Building.

(E) The term "Operating Expense Payment" shall mean, with respect to any Operating Expense Year, the product obtained by multiplying (i) the excess (if any) of (A) the Operating Expenses for such Operating Expense Year, over (B) the Base Operating Expenses, by (ii) Tenant's Operating Expense Share.

(F) The term "Operating Expense Statement" shall mean a statement that shows the Operating Expense Payment for a particular Operating Expense Year.

(G) The term "Operating Expense Year" shall mean the Base Operating Expense Year and each subsequent calendar year.

(H) The term "Tenant's Operating Expense Share" shall mean, subject to the terms hereof, three thousand two hundred ninety-nine ten-thousandths percent (0.3299 %), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated

using a denominator of two million one hundred twenty-one thousand four hundred thirty-five (2,121,435).

2.6. Calculation of Operating Expenses.

(A)

(1) Subject to the terms of this Section 2.6(A), if the entire Rentable Area of the Building (other than the retail portion thereof) is not occupied by Persons conducting business therein for the entire Operating Expense Year, then, for purposes of calculating the Operating Expense Payment, Landlord shall have the right to increase Operating Expenses that vary based on the extent to which the Building is so occupied by the amount that Landlord would have included in Operating Expenses if the entire Rentable Area of the Real Property (other than the retail portion thereof) was occupied by Persons conducting business therein for the entire Operating Expense Year.

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(2) Subject to the terms of this Section 2.6(A), if (i) for any particular period, Landlord performs a particular service or a particular level of service for the benefit of Tenant in operating the Real Property, (ii) Tenant does not otherwise pay to Landlord additional rent for the costs incurred by Landlord in performing such service or such level of service, (iii) Landlord includes the cost of performing such service or such level of service in Operating Expenses for purposes of calculating the Operating Expense Payment for the applicable Operating Expense Year, and (iv) Landlord does not perform such service or such level of service for the benefit of all of the other portions of the Real Property that are occupied by Persons conducting business therein for the applicable period, then, for purposes of calculating the Operating Expense Payment, Landlord shall have the right to increase Operating Expenses that vary based on the extent to which Landlord performs such service or such level of service for the benefit of occupants of the Building by the amount that Landlord would have included in Operating Expenses if Landlord performed such service or such level of service for the entire Rentable Area of the Real Property (other than the retail portion thereof) that is occupied by Persons conducting business therein for the applicable period.

(3) Subject to the terms of this Section 2.6(A), if Landlord does not collect rents for all or any portion of the leasable space in the Building for any particular Operating Expense Year (or a portion thereof), then Landlord shall have the right to increase Operating Expenses to reflect the Property Management Charge that Landlord would have incurred if Landlord had collected rents for the entire applicable Operating Expense Year for all of the leasable area in the Building. If (x) a lease for the leasable space in the Building (or a portion thereof) is in effect, and (y) Landlord does not collect rent therefor for any reason (including, without limitation, the effectiveness of a rent abatement or the tenant's default under the applicable lease), then Landlord shall calculate the Property Management Charge as provided in this Section 2.6(A)(3) at the rental rate that applies thereunder (it being understood that if a rental abatement is in effect, then the Property Management Charge shall be calculated at the rental rate that applies immediately after the last day of the abatement period). If a lease for the leasable space in the Building (or a portion thereof) is not in effect, then Landlord shall calculate the Property Management Charge as provided in this Section 2.6(A)(3) at the then market rental rate.

(4) Subject to the terms of this Section 2.6(A), if Landlord, during a particular Operating Expense Year (or a portion thereof), does not perform repair and maintenance on a particular element of the Building because such element of the Building is out of service or not fully in use, then Landlord shall have the right to increase Operating Expenses to reflect the amount of expenses that Landlord would have incurred if Landlord had performed such repair and maintenance for the entire Operating Expense Year. Accordingly, if, for example, during a particular Operating Expense Year, Landlord does not incur costs to repair and maintain the finishes in the lobby of the Building because the lobby is not in service for such Operating Expense Year, then Landlord shall have the right to include in Operating Expenses for such Operating Expense Year the costs that Landlord would have incurred in repairing and maintaining the finishes in the lobby of the Building for the entire Operating Expense Year.

(5) In the event that Landlord increases the Operating Expenses for a particular Operating Expense Year as contemplated by subsections (1)-(4) of this Section 2.6(A), Landlord shall increase the Operating Expenses for the Base Operating Expense Year as described in subsections (1)-(4) of this Section 2.6(A). For purposes of calculating the Operating

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Expenses for the Base Operating Expense Year, any fee or expenditure that otherwise constitutes an Operating Expense and that is paid or payable to any Affiliate of Landlord shall not be less than the amount that would be reasonably expected to be paid in the absence of such relationship.

(B) Landlord shall have the right to include in Operating Expenses (and Landlord shall include in Base Operating Expenses), for the electricity supplied to the Building Systems and other common elements of the Building, an amount equal to one hundred five percent (105%) of the sum of:

(1) the product obtained by multiplying (i) the Average Cost per Peak Demand Kilowatt, by (ii) the number of kilowatts that constituted the peak demand for electricity for the Building Systems and the other common elements of the Building for the applicable period (as registered on a submeter or submeters, or, at Landlord's option, as determined from time to time by a survey prepared by an independent and reputable electrical consultant) (it being understood that such number of kilowatts as described in clause (ii) above shall not include the number of kilowatts that are attributable to the operation of the Building Systems to the extent that Tenant (or other tenants in the Building) make separate payment to Landlord therefor), and

(2) the product obtained by multiplying (i) the Average Cost per Kilowatt Hour, by (ii) the number of kilowatt hours of electricity used by the Building Systems and the other common elements of the Building for the applicable period (as registered on a submeter or submeters, or, at Landlord's option, as determined by a survey prepared by an independent and reputable electrical consultant) (it being understood that such number of kilowatt hours as described in clause (ii) above shall not include the number of kilowatt hours that are attributable to the operation of the Building Systems to the extent that Tenant (or other tenants in the Building) make separate payment to Landlord therefor).

(C) If (i) Landlord makes an improvement to the Real Property or a replacement of equipment at the Real Property in either case in connection with the maintenance, repair, management or operation thereof, (ii) GAAP requires Landlord to capitalize the cost of such improvement or such replacement, and (iii) such improvement or replacement is made (a) to comply with a Requirement, (b) in lieu of repairs, or (c) for the purpose of saving or reducing Operating Expenses (such as, for example, an improvement that reduces labor costs or an improvement that saves energy costs), then Landlord shall have the right to include in Operating Expenses for each Operating Expense Year the amount that amortizes the cost of such improvement or such replacement, together with interest on the unamortized portion thereof that is calculated at two hundred (200) basis points in excess of the Base Rate, in equal annual installments over the useful life of such improvement or such equipment as determined in accordance with GAAP (until the cost of such improvement or such equipment is amortized fully); provided, however, that (I) for any such improvement or replacement that Landlord makes for the purpose of saving or

reducing Operating Expenses, Landlord shall have the right to include in Operating Expenses for each Operating Expense Year the amount that amortizes the cost of such improvement or such replacement, together with interest on the unamortized portion of the cost of such improvement or replacement that is calculated at two hundred (200) basis points in excess of the Base Rate, in equal annual installments over the period that Landlord reasonably determines that the cost of such improvement or replacement (and such interest) will

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equal the aggregate amount of the reduction in other Operating Expenses for each Operating Expense Year that derives from such improvement or such replacement (with the understanding, however, that such period shall in no event exceed the useful life of such improvement or replacement as determined in accordance with GAAP), and (II) for any such improvement or replacement that Landlord makes in lieu of a repair (and that Landlord does not make to comply with a Requirement or for the purpose of saving or reducing Operating Expenses), the aforesaid amount that Landlord includes in Operating Expenses for any particular Operating Expense Year shall not exceed the cost of the repairs that Landlord would have otherwise made if Landlord did not make such improvement or replacement.

2.7. Operating Expense Payment.

(A) Tenant shall pay the Operating Expense Payment to Landlord in accordance with the terms of this Section 2.7.

(B) Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Operating Expense Payment for a particular Operating Expense Year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Operating Expense Statement"; one-twelfth (1/12th) of the Operating Expense Payment shown on a Prospective Operating Expense Statement being referred to herein as the "Monthly Operating Expense Payment Amount"). If Landlord gives to Tenant a Prospective Operating Expense Statement (or Landlord is deemed to have given to Tenant a Prospective Operating Expense Statement pursuant to Section 2.7(C) hereof), then Tenant shall pay to Landlord, as additional rent, on account of the Operating Expense Payment due hereunder for such Operating Expense Year, the Monthly Operating Expense Payment Amount, on the first (1st) day of each subsequent calendar month for the remainder of such Operating Expense Year, in the same manner as the monthly installments of the Fixed Rent hereunder (it being understood that Tenant shall not be required to commence such payments of the Monthly Operating Expense Payment Amount (x) before the first (1st) day of the Operating Expense Year to which relates the applicable Monthly Operating Expense Payment Amount, or (y) earlier than the thirtieth (30^{th}) day after the date that Landlord gives the Prospective Operating Expense Statement to Tenant). If Landlord gives (or is deemed to have given) to Tenant a Prospective Operating Expense Statement after the first (1st) day of the applicable Operating Expense Year, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Operating Expense Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Operating Expense Payment Amount, by (y) the number of calendar months that have theretofore elapsed during such Operating Expense Year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Operating Expense Payment for such Operating Expense Year. If Landlord gives (or is deemed to have given) to Tenant a Prospective Operating Expense Statement for a particular Operating Expense Year, then Landlord shall also provide to Tenant, within two hundred seventy (270) days after the last day of such Operating Expense Year, an Operating Expense Statement for such Operating Expense Year.

(C) Tenant shall pay to Landlord an amount equal to the excess (if any) of (i) the Operating Expense Payment as reflected on an Operating Expense Statement that Landlord gives to Tenant, over (ii) the aggregate amount that Tenant has theretofore paid to Landlord on

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account of the Operating Expense Payment (if any) as contemplated by Section 2.7(B) hereof, within thirty (30) days after the date that Landlord gives such Operating Expense Statement to Tenant. Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the excess (if any) of (i) the aggregate amount that Tenant has theretofore paid to Landlord on account of the Operating Expense Payment as contemplated by Section 2.7(B) hereof, over (ii) the Operating Expense Payment as reflected on such Operating Expense Statement; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that Landlord's obligation to make such payment to Tenant shall survive the Expiration Date). If Landlord gives Tenant an Operating Expense Statement, then, unless Landlord otherwise specifies in such Operating Expense Statement, Landlord shall be deemed to have given to Tenant a Prospective Operating Expense Statement for the Operating Expense Year immediately succeeding the Operating Expense Year that is covered by such Operating Expense Statement, that reflects an Operating Expense Payment for such immediately succeeding Operating Expense Year in an amount equal to the Operating Expense Payment for such Operating Expense Year that is covered by such Operating Expense Statement.

(D) If the New Premises Rent Commencement Date (as such term is defined in the Amendment) occurs later than the first (1st) day of the Operating Expense Year that immediately succeeds the Base Operating Expense Year, then the Operating Expense Payment for the Operating Expense Year during which the New Premises Rent Commencement Date occurs shall be an amount equal to the product obtained by multiplying (X) the Operating Expense Payment that would have been due hereunder if the New Premises Rent Commencement Date was the first (1st) day of such Operating Expense Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the New Premises Rent Commencement Date and ending on the last day of such Operating Expense Year, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Operating Expense Year is a leap year).

(E) If the Expiration Date is not the last day of an Operating Expense Year, then the Operating Expense Payment for the Operating Expense Year during which the Expiration Date occurs shall be an amount equal to the product obtained by multiplying (X) the Operating Expense Payment that would have been due hereunder if the Expiration Date was the last day of such Operating Expense Year, by (Y) a fraction, the numerator of which is the number of days in the period beginning on the first (1st) day of such calendar year and ending on the Expiration Date, and the denominator of which is three hundred sixty-five (365) (or three hundred sixty-six (366), if such Operating Expense Year is a leap year).

(F) Landlord's failure to give Tenant an Operating Expense Statement or a Prospective Operating Expense Statement for any Operating Expense Year shall not impair Landlord's right to give Tenant an Operating Expense Statement or a Prospective Operating Expense Statement for any other Operating Expense Year.

(G) Landlord shall have the right to give to Tenant an Operating Expense Statement at any time after the last day of the Base Operating Expense Year that reflects the Base Operating Expenses (regardless of whether such Operating Expense Statement reflects a payment that is due from Tenant on account of the Operating Expense Payment).

(H) If the Operating Expenses for the Base Operating Expense Year are redetermined at any time after the date that Landlord gives an Operating Expense Statement to Tenant for an Operating Expense Year, then Landlord shall give to Tenant a revised Operating Expense Statement that recalculates the Operating Expense Payment for an Operating Expense Year (using the Operating Expenses that reflects such redetermination for the Base Operating Expense Year). If such revised Operating Expense Statements indicates that Tenant has underpaid the Operating Expense Payment for any Operating Expense Year, then Tenant shall pay to Landlord an amount equal to the amount of such underpayment within thirty (30) days after Landlord gives such revised Operating Expense Statement to Tenant. If such revised Operating Expense Statement indicates that Tenant has overpaid the Operating Expense Payment for any Operating Expense Year, then Tenant shall have the right to credit against the Rental thereafter coming due hereunder an amount equal to the amount of such overpayment; provided, however, that if the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (it being understood that (I) Landlord's obligation to make such payment to Tenant shall survive the Expiration Date, and (II) nothing contained in this Section 2.7(H) limits Tenant's rights under Section 2.8 hereof).

(I) If, during any particular Operating Expense Year, Landlord receives a reimbursement, rebate or refund of an Operating Expense that Landlord incurred in a prior Operating Expense Year that occurs after the Base Operating Expense Year, then Landlord shall (x) adjust the Operating Expenses for such Operating Expense Year retroactively, and (y) give promptly to Tenant a revised Operating Expense Statement for such Operating Expense Year. If such revised Operating Expense Statement indicates that Tenant overpaid the Operating Expense Payment for such Operating Expense Year, then Tenant shall be entitled to credit the amount of such overpayment of the Operating Expense Payment against the Rental thereafter coming due hereunder, together with interest thereon calculated at the Base Rate from the date that Tenant paid such overpayment to Landlord to the date that Tenant uses such credit. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.7(I), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

2.8. Auditing of Operating Expense Statements.

(A) Any Operating Expense Statement that Landlord gives to Tenant shall be binding upon Tenant conclusively unless, within ninety (90) days after the date that Landlord gives Tenant such Operating Expense Statement, Tenant gives a notice to Landlord objecting to such Operating Expense Statement. Tenant's right to give such notice (and conduct the audit contemplated by this Section 2.8(A)) shall survive the Expiration Date (to the extent that the Expiration Date occurs earlier than the ninetieth (90th) day after the date that Landlord gives the applicable Operating Expense Statement to Tenant). Tenant shall have the right to audit the Base Operating Expenses as contemplated by this Section 2.8(A) only after receiving the first Operating Expense Statement that sets forth the Base Operating Expenses (including, without

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limitation, an Operating Expense Statement that Landlord gives to Tenant as described in Section 2.7(G) hereof), and, accordingly, once Tenant's right to so audit Base Operating Expenses lapses, Tenant shall not have the right to thereafter audit Base Operating Expenses, notwithstanding that Base Operating Expenses is included in the calculation of the Operating Expense Payment for subsequent Operating Expense Years). If Tenant gives such notice to Landlord, then, subject to the terms of this Section 2.8(A), Tenant may examine Landlord's books and records relating to such Operating Expense Statement to determine the accuracy thereof, provided that Tenant uses Tenant's diligent efforts to consummate such examination within a reasonable period after the date that Tenant gives such notice to Landlord. Tenant may perform such examination on reasonable advance notice to Landlord, at reasonable times, in Landlord's office or, at Landlord's option, at the office of Landlord's managing agent or accountants. Tenant shall not have the right to conduct an audit of Landlord's books and records as described in this Section 2.8 during the period that an Event of Default has occurred and is continuing. Tenant shall have the right to conduct such examination using Tenant's own employees. Tenant, in performing such examination, shall also have the right to be accompanied by a certified public accountant from a reputable firm that is reasonably acceptable to Landlord; provided, however, that Tenant shall not be entitled to be so accompanied by any certified public accountant unless Tenant and such certified public accountant certify to Landlord in a written instrument that is reasonably satisfactory to Landlord that the compensation being paid by Tenant to such certified public accountant is not conditioned or otherwise contingent (in whole or in part) on the extent of any reduction in the Operating Expense Payment that derives from such examination. Tenant shall not have the right to conduct any such audit unless Tenant delivers to Landlord a statement, in a form reasonably designated by Landlord, signed by Tenant and Tenant's certified public accountant to which such books and records are proposed to be disclosed, pursuant to which Tenant and such certified public accountants agree to maintain the information obtained from such examination in confidence (subject, however, to the disclosure of the information that Tenant or Tenant's certified public accountant derive from such examination as required by law or to Tenant's counsel or other professional advisors that in either case agree to maintain such information in confidence).

(B) If it is determined ultimately that (i) Landlord, in an Operating Expense Statement, overstated the Operating Expense Payment, and (ii) Tenant overpaid the Operating Expense Payment for a particular Operating Expense Year, then Tenant shall be entitled to credit the amount of such overpayment of the Operating Expense Payment against the Rental thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Rental pursuant to this Section 2.8(B), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

(C) Nothing contained in this Section 2.8 shall constitute an extension of the date by which Tenant is required to pay the Operating Expense Payment to Landlord hereunder.

2.9. Building Additions.

If Landlord makes improvements to the Building to expand the Rentable Area thereof, then, with respect to the period from and after the date that such improvements are Substantially

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Completed, (I) Tenant's Operating Expense Share shall be recalculated as of the date that such improvements are Substantially Completed as the quotient (expressed as a percentage) that is obtained by dividing (x) the number of square feet of Rentable Area in the Premises, by (y) the number of square feet of Rentable Area in the Building (other than any retail portion thereof) (after taking such expansion into account) and (II) Base Operating Expenses shall be

deemed to be an amount equal to the product obtained by multiplying (x) Base Operating Expenses prior to the date that such improvements are Substantially Completed, by (y) a fraction, the numerator of which is the Operating Expenses for the Building (after such improvements are Substantially Completed), and the denominator of which is the Operating Expenses for the Building (prior to such improvements being Substantially Completed).

Exhibit “C”

The Designated Shaftway

One Penn Plaza (N001) - Floor 19 - Occupancy

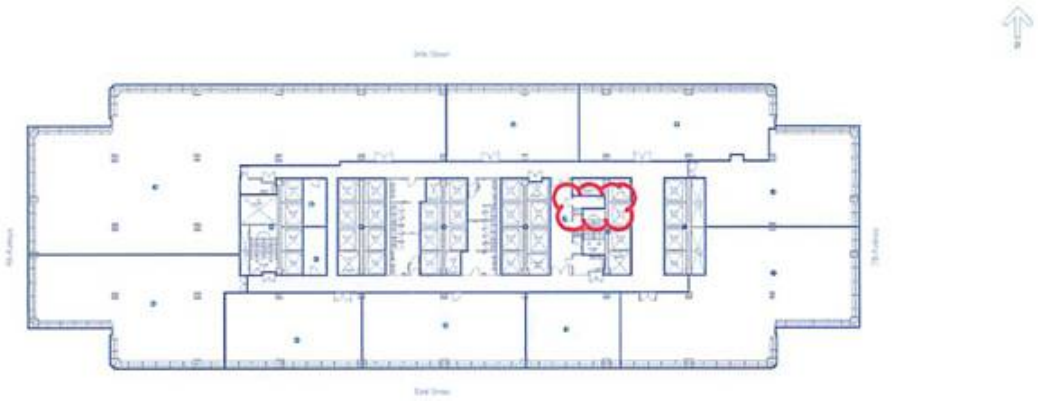
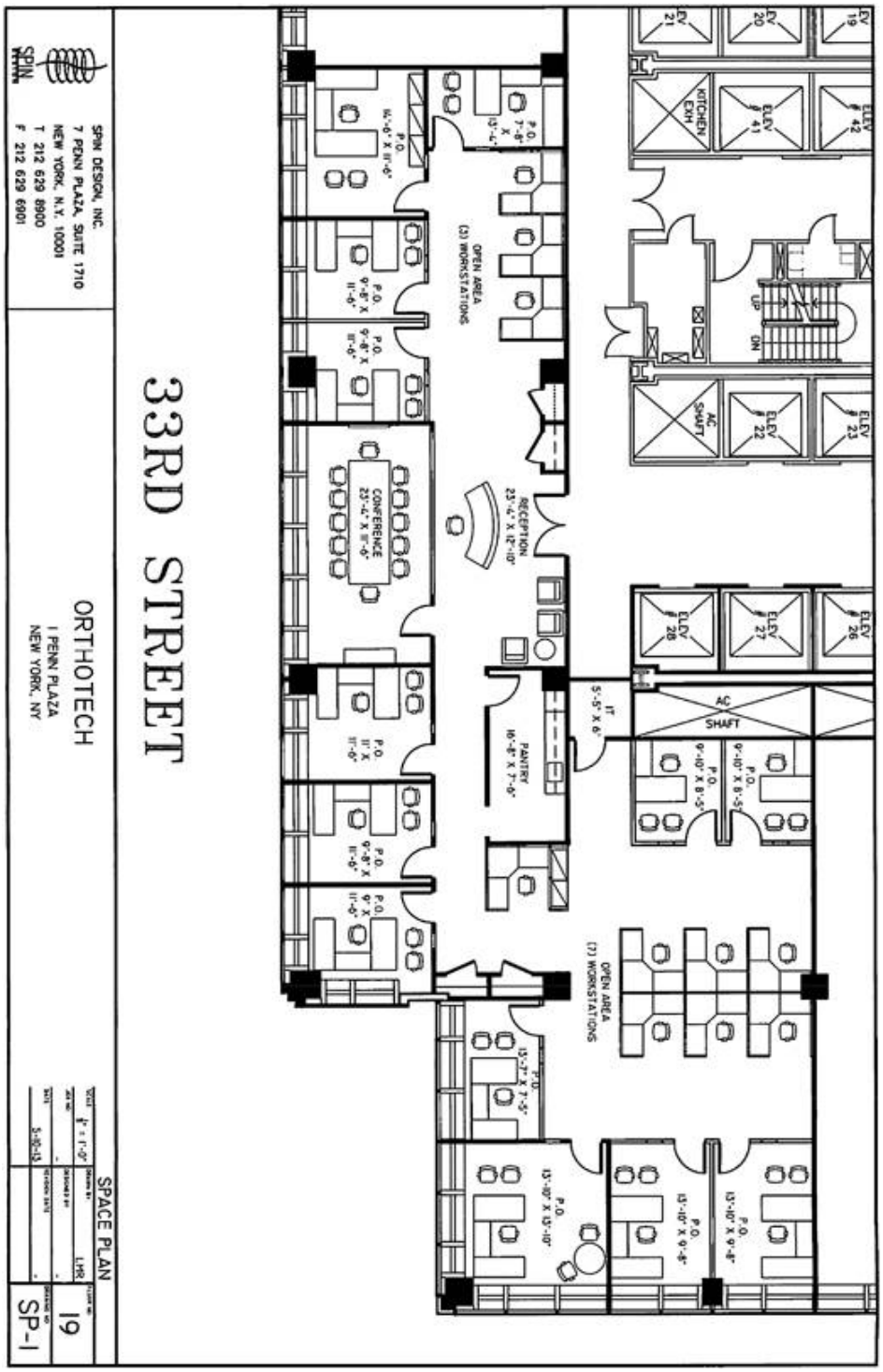


Exhibit “D”

New Work Final Space Plan

(See Attached)



SECOND AMENDMENT OF LEASE

THIS SECOND AMENDMENT OF LEASE, made as of the 20th day of December, 2013 (this "Amendment"), by and between ONE PENN PLAZA LLC, a New York limited liability company, having an office c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019 ("Landlord"), and OPHTHOTECH CORPORATION, a Delaware corporation, having an office at One Penn Plaza, New York, New York 10019 ("Tenant").

W I T N E S S E T H:

WHEREAS, by Lease, dated as of September 30, 2007 (the "Original Lease"). between Landlord and Tenant, Landlord did demise and let unto Tenant and Tenant did hire and take from Landlord, a portion of the rentable area located on the thirty-fifth (35th) floor of the building known by the street address of One Penn Plaza, New York, New York (the "Building"), as more particularly described therein (the "Original Premises");

WHEREAS, the Original Lease was amended and modified by a letter agreement, dated as of September 28, 2012 (as so amended, the "Letter Agreement"), between Landlord and Tenant; and

WHEREAS, by Amendment of Lease, dated as of August 30, 2013 (the "First Amendment" and the Original Lease as modified by the Letter Agreement and the First Amendment, the "Lease"), (x) Tenant surrendered the Original Premises to Landlord, (y) Landlord leased to Tenant and Tenant hired from Landlord, a portion of the nineteenth (19th) floor of the Building, as more particularly described therein (the "First Nineteenth Floor Premises"), and (z) Landlord and Tenant extended the term of the Lease; and

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to hire from Landlord an additional portion of the nineteenth (19th) floor of the Building, as more particularly shown on the floor plan attached hereto as Exhibit "A" and made a part hereof (the "Second Nineteenth Floor Premises") and to otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.

2. Second Nineteenth Floor Premises. From and after the date on which Landlord delivers vacant and exclusive possession of the Second Nineteenth Floor Premises to Tenant with Landlord's Second Nineteenth Floor Premises Work (as hereinafter defined) Substantially Complete (such date, the "Second Nineteenth Floor Premises Commencement Date"), Landlord leases to Tenant, and Tenant hires from Landlord, the Second Nineteenth Floor Premises upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the Second Nineteenth Floor Premises Commencement Date, all references in the Lease to the "Premises" shall be deemed to mean, collectively, the First Nineteenth Floor Premises and the Second Nineteenth Floor Premises, for all purposes of the Lease, as modified and amended hereby.

3. Modification of Lease. From and after the Second Nineteenth Floor Premises Commencement Date, the Lease with respect to the Second Nineteenth Floor Premises only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) One Hundred Sixty-Six Thousand Six Hundred Sixty- Eight and 00/100 Dollars ($166,668.00) per annum for the period commencing on the Second Nineteenth Floor Premises Commencement Date and ending on December 31, 2016 ($13,889.00 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Second Nineteenth Floor Premises Commencement Date and ending on the Second Nineteenth Floor Premises Rent Commencement Date shall be abated. The term "Second Nineteenth Floor Premises Rent Commencement Date" shall mean the date which is sixty (60) days after the Second Nineteenth Floor Premises Commencement Date; and

(ii) One Hundred Eighty-One Thousand Two Hundred Eighty-Eight and 00/100 Dollars ($181,288.00) per annum for the period commencing on January 1, 2017 and ending on the New Expiration Date ($15,107.33 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease. It being agreed that the term "New Expiration Date" means February 29, 2020.

(B) The Rentable Area of the Second Nineteenth Floor Premises is two thousand nine hundred twenty-four (2,924) square feet in the aggregate.

(C) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the average of the Taxes payable during the Base Tax Year.

(D) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the period consisting of two (2) fiscal years which commences on July 1, 2013 and ends on June 30, 2015 (it being understood that the Tax Payment shall be

due with respect to each Tax Year following the first Tax Year in the Base Tax Year).

(E) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand two hundred two ten-thousandths percent (.1202 %), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(F) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to the Second Nineteenth Floor Premises, provided that with respect to the Second Nineteenth Floor Premises only, the term Tenant's Operating Expense shall mean one thousand three hundred seventy-eight ten-thousandths percent (.1378%), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

(G) Section 5.1 of the Lease (as amended by the First Amendment) shall be applicable to the Second Nineteenth Floor Premises:

(H) Pursuant to the terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the Second Nineteenth Floor Premises and the provisions of Section 5.4 of the Lease, as amended hereby, shall be deemed applicable with respect to the Second Nineteenth Floor Premises from and after the Second Nineteenth Floor Premises Commencement Date. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) shall not be applicable to the Second Nineteenth Floor Premises from and

after the Second Nineteenth Floor Premises Commencement Date. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the Second Nineteenth Floor Premises simultaneously with the performance of Landlord's Second Nineteenth Floor Premises Work; it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the Second Nineteenth Floor Premises simultaneously with the performance of Landlord's Second Nineteenth Floor Premises Work, Landlord and Tenant shall cooperate with each other in good faith to coordinate the installation of such submeter or such submeters with Tenant's performance of the Initial Alterations in the Second Nineteenth Floor Premises.

(I) Section 5.4 of the Lease is hereby amended and modified to:

(i) delete from Section 5.4(B) thereof, the percentage "one hundred four percent (104%)" and to insert the percentage "one hundred seven percent (107%)" in lieu thereof;

(ii) insert in clause (ii) of Section 5.4(G) thereof, immediately after the words "installing a submeter or submeters in the Premises", the words "or prior to the date on which such submeter or submeters become operational";

(iii) delete from Section 5.4(G) thereof, the amount of "$.0045" therefrom and insert the amount of "$.0041" in lieu thereof;

(iv) insert in clause (ii) of Section 5.4(H) thereof, immediately after the words "installing a submeter or submeters in the Premises", the words "or prior to the date on which such submeter or submeters become operational"; and

(v) delete from Section 5.4(H) thereof, the amount of "$.0089" and insert the amount of "$.0041" in lieu thereof.

(J) Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease shall be deemed amended and modified to insert after the words "the Tax Payment" in each section thereof, the words "and the Operating Expense Payment (as such term is defined in Section 2.5 hereof, as set forth in Exhibit "B" attached to the Amendment and made a part thereof), between Landlord and Tenant)" except that the language in the parenthetical shall only be added the first time such language is inserted into the Lease.

(K) Section 21.3(A)(2) of the Lease shall be deemed amended and modified to insert after the words "or Tax Payment" in the twelfth (12th) line thereof, the words "or Operating Expense Payment" in lieu thereof.

4. Expansion Right. (A) Tenant shall have option to lease an additional portion of the nineteenth (19th) floor of the Building, as more particularly described on Exhibit "C" attached hereto and made a part hereof (the "Third Nineteenth Floor Premises") by giving notice to Landlord by December 23, 2013 (time being of the essence) that Tenant is exercising such option. If Tenant exercises such option then and only in such event shall the provisions of this Paragraph 4 be applicable.

(B) From and after the date on which Landlord delivers vacant and exclusive possession thereof to Tenant, the Third Nineteenth Floor Premises shall be leased to Tenant subject to and in accordance with this Paragraph 4. If Tenant does not give such notice to Landlord on or prior to such date, then Landlord shall thereafter have the right to lease the Third Nineteenth Floor Premises (or any part thereof) to any other Person on terms acceptable to Landlord, in Landlord's sole discretion, without being required to make any other offer to Tenant

regarding the Third Nineteenth Floor Premises under this Paragraph 4. Tenant shall not have the right to revoke such notice given to Landlord pursuant to this Paragraph 4. Tenant shall not have the right to exercise such option for only a portion of the Third Nineteenth Floor Premises.

(C) From and after the date on which Landlord delivers vacant and exclusive possession of the Third Nineteenth Floor Premises to Tenant with Landlord's Third Nineteenth Floor Premises Work (as hereinafter defined) Substantially Complete (such date, the "Third Nineteenth Floor Premises Commencement Date"), Landlord leases to Tenant, and Tenant hires from Landlord, the Third Nineteenth Floor Premises upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the Third Nineteenth Floor Premises Commencement Date, all references in the Lease to the "Premises" shall be deemed to mean, collectively, the First Nineteenth Floor Premises, the Second Nineteenth Floor Premises (subject to the terms hereof) and the Third Nineteenth Floor Premises for all purposes of the Lease, as modified and amended hereby.

(D) From and after the Third Nineteenth Floor Premises Commencement Date, the Lease with respect to the Third Nineteenth Floor Premises only, is hereby amended and modified as follows:

(i) The Fixed Rent shall be an amount equal to:

(x) One Hundred Seventy-Four Thousand Three Hundred Sixty-Three and 00/100 Dollars ($174,363.00) per annum for the period commencing on the Third Nineteenth Floor Premises Commencement Date and ending on December 31, 2016 ($14,530.25 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Third Nineteenth Floor Premises

Commencement Date and ending on the Third Nineteenth Floor Premises Rent Commencement Date shall be abated. The term "Third Nineteenth Floor Premises Rent Commencement Date" shall mean the date which is sixty (60) days after the Third Nineteenth Floor Premises Commencement Date; and

(y) One Hundred Eighty-Nine Thousand Six Hundred Fifty-Eight and 00/100 Dollars ($189,658.00) per annum for the period commencing on January 1, 2017 and ending on the New Expiration Date ($15,804.83 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease. It being agreed that the term "New Expiration Date" means February 29, 2020.

(ii) The Rentable Area of the Third Nineteenth Floor Premises is three thousand fifty-nine (3,059) square feet in the aggregate.

(iii) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the average of the Taxes payable during the Base Tax Year.

(iv) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the period consisting of two (2) fiscal years which commences on July 1, 2013 and ends on June 30, 2015 (it being understood that the Tax Payment shall be due with respect to each Tax Year following the first Tax Year in the Base Tax Year).

(v) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand two hundred fifty-seven ten-thousandths percent (.1257 %), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851), which is the Rentable Area of the Building on the date hereof.

(vi) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to the Third Nineteenth Floor Premises, provided that with respect to the Third Nineteenth Floor Premises only, the term Tenant's Operating Expense shall mean two million one hundred twenty-one thousand six hundred eighty-five (2,121,685), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

(vii) Section 5.1 of the Lease (as amended by the First Amendment) shall be applicable to the Third Nineteenth Floor Premises:

(viii) Pursuant to the terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the Third Nineteenth Floor Premises and the provisions of Section 5.4 of the Lease, as amended hereby, shall be deemed applicable with respect to the Third Nineteenth Floor Premises from and after the Third Nineteenth Floor Premises Commencement Date. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) shall not be applicable to the Third Nineteenth Floor Premises from and after the Third Nineteenth Floor Premises Commencement Date. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the Third Nineteenth Floor Premises simultaneously with the performance of Landlord's Third Nineteenth Floor Premises Work; it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the Third Nineteenth Floor Premises simultaneously with the performance of Landlord's Third Nineteenth Floor Premises Work, Landlord and Tenant shall cooperate with each other in good faith to coordinate the installation

of such submeter or such submeters with Tenant's performance of the Initial Alterations in the Third Nineteenth Floor Premises.

(ix) Section 5.4 of the Lease is hereby amended and modified to:

(a) delete from Section 5.4(B) thereof, the percentage "one hundred four percent (104%)" and to insert the percentage "one hundred seven percent (107%)" in lieu thereof;

(b) insert in clause (ii) of Section 5.4(G) thereof, immediately after the words "installing a submeter or submeters in the Premises", the words "or prior to the date on which such submeter or submeters become operational";

(c) delete from Section 5.4(G) thereof, the amount of "$.0045" therefrom and insert the amount of "$.0041" in lieu thereof;

(d) insert in clause (ii) of Section 5.4(H) thereof, immediately after the words "installing a submeter or submeters in the Premises", the words "or prior to the date on which such submeter or submeters become operational"; and

(e) delete from Section 5.4(H) thereof, the amount of "$.0089" and insert the amount of "$.0041" in lieu thereof.

(x) Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease shall be deemed amended and modified to insert after the words "the Tax Payment" in each section thereof, the words "and the Operating Expense Payment (as such term is defined in Section 2.5 hereof, as set forth in Exhibit "B" attached to the Amendment and made a part thereof), between Landlord and Tenant)" except that the language in the parenthetical shall only be added the first time such language is inserted into the Lease.

(xi) Section 21.3(A)(2) of the Lease shall be deemed amended and modified to insert after the words "or Tax Payment" in the twelfth (12th) line thereof, the words "or Operating Expense Payment" in lieu thereof.

5. Condition of Premises. (A) Tenant represents that it has made a thorough inspection of the Second Nineteenth Floor Premises and, subject to the provisions of Paragraph 6 hereof, agrees to take the Second Nineteenth Floor Premises in its "as-is" condition existing on the Second Nineteenth Floor Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the Second Nineteenth Floor Premises and Landlord shall have no obligation to perform any work (other than Landlord's Second Nineteenth Floor Premises Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraph 3(A)(i) hereof), alter, improve, decorate, or otherwise prepare the Second Nineteenth Floor Premises for Tenant's occupancy prior to the Second Nineteenth Floor Premises Commencement Date. On the Second Nineteenth Floor Premises Commencement Date, the Second Nineteenth Floor Premises shall be in broom clean condition. Promptly following the Second Nineteenth Floor Premises Commencement Date, Landlord shall deliver to Tenant a Form ACP-5 (or the then current equivalent thereof) covering the Second Nineteenth Floor Premises.

(B) In the event that Tenant effectively exercises its option pursuant to Paragraph 4 hereof to lease the Third Nineteenth Floor Premises, the terms of this Paragraph 5(B) shall be applicable. Tenant represents that it has made a thorough inspection of the Third Nineteenth Floor Premises and, subject to the provisions of Paragraph 6 hereof, agrees to take the Third Nineteenth Floor Premises in its "as-is" condition existing on the Third

Nineteenth Floor Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the Third Nineteenth Floor Premises and Landlord shall have no obligation to perform any work (other than Landlord's Third Nineteenth Floor Premises Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraph 4(D)(i)(x) hereof), alter, improve, decorate, or otherwise prepare the Third Nineteenth Floor Premises for Tenant's occupancy prior to the Third Nineteenth Floor Premises Commencement Date. On the Third Nineteenth Floor Premises Commencement Date, the Third Nineteenth Floor Premises shall be in broom clean condition. Promptly following the Third Nineteenth Floor Premises Commencement Date, Landlord shall deliver to Tenant a Form ACP-5 (or the then current equivalent thereof) covering the Third Nineteenth Floor Premises.

6. Landlord's Second Nineteenth Floor Work. (A) Landlord shall, at Landlord's expense, perform the work necessary to modify the Premises in accordance with the Second Nineteenth Floor Premises Work Final Plans (as hereinafter defined) to be prepared by Spin Design, Inc. ("Architect"), at Landlord's own cost and expense, which Second Nineteenth Floor Premises Work Final Plans shall be based upon that certain drawing identified as SP-1, prepared by Architect and dated October 18, 2013 (the "Second Nineteenth Floor Premises Work Final Space Plan"), a copy of which is attached hereto as Exhibit "B" and made a part hereof (such work, "Landlord's Second Nineteenth Floor Premises Work"). Landlord shall perform Landlord's Second Nineteenth Floor Premises Work using materials and finishes which are reasonably comparable to the materials and finishes installed in the Original Premises (such materials and finishes, "Building Standard Installations"). Notwithstanding the foregoing to the contrary, Landlord shall not be obligated to install any supplemental air-conditioning system

furniture or built-ins or telecommunication wiring or equipment even if same are shown on the Second Nineteenth Floor Premises Work Initial Plans (as hereinafter defined), the Second Nineteenth Floor Premises Work Final Space Plan or the Second Nineteenth Floor Premises Work Final Plans.

(B) Tenant shall cause Architect to deliver to Landlord on or prior to January 1, 2014 (the "Plan Deadline") in the manner set forth in Paragraph 6(D) hereof, six (6) copies of the plans ("Tenant's Second Nineteenth Floor Premises Work Initial Plans") for Landlord's Second Nineteenth Floor Premises Work, which shall be (x) one hundred percent (100%) complete and ready to bid and build (including, without limitation, layout, architectural, mechanical, structural, engineering and plumbing drawings, to the extent applicable), (y) stamped and approved by Architect, and (z) in format containing sufficient detail (i) for Landlord and Landlord's consultants to reasonably assess the proposed work to prepare the Second Nineteenth Floor Premises for Tenant's initial occupancy, and (ii) to permit Landlord to make all necessary filings with Governmental Authorities to obtain the required permits, approvals and certificates to allow Landlord to commence Landlord's Second Nineteenth Floor Premises Work (the requirements set forth in clauses (x)-(z) hereof, the "Plan Requirements").

(C) Tenant shall cause Architect to revise Tenant's Second Nineteenth Floor Premises Initial Plans if and to the extent that Landlord objects or comments thereto and deliver to Landlord in the manner set forth in Paragraph 6(D) hereof, six (6) copies of Tenant's Second Nineteenth Floor Premises Work Initial Plans, as so revised, which revised plans shall (i) address all of Landlord's objections and comments to Landlord's reasonable satisfaction and (ii) satisfy all of the Plan Requirements (the Tenant's Second Nineteenth Floor Premises Initial Plans either (x) revised as aforesaid, or (y) if Landlord shall not object or comment thereto, as

applicable, shall constitute the "Second Nineteenth Floor Premises Final Plans"). Tenant shall deliver or cause Architect to deliver the Second Nineteenth Floor Premises Final Plans to Landlord on or prior to the earlier to occur of (x) the date which is five (5) days following the date that Landlord gives Tenant Landlord's objections and/or comments, if any, to Tenant's Second Nineteenth Floor Premises Initial Plans and (y) January 31, 2014 (such earlier date, the "Revision Deadline").

(D) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall (I) deliver or cause Architect to deliver (x) five (5) copies of Tenant's Second Nineteenth Floor Premises Initial Plans and the Second Nineteenth Floor Premises Initial Final Plans to Landlord at the Building, Attention: Property Manager and (y) one (1) copy of Tenant's Second Nineteenth Floor Premises Initial Plans and the Second Nineteenth Floor Premises Final Plans to Landlord, c/o Vornado Office Management LLC, 888 Seventh Avenue, 44th Floor, New York, New York 10019, Attention: Steve Sonitis and (II) cause Tenant's Second Nineteenth Floor Premises Initial Plans and the Second Nineteenth Floor Premises Final Plans to be clearly labeled in large, bold, capitalized font on the exterior thereof **"TENANT'S PLANS ENCLOSED- TIME SENSITIVE".**

(E) Landlord shall perform Landlord's Second Nineteenth Floor Premises Work in a good and workmanlike manner. Landlord shall perform Landlord's Second Nineteenth Floor Premises Work in accordance with all applicable Requirements.

(F) On or prior to five (5) Business Days after Landlord's rendition of a statement therefor, Tenant shall pay Landlord for Landlord's actual, out-of-pocket costs to perform any Tenant Second Nineteenth Floor Premises Extra Work, which statement shall have annexed thereto documentation that reasonably substantiates the charges set forth thereon. For

purposes hereof, the term "Tenant Second Nineteenth Floor Premises Extra Work" shall mean collectively, (i) any above Building Standard Installations (to the extent the hard and soft costs incurred in connection with performing the applicable portion of Landlord's Second Nineteenth Floor Premises Work in connection therewith exceed the hard and soft costs which Landlord would have incurred in performing such portion of Landlord's Second Nineteenth Floor Premises Work using Building Standard Installations), and/or (ii) any portion of Landlord's Second Nineteenth Floor Premises Work that is denoted on the Second Additional Nineteenth Floor Premises Work Final Plans (including, without limitation, the "Note" and "Legends" sections of the Second Nineteenth Floor Premises Work Final Plans) as "Alternate Pricing", "Alt. Pricing" or similar language denoting any alternatives from the Second Nineteenth Floor Premises Final Space Plan. The cost for performing any Tenant Second Nineteenth Floor Premises Extra Work shall be determined in accordance with Landlord's standard bidding procedure. Notwithstanding the foregoing to the contrary, Landlord shall have the right to let the construction contract to the lowest responsible bidder without taking into account the cost of any items of Tenant Second Nineteenth Floor Premises Extra Work (with the understanding that Landlord shall have the right to exercise Landlord's reasonable business judgment in selecting the form of contractual arrangement for the construction contract). Landlord shall notify Tenant pursuant to Paragraph 6(K) hereof as promptly as reasonably practicable after Landlord's bidding procedure is completed of the estimated price for each item of Tenant Second Nineteenth Floor Premises Extra Work. On or prior to five (5) Business Days after Landlord gives Tenant notice of such estimated price, Tenant shall notify Landlord if Tenant (w) elects for Landlord to perform such items of Tenant Second Nineteenth Floor Premises Extra Work, (x) elects for Landlord not to perform a particular item of Tenant Second Nineteenth Floor Premises Extra

Work and instead elects to have Landlord perform the particular item of work at Landlord's cost using a Building Standard Installation (if such item is capable of being replaced with a Building Standard Installation), (y) elects to choose a finish or specification that costs less than the original estimated price given by Landlord to Tenant but for which Tenant would pay Landlord pursuant to the terms of this Paragraph 6(F), or (z) elects, at Tenant's cost and expense, to perform such item of Tenant Second Nineteenth Floor Premises Extra Work itself, in which event Tenant shall perform such item as an Alteration; provided, however, Landlord shall be permitted to install a Building Standard Installation or otherwise in lieu of any such item if Tenant's delay in performing such item would delay Landlord's Second Nineteenth Floor Premises Extra Work. If Tenant elects the immediately preceding clause (z), then such item of work shall be performed by Tenant as an Alteration, in accordance with the applicable terms and provisions of the Lease, as amended hereby, governing Alterations except that such item of work shall be deemed to be approved by Landlord to the extent Tenant performs such item or work in accordance with the Second Nineteenth Floor Work Final Plans; it being understood, however, that Landlord shall be deemed to have Substantially Completed Landlord's Second Nineteenth Floor Premises Work even if certain items are incomplete as a result of Tenant's failure to complete any portion of Tenant Second Nineteenth Floor Premises Extra Work. In the event that any item of Tenant Second Nineteenth Floor Premises Extra Work creates a field condition that requires a change to Landlord's Second Nineteenth Floor Premises Work resulting in an increase of the cost of Landlord's Second Nineteenth Floor Premises Landlord shall have the right before proceeding with such change to require Tenant (x) to agree in writing to such increase in cost within two (2) Business Days from the date of Landlord's request (which request may be verbal) for Tenant's agreement and (y) to pay such increase within five (5) Business Days of Landlord's

invoice therefor; it being understood, however, that Landlord shall not have the aforesaid right unless such field condition arises as a result of any item of Second Nineteenth Floor Premises Extra Work. If Tenant shall fail or refuse to so agree to and/or pay for such increase then Landlord shall have the right (but not the obligation) to either refuse to perform such Second Nineteenth Floor Premises Extra Work, and continue the performance of Landlord's Second Nineteenth Floor Premises without making the changes thereto contemplated by such Tenant Second Nineteenth Floor Premises Extra Work or to revise the scope of Landlord's Second Nineteenth Floor Premises Work so as not to require a change resulting from a field condition.

(G) Landlord shall have the right to delegate Landlord's obligations to perform all or any portion of Landlord's Second Nineteenth Floor Premises Work to an affiliate of Landlord (it being understood, however, that Landlord's delegating such obligations to an affiliate of Landlord shall not diminish Landlord's liability for the performance of Landlord's Second Nineteenth Floor Premises Work in accordance with the terms of this Paragraph 5). Landlord shall also have the right to assign to such affiliate of Landlord the rights of Landlord hereunder to receive from Tenant the payments for the performance of the portions of Landlord's Second Nineteenth Floor Premises Work pursuant to Paragraph 6(F) hereof (it being understood that if (i) Landlord so assigns such rights to such affiliate of Landlord, and (ii) Landlord gives Tenant notice thereof, then Tenant shall pay directly to such affiliate any such amounts otherwise due and payable to Landlord hereunder). Landlord shall not be required to maintain or repair during the Term any items of Landlord's Second Nineteenth Floor Premises Work except as otherwise expressly provided in the Lease, as amended hereby, it being agreed that Landlord shall make available to Tenant all guaranties or warranties received by Landlord in connection

with Landlord's Second Nineteenth Floor Premises Work to the extent such guaranties and warranties shall not be rendered invalid thereby.

(H) The following terms shall have the following meanings:

(i) The term "Long Lead Work" shall mean any item which is not a stock item and must be specially manufactured, fabricated or installed or is of such an unusual, delicate or fragile nature that there is a substantial risk that (i) there will be a delay in its manufacture, fabrication, delivery or installation, or (ii) after delivery of such item will need to be reshipped or redelivered or repaired so that, in Landlord's reasonable judgment, the item in question cannot be completed when the standard items are completed even though the items of Long Lead Work in question are (1) ordered together with the

other items required and (2) installed or performed (after the manufacture or fabrication thereof) in order and sequence that such Long Lead Work and other items are normally installed or performed in accordance with good construction practice. In addition, Long Lead Work shall include any standard item, which in accordance with good construction practice should be completed after the completion of any item of work in the nature of the items described in the immediately preceding sentence. Landlord shall notify Tenant in accordance with Paragraph 6(K) hereof, if any items on the Second Nineteenth Floor Premises Work Final Plans constitute items of Long Lead Work and advise Tenant of the reasonably anticipated time period for the delivery of such items, and subject to the terms hereof, Tenant shall have two (2) Business Days from receipt of such notice to revise such plans to change or remove such items; provided, however, in such event, to the extent Tenant revises the Second Nineteenth Floor Premises Work Final Plans, any period beyond such two (2) Business Day period shall constitute a Tenant Work Delay, subject to the terms of Paragraph 6(H)(ii) hereof.

(ii) The term "Tenant Second Nineteenth Floor Premises Work Delays" shall mean Tenant's acts or omissions (including, without limitation, (w) changes or change orders to plans or finishes, (x) the failure to deliver or cause Architect to deliver Tenant's Second Nineteenth Floor Premises Work Initial Plans to Landlord on or prior to the Plan Deadline, and/or the failure to deliver or cause Architect to deliver the Second Nineteenth Floor Premises Work Final Plans to Landlord on or prior to the Revision Deadline, in either case in compliance with the Plan Requirements and in accordance with the provisions of Paragraph 6(D) hereof, (y) delays or failures to notify or respond to requests of Landlord and/or (z) the failure to make any of the payments required by Paragraph 6(F) hereof within the time periods specified therein) that delay Landlord in the performance of Landlord's Second Nineteenth Floor Premises Work.

(I) Notwithstanding anything to the contrary contained in this Amendment, in the event that Substantial Completion of Landlord's Second Nineteenth Floor Premises Work shall be delayed by reason of any Tenant Second Nineteenth Floor Premises Work Delays and/or items of Long Lead Work, then only for purposes of determining the date on which the Second Nineteenth Floor Premises Rent Commencement Date shall occur, the Second Nineteenth Floor Premises Commencement Date and the Substantial Completion of Landlord's Second Nineteenth Floor Premises Work shall each be deemed to have occurred on the date the same would have otherwise occurred but for such Tenant Second Nineteenth Floor Premises Work Delays and/or such items of Long Lead Work, notwithstanding that Landlord has not yet delivered possession of the Second Nineteenth Floor Premises to Tenant.

(J) Tenant during the Term, shall not remove Landlord's Second Nineteenth Floor Premises Work or any portion thereof (or Alterations that replace Landlord's

Second Nineteenth Floor Premises Work (or such portion thereof) unless Tenant replaces Landlord's Second Nineteenth Floor Premises Work (or such portion thereof), or such Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than such portion of Landlord's Second Nineteenth Floor Premises Work (it being understood that such Alterations that Tenant performs to replace Landlord's Second Nineteenth Floor Premises Work (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by this Paragraph 6(J).

(K) Notwithstanding the provisions of Article 27 of the Lease, as amended hereby to the contrary, any notices required to be given pursuant to this Paragraph 5 shall be deemed given if sent to Tenant via electronic mail to the attention of Tom Biancardi at tom.biancardii@ophthotech.com.

(L) In the event that Tenant effectively exercises its option pursuant to Paragraph 4 hereof to lease the Third Nineteenth Floor Premises, the foregoing provisions of this Paragraph 6 shall be applicable provided that the terms "Second Nineteenth Floor Premises", "Second Nineteenth Floor Premises Work Final Plans", "Second Nineteenth Floor Premises Work Final Space Plan", "Landlord's Second Nineteenth Floor Premises Work", "Second Nineteenth Floor Premises Work Initial Plans", "Second Nineteenth Floor Premises Extra Work" and any similar terms referring to the Second Nineteenth Floor Premises shall be deemed modified to apply to the Third Nineteenth Floor Premises by changing the word "Second" to "Third" in each term. It being understood and agreed that Landlord shall have the right to Substantially Complete Landlord's Second Nineteenth Floor Premises Work and Landlord's Third Nineteenth Floor Premises Work on different dates and deliver the Second Nineteenth

Floor Premises and the Third Nineteenth Floor Premises on such different dates, as the case may be.

7. Modification of Tenant's Early Termination Right. Paragraph 9 of the First Amendment shall be deemed deleted in its entirety and the following shall be applicable in lieu thereof:

(A) Subject to the terms of this Paragraph 6, Tenant shall have the one-time only right to terminate the Lease, as amended hereby ("Tenant's Termination Right"), effective as of January 31, 2018 (the "Tenant's Termination Date") provided that (i) no Event of Default has occurred and is then continuing on the date that Tenant gives Landlord the Tenant's Termination Notice and (ii) Ophthotech Corporation is the Tenant hereunder on the date that Tenant gives Landlord the Tenant's Termination Notice (as hereinafter defined). Tenant shall have the right to exercise Tenant's Termination Right effective as of Tenant's Termination Date only by giving notice thereof (a "Tenant's Termination Notice") to Landlord not later than January 31, 2017 (as to which date time shall be of the essence). Tenant's exercise of Tenant's right to terminate the Lease, as amended hereby, as provided in this Paragraph 7 shall be ineffective unless Tenant pays to Landlord, on the date that Tenant gives the Termination Notice to Landlord, an amount equal to the Termination Payment (as hereinafter defined), as additional rent. If Tenant effectively exercises Tenant's right to terminate the Lease, as amended hereby, as of Tenant's Termination Date as provided in this Paragraph 7, then Tenant, on Tenant's Termination Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease, as amended hereby, that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(B) The term "Termination Payment" shall mean an amount equal to the sum of (i) Three Hundred Seventy-Five Thousand Six Hundred Eighty-Five and 91/100 Dollars ($375, 685.91) which amount represents the sum of (I) the cost of Landlord's New Work and Landlord's Second Nineteenth Floor Premises Work and (ii) if applicable, the cost of Landlord's Third Nineteenth Floor Premises Work, the free rent to which Tenant is entitled pursuant to the First Amendment and this Amendment, and the brokerage commission that Landlord pays in connection with the First Amendment and this Amendment, to the extent that such amount remains unamortized as of the Tenant's Termination Date (assuming that such amount is amortized, in equal monthly installments, over the period from the date that Landlord incurs the applicable cost to the New Expiration Date, with an interest factor equal to eight percent (8%)) plus (II) an amount equal to the product obtained by multiplying (x) the Fixed Rent due under the Lease, as modified hereby, for both the First Nineteenth Floor Premises, the Second Nineteenth Floor Premises and if applicable the Third Nineteenth Floor Premises for January, 2018 (without taking into account any abatement or credit to which Tenant may be entitled during such month hereunder), by (y) three (3).

8. Liability of Landlord. The obligations of Landlord under the Lease, as amended by this Amendment, shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer. The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord

(collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under the Lease, as amended by this Amendment. Tenant shall look solely to Landlord to enforce Landlord's obligations under the Lease, as amended by this Amendment and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under the Lease, as amended by this Amendment, shall be limited to Landlord's interest in the Real Property and the proceeds thereof. Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and the proceeds thereof) in seeking either to enforce Landlord's obligations under the Lease, as amended hereby, or to satisfy a judgment for Landlord's failure to perform such obligations.

9. Brokerage.

(A) Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Amendment other than CBRE Inc. ("Broker"). Tenant does hereby indemnify and hold Landlord harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Landlord by reason of any claim of or liability to any broker, finder or like agent other than Broker who shall claim to have dealt with Tenant in connection herewith.

(B) Landlord represents and warrants to Tenant that it has not dealt with any broker, finder or like agent in connection with this Amendment other than Broker. Landlord does hereby indemnify and hold Tenant harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Tenant by reason of any claim of or liability to any broker, finder or like agent, including Broker, who shall claim to have dealt with Landlord in connection herewith. Landlord shall pay a commission to

Broker in connection with this amendment pursuant to a separate agreement between Broker and Landlord.

(C) The provisions of this Paragraph 9 shall survive the expiration or termination of the Lease, as amended by this Amendment.

10. Authorization. Tenant represents and warrants to Landlord that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Tenant has been duly authorized to do so, and that no other action or approval is required with respect to this transaction. Landlord represents and warrants to Tenant that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Landlord has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

11. Full Force and Effect of Lease. Except as modified by this Amendment, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

12. Entire Agreement. The Lease, as amended by this Amendment, constitutes the entire understanding between the parties hereto with respect to the Premises thereunder and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

13. Enforceability. This Amendment shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Amendment.

14. Counterparts. This Amendment may be executed in one or more counterparts each of which when taken together shall constitute but one original.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: /s/ David R. Greenbaum
David R. Greenbaum
President – New York Division

OPHTHOTECH CORPORATION, Tenant

By: /s/ Thomas Biancardi
Name: Thomas Biancardi
Title: Vice President, Finance and Operations

TENANT'S EIN#: 20 818 5347

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF)
: ss.:
COUNTY OF)

On the day of , in the year 2013, before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF NEW JERSEY)
: ss.:
COUNTY OF MERCER)

On the 20th day of December, in the year 2013, before me, the undersigned, personally appeared Thomas Biancardi personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the Princeton. (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

/s/ Melanie J. Rice
(Signature and office of individual
taking acknowledgement)

MELANIE J. RICE
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 2017

Exhibit "A"

Second Nineteenth Floor Premises

One Penn Plaza (N001) - Floor 19 - Floorplan

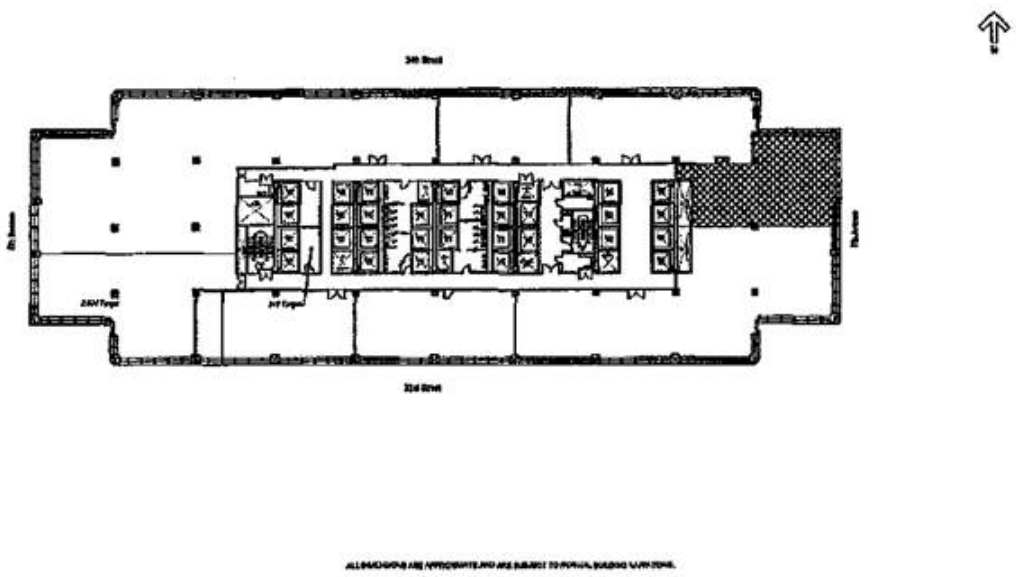


Exhibit “B”

Second Nineteenth Floor Premises Work Final Space Plan

(See Attached)

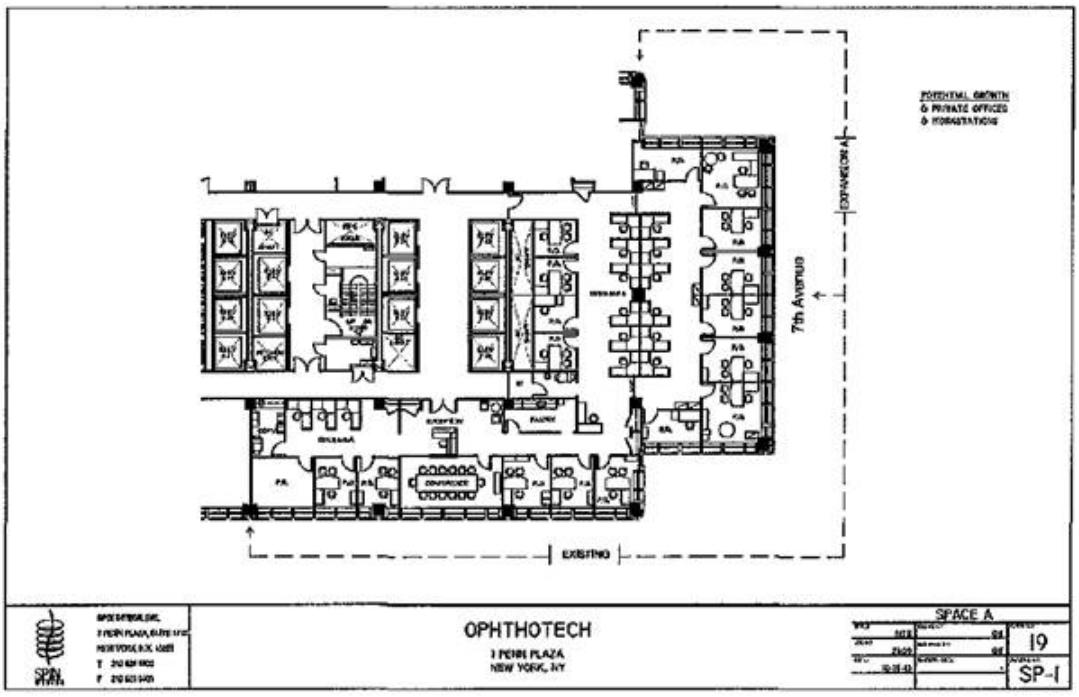
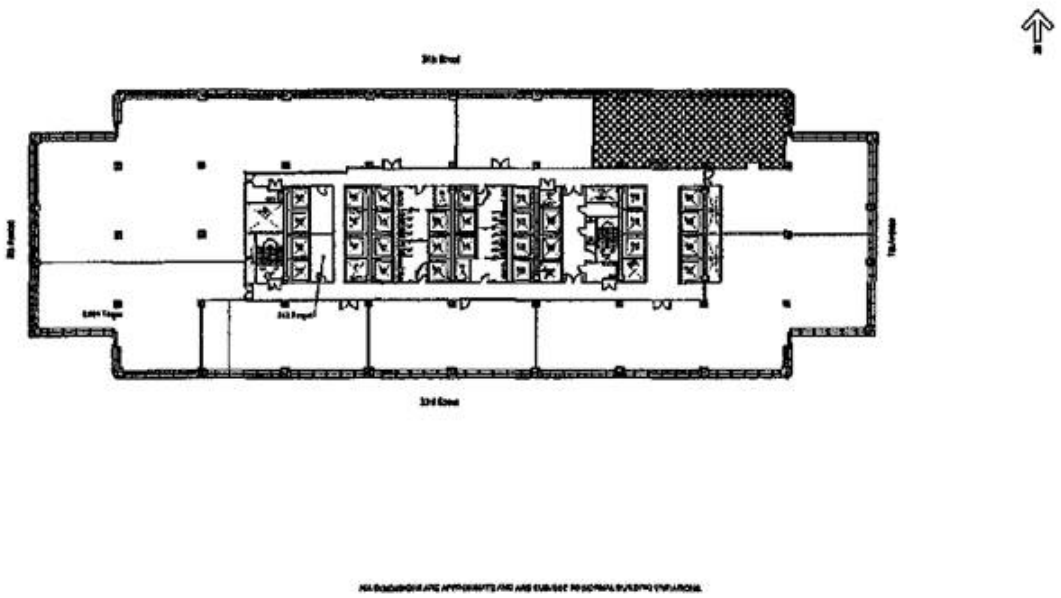


Exhibit “C”

“Third Nineteenth Floor Premises”

(See Attached)

One Penn Plaza (N001) - Floor 19 - Floorplan



THIRD AMENDMENT OF LEASE

THIS THIRD AMENDMENT OF LEASE, made as of the 18th day of April, 2014 (this "Amendment"), by and between ONE PENN PLAZA LLC, a New York limited liability company, having an office c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019 ("Landlord"), and OPHTHOTECH CORPORATION, a Delaware corporation, having an office at One Penn Plaza, New York, New York 10019 ("Tenant").

W I T N E S S E T H:

WHEREAS, by Lease, dated as of September 30, 2007 (the "Original Lease"), between Landlord and Tenant, Landlord did demise and let unto Tenant and Tenant did hire and take from Landlord, a portion of the rentable area located on the thirty-fifth (35th) floor of the building known by the street address of One Penn Plaza, New York, New York (the "Building"), as more particularly described therein (the "Original Premises");

WHEREAS, the Original Lease was amended and modified by a letter agreement, dated as of September 28, 2012 (as so amended, the "Letter Agreement"), between Landlord and Tenant;

WHEREAS, by Amendment of Lease, dated as of August 30, 2013 (the "First Amendment"), (x) Tenant surrendered the Original Premises to Landlord, (y) Landlord did demise and let unto to Tenant and Tenant did hire and take from Landlord, a portion of the nineteenth (19th) floor of the Building, as more particularly described therein (the "First 19th Floor Premises"), and (z) Landlord and Tenant extended the term of the Lease;

WHEREAS, by Second Amendment of Lease, dated as of December 20, 2013 (the "Second Amendment"; the Original Lease, as so amended, the "Lease"), Landlord did demise and let unto to Tenant and Tenant did hire and take from Landlord, an additional portion

of the nineteenth (19th) floor of the Building, as more particularly described therein (the "Second 19th Floor Premises"); and

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to hire from Landlord an additional portion of the nineteenth (19th) floor of the Building, as more particularly shown on the floor plan attached hereto as Exhibit "A" and made a part hereof (the "Third 19th Floor Premises") and to otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.

2. Third 19th Floor Premises. From and after the date on which Landlord delivers vacant and exclusive possession of the Third 19th Floor Premises to Tenant with Landlord's Third 19th Floor Premises Work (as hereinafter defined) Substantially Complete (such date, the "Third 19th Floor Premises Commencement Date"), Landlord leases to Tenant, and Tenant hires from Landlord, the Third 19th Floor Premises upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the Third 19th Floor Premises Commencement Date, all references in the Lease to the "Premises" shall be deemed to mean, collectively, the First 19th Floor Premises, the Second 19th Floor Premises and the Third 19th Floor Premises for all purposes of the Lease, as modified and amended hereby.

3. Modification of Lease. From and after the Third 19th Floor Premises Commencement Date, the Lease with respect to the Third 19th Floor Premises only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) One Hundred Eighty-Seven Thousand Four Hundred Forty-Three and 00/100 Dollars ($187,443.00) per annum for the period commencing on the Third 19th Floor Premises Commencement Date and ending on December 31, 2016 ($15,620.25 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Third 19th Floor Premises Commencement Date and ending on the Third 19th Floor Premises Rent Commencement Date (as hereinafter defined) shall be abated. The term "Third 19th Floor Premises Rent Commencement Date" shall mean, subject to Paragraph 6(I) hereof, the date which is sixty (60) days after the Third 19th Floor Premises Commencement Date; and

(ii) Two Hundred Three Thousand Three Hundred Twenty-Eight and 00/100 Dollars ($203,328.00) per annum for the period commencing on January 1, 2017 and ending on the New Expiration Date ($16,944.00 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The Rentable Area of the Third 19th Floor Premises is three thousand one hundred seventy-seven (3,177) square feet in the aggregate.

(C) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the average of the Taxes payable during the Base Tax Year.

(D) The term "Base Tax Year" (as such term is defined in Section

2.1(C) of the Lease) shall mean the period consisting of two (2) fiscal years which commences on July 1, 2013 and ends on June 30, 2015 (it being understood that the Tax Payment shall be due with respect to each Tax Year following the first Tax Year in the Base Tax Year).

(E) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand three hundred six ten-thousandths percent (.1306%), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(F) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to the Third 19th Floor Premises, provided that with respect to the Third 19th Floor Premises only, the term Tenant's Operating Expense shall mean one thousand four hundred ninety-seven ten-thousandths percent (.1497%), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

(G) Section 5.1 of the Lease (as amended by the First Amendment) shall be applicable to the Third 19th Floor Premises:

(H) Pursuant to the terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the Third 19th Floor Premises and the provisions of Section 5.4 of the Lease, as amended by Paragraph 3(I) of the First Amendment, shall be deemed applicable with respect to the Third 19th Floor Premises from and

after the Third 19th Floor Premises Commencement Date. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) of the Lease shall not be applicable to the Third 19th Floor Premises from and after the Third 19th Floor Premises Commencement Date. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the Third 19th Floor Premises simultaneously with the performance of Landlord's Third 19th Floor Premises Work; it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the Third 19th Floor Premises simultaneously with the performance of Landlord's Third 19th Floor Premises Work, Landlord and Tenant shall cooperate with each other in good faith to coordinate the installation of such submeter or such submeters with Tenant's performance of the Initial Alterations in the Third 19th Floor Premises.

(J) The modifications to Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease, as set forth in Paragraph 3(J) of the First Amendment and the modification to Section 21.3(A)(2) of the Lease, as set forth in Paragraph 3(K) of the First Amendment, shall be applicable with respect to the Third 19th Floor Premises.

4. Modification of Lease. From and after the date hereof, the Lease is hereby amended and modified as follows:

(A) Notwithstanding anything to the contrary contained in the Lease, as amended hereby, including, without limitation, Article 23 thereof, all references in the Lease to the "Cash Security Deposit" are hereby deleted; it being the intent and purpose hereof that Tenant shall not have the right to maintain the security deposit in the form of cash.

(B) Paragraph 4 of the Second Amendment is hereby deleted in its entirety.

(C) Paragraph 7 of the Second Amendment is hereby deleted in its entirety; it being the intent and purpose hereof that Paragraph 9 of this Amendment shall be applicable in lieu thereof.

5. Condition of Premises. (A) Tenant represents that it has made a thorough inspection of the Third 19th Floor Premises and, subject to the provisions of Paragraph 6 hereof, agrees to take the Third 19th Floor Premises in its "as-is" condition existing on the Third 19th Floor Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the Third 19th Floor Premises and Landlord shall have no obligation to perform any work (other than Landlord's Third 19th Floor Premises Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraph 3(A)(i) hereof), alter, improve, decorate, or otherwise prepare the Third 19th Floor Premises for Tenant's occupancy prior to the Third 19th Floor Premises Commencement Date. On the Third 19th Floor Premises Commencement Date, the Third 19th Floor Premises shall be in broom clean condition. Promptly following the Third 19th Floor Premises Commencement Date, Landlord shall deliver to Tenant a Form ACP-5 (or the then current equivalent thereof) covering the Third 19th Floor Premises.

6. Landlord's Third 19th Floor Premises Work. (A) Landlord shall, at Landlord's expense, but subject to Paragraph 7 hereof, perform the work necessary to construct the Premises in accordance with the Third 19th Floor Premises Final Plans (as hereinafter defined) to be prepared by Spin Design, Inc. ("Architect"), at Landlord's own cost and expense but subject to Paragraph 7 hereof, which Third19th Floor Premises Final Plans shall be based upon that certain drawing identified as LP-1, prepared by Architect and dated April 4, 2014 (the

"Third 19th Floor Premises Final Space Plan"), a copy of which is attached hereto as Exhibit "B" and made a part hereof (such work, "Landlord's Third 19th Floor Premises Work"). Notwithstanding the foregoing to the contrary, Landlord shall not be obligated to install any supplemental air-conditioning system furniture or built-ins or telecommunication wiring or equipment even if same are shown on the Third 19th Floor Premises Initial Plans (as hereinafter defined), the Third 19th Floor Premises Final Space Plan or the Third 19th Floor Premises Final Plans.

(B) Tenant shall cause Architect to deliver to Landlord on or prior to June 1, 2014 (the "Third 19th Floor Premises Plan Deadline") in the manner set forth in Paragraph 6(D) hereof, six (6) copies of the plans (the "Third 19th Floor Premises Initial Plans") for Landlord's Third 19th Floor Premises Work, which shall be (x) one hundred percent (100%) complete and ready to bid and build (including, without limitation, layout, architectural, mechanical, structural, engineering and plumbing drawings, to the extent applicable), (y) stamped and approved by Architect, and (z) in format containing sufficient detail (i) for Landlord and Landlord's consultants to reasonably assess the proposed work to prepare the Third 19th Floor Premises for Tenant's initial occupancy, and (ii) to permit Landlord to make all necessary filings with Governmental Authorities to obtain the required permits, approvals and certificates to allow Landlord to commence Landlord's Third 19th Floor Premises Work (the requirements set forth in clauses (x)-(z) hereof, the "Third 19th Floor Premises Plan Requirements").

(C) Tenant shall cause Architect to revise the Third 19th Floor Premises Initial Plans if and to the extent that Landlord objects or comments thereto and deliver to Landlord in the manner set forth in Paragraph 6(D) hereof, six (6) copies of the Third 19th Floor Premises Initial Plans, as so revised, which revised plans shall (i) address all of Landlord's

objections and comments to Landlord's reasonable satisfaction and (ii) satisfy all of the Third 19th Floor Premises Plan Requirements (the Third 19th Floor Premises Initial Plans either (x) revised as aforesaid, or (y) if Landlord shall not object or comment thereto, as applicable, shall constitute the "Third 19th Floor Premises Final Plans"). Tenant shall deliver or cause Architect to deliver the Third 19th Floor Premises Final Plans to Landlord on or prior to the earlier to occur of (x) the date which is five (5) days following the date that Landlord gives Tenant Landlord's objections and/or comments, if any, to Tenant's Third 19th Floor Premises Initial Plans and (y) July 1, 2014 (such earlier date, the "Third 19th Floor Premises Revision Deadline").

(D) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall (I) deliver or cause Architect to deliver (x) five (5) copies of the Third 19th Floor Premises Initial Plans and the Third 19th Floor Premises Final Plans to Landlord at the Building, Attention: Property Manager and (y) one (1) copy of the Third 19th Floor Premises Initial Plans and the Third 19th Floor Premises Final Plans to Landlord, c/o Vornado Office Management LLC, 888 Seventh Avenue, 44th Floor, New York, New York 10019, Attention: Steve Sonitis and (II) cause the Third 19th Floor Premises Initial Plans and the Third 19th Floor Premises Final Plans to be clearly labeled in large, bold, capitalized font on the exterior thereof **"TENANT'S PLANS ENCLOSED- TIME SENSITIVE"**.

(E) Landlord shall perform Landlord's Third 19th Floor Premises Work in a good and workmanlike manner. Landlord shall perform Landlord's Third 19th Floor Premises Work in accordance with all applicable Requirements.

(F) Landlord shall have the right to delegate Landlord's obligations to perform all or any portion of Landlord's Third 19th Floor Premises Work to an affiliate of Landlord (it being understood, however, that Landlord's delegating such obligations to an

affiliate of Landlord shall not diminish Landlord's liability for the performance of Landlord's Third 19th Floor Premises Work in accordance with the terms of this Paragraph 6). Landlord shall also have the right to assign to such affiliate of Landlord the rights of Landlord hereunder to receive from Tenant the payments for the performance of the portions of Landlord's Third 19th Floor Premises Work pursuant to Paragraph 7 hereof (it being understood that if (i) Landlord so assigns such rights to such affiliate of Landlord, and (ii) Landlord gives Tenant notice thereof, then Tenant shall pay directly to such affiliate any such amounts otherwise due and payable to Landlord hereunder). Landlord shall not be required to maintain or repair during the Term any items of Landlord's Third 19th Floor Premises Work except as otherwise expressly provided in the Lease, as amended hereby, it being agreed that Landlord shall make

available to Tenant all guaranties or warranties received by Landlord in connection with Landlord's Third 19th Floor Premises Work to the extent such guaranties and warranties shall not be rendered invalid thereby.

(G) Landlord shall notify Tenant in accordance with Paragraph 8 hereof, if any items on the Third 19th Floor Premises Final Plans constitute items of Long Lead Work and advise Tenant of the reasonably anticipated time period for the delivery of such items, and subject to the terms hereof, Tenant shall have two (2) Business Days from receipt of such notice to revise such plans to change or remove such items; provided, however, in such event, to the extent Tenant revises the Third 19th Floor Premises Final Plans, any period beyond such two (2) Business Day period shall constitute a Tenant Third 19th Floor Premises Work Delay, subject to the terms of Paragraph 6(H) hereof.

(H) The term "Tenant Third 19th Floor Premises Work Delays" shall mean Tenant's acts or omissions (including, without limitation, (w) changes or change orders to

plans or finishes, (x) the failure to deliver or cause Architect to deliver the Third 19th Floor Premises Initial Plans to Landlord on or prior to the Third 19th Floor Premises Plan Deadline, and/or the failure to deliver or cause Architect to deliver the Third 19th Floor Premises Final Plans to Landlord on or prior to the Third 19th Floor Premises Revision Deadline, in either case in compliance with the Third 19th Floor Premises Plan Requirements and in accordance with the provisions of Paragraph 6(D) hereof, (y) delays or failures to notify or respond to requests of Landlord and/or (z) the failure to make any of the payments required by Paragraph 7 hereof within the time periods specified therein) that delay Landlord in the performance of Landlord's Third 19th Floor Premises Work.

(I) Notwithstanding anything to the contrary contained in this Amendment, in the event that Substantial Completion of Landlord's Third 19th Floor Premises Work shall be delayed by reason of any Tenant Third 19th Floor Premises Work Delays and/or items of Long Lead Work, then only for purposes of determining the date on which the Third 19th Floor Premises Rent Commencement Date shall occur, the Third 19th Floor Premises Commencement Date and the Substantial Completion of Landlord's Third 19th Floor Premises Work shall each be deemed to have occurred on the date the same would have otherwise occurred but for such Tenant Third 19th Floor Premises Work Delays and/or such items of Long Lead Work, notwithstanding that Landlord has not yet delivered possession of the Third 19th Floor Premises to Tenant.

(J) To the extent that Landlord has performed all or any part of Landlord's Third 19th Floor Premises Work using Landlord's Contribution (as hereinafter defined), Tenant during the Term, shall not remove Landlord's Third 19th Floor Premises Work or any portion thereof (or Alterations that replace Landlord's Third 19th Floor Premises Work (or

such portion thereof) unless Tenant replaces Landlord's Third 19th Floor Premises Work (or such portion thereof), or such Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than such portion of Landlord's Third 19th Floor Premises Work (it being understood that such Alterations that Tenant performs to replace Landlord's Third 19th Floor Premises Work (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by this Paragraph 6(J).

7. Landlord's Contribution to Third 19th Floor Premises Work Cost.

(A) Subject to the terms of this Paragraph 7, Tenant shall pay to Landlord, as additional rent, an amount equal to the excess, if any, of (I) the Third 19th Floor Premises Work Cost, over (II) One Hundred Seventy-Four Thousand Seven Hundred Thirty-Five Dollars and No Cents ($174,735.00) (such amount, "Landlord's Contribution"; the amount of any such excess being referred to herein as "Tenant's Third 19th Floor Premises Work Cost"). The term "Third 19th Floor Premises Work Cost" shall mean the sum of (x) the "hard" costs that Landlord incurs in performing Landlord's Third 19th Floor Premises Work and (y) the "soft" costs that Landlord incurs in performing Landlord's Third 19th Floor Premises Work, such as architects' and engineers' fees, permit costs, and filing fees, and the cost of electricity consumed at the Third 19th Floor Premises during the performance of Landlord's Third 19th Floor Premises Work; provided that in no event shall Tenant be entitled to use more than twenty percent (20%) of Landlord's Contribution towards such "soft" costs.

(B) Landlord shall submit to at least three (3) reputable construction companies as reasonably designated by Landlord, with reasonable promptness after the date Landlord receives the Third 19th Floor Premises Final Plans, a bid package that describes Landlord's Third 19th Floor Premises Work. Landlord shall use Landlord's diligent efforts to

obtain from each of such construction companies a bona fide bid to perform Landlord's Third 19th Floor Premises Work. Landlord shall have the right to request that the construction companies submit alternative bids, assuming, for example, that (a) the construction company acts as a general contractor for a fixed price, (b) the construction company acts as a construction manager for a construction management fee (without providing a guaranteed maximum price), and (c) the construction company acts as a construction manager for a construction management fee and provides a guaranteed maximum price. Landlord shall advise Tenant of Landlord's receipt of the bids from the aforesaid construction companies. Tenant shall have three (3) Business Days to review such bids and modify the Third 19th Floor Premises Final Plans or any items described therein in an attempt to lower the amount of such bids. Following such three (3) Business Day period, Landlord shall have the right to let the construction contract to the lowest responsible bidder (with the understanding that Landlord shall have the right to exercise Landlord's reasonable business judgment in selecting the form of contractual arrangement for the construction contract) (the aforesaid construction contract that Landlord lets for Landlord's Third 19th Floor Premises Work being referred to herein as the "Construction Contract").

(C) Landlord shall have the right to give to Tenant, after Landlord lets the Construction Contract, a notice of Landlord's reasonable estimate of the Third 19th Floor Premises Work Cost and the Tenant's Third 19th Floor Premises Work Cost that derives therefrom (such notice being referred to herein as the "Work Estimate Notice"). Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives such notice to

Tenant, an amount equal to Tenant's Third 19th Floor Premises Work Cost as reflected in the Work Estimate Notice (any such payment that Tenant makes to Landlord being referred to herein as the "Original Work Estimate Payment"). In the event that Landlord's reasonable estimate of

the Third 19th Floor Premises Work Cost increases during Landlord's performance of Landlord's Third 19th Floor Premises Work, Landlord shall have the right, from time to time, to give to Tenant a revised notice of Landlord's reasonable estimate of the Third 19th Floor Premises Work Cost and the Tenant's Third 19th Floor Premises Work Cost that derives therefrom (any such notice being referred to herein as the "Revised Work Estimate Notice"). Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives a Revised Work Estimate Notice to Tenant, an amount equal to the difference between (x) the Tenant's Third 19th Floor Premises Work Cost as reflected in the Revised Work Estimate Notice and (y) the amount of the Original Work Estimate Payment plus the amount(s) of any other Increased Work Estimate Payments that Tenant has theretofore paid to Landlord and which Landlord has received (any such payment that Tenant makes to Landlord pursuant to a Revised Work Estimate Notice being referred to herein as an "Increased Work Estimate Payment"; the Original Work Estimate Payment, together with any Increased Work Estimate Payment(s), if any, the "Work Estimate Payment"). Landlord shall give to Tenant, within sixty (60) days after the date that Landlord Substantially Completes Landlord's Third 19th Floor Premises Work, a notice that sets forth the Third 19th Floor Premises Work Cost therefor and the Tenant's Third 19th Floor Premises Work Cost that derives therefrom (such notice being referred to herein as the "Final Cost Notice"). Landlord shall have the right to cease performance of Landlord's Third 19th Floor Premises Work if Tenant fails to make any of the aforesaid payments within the time periods set forth herein. Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives the Final Cost Notice to Tenant, an amount equal to the excess (if any) of (I) Tenant's Third 19th Floor Premises Work Cost, as reflected in the Final Cost Notice, over (II) the Work Estimate Payment (if any). Landlord shall pay to Tenant, within thirty (30) days after the

date that Landlord gives the Final Cost Notice to Tenant, an amount equal to the excess (if any) (I) the Work Estimate Payment, over (II) Tenant's Third 19 th Floor Premises Work Cost as reflected in the Final Cost Notice.

8. Notices Regarding Landlord's Third 19th Floor Premises Work. Notwithstanding the provisions of Article 27 of the Lease, as amended hereby to the contrary, any notices required to be given pursuant to Paragraphs 7 and 8 of this Amendment shall be deemed given if sent to Tenant via electronic mail to the attention of Tom Biancardi at tom. biancardi@ophthotech. com.

9. Tenant's Early Termination Right. (A) Subject to the terms of this Paragraph 9, Tenant shall have the one-time only right to terminate the Lease, as amended hereby ("Tenant's Termination Right"), effective as of January 31, 2018 (the "Tenant's Termination Date") provided that (i) no Event of Default has occurred and is then continuing on the date that Tenant gives Landlord the Tenant's Termination Notice and (ii) Ophthotech Corporation is the Tenant hereunder on the date that Tenant gives Landlord the Tenant's Termination Notice (as hereinafter defined). Tenant shall have the right to exercise Tenant's Termination Right effective as of Tenant's Termination Date only by giving notice thereof (a "Tenant's Termination Notice") to Landlord not later than January 31, 2017 (as to which date time shall be of the essence). Tenant's exercise of Tenant's right to terminate the Lease, as amended hereby, as provided in this Paragraph 7 shall be ineffective unless Tenant pays to Landlord, on the date that Tenant gives the Termination Notice to Landlord, an amount equal to the Termination Payment (as hereinafter defined), as additional rent. If Tenant effectively exercises Tenant's right to terminate the Lease, as amended hereby, as of Tenant's Termination Date as provided in this Paragraph 9, then Tenant, on Tenant's Termination Date, shall vacate the

Premises and surrender the Premises to Landlord in accordance with the terms of this Lease, as amended hereby, that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(B) The term "Termination Payment" shall mean an amount equal to Five Hundred Thirty-Nine Thousand Thirty-Seven and 34/100 Dollars ($539,037.34) which amount represents the sum of (I) (x) the cost of Landlord's New Work (as defined in the First Amendment), (y) the cost of Landlord's Second Nineteenth Floor Premises Work (as defined in the Second Amendment), (z) Landlord's Contribution, plus (II) the free rent to which Tenant is entitled pursuant to the First Amendment, the Second Amendment and this Amendment, plus (III) the brokerage commission that Landlord paid or pays in connection with the First Amendment, the Second Amendment and this Amendment, to the extent that the amounts set forth in (I), (II) and (III) remain unamortized as of the Tenant's Termination Date (assuming that such amount is amortized, in equal monthly installments, over the period from the date that Landlord incurs the applicable cost to the New Expiration Date, with an interest factor equal to eight percent (8%)) plus (IV) an amount equal to the product obtained by multiplying (x) the Fixed Rent due under the Lease, as amended hereby, for each of the First 19th Floor Premises, the Second 19th Floor Premises and the Third 19th Floor Premises for the month January, 2018 (without taking into account any abatement or credit to which Tenant may be entitled during such month pursuant to the Lease, as amended hereby), by (y) three (3).

10. Liability of Landlord. The obligations of Landlord under the Lease, as amended by this Amendment, shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the

Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer. The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord (collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under the Lease, as amended by this Amendment. Tenant shall look solely to Landlord to enforce Landlord's obligations under the Lease, as amended by this Amendment and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under the Lease, as amended by this Amendment, shall be limited to Landlord's interest in the Real Property and the proceeds thereof. Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real

Property and the proceeds thereof) in seeking either to enforce Landlord's obligations under the Lease, as amended hereby, or to satisfy a judgment for Landlord's failure to perform such obligations.

11. Brokerage.

(A) Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Amendment other than CBRE Inc. ("Broker"). Tenant does hereby indemnify and hold Landlord harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Landlord by reason of any claim of or liability to any broker, finder or like agent other than Broker who shall claim to have dealt with Tenant in connection herewith.

(B) Landlord represents and warrants to Tenant that it has not dealt with any broker, finder or like agent in connection with this Amendment other than Broker.

Landlord does hereby indemnify and hold Tenant harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Tenant by reason of any claim of or liability to any broker, finder or like agent, including Broker, who shall claim to have dealt with Landlord in connection herewith. Landlord shall pay a commission to Broker in connection with this amendment pursuant to a separate agreement between Broker and Landlord.

(C) The provisions of this Paragraph 11 shall survive the expiration or termination of the Lease, as amended by this Amendment.

12. Authorization. Tenant represents and warrants to Landlord that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Tenant has been duly authorized to do so, and that no other action or approval is required with respect to this transaction. Landlord represents and warrants to Tenant that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Landlord has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

12. Full Force and Effect of Lease. Except as modified by this Amendment, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

13. Entire Agreement. The Lease, as amended by this Amendment, constitutes the entire understanding between the parties hereto with respect to the Premises thereunder and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

14. Enforceability. This Amendment shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Amendment.

15. Counterparts. This Amendment may be executed in one or more counterparts each of which when taken together shall constitute but one original.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: /s/ David R. Greenbaum
David R. Greenbaum
President – New York Division

OPHTHOTECH CORPORATION, Tenant

By: /s/ Thomas Biancardi
Name: Thomas Biancardi
Title: VP, Finance & Operations

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF)
: ss.:
COUNTY OF)

On the day of , in the year 2014, before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF New Jersey)
: ss.:
COUNTY OF Mercer)

On the 7 day of April, in the year 2014, before me, the undersigned, personally appeared Thomas Biancardi personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, execute the instrument, and that such individual made such appearance before the undersigned in the Princeton, NJ. (Insert the city or other political subdivision and the state or country or othe place the acknowledgement was taken.)

/s/ Jennifer E Chocolate
(Signature and office of individual taking acknowledgement)

Jennifer E Chocolate
Notary Public of New Jersey
My Commission Expires August 28, 2018

Exhibit "A"

Third 19th F1oor Premises

One Penn Plaza (N4001) - Floor 19 - Floorplan

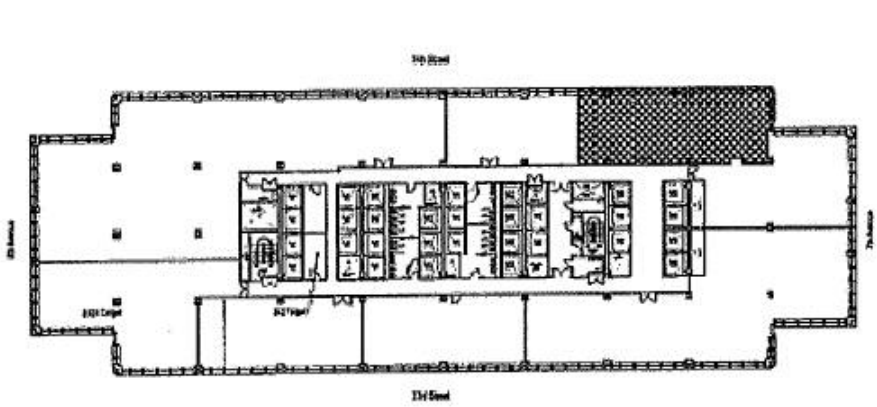


Exhibit "B"

Third 19th Floor Premises Final Space Plan

(See Attached)

FOURTH AMENDMENT OF LEASE

THIS FOURTH AMENDMENT OF LEASE, made as of the 22nd day of December, 2014 (this "Amendment"), by and between ONE PENN PLAZA LLC, a New York limited liability company, having an office c/o Vornado Office Management LLC, 888 Seventh Avenue, New York, New York 10019 ("Landlord"), and OPHTHOTECH CORPORATION, a Delaware corporation, having an office at One Penn Plaza, New York, New York 10019 ("Tenant").

WITNESSETH:

WHEREAS, by Lease, dated as of September 30, 2007 (the "Original Lease"), between Landlord and Tenant, Landlord did demise and lease to Tenant and Tenant did hire and take from Landlord, a portion of the rentable area located on the thirty-fifth (35th) floor of the building known by the street address of One Penn Plaza, New York, New York (the "Building"), as more particularly described therein (the "Original Premises");

WHEREAS, the Original Lease was amended and modified by a letter agreement. dated as of September 28, 2012 (as so amended, the "Letter Agreement"), between Landlord and Tenant;

WHEREAS, by Amendment of Lease, dated as of August 30, 2013 (the "First Amendment"), (x) Tenant surrendered the Original Premises to Landlord, (y) Landlord did demise and lease to Tenant and Tenant did hire and take from Landlord, a portion of the nineteenth (19th) floor of the Building, as more particularly described therein (the "First 19th Floor Premises"), and (z) Landlord and Tenant extended the term of the Lease;

WHEREAS, by Second Amendment of Lease, dated as of December 20, 2013 (the "Second Amendment"; the Original Lease, as so amended, the "Lease"), Landlord did

demise and lease to Tenant and Tenant did hire and take from Landlord, an additional portion of the nineteenth (19th) floor of the Building, as more particularly described therein (the "Second 19th Floor Premises");

WHEREAS, by Third Amendment of Lease, dated as of April 18, 2014 (the "Third Amendment" and the Original Lease, as modified by the First Amendment, the Second Amendment and the Third Amendment, the "Lease"), Landlord did demise and lease to Tenant and Tenant did hire and take from Landlord an additional portion of the nineteenth (19th) floor of the Building, as more particularly described therein (the "Third 19th Floor Premises", the First 19th Floor Premises, the Second 19th Floor Premises and the Third 19th Floor Premises, collectively, the "Premises"); and

WHEREAS, Landlord desires to demise and lease to Tenant and Tenant desires to hire and take from Landlord three (3) additional portions of the nineteenth (19) floor of the Building, as more particularly shown as Space A ("Space A"), Space B ("Space B") and Space C ("Space C") on the floor plan attached hereto as Exhibit "A" and made a part hereof (Space A, Space B and Space C collectively, the "Fourth 19th Floor Premises") and to otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise defined herein.

2. Fourth 19th Floor Premises. (A) From and after the date on which Landlord delivers vacant and exclusive possession of Space A, Space B and Space C, as the case may be, to Tenant with Landlord's Fourth 19th Floor Premises Work (as hereinafter defined) therein Substantially Complete (such delivery dates respectively, the "Space A Commencement Date", the "Space B Commencement Date" and the "Space C Commencement Date"), Landlord leases to Tenant, and Tenant hires from Landlord, Space A, Space B and/or Space C, as the case may be, upon all of the same terms, covenants and conditions set forth in the Lease, except as modified and amended herein. From and after the Space A Commencement Date, all references in the Lease to the "Premises" shall be deemed to include Space A for all purposes of the Lease, as modified and amended hereby. In the event that the term of the lease in effect as of the date hereof with respect to Space A or Space B expires or terminates and the tenant thereof fails to surrender possession of Space A or Space B, as the case may be by such expiration or earlier termination date, Landlord shall commence and prosecute holdover proceedings against such tenants as reasonably required to cause such tenant to surrender Space A or Space B, as the case may be. Landlord hereby agrees that if the Space A Commencement Date shall not have occurred by September 1, 2015 (which date shall be adjourned by periods during which occur any of the events referred to in Section 10.1 of the Lease), then Tenant shall be entitled to a credit against the Fixed Rent with respect to Space A, only for each day in the period from September 1, 2015 (as so adjourned) until the day immediately preceding the Space A Commencement Date, which credit shall be applied from and after the Space A Rent

Commencement Date (and shall be in addition to the abatement of Fixed Rent referred to in Paragraph 3(A)(i) hereof). Landlord hereby agrees that if the Space B Commencement Date shall not have occurred by February 1, 2016 (which date shall be adjourned by periods during

which occur any of the events referred to in Section 10.1 of the Lease), then Tenant shall be entitled to a credit against the Fixed Rent with respect to Space B, only for each day in the period from February 1, 2016 (as so adjourned) until the day immediately preceding the Space B Commencement Date, which credit shall be applied from and after the Space B Rent Commencement Date (and shall be in addition to the abatement of Fixed Rent referred to in Paragraph 4(A)(i) hereof). Landlord hereby agrees that if the Space C Commencement Date shall not have occurred by June 1, 2015 (which date shall be adjourned by periods during which occur any of the events referred to in Section 10.1 of the Lease), then Tenant shall be entitled to a credit against the Fixed Rent with respect to Space C, only for each day in the period from June 1, 2015 (as so adjourned) until the day immediately preceding the Space C Commencement Date, which credit shall be applied from and after the Space C Rent Commencement Date (and shall be in addition to the abatement of Fixed Rent referred to in Paragraph 5(A)(i) hereof). In the event the Space A Commencement Date, the Space B Commencement Date or the Space C Commencement Date has not occurred by February 28, 2016 (which date shall be adjourned by periods during which occur any of the events referred to in Section 10.1 of the Lease), then Tenant shall have the right to terminate this Amendment, by giving notice to Landlord thereof by March 5, 2016 (as such date may be so adjourned) (time being of the essence) and if the Space A Commencement Date, the Space B Commencement Date or the Space C Commencement Date shall not have occurred by March 10, 2016 (as so adjourned), then this Amendment shall be deemed terminated effective on March 10, 2016 (as so adjourned) by such notice from Tenant except for provisions hereof that survive the Expiration Date, provided that if the Term has commenced with respect to any such space, then the Term with respect thereto will terminate on March 31, 2016 (as so adjourned) as if such date were the Expiration Date.

3. Modification of Lease Space A. From and after the Space A Commencement Date, the Lease with respect to Space A only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) One Hundred Sixty-Seven Thousand Two Hundred Sixty-Two and 00/100 Dollars ($167,262.00) per annum for the period commencing on the Space A Commencement Date and ending on June 31, 2017 ($13,938.50 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Space A Commencement Date and ending on the Space A Rent Commencement Date (as hereinafter defined) shall be abated. The term "Space A Rent Commencement Date" shall mean, subject to Paragraph 9(1) hereof, the date which is one hundred twenty (120) days after the Space A Commencement Date; and

(ii) One Hundred Eighty Thousand Nine Hundred Seventy-Two and 00/100 Dollars ($180,972.00) per annum for the period commencing on July 1, 2017 and ending on the New Expiration Date (as such term is defined in the First Amendent) ($15,081.00 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The Rentable Area of Space A is two thousand seven hundred forty-two (2,742) square feet in the aggregate.

(C) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the Taxes payable during the Base Tax Year.

(D) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the fiscal year which commences on July 1, 2015 and ends on June 30, 2016.

(E) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(1) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand two hundred ninety-two ten-thousandths percent (.1292%), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(F) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to Space A, provided that with respect to Space A only, (i) the term "Base Operating Expense Year" (as defined in Section 2.5(B) of the Lease) shall mean the 2015 calendar year, (ii) the term "Tenant's Operating Expense Share" (as defined in Section 2.5(H) of the Lease) shall mean one thousand one hundred twenty-seven ten-thousandths percent (.1127%), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

4. Modification of Lease Space B. From and after the Space B Commencement Date, the Lease with respect to Space B only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) One Hundred Sixty-Six Thousand Four Hundred Sixty-Nine and 00/100 Dollars ($166,469.00) per annum for the period commencing on the Space B Commencement Date and ending on June 31, 2017 ($13,872.42 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Space B Commencement Date and ending on the Space B Rent Commencement Date (as hereinafter defined) shall be abated. The term "Space B Rent Commencement Date" shall mean, subject to Paragraph 9(I) hereof, the date which is one hundred twenty (120) days after the Space B Commencement Date; and

(ii) One Hundred Eighty Thousand One Hundred Fourteen and 00/100 Dollars ($180,114.00) per annum for the period commencing on July 1, 2017 and ending on the New Expiration Date ($15,009.50 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The Rentable Area of Space B is two thousand seven hundred twenty-nine (2,729) square feet in the aggregate.

(C) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the Taxes payable during the Base Tax Year.

(D) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the fiscal year which commences on July 1, 2015 and ends on June 30, 2016.

(E) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand two hundred eighty-six ten-thousandths percent (.1286%), as the same may be

increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(F) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to Space B, provided that with respect to Space B only, (i) the term "Base Operating Expense Year" (as defined in Section 2.5(B) of the Lease) shall mean the 2015 calendar year, (ii) the term "Tenant's Operating Expense Share" (as defined in Section 2.5(H) of the Lease) shall mean one thousand one hundred twenty-two ten-thousandths percent (.1122%), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

5. Modification of Lease Space C. From and after the Space C Commencement Date, the Lease with respect to Space C only, is hereby amended and modified as follows:

(A) The Fixed Rent shall be an amount equal to:

(i) Two Hundred Thirty-Three Thousand Two Hundred Sixty-Four and 00/100 Dollars ($233,264.00) per annum for the period commencing on the Space C Commencement Date and ending on June 31, 2017 ($19,438.67 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease; provided; however, that if no Event of Default has occurred and is then continuing, the Fixed Rent for the period commencing on the Space C Commencement Date and ending on the Space C Rent Commencement Date (as hereinafter defined) shall be abated. The term "Space C Rent

Commencement Date" shall mean, subject to Paragraph 9(1) hereof, the date which is one hundred twenty (120) days after the Space C Commencement Date; and

(ii) Two Hundred Fifty-Two Thousand Three Hundred Eighty-Four and 00/100 Dollars ($252,384.00) per annum for the period commencing on July 1, 2017 and ending on the New Expiration Date ($21,032.00 per month), payable in advance in equal monthly installments at the times and in the manner set forth in the Lease.

(B) The Rentable Area of Space C is three thousand eight hundred twenty-four (3,824) square feet in the aggregate.

(C) The term "Base Taxes" (as such term is defined in Section 2.1(B) of the Lease) shall mean the Taxes payable during the Base Tax Year.

(D) The term "Base Tax Year" (as such term is defined in Section 2.1(C) of the Lease) shall mean the fiscal year which commences on July 1, 2015 and ends on June 30, 2016.

(E) The term "Tenant's Tax Share" (as such term is defined in Section 2.1(I) of the Lease) shall mean, subject to the terms of the Lease, as amended hereby, one thousand eight hundred two ten-thousandths percent (.1802%), as the same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million four hundred thirty-two thousand eight hundred fifty-one (2,432,851).

(F) Section 2.5 of the Lease (as set forth in Exhibit "B" to the First Amendment) shall be applicable to Space C, provided that with respect to Space C only, (i) the term "Base Operating Expense Year" (as defined in Section 2.5(B) of the Lease) shall mean the 2015 calendar year, (ii) the term "Tenant's Operating Expense Share" (as defined in Section

2.5(H) of the Lease) shall mean one thousand five hundred seventy-two ten-thousandths percent (.1572%), as same may be increased or decreased pursuant to the terms of the Lease, as amended hereby, which was calculated using a denominator of two million one hundred twenty-one thousand six hundred eighty-five (2,121,685) which is the Rentable Area of the Building, excluding the retail portion thereof.

6. Modification of Lease: Fourth 19th Floor Premises

(A) Section 5.1 of the Lease (as amended by the First Amendment) shall be applicable to the Fourth 19th Floor Premises:

(B) Pursuant to the terms of Section 5.3(J) of the Lease, Landlord hereby exercises the Submeter Conversion Right with respect to the Fourth 19th Floor Premises and the provisions of Section 5.4 of the Lease, as amended by Paragraph 3(I) of the First Amendment, shall be deemed applicable with respect to the Fourth 19th Floor Premises from and after the Space A Commencement Date, the Space B Commencement Date and the Space C Commencement Date, as applicable. For the avoidance of doubt, the provisions of Sections 5.3(A)-(I) of the Lease shall not be applicable to the Fourth 19th Floor Premises from and after the Space A Commencement Date, the Space B Commencement Date and the Space C Commencement Date, as applicable. Landlord shall use commercially reasonable efforts to coordinate the installation of the submeter or submeters in the Fourth 19th Floor Premises simultaneously with the performance of Landlord's Fourth 19th Floor Premises Work; it being understood that in the event that it is not reasonably practicable for Landlord to install the submeter or submeters in the Fourth 19th Floor Premises simultaneously with the performance of Landlord's Fourth 19th Floor Premises Work, Landlord and Tenant shall cooperate with each

other in good faith to coordinate the installation of such submeter or such submeters with Tenant's performance of the Initial Alterations in the Fourth 19th Floor Premises.

(C) The modifications to Sections 13.4, 14.1(A), 15.3(A), 15.3(B), 17.3(E)(2)(c)(ii) and 17.3(F)(3)(a) of the Lease, as set forth in Paragraph 3(J) of the Second Amendment and the modification to Section 21.3(A)(2) of the Lease, as set forth in Paragraph 3(K) of the Second Amendment, shall be applicable with respect to the Fourth 19th Floor Premises.

7. Modification of Lease. From and after the date hereof, the Lease is hereby amended and modified as follows:

(A) Paragraph 3(J) of the Third Amendment is hereby corrected to change the references to the First Amendment therein to be references to the Second Amendment.

(B) Paragraph 9 of the Third Amendment is hereby deleted in its entirety; it being the intent and purpose hereof that Paragraph 12 of this Amendment shall be applicable in lieu thereof.

8. Condition of Premises. (A) Tenant represents that it has made a thorough inspection of the Fourth 19th Floor Premises and, subject to the provisions of Paragraph 9 hereof, agrees to take the Fourth 19th Floor Premises in its "as-is" condition existing on the Fourth 19th Floor Premises Commencement Date. Tenant further acknowledges and agrees that notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord has made no representations with respect to the Fourth 19th Floor Premises and Landlord shall have no obligation to perform any work (other than Landlord's Fourth 19th Floor Premises Work) provide any work allowance or rent credit (other than as expressly set forth in Paragraphs

3(A)(i), 3(B)(i) and 3(C)(i) hereof), alter, improve, decorate, or otherwise prepare the Fourth 19th Floor Premises for Tenant's occupancy prior to the Fourth 19th Floor Premises Commencement Date. On the Fourth 19th Floor Premises Commencement Date, the Fourth 19th Floor Premises shall be in broom clean condition. Promptly following the Fourth 19th Floor Premises Commencement Date, Landlord shall deliver to Tenant a Form ACP-5 (or the then current equivalent thereof) covering the Fourth 19th Floor Premises.

9. Landlord's Fourth 19th Floor Premises Work. (A) Landlord shall, at Landlord's expense, but subject to Paragraph 10 hereof, perform the work necessary to construct the Premises in accordance with the Fourth 19th Floor Premises Final Plans (as hereinafter defined) to be prepared by Spin Design ("Architect"), at Landlord's own cost and expense but subject to Paragraph 8 hereof (such work, "Landlord's Fourth 19th Floor Premises Work"). Notwithstanding the foregoing to the contrary, Landlord shall not be obligated to install any supplemental air-conditioning system furniture or built-ins or telecommunication wiring or equipment even if same are shown on the Fourth 19th Floor Premises Initial Plans (as hereinafter defined), or the Fourth 19th Floor Premises Final Plans.

(B) Tenant shall cause Architect to deliver to Landlord on or prior to January 15, 2015 (the "Fourth 19th Floor Premises Plan Deadline") in the manner set forth in Paragraph 9(D) hereof, six (6) copies of the plans (the "Fourth 19th Floor Premises Initial Plans") for Landlord's Fourth 19th Floor Premises Work, which shall be (x) one hundred percent (100%) complete and ready to bid and build (including, without limitation, layout, architectural, mechanical, structural, engineering and plumbing drawings, to the extent applicable), (y) stamped and approved by Architect, and (z) in format containing sufficient detail (i) for Landlord and Landlord's consultants to reasonably assess the proposed work to prepare the Fourth 19th

Floor Premises for Tenant's initial occupancy, and (ii) to permit Landlord to make all necessary filings with Governmental Authorities to obtain the required permits, approvals and certificates to allow Landlord to commence Landlord's Fourth 19th Floor Premises Work (the requirements set forth in clauses (x)-(z) hereof, the "Fourth 19th Floor Premises Plan Requirements").

(C) Tenant shall cause Architect to revise the Fourth 19th Floor Premises Initial Plans if and to the extent that Landlord objects or comments thereto and deliver to Landlord in the manner set forth in Paragraph 9(D) hereof, six (6) copies of the Fourth 19th Floor Premises Initial Plans, as so revised, which revised plans shall (i) address all of Landlord's objections and comments to Landlord's reasonable satisfaction and (ii) satisfy all of the Fourth 19th Floor Premises Plan Requirements (the Fourth 19th Floor Premises Initial Plans either (x) revised as aforesaid, or (y) if Landlord shall not object or comment thereto, as applicable, shall constitute the "Fourth 19th Floor Premises Final Plans"). Tenant shall deliver or cause Architect to deliver the Fourth 19th Floor Premises Final Plans to Landlord on or prior to the earlier to occur of (x) the date which is five (5) days following the date that Landlord gives Tenant Landlord's objections and/or comments, if any, to Tenant's Fourth 19th Floor Premises Initial Plans and (y) February 15, 2015 (such earlier date, the "Fourth 19th Floor Premises Revision Deadline").

(D) Notwithstanding anything to the contrary set forth in this Lease, Tenant shall (I) deliver or cause Architect to deliver (x) five (5) copies of the Fourth 19th Floor Premises Initial Plans and the Fourth 19th Floor Premises Final Plans to Landlord at the Building, Attention: Property Manager and (y) one (1) copy of the Fourth 19th Floor Premises Initial Plans and the Fourth 19th Floor Premises Final Plans to Landlord, c/o Vornado Office Management LLC, 888 Seventh Avenue, 44th Floor, New York, New York 10019, Attention: Steve Sonitis and

(II) cause the Fourth 19th Floor Premises Initial Plans and the Fourth 19th Floor Premises Final Plans to be clearly labeled in large, bold, capitalized font on the exterior thereof "**TENANT'S PLANS ENCLOSED- TIME SENSITIVE**".

(E) Landlord shall perform Landlord's Fourth 19th Floor Premises Work in a good and workmanlike manner. Landlord shall perform Landlord's Fourth 19th Floor Premises Work in accordance with all applicable Requirements.

(F) Landlord shall have the right to delegate Landlord's obligations to perform all or any portion of Landlord's Fourth 19th Floor Premises Work to an affiliate of Landlord (it being understood, however, that Landlord's delegating such obligations to an affiliate of Landlord shall not diminish Landlord's liability for the performance of Landlord's Fourth 19th Floor Premises Work in accordance with the terms of this Paragraph 9). Landlord shall also have the right to assign to such affiliate of Landlord the rights of Landlord hereunder to receive from Tenant the payments for the performance of the portions of Landlord's Fourth 19th Floor Premises Work pursuant to Paragraph 7 hereof (it being understood that if (i) Landlord so assigns such rights to such affiliate of Landlord, and (ii) Landlord gives Tenant notice thereof, then Tenant shall pay directly to such affiliate any such amounts otherwise due and payable to Landlord hereunder). Landlord shall not be required to maintain or repair during the Term any items of Landlord's Fourth 19th Floor Premises Work except as otherwise expressly provided in the Lease, as amended hereby, it being agreed that Landlord shall make available to Tenant all guaranties or warranties received by Landlord in connection with Landlord's Fourth 19th Floor Premises Work to the extent such guaranties and warranties shall not be rendered invalid thereby.

(G) Landlord shall notify Tenant in accordance with Paragraph 11 hereof, if any items on the Fourth 19th Floor Premises Final Plans constitute items of Long Lead Work and advise Tenant of the reasonably anticipated time period for the delivery of such items, and subject to the terms hereof, Tenant shall have two (2) Business Days from receipt of such notice to revise such plans to change or remove such items; provided, however, in such event, to the extent Tenant revises the Fourth 19th Floor Premises Final Plans, any period beyond such two (2) Business Day period shall constitute a Tenant Fourth 19th Floor Premises Work Delay, subject to the terms of Paragraph 9(H) hereof.

(H) The term "Tenant Fourth 19th Floor Premises Work Delays" shall mean Tenant's acts or omissions (including, without limitation, (w) changes or change orders to plans or finishes, (x) the failure to deliver or cause Architect to deliver the Fourth 19th Floor Premises Initial Plans to Landlord on or prior to the Fourth 19th Floor Premises Plan Deadline, and/or the failure to deliver or cause Architect to deliver the Fourth 19th Floor Premises Final Plans to Landlord on or prior to the Fourth 19th Floor Premises Revision Deadline, in either case in compliance with the Fourth 19th Floor Premises Plan Requirements and in accordance with the provisions of Paragraph 9(D) hereof, (y) delays or failures to notify or respond to requests of Landlord and/or (z) the failure to make any of the payments required by Paragraph 10 hereof within the time periods specified therein) that delay Landlord in the performance of Landlord's Fourth 19th Floor Premises Work.

(I) Notwithstanding anything to the contrary contained in this Amendment, in the event that Substantial Completion of Landlord's Fourth 19th Floor Premises Work shall be delayed by reason of any Tenant Fourth 19th Floor Premises Work Delays and/or items of Long Lead Work, then only for purposes of determining the date on which the Fourth

19th Floor Premises Rent Commencement Date shall occur, the Fourth 19th Floor Premises Commencement Date and the Substantial Completion of Landlord's Fourth 19th Floor Premises Work shall each be deemed to have occurred on the date the same would have otherwise occurred but for such Tenant Fourth 19th Floor Premises Work Delays and/or such items of Long Lead Work, notwithstanding that Landlord has not yet delivered possession of the Fourth 19th Floor Premises to Tenant.

(J) To the extent that Landlord has performed all or any part of Landlord's Fourth 19th Floor Premises Work using Landlord's Second Contribution (as hereinafter defined), Tenant during the Term, shall not remove Landlord's Fourth 19th Floor Premises Work or any portion thereof (or Alterations that replace Landlord's Fourth 19th Floor Premises Work (or such portion thereof) unless Tenant replaces Landlord's Fourth 19th Floor Premises Work (or such portion thereof), or such Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than such portion of Landlord's Fourth 19th Floor Premises Work (it being understood that such Alterations that Tenant performs to replace Landlord's Fourth 19th Floor Premises Work (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by this Paragraph 9(J).

10. Landlord's Contribution to Fourth 19th Floor Premises Work Cost.

(A) Subject to the terms of this Paragraph 10, Tenant shall pay to Landlord, as additional rent, an amount equal to the excess, if any, of (I) the Fourth 19th Floor Premises Work Cost, over (II) Four Hundred Eighteen Thousand Two Hundred Seventy-Five Dollars ($418,275.00) (such amount, "Landlord's Second Contribution"; the amount of any such excess being referred to herein as "Tenant's Fourth 19th Floor Premises Work Cost"). The term

"Fourth 19th Floor Premises Work Cost" shall mean the sum of (x) the "hard" costs that Landlord incurs in performing Landlord's Fourth 19th Floor Premises Work and (y) the "soft" costs that Landlord incurs in performing Landlord's Fourth 19th Floor Premises Work, such as architects' and engineers' fees, permit costs, and filing fees, and the cost of electricity consumed at the Fourth 19th Floor Premises during the performance of Landlord's Fourth 19th Floor Premises Work; provided that in no event shall Tenant be entitled to use more than twenty percent (20%) of Landlord's Second Contribution towards such "soft" costs.

(B) Landlord shall submit to at least three (3) reputable construction companies as reasonably designated by Landlord, with reasonable promptness after the date Landlord receives the Fourth 19th Floor Premises Final Plans, a bid package that describes Landlord's Fourth 19th Floor Premises Work. Landlord shall use Landlord's diligent efforts to obtain from each of such construction companies a bona fide bid to perform Landlord's Fourth 19th Floor Premises Work. Landlord shall have the right to request that the construction companies submit alternative bids, assuming, for example, that (a) the construction company acts as a general contractor for a fixed price, (b) the construction company acts as a construction manager for a construction management fee (without providing a guaranteed maximum price), and (c) the construction company acts as a construction manager for a construction management fee and provides a guaranteed maximum price. Landlord shall advise Tenant of Landlord's receipt of the bids from the aforesaid construction companies. Tenant shall have three (3) Business Days to review such bids and modify the Fourth 19th Floor Premises Final Plans or any items described therein in an attempt to lower the amount of such bids. Following such three (3) Business Day period, Landlord shall have the right to let the construction contract to the lowest responsible bidder (with the understanding that Landlord shall have the right to exercise

Landlord's reasonable business judgment in selecting the form of contractual arrangement for the construction contract) (the aforesaid construction contract that Landlord lets for Landlord's Fourth 19th Floor Premises Work being referred to herein as the "Construction Contract").

(C) Landlord shall have the right to give to Tenant, after Landlord lets the Construction Contract, a notice of Landlord's reasonable estimate of the Fourth 19th Floor Premises Work Cost and the Tenant's Fourth 19th Floor Premises Work Cost that derives therefrom (such notice being referred to herein as the "Work Estimate Notice"). Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives such notice to Tenant, an amount equal to Tenant's Fourth 19th Floor Premises Work Cost as reflected in the Work Estimate Notice (any such payment that Tenant makes to Landlord being referred to herein as the "Original Work Estimate Payment"). In the event that Landlord's reasonable estimate of the Fourth 19th Floor Premises Work Cost increases during Landlord's performance of Landlord's Fourth 19th Floor Premises Work, Landlord shall have the right, from time to time, to give to Tenant a revised notice of Landlord's reasonable estimate of the Fourth 19th Floor Premises Work Cost and the Tenant's Fourth 19th Floor Premises Work Cost that derives therefrom (any such notice being referred to herein as the "Revised Work Estimate Notice"). Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives a Revised Work Estimate Notice to Tenant, an amount equal to the difference between (x) the Tenant's Fourth 19th Floor Premises Work Cost as reflected in the Revised Work Estimate Notice and (y) the amount of the Original Work Estimate Payment plus the amount(s) of any other Increased Work Estimate Payments that Tenant has theretofore paid to Landlord and which Landlord has received (any such payment that Tenant makes to Landlord pursuant to a Revised Work Estimate Notice being referred to herein as an "Increased Work Estimate Payment"; the Original Work

Estimate Payment, together with any Increased Work Estimate Payment(s), if any, the "Work Estimate Payment"). Landlord shall give to Tenant, within sixty (60) days after the date that Landlord Substantially Completes Landlord's Fourth 19th Floor Premises Work, a notice that sets forth the Fourth 19th Floor Premises Work Cost therefor and the Tenant's Fourth 19th Floor Premises Work Cost that derives therefrom (such notice being referred to herein as the "Final Cost Notice"). Landlord shall have the right to cease performance of Landlord's Fourth 19th Floor Premises Work if Tenant fails to make any of the aforesaid payments within the time periods set forth herein. Tenant shall pay to Landlord, within ten (10) Business Days after the date that Landlord gives the Final Cost Notice to Tenant, an amount equal to the excess (if any) of (I) Tenant's Fourth 19th Floor Premises Work Cost, as reflected in the Final Cost Notice, over (II) the Work Estimate Payment (if any). Landlord shall pay to Tenant, within thirty (30) days after the date that Landlord gives the Final Cost Notice to Tenant, an amount equal to the excess (if any) (I) the Work Estimate Payment, over (II) Tenant's Fourth 19th Floor Premises Work Cost as reflected in the Final Cost Notice.

11. Notices Regarding Landlord's Fourth 19th Floor Premises Work. Notwithstanding the provisions of Article 27 of the Lease, as amended hereby to the contrary, any notices required to be given pursuant to Paragraphs 10 and 11 of this Amendment shall be deemed given if sent to Tenant via electronic mail to the attention of Tom Biancardi at tom.biancardi@ophthotech.com.

12. Tenant's Early Termination Right. (A) Subject to the terms of this Paragraph 12, Tenant shall have the one-time only right to terminate the Lease, as amended hereby ("Tenant's Termination Right"), effective as of January 31, 2018 (the "Tenant's Termination Date") provided that (i) no Event of Default has occurred and is then continuing on

the date that Tenant gives Landlord the Tenant's Termination Notice and (ii) Ophthotech Corporation is the Tenant hereunder on the date that Tenant gives Landlord the Tenant's Termination Notice (as hereinafter defined). Tenant shall have the right to exercise Tenant's Termination Right effective as of Tenant's Termination Date only by giving notice thereof (a "Tenant's Termination Notice") to Landlord not later than January 31, 2017 (as to which date time shall be

of the essence). Tenant's exercise of Tenant's right to terminate the Lease, as amended hereby, as provided in this Paragraph 12 shall be ineffective unless Tenant pays to Landlord, on the date that Tenant gives the Termination Notice to Landlord, an amount equal to the Termination Payment (as hereinafter defined), as additional rent. If Tenant effectively exercises Tenant's right to terminate the Lease, as amended hereby, as of Tenant's Termination Date as provided in this Paragraph 12, then Tenant, on Tenant's Termination Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease, as amended hereby, that govern Tenant's obligations upon the expiration or earlier termination of the Term.

(B) The term "Termination Payment" shall mean an amount equal to Eight Hundred Seventy-Three Thousand Six Hundred Twenty Dollars ($873,620.34) which amount represents the sum of (I) (a) the cost of Landlord's New Work (as defined in the First Amendment), (b) the cost of Landlord's Second Nineteenth Floor Premises Work (as defined in the Second Amendment), (c) Landlord's Contribution (as defined in the Third Amendment), (d) Landlord's Second Contribution, plus (II) the free rent to which Tenant is entitled pursuant to the First Amendment, the Second Amendment, the Third Amendment and this Amendment, plus (III) the brokerage commission that Landlord paid or pays in connection with the First Amendment, the Second Amendment, the Third Amendment and this Amendment, to the extent

that the amounts set forth in (I), (II) and (III) remain unamortized as of the Tenant's Termination Date (assuming that such amount is amortized, in equal monthly installments, over the period from the date that Landlord incurs the applicable cost to the New Expiration Date, with an interest factor equal to eight percent (8%)) plus (IV) an amount equal to the product obtained by multiplying (x) the Fixed Rent due under the Lease, as amended hereby, for each of the First 19th Floor Premises, the Second 19th Floor Premises, the Third 19th Floor Premises and the Fourth 19th Floor Premises for the month January, 2018 (without taking into account any abatement or credit to which Tenant may be entitled during such month pursuant to the Lease, as amended hereby), by (y) three (3).

13. Liability of Landlord. The obligations of Landlord under the Lease, as amended by this Amendment, shall not be binding upon the Person that constitutes Landlord initially after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be (or upon any other Person that constitutes Landlord after the sale, conveyance, assignment or transfer by such Person of its interest in the Building or the Real Property, as the case may be), to the extent such obligations accrue from and after the date of such sale, conveyance, assignment or transfer. The members, managers, partners, shareholders, directors, officers and principals, direct and indirect, comprising Landlord (collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under the Lease, as amended by this Amendment. Tenant shall look solely to Landlord to enforce Landlord's obligations under the Lease, as amended by this Amendment and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under the Lease, as amended by this Amendment, shall be limited to Landlord's interest in the Real Property and the proceeds thereof. Tenant shall not look to any property or assets of

Landlord (other than Landlord's interest in the Real Property and the proceeds thereof) in seeking either to enforce Landlord's obligations under the Lease, as amended hereby or to satisfy a judgment for Landlord's failure to perform such obligations.

14. Brokerage.

(A) Tenant represents and warrants to Landlord that it has not dealt with any broker, finder or like agent in connection with this Amendment other than CBRE Inc. ("Broker"). Tenant does hereby indemnify and hold Landlord harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Landlord by reason of any claim of or liability to any broker, finder or like agent other than Broker who shall claim to have dealt with Tenant in connection herewith.

(B) Landlord represents and warrants to Tenant that it has not dealt with any broker, finder or like agent in connection with this Amendment other than Broker. Landlord does hereby indemnify and hold Tenant harmless of and from any and all loss, costs, damage or expense (including, without limitation, attorneys' fees and disbursements) incurred by Tenant by reason of any claim of or liability to any broker, finder or like agent, including Broker, who shall claim to have dealt with Landlord in connection herewith. Landlord shall pay a commission to Broker in connection with this amendment pursuant to a separate agreement between Broker and Landlord.

(C) The provisions of this Paragraph 14 shall survive the expiration or termination of the Lease, as amended by this Amendment.

15. Authorization. Tenant represents and warrants to Landlord that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Tenant has been duly authorized to do so, and that no

other action or approval is required with respect to this transaction. Landlord represents and warrants to Tenant that its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of Landlord has been duly authorized to do so, and that no other action or approval is required with respect to this transaction.

16. Full Force and Effect of Lease. Except as modified by this Amendment, the Lease and all covenants, agreements, terms and conditions thereof shall remain in full force and effect and are hereby in all respects ratified and confirmed.

17. Entire Agreement. The Lease, as amended by this Amendment, constitutes the entire understanding between the parties hereto with respect to the Premises thereunder and may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

18. Enforceability. This Amendment shall not be binding upon or enforceable against either Landlord or Tenant unless, and until, Landlord and Tenant, each in its sole discretion, shall have executed and unconditionally delivered to the other an executed counterpart of this Amendment.

19. Counterparts. This Amendment may be executed in one or more counterparts each of which when taken together shall constitute but one original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date first above written.

ONE PENN PLAZA LLC, Landlord

By: Vornado Realty L.P., sole member

By: Vornado Realty Trust, general partner

By: /s/ David R. Greenbaum
David R. Greenbaum
President — New York Division

OPHTHOTECH CORPORATION, Tenant

By: /s/ Thomas Biancardi
Name: Thomas Biancardi
Title: VP Finance

TENANT'S EIN#: 20 818 5347

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 22nd day of December, in the year 2014, before me, the undersigned personally appeared Thomas Biancardi, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/ Mala Hintzen
Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State)

STATE OF)
: ss.:
COUNTY OF)

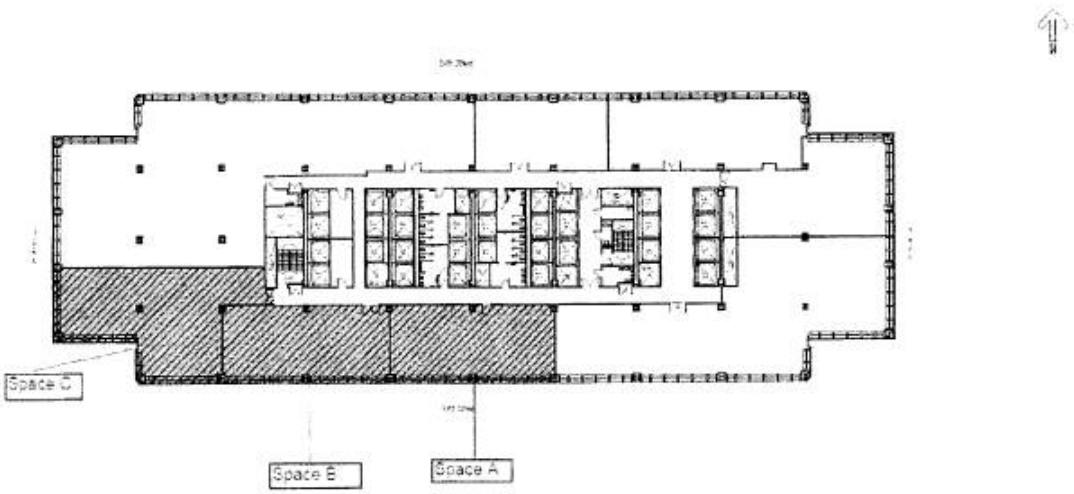
On the day of , in the year 2014, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the . (Insert the city or other political subdivision and the state or country or other place the acknowledgement was taken.)

(Signature and office of individual
taking acknowledgement)

Exhibit “A”

Fourth 19th Floor Premises

One Perm Plaza (N001)
Floor 19



One Penn Plaza
19th Floor
New York, NY 10119
(212) 845-8200

September 29, 2014

Mr. Todd N. Smith
31445 Reigate Lane
Green Oaks, IL 60048

Dear Todd:

It is my pleasure to extend to you this offer of employment with Ophthotech Corporation (the "Company"). On behalf of the Company, I set forth below the terms of your employment:

1. **Employment.** You will be employed to serve on a full-time basis as the Company's Senior Vice President & Chief Commercial Officer, effective Friday, October 3, 2014 (the "Start Date"). As the Company's Senior Vice President & Chief Commercial Officer you will report to the Company's Chief Executive Officer and have the duties and responsibilities that are consistent with your position and such other duties as may from time to time be assigned to you by the Company. The Company reserves the right to change your title and responsibilities at any time, with or without notice. You shall perform and discharge faithfully and diligently your duties and responsibilities hereunder. You agree to devote your full business time, efforts, skill, knowledge, attention and energies to the advancement of the Company's business and interests and to the performance of your duties and responsibilities as an employee of the Company. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein that may be adopted from time to time by the Company. Notwithstanding the foregoing, you may continue to serve as a member of the board of directors of the companies for which you currently serve or are engaged with that will be creating a board, may serve on civic, charitable, educational, religious, public interest or public service boards, and may manage your personal and family investments, in each case, to the extent such activities, whether individually or in the aggregate, do not materially interfere or conflict with the performance of your duties and responsibilities for the Company.

2. **Base Salary.** Your base salary will be at the rate of $16,667 per semi-monthly pay period (which if annualized equals $400,000), less all applicable taxes and withholdings, to be paid in installments in accordance with the Company's regular payroll practices. Such base salary may be adjusted from time to time in accordance with normal business practices and in the sole discretion of the Company.

3. **Discretionary Bonus.** Following the end of each calendar year and subject to the approval of the Company's Board of Directors (the "Board"), you will be eligible for a performance bonus of up to 45% of your annualized base salary (the "Target Bonus"), based on your personal performance and the Company's performance during the applicable calendar year, as determined by the Company in its sole discretion. In any event, you must be an active employee of the Company on the date the bonus is distributed in order to be eligible for and to earn any bonus award, as it also serves as an incentive to remain employed by the Company. You will not be eligible for a pro-rata discretionary bonus for 2014, but would be eligible for a discretionary bonus for 2015.

4. **Equity.** In connection with the commencement of your employment with the Company, you will be eligible to receive an option to purchase 150,000 shares of the Company's common stock (the "Option"), subject to the approval by the Board (acting in its sole discretion) of such option grant. This option grant is also contingent upon your execution of the stock option agreement covering the Option. If the Board approves the grant, the Option would be issued on the Start Date with an exercise price equal to the fair market value of the Company's common stock (as determined by the Board) as of the date of grant and would vest over a four-year period, with 25% of the shares vesting on the first anniversary of the Start Date and the remainder of the shares vesting in equal monthly amounts thereafter until the fourth anniversary of the Start Date, pursuant to the terms of the stock option agreement and subject to your continued employment with the Company. You would not be eligible for an annual performance-based option grant in January of 2015, but would be eligible in 2016. If your employment with the Company, or its successor, is terminated by the Company without Cause (as defined in Section 6 hereof) or by you for Good Reason (as defined in Section 6 hereof) within the one (1) year period following a Change in Control Event (as defined in your option agreement), then, 100% of the portion of the Option that is not then-vested, and which has not been exercised, cancelled or forfeited, shall become vested and exercisable in full as of the date of such termination.

5. **Benefits.** You may participate in any and all benefit programs that the Company establishes and makes generally available to its employees from time to time, provided that you are eligible under (and subject to all provisions of) the plan documents that govern those programs. Benefits are subject to change at any time in the Company's sole discretion.

6. **Severance.** If your employment is terminated (a) at any time by the Company without Cause or by you for Good Reason or (b) within one year of a Change in Control Event, by the Company, or its successor, without Cause or by you for Good Reason, provided that such Change in Control Event also qualifies as a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), the Company will (i) pay you in a lump sum on the Payment Date (as herein defined) (a) an amount equal to twelve (12) months of your then-current base salary, less standard employment-related withholdings and deductions, in accordance with the Company's usual payroll practices beginning on the first regular pay date following the Payment Date, (b) an amount equal to your Target Bonus, less standard employment-related withholdings and deductions,

and (ii) provide for continued coverage, at the Company's expense, under the Company's medical and dental benefit plans to the extent permitted under such plans for a period of twelve (12) months immediately following the date of the termination of your employment.

Notwithstanding the foregoing, the Company shall not be obligated to pay you the severance payments provided for herein unless you have timely executed (and not revoked) a separation agreement in a form to be provided by the Company. Such separation agreement must be executed and become binding and enforceable within sixty (60) calendar days after the effective date of your termination of employment (such 60th day, the "Payment Date"); provided however, that if the 60th day following the date of termination occurs in the next calendar year following the date of termination, then the Payment Date shall be no earlier than January 1 of such following calendar year.

For purposes hereof, "Cause" shall mean that: (i) you failed to attempt in good faith, refused or willfully neglected to perform and discharge your material duties and responsibilities; (ii) you have been convicted of, or pled nolo contendere to, a felony or other crime involving fraud or moral turpitude; (iii) you breached your fiduciary duty or loyalty to the Company, or acted fraudulently or with material dishonesty in discharging your duties to the Company; (iv) you undertook an intentional act or omission of misconduct that materially harmed or was reasonably likely to materially harm the business, interests, or reputation of the Company; (v) you materially breached any material provision of this letter or any other agreement with the Company; or (vi) you materially breached any material provision of any Company code of conduct or ethics policy. Notwithstanding the foregoing, "Cause" shall not be deemed to have occurred unless: (A) the Company provides you with written notice that it intends to terminate your employment hereunder for one of the grounds set forth in subsections (i), (v) or (vi) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, you have failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) the Company terminates your employment within six (6) months from the date that Cause first occurs.

For purposes hereof, "Good Reason" shall mean, without your written consent: (i) any change in your position or reporting relationship with the Company that diminishes in any material respect your authority, duties or responsibilities;; (ii) any material reduction in your base compensation; (iii) a material change in the primary geographic location at which services are to be performed by you; or (iv) a material breach of any provision hereof by the Company or any successor or assign. Notwithstanding the foregoing, "Good Reason" shall not be deemed to have occurred unless: (A) you provide the Company with written notice that you intend to terminate your employment hereunder for one of the grounds set forth in subsections (i), (ii), (iii) or (iv) within sixty (60) days of such reason(s) occurring, (B) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (C) you terminate your employment within six (6) months from the date that Good Reason first occurs. For purposes of clarification, the above-listed conditions shall apply separately to each occurrence of Good Reason and failure to

adhere to such conditions in the event of Good Reason shall not disqualify you from asserting Good Reason for any subsequent occurrence of Good Reason.

7. **Vacation.** You will be eligible for a maximum of four (4) weeks of paid vacation per calendar year to be taken at such times as may be approved in advance by the Company. Vacation days for which you are eligible shall accrue pro rata on a monthly basis during the period that you are employed during each calendar year.

8. **Commuting Expenses.** For up to 120 days following the Start Date, you will receive a semi-monthly payment of $6,250, less applicable taxes, by the Company to assist you in paying for reasonable commuting expenses associated with your business related visits to New York City. The amount for these commuting expenses will be reviewed from time to time to ensure reasonableness given the travel required for the role.

9. **Sign-On Bonus.** Ophthotech will pay you a sign-on bonus of $50,000, less applicable taxes and withholdings, payable after you officially relocate your home to the New York/New Jersey area. Ophthotech reserves the right to require repayment of this amount should you voluntarily leave employment during your first 12 months with the Company.

10. **Relocation.** Ophthotech's relocation company will assist you in your move and Ophthotech will pay for the following relocation expenses up to a cap of $150,000:

- Packing and movement of your household goods.
- Three (3) months of temporary housing and storage.
- Home sale closing costs will be covered through the Buyer Value Option (BVO) program. Details of this program will be explained to you by the relocation company.
- One way economy transportation for you and your family to relocate to the New York/New Jersey area. This includes airfare, car rental and reasonable meals for the trip.
- Home purchasing closing costs associated with you finding a home in the area.
- Two (5-day) house hunting trips for you and your family to help you locate a residence. The house hunting trips will include economy air fare, reasonable daily meals, a car rental and hotel accommodations.

11. Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement. As a condition of employment, you will be required to execute the attached Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement.

12. **No Conflict.** You represent that you are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this offer letter.

13. **Proof of Legal Right to Work.** You agree to provide to the Company, within three (3) days of your date of hire, documentation proving your eligibility to work in the United States, as required by the Immigration Reform and Control Act of 1986. You may need a

work visa in order to be eligible to work in the United States. If that is the case, your employment with the Company will be conditioned upon your obtaining a work visa in a timely manner as determined by the Company.

14. **At-Will Employment.** This letter shall not be construed as an agreement, either express or implied, to employ you for any stated term, and shall in no way alter the Company's policy of employment at-will, under which both the Company and you remain free to end the employment relationship for any reason, at any time, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed by a written agreement signed by you and the Company's Chief Executive Officer that expressly states the intention to modify the at-will nature of your employment. Similarly, nothing in this letter shall be construed as an agreement, either express or implied, to pay you any compensation or grant you any benefit beyond the end of your employment with the Company. This letter supersedes all prior understandings, whether written or oral, relating to the terms of your employment.

15. **Successors and Assigns.** The terms of this letter shall be binding upon and inure to the benefit of you and the Company and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business; *provided, however,* that your obligations are personal and may not be assigned by you. You expressly consent to be bound by the provisions hereof for the benefit of the Company or any subsidiary or affiliate thereof to whose employ you may be transferred without the necessity that this letter be re-signed at the time of such transfer.

16. **Governing Law.** This letter shall be governed by and construed in accordance with the laws of the State of New York (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this letter shall be commenced only in a court of the State of New York (or, if appropriate, a federal court located within New York), and the Company and you each consents to the jurisdiction of such a court. The Company and you each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision hereof.

17. **Code Section 409**A. The intent of the parties is that payments and benefits under this letter comply with, or be exempt from, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this letter shall be interpreted to be in compliance therewith. With regard to any provision herein, including, without limitation, Section 8 hereof, that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Internal

Revenue Code Section 105(a) solely because such expenses are subject to a limit related to the period the arrangement is in effect, and (iii) such payments shall be made on or before the last day of your taxable year following the taxable year in which the expense occurred, provided that any tax gross-ups may be reimbursed by the end of the calendar year following the calendar year in which such taxes are remitted to the taxing authorities. For purposes of Code Section 409A, each payment hereunder shall be treated as a separate payment and your right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this letter that is considered nonqualified deferred compensation. Termination of employment as used herein shall mean separation from service within the meaning of Code Section 409A. In the event at the time of any separation from service you are a "specified employee" within the meaning of Code Section 409A, any deferred compensation subject to Code Section 409A payable as a result of such termination shall not be paid prior to the earlier of six (6) months after such termination and your death and shall be paid immediately thereafter.

If this letter correctly sets forth the terms under which you will be employed by the Company, please sign the enclosed duplicate of this letter in the space provided below and return it to me, along with a signed copy of the Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement. If you do not accept this offer by Friday, October 3, 2014 the offer will be deemed withdrawn.

Sincerely,

By: /s/ Amy R. Sheehan
Amy R. Sheehan
Executive Director, Human Resources

The foregoing correctly sets forth the terms of my at-will employment with Ophthotech Corporation. I am not relying on any representations other than those set forth above.

/s/ Todd N. Smith
Todd N. Smith

9/29/14
Date

Exhibit 10.23

OPHTHOTECH CORPORATION

Nonstatutory Stock Option Agreement

1. Grant of Option.

This agreement evidences the grant by Ophthotech Corporation, a Delaware corporation (the "Company"), on October 3, 2014 (the "Grant Date") to Todd N. Smith, an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein, a total of 150,000 shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at $38.41 per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on October 2, 2024 (the "Final Exercise Date").

The option evidenced by this agreement was granted to the Participant pursuant to the inducement grant exception under NASDAQ Stock Market Rule 5635(c)(4), and not pursuant to the Company's 2013 Stock Incentive Plan (the "Plan") or any equity incentive plan of the Company, as an inducement that is material to the Participant's employment with the Company.

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

Except as otherwise provided herein, this option will become exercisable ("vest") as to 25% of the original number of Shares on one-year anniversary of the Grant Date and as to an additional 2.0833% of the original number of Shares at the end of each successive month following the one-year anniversary of the Grant Date until the fourth anniversary of the Grant Date.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant (or such electronic notice as is approved by the Company), and received by the Company at its principal office, accompanied by this agreement and payment in full as follows:

(1) in cash or by check, payable to the order of the Company;

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(2) by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent approved by the Board of Directors of the Company (the "Board"), in its sole discretion, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their fair market value per share as determined by (or in a manner approved by) the Board (the "Fair Market Value"), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent approved by the Board, in its sole discretion, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of this being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of this option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law or approved by the Board, in its sole discretion, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he exercises this option, is, and has been at all times since the Grant Date, an employee, officer or a director of, or consultant or advisor to, the Company or any other entity the employees, officers, directors, consultants, or advisors of which are eligible to receive option grants under the Plan (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right

to exercise this option shall terminate immediately upon written notice to the Participant from the Company describing such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If the Participant, prior to the Final Exercise Date, is terminated by the Company for Cause (as defined in the offer letter, dated as of September 20, 2014, between the Participant and the Company, or any successor agreement thereto (the "Offer Letter")), the right to exercise this option shall terminate immediately upon the effective date of such termination.

(f) Offer Letter. Notwithstanding anything to the contrary in this Section 3 or in Section 7, this option shall be subject to any applicable vesting terms set forth in the Offer Letter.

4. Agreement in Connection with Public Offering.

The Participant agrees, in connection with an underwritten public offering of the Common Stock pursuant to a registration statement under the Securities Act, (i) not to (a) offer, pledge, announce the intention to sell, 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, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any other securities of the Company or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of Common Stock or other securities of the Company, whether any transaction described in clause (a) or (b) is to be settled by delivery of securities, in cash or otherwise, during the period beginning on the date of the filing of such registration statement with the Securities and Exchange Commission and ending 180 days after the date of the final prospectus relating to the offering (plus up to an additional 34 days to the extent requested by the managing underwriters for such offering in order to address Rule 2711(f) of the Financial Industry Regulatory Authority or any similar successor provision), and (ii) to execute any agreement reflecting clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering. The Company may impose stop-transfer instructions with respect to the shares of Common Stock or other securities subject to the foregoing restriction until the end of the "lock-up" period.

5. Withholding.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this

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option. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under this option. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise of this option or at the same time as payment of the exercise price, unless the Company determines otherwise. If approved by the Board, in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock underlying this option valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any forfeiture, unfulfilled vesting or other similar requirements.

6. Transfer Restrictions.

(a) This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

(b) The Participant agrees that he will not transfer any Shares issued pursuant to the exercise of this option unless the transferee, as a condition to such transfer, delivers to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of Section 4; provided that such a written confirmation shall not be required with respect to Section 4 after the completion of the lock-up period in connection with the Company's underwritten public offering.

7. Adjustments for Changes in Common Stock and Certain Other Events.

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, the number and class of securities and exercise price per share of this option shall be equitably adjusted by the Company in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to this option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then the Participant, if he exercises this option between the record date and the distribution date for such stock dividend, shall be entitled to receive, on the distribution date, the stock dividend with

respect to the shares of Common Stock acquired upon exercise of this option, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events. A "Reorganization Event" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company. In connection with a Reorganization Event, the Board may take any one or more of the following actions with respect to this option (or any portion thereof) on such terms as the Board determines: (i) provide that this option shall be assumed, or substantially equivalent option shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to the Participant, provide that the unexercised portion of this option will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant within a specified period following the date of such notice, (iii) provide that this option shall become exercisable, realizable, or deliverable, or restrictions applicable to this option shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), make or provide for a cash payment to the Participant with respect to this option equal to (A) the number of shares of Common Stock subject to the vested portion of this option (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise price of this option and any applicable tax withholdings, in exchange for the termination of this option, (v) provide that, in connection with a liquidation or dissolution of the Company, this option shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing.

For purposes of clause (i) above, this option shall be considered assumed if, following consummation of the Reorganization Event, this option confers the right to purchase, for each share of Common Stock subject to this option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of this option to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board)

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to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

8. Miscellaneous.

(a) No Right To Employment or Other Status. The grant of this option shall not be construed as giving the Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with the Participant free from any liability or claim hereunder, except as otherwise expressly provided herein or provided for in the Offer Letter.

(b) No Rights As Stockholder. Subject to the provisions of this option, the Participant shall not have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to this option until becoming the record holder of such shares.

(c) Entire Agreement. This Agreement, together with the Offer Letter, constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter hereof.

(d) Amendment. Except with respect to any vesting terms set forth in the Offer Letter, the Board may amend, modify or terminate this Agreement, including but not limited to, substituting another option of the same or a different type and changing the date of exercise or realization. Notwithstanding the foregoing, the Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant, or (ii) the change is permitted under Section 7 and the Offer Letter.

(e) Acceleration. The Board may at any time provide that this option shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

(f) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to this Agreement until (i) all conditions of this Agreement have been met to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(g) Administration by Board. The Board will administer this Agreement and may construe and interpret the terms hereof. Subject to the terms and provisions of the Offer Letter, the Board may correct any defect, supply any omission or reconcile any inconsistency in this Agreement in the manner and to the extent it shall deem expedient to carry the Agreement into effect and it shall be the sole and final judge of such expediency. No director or person acting

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pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under this Agreement made in good faith.

(h) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers hereunder to one or more committees or subcommittees of the Board (a "Committee"). All references herein to the "Board" shall mean the Board or a Committee to the extent that the Board's powers or authority hereunder have been delegated to such Committee.

(i) Severability. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and each such other provision shall be severable and enforceable to the extent permitted by law.

(j) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one in the same instrument.

The Company has caused this option to be executed by its duly authorized officer.

OPHTHOTECH CORPORATION

By: /s/ David Guyer
Name: David Guyer
Title: Chief Executive Officer

Employee Name: /s/ Todd N. Smith
Date: 10.9.2014

Exhibit 10.24

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

AMENDMENT NO. 1 TO THE
PURCHASE AND SALE AGREEMENT

This Amendment No. 1 to the Purchase and Sale Agreement (this "**Amendment**") is dated as of November 3, 2014 (the "**Amendment Effective Date**") by and between Novo A/S, a company organized under the laws of Denmark with offices at Tuborg Havnevej 19, DK-2900 Hellerup, Denmark ("**Novo**"), and Ophthotech Corporation, a Delaware corporation with offices at One Penn Plaza, Suite 1924, New York, New York 10119 ("**Ophthotech**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase and Sale Agreement (the "**Agreement**") made effective as of May 23, 2013 (the "**Agreement Effective Date**") by and between Novo and Ophthotech. All references to Sections in this Amendment refer to Sections of the Agreement.

WHEREAS, on the Agreement Effective Date, Novo and Ophthotech entered into the Agreement pursuant to which Novo agreed to provide funding to Ophthotech to support further development of Ophthotech's clinical candidate Fovista® in exchange for royalties on future sales of Fovista; and

WHEREAS, the Parties hereto desire to amend the Agreement as set forth herein,

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendment to Agreement. The reference to "[**]" in the definition of "Third Closing Trigger" set forth on Exhibit A to the Agreement is deleted and "[**]" is hereby inserted in lieu thereof.

2. Miscellaneous. The Parties hereby confirm and agree that, except as amended hereby, the Agreement remains in full force and effect and is a binding obligation of the Parties hereto. Without limiting the foregoing, Section 9.10 of the Agreement (Governing Law; Submission to Jurisdiction; Waiver of Jury Trial) shall apply to this Amendment. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duty authorized representatives.

OPHTHOTECH CORPORATION

By: /s/ David Guyer
Name: David Guyer
Title: CEO

NOVO A/S

By: /s/ E. Kolding
Name: Eiving Kolding
Title: Chief Executive Office

NOVO A/S

By: /s/ Thorkil K. Christensen
Name: Thorkil K. Christensen
Title: Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-193694) pertaining to the 2013 Stock Incentive Plan of Ophthotech Corporation effective January 31, 2014,

(2) Registration Statement (Form S-8 No. 333-191767) pertaining to the 2013 Stock Incentive Plan and Amended and Restated 2007 Stock Incentive Plan of Ophthotech Corporation effective October 16, 2013,

of our reports dated March 2, 2015, with respect to the financial statements of Ophthotech Corporation and the effectiveness of internal control over financial reporting of Ophthotech Corporation, included in this Annual Report (Form 10-K) of Ophthotech Corporation for the year ended December 31, 2014.

/s/ Ernst & Young LLP
MetroPark, New Jersey
March 2, 2015

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Exhibit 31.1

CERTIFICATIONS

I, David R. Guyer, M.D., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2014 of Ophthotech Corporation;

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

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

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

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

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

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

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

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

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

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

Date: March 2, 2015

By: /s/ DAVID R. GUYER, M.D.

David R. Guyer, M.D.
Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATIONS

I, Michael G. Atieh, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2014 of Ophthotech Corporation;

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

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

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

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

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

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

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

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

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

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

Date: March 2, 2015

By: /s/ MICHAEL G. ATIEH

Michael G. Atieh
Chief Financial and Business Officer
(Principal Financial Officer)

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Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Ophthotech Corporation (the "Company") for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, David R. Guyer, M.D., Chief Executive Officer of the Company, hereby certifies, pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2015

By: /s/ DAVID R. GUYER M.D.

David R. Guyer M.D.
Chief Executive Officer
(Principal Executive Officer)

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Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Ophthotech Corporation (the "Company") for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Michael G. Atieh, Chief Financial Officer of the Company, hereby certifies, pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2015

By: /s/ MICHAEL G. ATIEH

Michael G. Atieh
Chief Financial and Business Officer
(Principal Financial Officer)

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