UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2004

Commission File Number 0-50797

Momenta Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-3561634**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
675 West Kendall Street, Cambridge, MA	**02142**
(Address of Principal Executive Offices)	(Zip Code)

(617) 491-9700

(Registrant's Telephone Number, Including Area Code)

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 ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock as of October 30, 2004:

Class	**Number of Shares**
Common Stock $0.0001 par value	25,392,385

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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements.

MOMENTA PHARMACEUTICALS, INC.
BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	September 30, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 6,800	$ 4,613
Marketable securities	51,116	7,994
Unbilled collaboration revenue	2,238	2,018
Prepaid expenses and other current assets	1,347	262
Total current assets	61,501	14,887
Property and equipment, net	2,094	1,117
Restricted cash	1,485	—
Other assets	6	80
Total assets	$ 65,086	$ 16,084
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 2,248	$ 804
Accrued expenses	1,054	571
Deferred revenue	147	147
Line of credit obligation	333	321
Total current liabilities	3,782	1,843
Deferred revenue-net of current portion	307	417
Line of credit obligation-net of current portion	121	372
Unvested restricted stock	1	6
Total liabilities	4,211	2,638
Commitments and contingencies		
Redeemable convertible preferred stock, $0.01 par value, issuable in series; 0 and 10,000,000 shares authorized at September 30, 2004 and December 31, 2003, respectively; 0 and 9,117,316 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively	—	27,225
Stockholders' equity (deficit):		
Preferred stock, $0.01 par value; 5,000,000 shares authorized and no shares issued and outstanding at September 30, 2004	—	—
Common stock, $0.0001 par value; 100,000,000 and 20,000,000 shares authorized at September 30, 2004 and December 31, 2003, respectively; 25,392,243 and 4,162,805 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively	3	—
Additional paid-in capital	112,107	4,960
Accumulated other comprehensive loss	(107)	(6)
Due from officer	(36)	(71)
Deferred compensation	(3,481)	(3,034)
Accumulated deficit	(47,611)	(15,628)
Total stockholders' equity (deficit)	60,875	(13,779)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 65,086	$ 16,084

See accompanying notes to unaudited financial statements.

MOMENTA PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Collaboration revenue	$ 1,843	$ —	$ 4,994	$ —
Operating expenses:				
Research and development*	4,481	1,423	10,229	3,151
General and administrative*	1,852	957	4,841	2,527
Total operating expenses	6,333	2,380	15,070	5,678
Loss from operations	(4,490)	(2,380)	(10,076)	(5,678)
Interest income	230	14	365	31
Interest expense	(10)	(14)	(31)	(32)
Net loss	(4,270)	(2,380)	(9,742)	(5,679)
Deemed dividend related to beneficial conversion feature of Series C redeemable convertible preferred stock	—	—	(20,389)	—
Dividends and accretion to redemption value of redeemable convertible preferred stock	—	(696)	(1,852)	(1,202)
Net loss attributable to common stockholders	$ (4,270)	$ (3,076)	$ (31,983)	$ (6,881)
Basic and diluted net loss attributable to common stockholders per common share	$ (.18)	$ (1.45)	$ (2.99)	$ (3.77)
Shares used in computing basic and diluted net loss attributable to common stockholders per common share	24,309	2,117	10,691	1,826
*Includes stock-based compensation of the following:				
Research and development	$ 120	$ 30	$ 319	$ 78
General and administrative	247	151	1,200	393
Total stock-based compensation	$ 367	$ 181	$ 1,519	$ 471

See accompanying notes to unaudited financial statements.

MOMENTA PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2004	**2003**
Operating activities:		
Net loss	$ (9,742)	$ (5,679)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation	365	175
Stock compensation expense	1,519	471
Noncash interest expense	8	7
Amortization of premium on investments	656	—
Changes in operating assets and liabilities:		
Unbilled collaboration revenue	(220)	—
Prepaid expenses and other current assets	(1,073)	(47)
Restricted cash	(1,485)	—
Other assets	74	46
Accounts payable	1,444	169
Accrued expenses	482	(53)
Deferred revenue	(110)	—
Net cash used in operating activities	(8,082)	(4,911)
Investing activities:		
Purchases of property and equipment	(1,342)	(307)
Purchases of marketable securities	(54,422)	—
Maturities of marketable securities	10,542	—
Net cash used in investing activities	(45,222)	(307)
Financing activities:		
Proceeds from initial public offering of common stock	35,297	—
Proceeds from issuance of redeemable convertible preferred stock, net of cash paid for issuance costs	20,390	18,900
Proceeds from line of credit	—	1,002
Payments on line of credit	(246)	(209)
Payment of officer obligation	36	36
Proceeds from exercise of stock options	14	2
Purchase of treasury stock	—	(2)
Net cash provided by financing activities	55,491	19,729
Net increase in cash and cash equivalents	2,187	14,511
Cash and cash equivalents at beginning of period	4,613	1,471
Cash and cash equivalents at end of period	$ 6,800	$ 15,982

See accompanying notes to unaudited financial statements.

1. The Company

Business

Momenta Pharmaceuticals, Inc. (the "Company" or "Momenta") was incorporated in the state of Delaware on May 17, 2001. Its facilities are located in Cambridge, Massachusetts. Momenta is a biotechnology company specializing in the sequencing and engineering of complex sugars for the development of improved versions of existing drugs, the development of novel drugs and the discovery of new biological processes.

Momenta is subject to risks common to companies in the biotechnology industry including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with FDA and other government regulations.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation of the results of these interim periods have been included. The results of operations for the three and nine months ended September 30, 2004 are not necessarily indicative of the results that may be expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements and related notes thereto included in the Company's Registration Statement on Form S-1, as amended, declared effective by the SEC on June 21, 2004.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

On May 10, 2004, the Company's Board of Directors authorized a 1.28-for-1 common stock split effected in the form of a common stock dividend. All common share and per share information in the accompanying financial statements has been retroactively restated to reflect such common stock split.

2. Summary of Significant Accounting Policies

Cash, Cash Equivalents, and Marketable Securities

The Company invests its excess cash in bank deposits, money market accounts, corporate debt securities and U.S. government obligations. The Company considers all highly liquid investments purchased with maturities of three months or less from the date of purchase to be cash equivalents.

Cash equivalents are carried at fair value, which approximates cost, and primarily consist of money market funds maintained at major U.S. financial institutions.

All marketable securities, which primarily represent marketable debt securities, have been classified as "available-for-sale." Purchased premiums or discounts on debt securities are amortized to

interest income through the stated maturities of the debt securities. Management determines the appropriate classification of its investments in debt securities at the time of purchase and evaluates such designation as of each balance sheet date. Unrealized gains and losses are included in accumulated other comprehensive loss and reported as a separate component of stockholders' equity (deficit). Realized gains and losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are included in interest income. The cost of securities sold is based on the specific identification method. Interest earned on marketable securities is included in interest income.

Credit Risks and Concentrations

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash equivalents and marketable securities. The Company has established guidelines relating to diversification and maturities that allows the Company to manage risk.

Revenue Recognition

Revenues resulting from the Company's collaboration agreement with Sandoz N.V. and Sandoz Inc., each an affiliate of Novartis AG ("Sandoz") include an initial payment, reimbursement of development services and expenses, and potential future milestones and royalties. The initial payment represented reimbursement of specific development costs incurred prior to the date of the collaboration. Amounts earned under the collaboration agreement are not refundable if the research or development is unsuccessful. To date, the Company has not earned any milestones or royalties.

The Company uses revenue recognition criteria outlined in Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements,* as revised by SAB No. 104, *Revenue Recognition,* and Emerging Issues Task Force ("EITF") Issue 00-21, *Revenue Arrangements with Multiple Deliverables* (EITF 00-21). Accordingly, revenues from licensing agreements are recognized based on the performance requirements of the agreement. Non-refundable up-front fees, where the Company has an ongoing involvement or performance obligation, are generally recorded as deferred revenue in the balance sheet and amortized into collaboration revenue in the statement of operations over the term of the performance obligation. Revenues from research and development services and expenses are recognized in the period the services are performed and the reimbursable costs are incurred.

Stock-Based Compensation

The Company has elected to account for its stock-based compensation plans following Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), and related interpretations, rather than the alternative fair value accounting provided under SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123). In accordance with EITF 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Connection with Selling Goods or Services* (EITF 96-18), the Company records compensation expense equal to the fair value of options granted to non-employees over the vesting period, which is generally the period of service.

As set forth below, the pro forma disclosures of net loss allocable to common stockholders and loss per share allocable to common stockholders are as if the Company had adopted the fair value based method of accounting in accordance with SFAS No. 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of FASB Statement No. 123,* which

assumes the fair value based method of accounting had been adopted (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net loss attributable to common stockholders as reported	$ (4,270)	$ (3,076)	$ (31,983)	$ (6,881)
Add: Stock-based employee compensation expenses included in net loss attributable to common stockholders	347	165	1,355	448
Deduct: Stock-based employee compensation determined under fair value based method	(291)	(72)	(1,144)	(166)
SFAS 123 Pro forma net loss	$ (4,214)	$ (2,983)	$ (31,772)	$ (6,599)
Basic and diluted net loss per share allocable to common stockholders:				
As reported	$ (0.18)	$ (1.45)	$ (2.99)	$ (3.77)
SFAS 123 Pro forma net loss	$ (0.17)	$ (1.41)	$ (2.97)	$ (3.61)

Comprehensive Loss

The Company reports comprehensive loss in accordance with SFAS No. 130, *Reporting Comprehensive Income* (SFAS 130). SFAS 130 establishes rules for the reporting and display of comprehensive loss and its components. Components of comprehensive loss include net loss and unrealized losses on available-for-sale securities that have generally been reported in the statement of stockholders' equity. Comprehensive loss for the three months ended September 30, 2004 and 2003 was $4.3 million and $2.4 million, respectively. Comprehensive loss for the nine months ended September 30, 2004 and 2003 was $9.8 million and $5.7 million, respectively.

Net Loss Per Share

The Company computes net loss per share in accordance with SFAS No. 128, *Earnings Per Share* (SFAS No. 128). Under the provisions of SFAS 128, basic net loss per common share is computed by dividing net loss available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing net loss available to common stockholders by the weighted-average number of common shares and dilutive common share equivalents then outstanding. Potential common stock equivalent shares consist of redeemable convertible preferred stock, stock options and warrants. Since the Company has a net loss for all periods presented, the effect of all potentially dilutive securities is antidilutive. Accordingly, basic and diluted net loss per share is the same.

Recently Issued Accounting Standards

In January 2003, the FASB issued Financial Interpretation Number 46, *Consolidation of Variable Interest Entities* (FIN 46). This interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. It explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. This interpretation, as amended, applies in the first fiscal year or interim period beginning after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Since the Company does not currently have any unconsolidated variable interest entities, the adoption of FIN 46 had no impact on its financial position or results of operations.

3. Commitments and Contingencies

In September 2004, the Company entered into a Sublease Agreement with Vertex Pharmaceuticals, as sublandlord, to sublease approximately 45,000 rentable square feet of office and laboratory space. The initial term of the sublease is 80 months commencing on September 15, 2004. This agreement will add the following amounts to the Company's operating lease obligations: 2004: $0.3 million; 2005 through 2006: $3.4 million; 2007 through 2008: $4.1 million; and after 2008: $4.7 million.

4. Stockholders' Equity and Redeemable Convertible Preferred Stock

On June 25, 2004, the Company successfully completed an initial public offering of its common stock. The initial public offering consisted of the sale of 5,350,000 shares of common stock at a price of $6.50 per share. As part of the offering, the Company granted to the underwriters an option to purchase an additional 802,500 shares within 30 days of the initial public offering to cover over-allotments. This option was exercised in full in connection with the closing of the initial public offering. Net proceeds from the initial public offering after deducting underwriters' discounts and expenses were $35.3 million.

On March 8, 2004, the Company's 2004 Stock Incentive Plan (the "Incentive Plan") was adopted by the Board of Directors and was approved by the Company's stockholders on June 10, 2004. Pursuant to the terms of the Incentive Plan, the Company is authorized to issue up to 3,948,785 shares of common stock with annual increases (to be added on the first day of the Company's fiscal years during the period beginning in fiscal year 2005 and ending on the second day of fiscal year 2013) of the lowest of (i) 1,974,393 shares, (ii) 5% of the then outstanding number of common shares or (iii) such other amount as the Board of Directors may authorize. On the same respective dates, the Company's Board of Directors and stockholders adopted and approved the Company's 2004 Employee Stock Purchase Plan pursuant to which the Company is authorized to issue up to 524,652 shares of common stock.

In February 2004, the Company sold 2,612,696 shares of Series C redeemable convertible preferred stock for net proceeds of $20.4 million. These shares contained a beneficial conversion feature based on the fair value of the Company's common stock at the date of such sale compared to the Series C redeemable convertible preferred stock share price. For financial accounting purposes, the total value of the beneficial conversion feature of approximately $20.4 million was recognized as a dividend in the first quarter of 2004.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read along with the unaudited financial statements and notes included in Item 1 of this Quarterly Report, as well as the audited financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2003, included in our final prospectus dated June 21, 2004 for our initial public offering filed with the Securities and Exchange Commission. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements regarding future events and our future results are based on current expectations, estimates, forecasts, and projections and the beliefs and assumptions of our management including, without limitation, our expectations regarding our results of operations, general and administrative expenses, research and development expenses, development and manufacturing efforts, regulatory filings and the sufficiency of our cash for future operations. Words such as "we expect," "anticipate," "target," "project," "believe," "goals," "estimate," "potential," "predict," "may," "will," "expect," "might," "could," "intend," variations of these terms or the negative of those terms and similar expressions are intended to identify these forward-looking statements. Readers are cautioned that these forward-looking statements are predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements.

Among the important factors that could cause actual results to differ materially from those indicated by our forward-looking statements are those discussed below under the subheading "Risk Factors That May Affect Results" and elsewhere in this report. We undertake no obligation to revise or update or revise publicly any forward-looking statement for any reason. Readers should carefully review the risk factors described in "Risk Factors That May Affect Results" below, as well as in the documents filed by us with the Securities and Exchange Commission, as they may be amended from time to time, including our final prospectus dated June 21, 2004.

Business Overview

Momenta is a biotechnology company specializing in the sequencing and engineering of complex sugars for the development of improved versions of existing drugs, the development of novel drugs and the discovery of new biological processes. We are also utilizing our ability to sequence sugars to create near-term technology-enabled generic products. Through detailed analysis of the molecular structure of complex sugars, our proprietary technology provides a more complete understanding of the roles that sugars play in cellular function, disease and drug action. Based on our understanding of complex sugars, we have developed a diversified pipeline of novel discovery and development candidates and near-term product opportunities. Our most advanced product candidate, M-Enoxaparin, is designed to be a generic version of Lovenox®, the most widely prescribed low molecular weight heparin, or LMWH, in the world. We have formed a collaboration with Sandoz N.V. and Sandoz Inc., collectively Sandoz, an affiliate of Novartis AG, to jointly develop, manufacture and commercialize M-Enoxaparin.

Our revenues for the three and nine months ended September 30, 2004 were $1.8 million and $5.0 million, respectively, consisting of amortization of the initial payment received under our collaboration agreement with Sandoz executed in November 2003 and amounts earned by us for reimbursement by Sandoz of research and development services and reimbursement of development costs for M-Enoxaparin.

Since our inception in May 2001 we have incurred annual net losses. As of September 30, 2004, we had an accumulated deficit of $47.6 million. We recognized net losses of $9.7 million for the first nine months of 2004, $7.9 million for the year ended December 31, 2003 and $4.9 million for the year ended December 31, 2002. We expect to incur substantial and increasing losses for the next several years as

we develop our product candidates, expand our research and development activities and prepare for the commercial launch of our product candidates. Additionally, we plan to continue to evaluate possible acquisitions or licensing of rights to additional technologies, products or assets that fit within our growth strategy. Accordingly, we will need to generate significant revenues to achieve and then maintain profitability.

Since our inception, we have had no revenues from product sales and have funded our operations primarily through the sale of equity securities. In February 2004, we raised net cash proceeds of $20.4 million from the sale of Series C redeemable convertible preferred stock. On June 25, 2004, we completed an initial public offering of our common stock, the net proceeds of which were approximately $35.3 million after deducting underwriters' discounts and expenses. We have devoted substantially all of our capital resources to the research and development of our product candidates.

Financial Operations Overview

Revenue

We have not yet generated any revenue from product sales and do not expect to generate any revenue from the sale of products over the next several years. We have recognized, in the aggregate, $6.4 million of revenue from our inception through September 30, 2004. This revenue was derived entirely from our collaboration agreement with Sandoz executed in November 2003. We will seek to generate revenue from a combination of research and development efforts, profit sharing, milestone payments and royalties in connection with our Sandoz collaboration and future collaborative or strategic relationships. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of research and development efforts under our collaborative or strategic relationships, and the amount and timing of shipments made upon the sale of our products, to the extent any are successfully commercialized.

Research and Development

Research and development expenses consist of costs incurred in identifying, developing and testing product candidates. These expenses consist primarily of salaries and related expenses for personnel, license fees, consulting, contract research and manufacturing, and the costs of laboratory equipment and facilities. We expense research and development costs as incurred.

The following summarizes our primary research and development programs:

M-Enoxaparin. Our most advanced product, M-Enoxaparin, is designed to be a technology-enabled generic version of Lovenox. We have formed a collaboration with Sandoz to jointly develop, manufacture and commercialize M-Enoxaparin. Under our collaboration agreement, Sandoz is responsible for funding substantially all of the M-Enoxaparin development, regulatory, legal and commercialization costs. The total cost of development and commercialization and the timing of bringing M-Enoxaparin to market is subject to uncertainties relating to the development, regulatory approval and legal processes.

M118. M118 is a LMWH that was rationally designed to provide improved anti-clotting activity and flexible administration to treat patients with acute coronary syndromes, or ACS. M118 is currently in preclinical development. We recently made a strategic decision to develop an alternate manufacturing process for M118 now rather than waiting until a later stage in the product's clinical development. This process development effort is intended to result in a more efficient and reproducible process for manufacturing the drug substance required for future clinical and commercial programs and has the potential to reduce near-term development costs for M118. Development of the alternate manufacturing process is anticipated to cause a six to twelve month delay in the filing of the investigational new drug application, or IND, for M118 from our previously disclosed target filing date of June 2005. We expect that additional expenditures will be required to complete preclinical testing for M118. If such preclinical testing is successful, we will plan to file an IND, and begin Phase I clinical trials shortly thereafter. Because M118 is in preclinical development, we are not able to estimate the cost to complete the research and development phase nor are we able to estimate the timing of bringing M118 to market.

Other Development Opportunities. We are developing M-Dalteparin, a technology-enabled generic version of Fragmin®, a LMWH marketed by Pfizer. Other research programs include: a sugar-mediated technology that improves the non-invasive delivery of therapeutic proteins and capabilities which enable engineering of complex sugars on therapeutic proteins to improve the efficacy, reduce side effects and modify the dosage of protein drugs. In our drug discovery program, we are applying our understanding of sugar biology to develop sugar-based drugs and identify specific biological processes and pathways that can be targeted with small molecules and antibody drugs, focused initially on oncology.

General and Administrative

General and administrative expenses consist primarily of salaries and other related costs for personnel in executive, finance, accounting, business development and human resource functions. Other costs include facility costs not otherwise included in research and development expense and professional fees for legal and accounting services.

We anticipate additional increases in general and administrative expense for investor relations and other activities associated with operating as a publicly-traded company. These increases will also likely include the hiring of additional personnel. We intend to continue to incur increased internal and external business development costs to support our various product development efforts, which can vary from period to period.

Results of Operations

Three Months Ended September 30, 2004 and 2003

Revenue

Revenue for the three months ended September 30, 2004 was $1.8 million, which was entirely attributable to our Sandoz collaboration. We had no revenues during the three months ended September 30, 2003.

Research and Development

The following table summarizes the primary components of our research and development expense for our principal research and development programs for the three months ended September 30, 2004 and 2003.

Research and Development Program (in thousands)	2004	2003
M-Enoxaparin	$ 2,329	$ 1,070
M118	1,282	133
Drug delivery	278	69
Other discovery and development programs	592	151
Total research and development expense	$ 4,481	$ 1,423

Research and development expense for the three months ended September 30, 2004 was $4.5 million compared to $1.4 million during the three months ended September 30, 2003. Our increase in research and development expenses principally resulted from increased manufacturing process development and personnel-related costs for the M-Enoxaparin program and the M118 development program. Manufacturing process development costs for M-Enoxaparin and M118 increased by $0.5 million and $0.6 million, respectively, and personnel and related costs due to increased headcount increased by $0.6 million and $0.4 million, respectively.

General and Administrative

General and administrative expense for the three months ended September 30, 2004 was $1.9 million compared to $1.0 million during the three months ended September 30, 2003. General and administrative expense increased due primarily to an increase in professional fees of $0.3 million, stock compensation expense of $0.1 million, insurance coverage of $0.2 million and marketing costs of $0.1 million.

Interest Income and Expense

Interest income increased to approximately $230,000 for the three months ended September 30, 2004 from approximately $14,000 for the three months ended September 30, 2003, primarily due to higher average investment balances in 2004 as a result of the proceeds from our initial public offering in June 2004 and the issuance of Series C preferred stock in February 2004. Interest expense decreased from approximately $14,000 during the three months ended September 30, 2003 to approximately $10,000 for the three months ended September 30, 2004 due to a lower average balance on our bank line of credit in the second quarter of 2004.

Nine Months Ended September 30, 2004 and 2003

Revenue

Revenue for the nine months ended September 30, 2004 was $5.0 million, which was attributable to our collaboration agreement with Sandoz signed in November 2003. We had no revenues during the nine months ended September 30, 2003.

Research and Development

The following table summarizes the primary components of our research and development expense for our principal research and development programs for the nine months ended September 30, 2004 and 2003.

Research and Development Program (in thousands)	2004	2003
M-Enoxaparin	$ 5,307	$ 2,050
M118	2,711	197
Drug delivery	1,064	233
Other discovery and development programs	1,147	671
Total research and development expense	$ 10,229	$ 3,151

Research and development expense for the nine months ended September 30, 2004 was $10.2 million compared to $3.2 million during the nine months ended September 30, 2003. Our increase in research and development expenses principally resulted from increased manufacturing process development and personnel-related costs for the M-Enoxaparin program and the M118 development program. Manufacturing process development costs for M-Enoxaparin and M118 increased by $1.9 million and $1.5 million, respectively, and personnel and related costs due to increased headcount increased by $1.1 million and $0.7 million, respectively.

General and Administrative

General and administrative expense for the nine months ended September 30, 2004 was $4.8 million compared to $2.5 million during the nine months ended September 30, 2003. General and administrative expense increased primarily due to an increase of $0.8 million in stock compensation expense, $0.4 million in professional fees due to an increase in consulting, accounting and legal fees, $0.3 million in marketing costs, and $0.2 million in insurance costs.

Interest Income and Expense

Interest income increased to approximately $365,000 for the nine months ended September 30, 2004 from approximately $31,000 during the nine months ended September 30, 2003, primarily due to higher average investment balances in 2004 as a result of the proceeds from our initial public offering in June 2004 and the issuance of Series C preferred stock in February 2004. Interest expense decreased from $32,000 for the nine months ending September 30, 2003 to $31,000 for the nine months ending September 30, 2004.

Liquidity and Capital Resources

We have financed our operations since inception primarily through the private placements of equity securities and our initial public offering. From our inception through September 30, 2004, we have received net proceeds of $45.4 million from the issuance of redeemable convertible preferred stock. In addition, on June 25, 2004, we completed our initial public offering and raised net proceeds of approximately $35.3 million.

At September 30, 2004, we had $57.9 million in cash, cash equivalents and marketable securities. In addition, the Company also holds $1.5 million in restricted cash which serves as collateral for a letter of credit related to its recent lease of office and laboratory space. Net cash used in operating activities was $8.1 million and $4.9 million for the nine months ended September 30, 2004 and 2003, respectively. The use of cash in each period was primarily a result of net losses associated with our research and development activities and amounts incurred to develop our administrative infrastructure.

Net cash used in investing activities was $45.2 million and $0.3 million for the nine months ended September 30, 2004 and 2003, respectively. In the first nine months of 2004, we used $54.4 million of cash to purchase marketable securities and had $10.5 million in maturities of marketable securities. In the first nine months of 2004 and 2003, we used $1.3 million and $0.3 million, respectively, to purchase equipment and leasehold improvements. We expect to use cash of approximately $2.0 million for capital expenditures in 2004, principally related to the purchase of laboratory equipment and leasehold improvements. Prior to the end of our fiscal year, we anticipate financing a portion of our 2004 equipment purchases through an equipment lease.

In the first nine months of 2004, our financing activities provided approximately $55.5 million, reflecting the issuance of our Series C redeemable convertible preferred stock for net proceeds of $20.4 million and our initial public offering for net proceeds of $35.3 million. Net cash provided by financing activities was $19.7 million for the nine months ended September 30, 2003 primarily attributable to the issuance of Series B redeemable convertible preferred stock resulting in net cash proceeds of $18.9 million and proceeds from a line of credit obligation of $1.0 million, offset by repayments of $0.2 million on the line of credit obligation.

On September 23, 2004, we entered into a Sublease Agreement with Vertex Pharmaceuticals, as sublandlord, to sublease approximately 45,000 rentable square feet of office and laboratory space. The initial term of the sublease is 80 months commencing on September 15, 2004. This agreement will add the following amounts to our operating lease obligations: 2004: $0.3 million; 2005 through 2006: $3.4 million; 2007 through 2008: $4.1 million; and after 2008: $4.7 million.

We anticipate that our current cash, cash equivalents and marketable securities will be sufficient to fund our operations through the first half of 2007. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Funding Requirements

We have received $4.7 million as of September 30, 2004 from our collaboration with Sandoz. We did not receive payments from any collaborations from our inception through December 31, 2003. Under our collaboration with Sandoz, Sandoz has agreed to fund a minimum amount of personnel and

substantially all of the other ongoing development, commercialization and legal expenses incurred with respect to our M-Enoxaparin program, subject to the right to terminate upon reaching agreed-upon limits.

We expect to use our current cash, cash equivalents and marketable securities to continue the development of our product candidates, our discovery research programs and for other general corporate purposes, including:

- the approval and subsequent commercialization of near-term product candidates, including approximately $8.0 million to $10.0 million to develop M-Dalteparin through the filing of an ANDA;
- the development of improved product candidates, including using approximately $9.0 million to $12.0 million to develop M118 through Phase I clinical trials and $3.0 million to $5.0 million for the initial development of pulmonary formulations of therapeutic proteins;
- the research and discovery of novel therapeutics and technologies; and
- working capital, capital expenditures and other general corporate purposes.

We expect to incur substantial costs and losses as we continue to expand our research and development activities, particularly as we progress M118 into Phase I clinical trials. Our funding requirements will depend on numerous factors, including:

- the progress of development of M-Enoxaparin, M-Dalteparin and M118;
- the timing, receipt and amount of milestone and other payments, if any, from present and future collaborators;
- the time and costs involved in obtaining regulatory approvals;
- the continued progress in our research and development programs, including completion of our preclinical studies and clinical trials;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- the potential acquisition and in-licensing of other technologies, products or assets;
- the timing, receipt and amount of sales and royalties, if any, from our product candidates;
- the cost of manufacturing, marketing and sales activities, if any; and
- the cost of litigation, including potential patent litigation.

We do not expect to generate significant additional revenues, other than payments that we receive from our collaboration with Sandoz or other similar future collaborations, until we successfully obtain marketing approval for, and begin selling, M-Enoxaparin. We believe the key factors that will affect our internal and external sources of cash are:

- our ability to successfully develop, manufacture, obtain regulatory approval for and commercialize M-Enoxaparin;
- the success of M118 and other preclinical and clinical development programs;
- the receptivity of the capital markets to financings by biotechnology companies; and
- our ability to enter into additional strategic collaborations with corporate and academic collaborators and the success of such collaborations.

If our existing resources are insufficient to satisfy our liquidity requirements or if we acquire or license additional technologies, products or assets that fit within our growth strategy, we may need to raise additional external funds through the sale of equity or debt securities. The sale of equity securities may result in dilution to our stockholders. Additional financing may not be available in amounts or on terms acceptable to us or at all. If we are unable to obtain additional financing, we may be required to reduce the scope of, delay or eliminate some or all of our planned research, development and commercialization activities, which could harm our financial condition and operating results.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue, accrued expenses and the fair valuation of equity instruments granted or sold by us. We base our estimates on historical experience, known trends and events and various other factors that are believed to be 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.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Revenue

We record revenue on an accrual basis as it is earned and when amounts are considered collectible. Revenues received in advance of performance obligations or in cases where we have a continuing obligation to perform services are deferred and recognized over the performance period. Revenues from milestone payments that represent the culmination of a separate earnings process are recorded when the milestone is achieved. Contract revenues are recorded as the services are performed. When we are required to defer revenue, the period over which such revenue should be recognized is subject to estimates by management and may change over the course of the collaborative agreement.

Accrued Expenses

As part of the process of preparing financial statements, we are required to estimate accrued expenses. This process involves identifying services which have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for such service as of each balance sheet date in our financial statements. Examples of estimated expenses for which we accrue include contract service fees paid to contract manufacturers in conjunction with the production of clinical drug supplies and to contract research organizations. In connection with such service fees, our estimates are most affected by our understanding of the status and timing of services provided relative to the actual levels of services incurred by such service providers. The majority of our service providers invoice us monthly in arrears for services performed. In the event that we do not identify certain costs, which have begun to be incurred, or we under- or over-estimate the level of services performed or the costs of such services, our reported expenses for such period would be too low or too high. The date on which certain services commence, the level of services performed on or before a given date and the cost of such services are often determined based on subjective judgments. We make these judgments based upon the facts and circumstances known to us in accordance with generally accepted accounting principles.

Stock-Based Compensation

We have elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, or APB 25, and related interpretations, in accounting for our stock-based compensation plans, rather than the alternative fair value method provided for under Statement of Financial Accounting Standard No. 123, or SFAS 123, *Accounting for Stock-Based Compensation*. In 2003 and 2002, certain grants of stock options were made at exercise prices less than the fair value of our common stock and, as a result, we recorded deferred stock compensation expense. In the notes to our financial statements, we provide pro forma disclosures in accordance with SFAS 123. We account for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of such services received or of the equity instruments issued, whichever is more reliably measured, in accordance with SFAS 123 and the Emerging Issues Task Force, or EITF, Issue 96-18, *Accounting for Equity Instruments that Are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,* or EITF 96-18.

Accounting for equity instruments granted or sold by us under APB 25, SFAS 123 and EITF 96-18 requires fair value estimates of the equity instrument granted or sold. If our estimates of the fair value of these equity instruments are too high or too low, our expenses may be over or under stated. Equity instruments granted or sold in exchange for the receipt of goods or services and the value of those goods or services cannot be readily estimated, as is true in connection with most stock options and warrants granted to employees and non-employees. We estimated the fair value of the equity instruments based upon consideration of factors which we deemed to be relevant at the time. For issuances prior to our initial public offering, which closed on June 25, 2004, market factors historically considered in valuing stock and stock option grants included comparative values of public companies discounted for the risk and limited liquidity provided for in the shares we are issuing, pricing of private sales of our redeemable convertible preferred stock, prior valuations of stock grants and the effect of events that have occurred between the time of such grants, economic trends, and the comparative rights and preferences of the security being granted compared to the rights and preferences of our other outstanding equity.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued Financial Interpretation Number 46, *Consolidation of Variable Interest Entities* (FIN 46). This interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. It explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. This interpretation, as amended, applies in the first fiscal year or interim period beginning after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Since we do not currently have any unconsolidated variable interest entities, the adoption of FIN 46 had no impact on our financial position or results of operations.

Risk Factors That May Affect Results

Important factors could cause our actual results to differ materially from those indicated or implied by forward-looking statements contained or incorporated by reference in this Quarterly Report on Form 10-Q. Such factors that could cause or contribute to such differences include those factors discussed below. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. If any of the following risks actually occur, our business, prospects, financial condition and operating results would likely suffer, possibly materially.

Risks Relating to Our Business

We have a limited operating history and have incurred a cumulative loss since inception. If we do not generate significant revenues, we will not be profitable.

We have incurred significant losses since our inception in May 2001. At September 30, 2004, our accumulated deficit was approximately $47.6 million. We have not generated revenues from the sale of any products to date. We expect that our annual operating losses will increase over the next several years as we expand our drug commercialization, development and discovery efforts. To become profitable, we must successfully develop and obtain regulatory approval for our existing drug candidates, and effectively manufacture, market and sell any drug candidates we develop. Accordingly, we may never generate significant revenues and, even if we do generate significant revenues, we may never achieve profitability.

To become and remain profitable, we must succeed in developing and commercializing drugs with significant market potential. This will require us to be successful in a range of challenging activities for which we are only in the preliminary stages: developing drugs, obtaining regulatory approval for them, and manufacturing, marketing and selling them. We may never succeed in these activities and may never generate revenues that are significant or large enough to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the market price of our common stock and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations.

If we fail to obtain approval of and commercialize our most advanced product candidate, M-Enoxaparin, we may have to curtail our product development programs and our business would be materially harmed.

We have invested a significant portion of our time, financial resources and collaboration efforts in the development of our most advanced candidate, M-Enoxaparin, a technology-enabled generic version of Lovenox. Our near-term ability to generate revenues and our future success, in part, depends on the development and commercialization of M-Enoxaparin.

In conjunction with Sandoz, we plan to prepare and submit an application to the FDA seeking to produce and market M-Enoxaparin in the United States. FDA approval of our application is required before marketing a generic equivalent of a drug previously approved under a new drug application, or NDA. If we are unable to obtain FDA approval for, and successfully commercialize M-Enoxaparin, we may never realize revenue from this product and we may have to curtail our other product development programs. As a result, our business would be materially harmed.

We will likely face intellectual property litigation with Aventis, the innovator of Lovenox.

We will likely face costly and time consuming intellectual property litigation with Aventis, the innovator of Lovenox. Companies that produce branded pharmaceutical products for which there are unexpired patents listed in the FDA's Orange Book routinely bring patent infringement litigation against applicants seeking FDA approval to manufacture and market generic forms of their branded products. In August 2003, Aventis sued Amphastar Pharmaceuticals, Inc., or Amphastar, and Teva Pharmaceuticals USA, Inc., or Teva, alleging, among other things, that the generic versions of Lovenox intended to be marketed by those companies infringe Aventis' Patent No. 5,389,618, which is scheduled to expire on February 14, 2012. We expect to face patent litigation if and when we submit our regulatory application for a generic version of Lovenox to the FDA. Litigation often involves significant expense and could delay or prevent the introduction of a generic product. Under most circumstances, the decision as to when to begin marketing M-Enoxaparin will be determined jointly by us and Sandoz.

Sandoz, however, has sole discretion over the decision whether to market M-Enoxaparin under the following circumstance:

- Sandoz has received ANDA approval for M-Enoxaparin; and

- a federal district court has determined that marketing M-Enoxaparin will not infringe Aventis' patent rights or that the relevant Aventis patent rights are invalid or unenforceable, or Sandoz, in its reasonable judgment, concludes that a federal district court's determination in a patent infringement suit between Aventis and a third party would permit the marketing of M-Enoxaparin; but

- Sandoz has neither settled litigation with Aventis nor received an unappealable judgment that marketing M-Enoxaparin will not infringe Aventis' patent rights, nor has any third party received an unappealable judgment that the relevant Aventis patent rights are invalid or unenforceable or from which Sandoz could conclude that the marketing of M-Enoxaparin would not infringe Aventis' patent rights.

Should Sandoz elect to proceed in this manner, we could face substantial patent liability damages, including possible treble damages, if a final court decision is adverse to us. Sandoz has agreed to indemnify us for these liabilities, subject to Sandoz's ability to offset certain of these liabilities against the profit-sharing amounts, the royalties and the commercial milestone payments otherwise due to us from the marketing of M-Enoxaparin. Further, if we are unsuccessful in any litigation, the court could issue a permanent injunction preventing us from marketing M-Enoxaparin for the life of Aventis' patent. In addition, Aventis has significantly greater resources than we do, and litigation with Aventis could last a number of years, potentially delaying or prohibiting the commercialization of M-Enoxaparin. Intellectual property litigation involves many risks and uncertainties, and there is no assurance that we will prevail in any lawsuit brought by Aventis. If we are not successful in commercializing M-Enoxaparin or are significantly delayed in doing so, we may have to curtail our product development programs and our business would be materially harmed.

We utilize new technologies in the development of some of our products that have not been reviewed or accepted by regulatory authorities.

Some of our products in current or future development may be based on new technologies that have not been formally reviewed or accepted by the FDA or other regulatory authorities. Given the complexity of our technology, we intend to work closely with the FDA and other regulatory authorities to perform the requisite scientific analysis and evaluation of our methods to obtain regulatory approval for our products. It is possible that the validation process may take time and resources, require independent third-party analysis or not be accepted by the FDA and other regulatory authorities. For some products, the regulatory approval path and requirements may not be clear, which could add significant delay and expense. Delays or failure to obtain regulatory approval of any of the products that we develop would adversely affect our business.

If other generic versions of Lovenox are approved and successfully commercialized before M-Enoxaparin, our business would suffer.

In mid 2003, Amphastar and Teva filed ANDAs for generic versions of Lovenox with the FDA. In addition, other third parties may seek approval to manufacture and market generic versions of Lovenox in the United States prior to our ANDA filing. If any of these parties obtain FDA approval under ANDA guidelines, we may not gain any competitive advantage, we may never achieve significant market share for M-Enoxaparin, our revenues would be reduced and, as a result, our business, including our future discovery and development programs, would suffer. In addition, under the Hatch-Waxman Act, any developer of a generic drug that is considered first to have its ANDA accepted for review by the FDA, and whose filing includes a certification that any patents listed with the FDA for the drug are invalid or not infringed by the manufacture, use or sale of the generic drug, or "paragraph IV" certification, may be eligible to receive a 180-day period of generic market exclusivity. In the event that any eligible 180-day exclusivity period has not begun and/or expired at the time we receive tentative approval for M-Enoxaparin, we may be forced to wait until the expiration of the exclusivity period before the FDA could make our approval effective and we could launch M-Enoxaparin.

If we fail to meet manufacturing requirements for M-Enoxaparin, our development and commercialization efforts may be materially harmed.

We have limited personnel with experience in, and we do not own facilities for, manufacturing any products. We have entered into an agreement with Siegfried (USA), Inc. and Siegfried Ltd., pursuant to which Siegfried is further developing our M-Enoxaparin laboratory-scale processes, manufacturing the drug substance for M-Enoxaparin and providing certain other development services relating to M-Enoxaparin. We expect to depend on additional third parties to manufacture the drug product and provide analytical services with respect to M-Enoxaparin. We have not yet completed the manufacturing and testing of M-Enoxaparin necessary to file our regulatory submission and we may run into unforeseen difficulties that may cause a delay in the filing.

In addition, if the product is approved, in order to produce M-Enoxaparin in the quantities necessary to meet anticipated market demand, we and any contract manufacturer that we engage will need to increase manufacturing capacity. If we are unable to produce M-Enoxaparin in sufficient quantities to meet the requirements for the launch of the product or to meet future demand, our revenues and gross margins could be adversely affected.

Our revenues and profits from any of our generic product candidates may decline if our competitors introduce their own generic equivalents.

In addition to general competition in the pharmaceutical market, we expect that certain of our generic product candidates may face intense and increasing competition from other manufacturers of generic and/or branded products. Revenues and gross profit derived from the sales of generic pharmaceutical products tend to follow a pattern based on certain regulatory and competitive factors. As patents for branded products and related exclusivity periods expire, manufacturers of generic products may receive regulatory approval for generic equivalents and may be able to achieve significant market penetration. As competing off-patent manufacturers receive regulatory approvals on similar products or as branded manufacturers launch generic versions of such products, market share, revenues and gross profit typically decline, in some cases, dramatically. If any of our generic product offerings, including M-Enoxaparin, enter markets with a number of competitors, we may not achieve significant market share, revenues or gross profit. In addition, as other generic products are introduced to the markets in which we participate, the market share, revenues and gross profit of our generic products could decline.

Competition in the biotechnology and pharmaceutical industries is intense, and if we are unable to compete effectively, our financial results will suffer.

The markets in which we intend to compete are undergoing, and are expected to continue to undergo, rapid and significant technological change. We expect competition to intensify as technological advances are made or new biotechnology products are introduced, such as alternatives to LMWHs or improved non-invasive delivery methods. New developments by competitors may render our current or future product candidates and/or technologies non-competitive, obsolete or not economical. Our competitors' products may be more efficacious or marketed and sold more effectively than any of our products.

The pharmaceutical market is highly competitive and rapidly changing. Many of our competitors have:

- significantly greater financial, technical and human resources than we have at every stage of the discovery, development, manufacturing and commercialization process;
- more extensive experience in commercializing generic drugs, preclinical testing, conducting clinical trials, obtaining regulatory approvals, challenging patents and in manufacturing and marketing pharmaceutical products;
- products that have been approved or are in late stages of development; and
- collaborative arrangements in our target markets with leading companies and research institutions.

If we successfully develop and obtain approval for our drug candidates, we will face competition based on many different factors, including:

- the safety and effectiveness of our products;
- the timing and scope of regulatory approvals for these products;
- the availability and cost of manufacturing, marketing and sales capabilities;
- the effectiveness of our marketing and sales capabilities;
- the price of our products;
- the availability and amount of third-party reimbursement; and
- the strength of our patent position.

Our competitors may develop or commercialize products with significant advantages in regard to any of these factors. Our competitors may therefore be more successful in commercializing their products than we are, which could adversely affect our competitive position and business.

If we are unable to establish and maintain our key customer arrangements, sales of our products and revenues would decline.

Most generic pharmaceutical products are sold to customers through arrangements with group purchasing organizations, or GPOs. Generic pharmaceuticals are also sold through arrangements with retail organizations, mail order channels and other distributors. Many of the hospitals which make up M-Enoxaparin's target market contract with the GPO of their choice for their purchasing needs. We expect to derive a large percentage of our future revenue for M-Enoxaparin from customers that have relationships with a small number of GPOs. Currently, a relatively small number of GPOs control a large majority of sales to hospital customers. In order to establish and maintain relationships with major GPOs, we believe we need to maintain adequate drug supplies, remain price competitive, comply with FDA regulations and provide high-quality products. The GPOs with whom we hope to establish

relationships may also have relationships with our competitors and may decide to contract for or otherwise prefer products other than ours. Typically, GPO agreements may be terminated on short notice. If we are unable to establish and maintain arrangements with major GPOs and customers, sales of our products, revenues and profits would decline.

Even if we receive approval to market our drug candidates, the market may not be receptive to our drug candidates upon their commercial introduction, which could prevent us from being profitable.

Even if our drug candidates are successfully developed, our success and growth will also depend upon the acceptance of these drug candidates by physicians and third-party payors. Acceptance of our product development candidates will be a function of our products being clinically useful, being cost effective and demonstrating superior therapeutic effect with an acceptable side effect profile as compared to existing or future treatments. In addition, even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time.

Factors that we believe will materially affect market acceptance of our drug candidates under development include:

- the timing of our receipt of any marketing approvals, the terms of any approval and the countries in which approvals are obtained;
- the safety, efficacy and ease of administration of our products;
- the competitive pricing of our products;
- the success of our physician education and marketing programs;
- the sales and marketing efforts of competitors; and
- the availability and amount of government and third-party payor reimbursement.

If our products do not achieve market acceptance, we will not be able to generate sufficient revenues from product sales to maintain or grow our business.

We will require substantial additional funds to execute our business plan and, if additional capital is not available, we may need to limit, scale back or cease our operations.

We will continue to require substantial funds to conduct research and development, preclinical testing and clinical trials of our development candidates, as well as funds necessary to manufacture and market any products that are approved for commercial sale. Because successful development of our drug candidates is uncertain, we are unable to estimate the actual funds we will require to complete research and development and commercialize our products under development.

Our future capital requirements may vary depending on the following:

- the progress of development of M-Enoxaparin, M-Dalteparin and M118;
- the cost of litigation, including potential patent litigation with Aventis relating to Lovenox, or with others, as well as any damages, including possibly treble damages, that may be owed to Aventis or others should we be unsuccessful in such litigation;
- the time and costs involved in obtaining regulatory approvals;
- the continued progress in our research and development programs, including completion of our preclinical studies and clinical trials;
- the potential acquisition and in-licensing of other technologies, products or assets; and
- the cost of manufacturing, marketing and sales activities, if any.

We anticipate that our current cash, cash equivalents and marketable securities, including $20.4 million in net proceeds received in connection with the issuance of our Series C convertible preferred stock in February 2004, and the $35.3 million in net proceeds from our initial public offering, will be sufficient to fund our operations through the first half of 2007. We may seek additional funding in the future and intend to do so through collaborative arrangements and public or private equity and debt financings. Additional funds may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. If we are unable to obtain funding on a timely basis, we may be required to significantly curtail one or more of our research or development programs. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies, product candidates or products which we would otherwise pursue on our own.

If we are not able to retain our current senior management team or attract and retain qualified scientific, technical and business personnel, our business will suffer.

We are dependent on the members of our senior management team, in particular, Ganesh Venkataraman, our Founder and Vice President of Technology, for our business success. Our employment agreements with Dr. Venkataraman and our other executive officers are terminable on short notice or no notice. We do not carry life insurance on the lives of any of our personnel. The loss of any of our executive officers would result in a significant loss in the knowledge and experience that we, as an organization, possess and could cause significant delays, or outright failure, in the development and approval of our product candidates. In addition, our growth will require us to hire a significant number of qualified scientific, commercial and administrative personnel. There is intense competition from numerous pharmaceutical and biotechnology companies, universities, governmental entities and other research institutions, for human resources, including management, in the technical fields in which we operate, and we may not be able to attract and retain qualified personnel necessary for the successful development and commercialization of our product candidates.

There is a substantial risk of product liability claims in our business. If we are unable to obtain sufficient insurance, a product liability claim against us could adversely affect our business.

Our business exposes us to significant potential product liability risks that are inherent in the development, manufacturing and marketing of human therapeutic products. Product liability claims could delay or prevent completion of our development programs, clinical or otherwise. If we succeed in marketing products, such claims could result in a recall of our products or a change in the indications for which they may be used. We currently do not have any product liability insurance, but plan to obtain such insurance at appropriate levels prior to initiating studies in humans or clinical trials and at higher levels prior to marketing any of our drug candidates. Any insurance we obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses that could have a material adverse effect on our business. These liabilities could prevent or interfere with our product development and commercialization efforts.

As we evolve from a company primarily involved in drug discovery and development into one that is also involved in the commercialization of drug products, we may have difficulty managing our growth and expanding our operations successfully.

As the development of our drug candidates advance, we will need to expand our development, regulatory, manufacturing, sales and marketing capabilities or contract with other organizations to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various collaborative partners, suppliers and other organizations. Our ability to manage our operations and growth requires us to continue to improve our operational, financial and management controls, reporting systems and procedures. Such growth could place a strain on our administrative and operational infrastructure. We may not be able to make improvements to our

management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls.

Risks Relating to Development and Regulatory Approval

If we are not able to demonstrate therapeutic equivalence for our generic versions of complex drugs, including our M-Enoxaparin and our M-Dalteparin products to the satisfaction of the FDA, we will not obtain regulatory approval for commercial sale of our generic product candidates and our future results of operations would be adversely affected.

Our future results of operations depend, to a significant degree, on our ability to obtain regulatory approval for and commercialize generic versions of complex drugs, including M-Enoxaparin and M-Dalteparin. To obtain regulatory approval for the commercial sale of our generic versions of complex drugs, including M-Enoxaparin and M-Dalteparin, we will be required to demonstrate to the satisfaction of the FDA, among other things, that our generic products contain the same active ingredients, are of the same dosage strength, form, and route of administration, and meet compendial or other applicable standards for strength, quality, purity and identity, including potency. Our generic versions of complex drugs, including M-Enoxaparin and M-Dalteparin, must also be bioequivalent, meaning generally that there are no significant differences in the rate and extent to which the active ingredients are absorbed and become available at the site of drug action. Under current regulations, for certain drug products where bioequivalence is self-evident such as injectable solutions which have been shown to contain the same active and inactive ingredients as the listed drug, the FDA may waive the requirement for in vivo bioequivalence data.

Determination of the same active ingredients for M-Enoxaparin and M-Dalteparin will be based on our demonstration of the chemical equivalence of our generic versions to Lovenox and Fragmin, respectively. The FDA may require confirmatory information, for example, animal testing, to determine the sameness of active ingredients and that any inactive ingredients or impurities do not compromise the product's safety and efficacy. Provision of sufficient information for approval may prove difficult and expensive. We must also demonstrate the adequacy of our methods, controls and facilities used in the manufacture of the product, including that they meet current good manufacturing practice, or cGMP. We cannot predict whether any of our generic product candidates will meet FDA requirements for approval.

On February 19, 2003, a Citizen Petition was submitted to the FDA on behalf of Aventis requesting that the Commissioner of Food and Drugs withhold approval of any ANDA for a generic version of Lovenox until the conditions set forth in Aventis' petition are satisfied. In its petition, Aventis principally requested that, until enoxaparin has been fully characterized, the FDA refrain from approving any ANDA citing Lovenox as the reference listed drug, until the manufacturing process used to create the generic product is determined to be equivalent to Aventis' manufacturing process for Lovenox or the generic application is supported by proof of equivalent safety and effectiveness demonstrated through clinical trials. Since that time, there have been multiple supplements to the petition filed by Aventis as well as multiple comments to Aventis' citizen petition submitted by third parties, including companies who have filed ANDAs for generic versions of Lovenox. We expect that Aventis and other interested parties will continue to interact with the FDA and file additional responses and comments to the citizen petition docket going forward. To date, the FDA has not yet publicly responded to Aventis' requests nor has it issued any public interpretation of the guidelines for therapeutic equivalence as they may apply to LMWH products such as Lovenox or Fragmin. In the event that the FDA does not establish a standard for therapeutic equivalence with respect to generic versions of complex drugs, or requires us to conduct clinical trials or other lengthy processes, the commercialization of our technology-enabled generic product candidates could be delayed or prevented. Delays in any part of the process or our inability to obtain regulatory approval for our products could adversely affect our operating results by restricting or significantly delaying our introduction of new products.

If our preclinical studies and clinical trials for our development candidates are not successful, we will not be able to obtain regulatory approval for commercial sale of our novel or improved drug candidates.

To obtain regulatory approval for the commercial sale of our novel or improved drug candidates, we will be required to demonstrate through preclinical studies and clinical trials that our drug development candidates are safe and effective. Preclinical testing and clinical trials of new development candidates are lengthy and expensive and the historical failure rate for development candidates is high. The results from preclinical testing of a development candidate may not predict the results that will be obtained in human clinical trials. Clinical trials cannot commence until we submit an IND containing sufficient preclinical data and other information to support use in human subjects and the FDA allows the trials to go forward. Clinical trials must also be reviewed and approved by institutional review boards, or IRBs, for each clinical trial site before an investigational new drug may be used in a human trial at that site. We, the FDA or other applicable regulatory authorities may prohibit the initiation of, or suspend clinical trials of, a development candidate at any time if we or they believe the subjects or patients participating in such trials are being exposed to unacceptable health risks, or for other reasons. Adverse side effects of a development candidate on subjects or patients in a clinical trial could result in the FDA or other regulatory authorities refusing to approve a particular development candidate for any or all indications of use.

Clinical trials of a new development candidate require the enrollment of a sufficient number of patients who are suffering from the disease the development candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrollment are affected by many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites, the availability of effective treatments for the relevant disease and the eligibility criteria for the clinical trial. Lower than anticipated patient enrollment rates, high drop-out rates or inadequate drug supply or other materials, can result in increased costs and longer development times.

We cannot predict whether any of our development candidates will encounter problems during clinical trials which will cause us or regulatory authorities to delay or suspend these trials, or which will delay the analysis of data from these trials. In addition, it is impossible to predict whether legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes, if any, may be. If we experience any such problems, we may not have the financial resources to continue development of the drug candidate that is affected or the development of any of our other drug candidates.

Failure to obtain regulatory approval in foreign jurisdictions would prevent us from marketing our products abroad.

Although we have not initiated any marketing efforts in foreign jurisdictions, we intend in the future to market our products outside the United States. In order to market our products in the European Union and many other foreign jurisdictions, we must obtain separate regulatory 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 abroad may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval and we may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. We and our collaborators may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market outside the United States. The failure to obtain these approvals could materially adversely affect our business, financial condition and results of operations.

Even if we obtain regulatory approvals, our marketed drugs will be subject to ongoing regulatory review. If we fail to comply with continuing United States and foreign regulations, we could lose our approvals to market drugs and our business would be seriously harmed.

Even after approval, any drugs we develop will be subject to ongoing regulatory review, including the review of clinical results which are reported after our drug products are made commercially available. In addition, the manufacturer and manufacturing facilities we use to produce any of our drug candidates will be subject to periodic review and inspection by the FDA. We will be required to report any serious and unexpected adverse experiences and certain quality problems with our products and make other periodic reports to the FDA. The discovery of any previously unknown problems with the product, manufacturer or facility may result in restrictions on the drug or manufacturer or facility, including withdrawal of the drug from the market. Certain changes to an approved product, including in the way it is manufactured or promoted, often require prior FDA approval before the product as modified may be marketed. If we fail to comply with applicable continuing regulatory requirements, we may be subject to recalls, warning letters, civil penalties, suspension or withdrawal of regulatory approvals, product recalls and seizures, injunctions, operating restrictions and/or criminal prosecutions and penalties.

If third-party payors do not adequately reimburse customers for any of our product candidates that are approved for marketing, they might not be purchased or used, and our revenues and profits will not develop or increase.

Our revenues and profits will depend heavily upon the availability of adequate reimbursement for the use of our approved product candidates from governmental and other third-party payors, both in the United States and in foreign markets. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining reimbursement approval for a product from each third-party and government payor is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to each payor. We may not be able to provide data sufficient to gain acceptance with respect to reimbursement. There also exists substantial uncertainty concerning third-party reimbursement for the use of any drug product incorporating new technology, and even if determined eligible, coverage may be more limited than the purposes for which the product is approved by the FDA. Moreover, eligibility for coverage does not imply that any product will be reimbursed in all cases or at a rate that allows us to make a profit or even cover our costs. Interim payments for new products, 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 product and the clinical setting in which it is used, may be based on payments allowed for lower-cost products that are already reimbursed, may be incorporated into existing payments for other products or services, and may reflect budgetary constraints and/or imperfections in Medicare or Medicaid data used to calculate these rates. Net prices for products may be reduced by mandatory discounts or rebates required by government health care programs or by any future relaxation of laws that restrict imports of certain medical products from countries where they may be sold at lower prices than in the United States.

There have been, and we expect that there will continue to be, federal and state proposals to constrain expenditures for medical products and services, which may affect payments for our products.

The Centers for Medicare and Medicaid Services frequently change product descriptors, coverage policies, product and service codes, payment methodologies and reimbursement values. Third-party payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates and may have sufficient market power to demand significant price reductions. As a result of actions by these third-party payors, the health care industry is experiencing a trend toward containing or reducing costs through various means, including lowering reimbursement rates, limiting therapeutic class coverage and negotiating reduced payment schedules with service providers for drug products.

Our inability to promptly obtain coverage and profitable reimbursement rates from government-funded and private payors for our products could have a material adverse effect on our operating results and our overall financial condition.

New federal legislation will increase the pressure to reduce prices of pharmaceutical products paid for by Medicare, which could adversely affect our revenues, if any.

The Medicare Prescription Drug Improvement and Modernization Act of 2003, or MMA, changes the way Medicare will cover and reimburse for pharmaceutical products. The legislation expands Medicare coverage for drug purchases by the elderly and will introduce a new reimbursement methodology based on average sales prices for drugs. In addition, the new legislation provides authority for limiting the number of drugs that will be covered in any therapeutic class. As a result of the new legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for our products and could seriously harm our business. 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, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

If legislative and regulatory lobbying efforts by manufacturers of branded products to limit the use of generics are successful, our sales of technology-enabled generic complex products may suffer.

Many manufacturers of branded products have increasingly used both state and federal legislative and regulatory means to delay competition from manufacturers of generic drugs. These efforts have included:

- pursuing new patents for existing products which may be granted just before the expiration of one patent, which could extend patent protection for a number of years or otherwise delay the launch of generics;

- submitting Citizen Petitions to request the Commissioner of Food and Drugs to take administrative action with respect to prospective and filed generic applications;

- seeking changes to the United States Pharmacopeia, an industry recognized compilation of drug standards; and

- attaching special patent extension amendments to unrelated federal legislation.

In addition, some manufacturers of branded products have engaged in state-by-state initiatives to enact legislation that restrict the substitution of some branded drugs with generic drugs.

If these efforts to delay or block competition are successful, we may be unable to sell our generic products, which could have a material adverse effect on our sales and profitability.

Foreign governments tend to impose strict price controls, which may adversely affect our revenues, if any.

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

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research and development involves, and may in the future involve, the use of hazardous materials and chemicals, including sodium azide, cetylpyridinium chloride monohydrate, 4-chlorobenzyl chloride, sodium nitrite pyridine, sodium cyanoborohydride and barium acetate. For the nine months

ended September 30, 2004 and for the fiscal years ended 2003, 2002 and 2001, we spent approximately $24,000, $17,500, $10,000 and $0, respectively, in order to comply with environmental and waste disposal regulations. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of biohazardous materials. Although we maintain workers' compensation insurance as prescribed by the Commonwealth of Massachusetts to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. For claims not covered by workers' compensation insurance, we also maintain an employer's liability insurance policy in the amount of $3.5 million per occurrence and in the aggregate. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

Risks Relating to Our Dependence on Third Parties

Our collaboration with Sandoz is important to our business. If Sandoz fails to adequately perform under our collaboration or terminates our collaboration, the development and commercialization of injectable enoxaparin would be delayed or terminated and our business would be adversely affected.

In November 2003, we entered into a collaboration and license agreement with Sandoz to jointly develop and commercialize injectable enoxaparin and certain improved injectable forms of enoxaparin. Under the terms of the agreement, we and Sandoz agree to exclusively work with each other in the development and commercialization of injectable enoxaparin within the United States. If Sandoz fails to adequately perform under our collaboration and license agreement, we may not successfully commercialize M-Enoxaparin and may be precluded from seeking alternative collaborative opportunities because of our exclusivity commitment. We have also granted to Sandoz the right to negotiate additional rights under certain circumstances.

Sandoz may terminate our collaboration agreement for material uncured breaches or certain events of bankruptcy or insolvency by us. Sandoz may also terminate the collaboration agreement if the product or the market lacks commercial viability, if we fail to meet certain development milestones, if new laws or regulations are passed or court decisions rendered that substantially diminish our legal avenues for redress, or, in multiple cases, if certain costs exceed mutually agreed upon limits. If Sandoz terminates the agreement other than due to our uncured breach, we will be granted an exclusive license under certain intellectual property of Sandoz to develop and commercialize injectable enoxaparin in the United States. In that event, we would need to expand our internal capabilities or enter into another collaboration. In such event, significant delays would be likely to occur and could prevent us from completing the development and commercialization of injectable enoxaparin.

If Sandoz terminates the agreement due to our uncured breach, Sandoz would retain the exclusive right to develop and commercialize injectable enoxaparin in the United States. In that event, although the profit sharing, royalty and milestone payment obligations of Sandoz would survive, we would no longer have any influence over the development or commercialization strategy. In addition, if Sandoz were to terminate the agreement due to our uncured breach, Sandoz would retain its rights of first negotiation with respect to certain of our other products in certain circumstances and its rights of first refusal outside of the United States. Accordingly, if Sandoz terminates the agreement, our introduction of M-Enoxaparin may be significantly delayed, we may decide to discontinue the M-Enoxaparin project, or our revenues may be reduced, any one of which could materially affect our business.

We depend on third-party manufacturers to manufacture products for us. If in the future we encounter difficulties in our supply or manufacturing arrangements, our business may be materially affected.

We have limited personnel with experience in, and we do not own facilities for, manufacturing any products. In addition, we do not have, and do not intend to develop, the ability to manufacture material for our clinical trials or at commercial scale. For our M-Enoxaparin program, we have entered into an agreement with Siegfried (USA), Inc. and Siegfried Ltd., pursuant to which, among other things, Siegfried will provide us with the M-Enoxaparin drug substance required for our ANDA filing. To develop our drug candidates, apply for regulatory approvals and commercialize any products, we or our partners need to contract for or otherwise arrange for the necessary manufacturing facilities and capabilities. As a result, we would generally rely on contract manufacturers for regulatory compliance and quality assurance for our products. If our contract manufacturers were to breach or terminate their manufacturing arrangements with us, the development or commercialization of the affected products or drug candidates could be delayed, which could have an adverse affect on our business. In addition, any change in our manufacturers could be costly because the commercial terms of any new arrangement could be less favorable and because the expenses relating to the transfer of necessary technology and processes could be significant.

We have relied upon third parties to produce material for preclinical studies and may continue to do so in the future. Although we believe that we will not have any material supply issues, we cannot be certain that we will be able to obtain long-term supply arrangements of those materials on acceptable terms, if at all. If we are unable to arrange for third-party manufacturing, or to do so on commercially reasonable terms, we may not be able to complete development of our products or market them.

In addition, the FDA and other regulatory authorities require that our products be manufactured according to cGMP regulations. Any failure by us or our third-party manufacturers to comply with cGMP, and/or our failure to scale-up our manufacturing processes could lead to a delay in, or failure to obtain, regulatory approval. In addition, such failure could be the basis for action by the FDA to withdraw approvals for drug candidates previously granted to us and for other regulatory action. To the extent we rely on a third-party manufacturer, the risk of non-compliance with cGMPs may be greater and the ability to effect corrective actions for any such noncompliances may be compromised or delayed.

We may need to enter into alliances with other companies that can provide capabilities and funds for the development and commercialization of our drug candidates. If we are unsuccessful in forming or maintaining these alliances on favorable terms, our business could be adversely affected.

Because we have limited or no capabilities for drug development, manufacturing, sales, marketing and distribution, we may need to enter into alliances with other companies that can assist with the development and commercialization of our drug candidates. We may, for example, form alliances with major pharmaceutical companies to jointly develop specific drug candidates and to jointly commercialize them if they are approved. In such alliances, we would expect our pharmaceutical company partners to provide substantial capabilities in clinical development, manufacturing, regulatory affairs, sales and marketing. We may not be successful in entering into any such alliances. Even if we do succeed in securing such alliances, we may not be able to maintain them if, for example, development or approval of a drug candidate is delayed or sales of an approved drug are disappointing. If we are unable to secure or maintain such alliances we may not have the capabilities necessary to continue or complete development of our drug candidates and bring them to market, which may have an adverse effect on our business.

In addition to capabilities, we may depend on our alliances with other companies to provide substantial additional funding for development and potential commercialization of our drug candidates. We may not be able to obtain funding on favorable terms from these alliances, and if we are not successful in doing so, we may not have sufficient funds to develop a particular drug candidate

internally, or to bring drug candidates to market. Failure to bring our drug candidates to market will prevent us from generating sales revenues, and this may substantially harm our business. Furthermore, any delay in entering into these alliances could delay the development and commercialization of our drug candidates and reduce their competitiveness even if they reach the market. As a result, our business may be adversely affected.

If any collaborative partner terminates or fails to perform its obligations under agreements with us, the development and commercialization of our drug candidates could be delayed or terminated.

Our continued and expected dependence on collaborative partners for their drug development, manufacturing, sales, marketing and distribution capabilities, as well as for their financial support means that our business would be adversely affected if a partner terminates its collaboration agreement with us or fails to perform its obligations under the agreement. Our current collaborations and future collaborations, if any, may not be scientifically or commercially successful. Factors that may affect the success of our collaborations include the following:

- disputes may arise in the future with respect to the ownership of rights to technology developed with collaborators;
- our collaborators may pursue alternative technologies or develop alternative products, either on their own or in collaboration with others, that may be competitive with the products on which they are collaborating with us or which could affect our collaborators' commitment to our collaborations;
- our collaborators may terminate their collaborations with us, which could make it difficult for us to attract new collaborators or adversely affect how we are perceived in the business and financial communities;
- our collaborators may pursue higher-priority programs or change the focus of their development programs, which could affect the collaborators' commitment to us; and
- our collaborators with marketing rights may choose to devote fewer resources to the marketing of our product candidates, if any is approved for marketing, than to products from their own development programs.

If any of these occur, the development and commercialization of one or more drug candidates could be delayed, curtailed or terminated because we may not have sufficient financial resources or capabilities to continue such development and commercialization.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate product revenues.

We do not have a sales organization and have no experience as a company in the sales, marketing and distribution of pharmaceutical products. There are risks involved with establishing our own sales and marketing capabilities, as well as entering into arrangements with third parties to perform these services. For example, developing a sales force is expensive and time consuming and could delay any product launch. In addition, to the extent that we enter into arrangements with third parties to perform sales, marketing and distribution services, we will have less control over sales of our products, and our future revenues would depend heavily on the success of the efforts of these third parties.

Our collaborations with outside scientists and consultants may be subject to restriction and change.

We work with chemists, biologists and other scientists at academic and other institutions, and consultants who assist us in our research, development, regulatory and commercial efforts. These scientists and consultants have provided, and we expect that they will continue to provide, valuable advice on our programs. These scientists and consultants are not our employees, may have other commitments that would limit their future availability to us and typically will not enter into

non-compete agreements with us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. In addition, we will be unable to prevent them from establishing competing businesses or developing competing products.

We enter into various contracts in the normal course of our business that periodically incorporate provisions whereby we indemnify the other party to the contract. In the event we would have to perform under these indemnification provisions, it could have a material adverse effect on our business, financial position and results of operations.

In the normal course of business, we periodically enter into academic, commercial and consulting agreements that contain indemnification provisions. With respect to our academic agreements, we typically indemnify the institution and related parties from losses arising from claims relating to the products, processes or services made, used, sold or performed pursuant to the agreements for which we have secured licenses, and from claims arising from our or our sublicensees' exercise of rights under the agreement. With respect to our commercial agreements, including those with contract manufacturers, we indemnify our vendors from third party product liability claims which result from the production, use or consumption of the product, as well as for certain alleged infringements of any patent or other intellectual property right by a third party. With respect to consultants, we indemnify them from claims arising from the good faith performance of their services. We do not, however, typically indemnify parties for claims resulting from the gross negligence or willful misconduct of the indemnified party.

We maintain insurance coverage which we believe may limit our obligations under these indemnification provisions. With respect to M-Enoxaparin, we are also protected under certain circumstances through the indemnification provided to us by Sandoz. However, should our obligation under an indemnification provision fall outside the scope of our insurance coverage, exceed applicable insurance coverage or if we were denied insurance coverage, our business, financial position and results of operations could be adversely affected and the market value of our common stock could decline. Similarly, if we are relying on a collaborator to indemnify us and the collaborator is denied insurance coverage or the indemnification obligation exceeds the applicable insurance coverage, and if the collaborator does not have other assets available to indemnify us, our business, financial position and results of operations could be adversely affected.

Risks Relating to Patents and Licenses

If we are not able to obtain and enforce patent protection for our discoveries, our ability to successfully commercialize our product candidates will be harmed and we may not be able to operate our business profitably.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop under the patent and other intellectual property laws of the United States and other countries, so that we can prevent others from using our inventions and proprietary information. However, we may not hold proprietary rights to some patents related to our current or future product candidates. Because patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patent applications. As a result, we may be required to obtain licenses under third-party patents to market our proposed products. If licenses are not available to us on acceptable terms, or at all, we will not be able to market the affected products.

Our strategy depends on our ability to rapidly identify and seek patent protection for our discoveries. This 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. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. The issuance of a patent does not guarantee that it is valid or enforceable, so even if we obtain patents, they may not be valid or enforceable against third parties. In addition, the issuance of a patent does not guarantee that we have the right to practice the patented invention. Third parties may have blocking patents that could be used to prevent us from marketing our own patented product and practicing our own patented technology.

Our pending patent applications may not result in issued patents. The patent position of pharmaceutical or biotechnology companies, including ours, is generally uncertain and involves complex legal and factual considerations. The standards which the United States Patent and Trademark Office and its foreign counterparts use to grant patents are not always applied predictably or uniformly and can change. There is also no uniform, worldwide policy regarding the subject matter and scope of claims granted or allowable in pharmaceutical or biotechnology patents. The laws of some foreign countries do not protect proprietary information to the same extent as the laws of the United States, and many companies have encountered significant problems and costs in protecting their proprietary information in these foreign countries. Accordingly, we do not know the degree of future protection for our proprietary rights or the breadth of claims allowed in any patents issued to us or to others. The allowance of broader claims may increase the incidence and cost of patent interference proceedings and/or opposition proceedings, and the risk of infringement litigation. On the other hand, the allowance of narrower claims may limit the value of our proprietary rights. Our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products, or provide us with any competitive advantage. Moreover, once they have issued, our patents and any patent for which we have licensed or may license rights may be challenged, narrowed, invalidated or circumvented. If our patents are invalidated or otherwise limited, other companies will be better able to develop products that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to or independently developed by a competitor, our business and financial condition could be materially adversely affected.

Our competitors may allege that we are infringing their intellectual property, forcing us to expend substantial resources in resulting litigation, the outcome of which would be uncertain. Any unfavorable outcome of such litigation could have a material adverse effect on our business, financial position and results of operations.

If any parties successfully claim that our creation or use of proprietary technologies infringes upon their intellectual property rights, we might be forced to incur expenses to litigate the claims, pay damages, potentially including treble damages, if we are found to have willfully infringed such parties' patent rights. In addition, if we are unsuccessful in litigation, a court could issue a permanent injunction preventing us from marketing and selling the patented drug or other technology for the life of the patent that we have been deemed to have infringed. Litigation concerning patents, other forms of intellectual property and proprietary technologies is becoming more widespread and can be protracted and expensive, and can distract management and other key personnel from performing their duties for us.

Any legal action against us or our collaborators claiming damages and seeking to enjoin commercial activities relating to the affected products, and processes could, in addition to subjecting us to potential liability for damages, require us or our collaborators to obtain a license in order to continue to manufacture or market the affected products and processes. Any license required under any patent may not be made available on commercially acceptable terms, if at all. In addition, some licenses may be non-exclusive, and therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around a patent, we may be unable to effectively market some of our technology and products, which could limit our ability to generate revenues or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

If we become involved in patent litigation or other proceedings to enforce our patent rights, we could incur substantial costs, substantial liability for damages and be required to stop our product commercialization efforts.

We may need to resort to litigation to enforce a patent issued to us or to determine the scope and validity of third-party proprietary rights. The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and the litigation could divert our management's efforts. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue our operations.

We in-license a significant portion of our proprietary technologies and if we fail to comply with our obligations under any of the related agreements, we could lose license rights that are necessary to develop our product candidates.

We are a party to and rely on a number of in-license agreements with third parties, such as those with the Massachusetts Institute of Technology, that give us rights to intellectual property that is necessary for our business. In addition, we expect to enter into additional licenses in the future. Our current in-license arrangements impose various development, royalty and other obligations on us. If we breach these obligations, these exclusive licenses could be converted to non-exclusive licenses or the agreements could be terminated, which would result in our being unable to develop, manufacture and sell products that are covered by the licensed technology.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect our proprietary technology and processes, we also rely in part on confidentiality agreements with our corporate partners, employees, consultants, outside scientific collaborators and

sponsored researchers, advisors and others. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such party. Costly and time consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

General Company Related Risks

If our stock price is volatile, purchasers of our common stock could incur substantial losses.

Our stock price is likely to be volatile. The stock market in general and the market prices for securities of biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Some of the factors that may cause the market price of our common stock to fluctuate include:

- failure to obtain FDA approval for M-Enoxaparin or other adverse FDA decisions relating to M-Enoxaparin;
- litigation involving our company or our general industry or both, including potential litigation with Aventis relating to M-Enoxaparin;
- results of our clinical trials or those of our competitors;
- failure to demonstrate therapeutic equivalence with respect to our technology-enabled generic product candidates and safety and efficacy for our novel development product candidates;
- failure of any of our product candidates, if approved, to achieve commercial success;
- developments or disputes concerning our patents or other proprietary rights;
- our ability to manufacture any products to commercial standards;
- changes in estimates of our financial results or recommendations by securities analysts;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors; and
- investors' general perception of our company, our products, the economy and general market conditions.

If any of these factors causes an adverse effect on our business, results of operations or financial condition, the price of our common stock could fall and investors may not be able to sell their common stock at or above their respective purchase prices.

Our directors, executive officers and major stockholders have substantial control over matters submitted to stockholders for approval that could delay or prevent a change in corporate control.

Our directors, executive officers and principal stockholders, together with their affiliates and related persons, beneficially owned, in the aggregate, approximately 68.8% of our outstanding common stock as of September 30, 2004. As a result, these stockholders, if acting together, may have the ability to determine the outcome of matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these persons, acting together, may have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership may harm the market price of our common stock by:

- delaying, deferring or preventing a change in control of our company;

- entrenching our management and/or board;

- impeding a merger, consolidation, takeover or other business combination involving our company; or

- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

Anti-takeover provisions in our 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 delay or prevent an acquisition of us or a change in our management. In addition, 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. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions include:

- a classified board of directors;

- a prohibition on actions by our stockholders by written consent;

- the ability of 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;

- limitations on the removal of directors.

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. Finally, these provisions establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon at stockholder meetings. These provisions would apply even if the offer may be considered beneficial by some stockholders.

If there are substantial sales of our common stock, our stock price could decline.

If our existing stockholders sell a large number of shares of our common stock or the public market perceives that existing stockholders might sell shares of common stock, the market price of our common stock could decline significantly. All of the shares sold in our initial public offering were freely tradable without restriction or further registration under the federal securities laws, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. Substantially all of our remaining shares will be eligible for sale pursuant to Rule 144 upon the expiration of the 180-day lock-up agreements executed in connection with our initial public offering.

Holders of an aggregate of approximately 18,601,275 shares of common stock have rights with respect to the registration of their shares of common stock with the Securities and Exchange Commission. If we register their shares of common stock following the expiration of the lock-up agreements, they can sell those shares in the public market.

We have registered approximately 5,653,857 shares of common stock that are authorized for issuance under our stock plans, employee stock purchase plan and outstanding stock options. As of

September 30, 2004, 1,215,830 shares were subject to outstanding options. Because they are registered, the shares authorized for issuance under these plans can be freely sold in the public market upon issuance, subject to the lock-up agreements referred to above and the restrictions imposed on our affiliates under Rule 144.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. Our current investment policy is to maintain an investment portfolio consisting mainly of U.S. money market and high-grade corporate securities, directly or through managed funds, with maturities of twenty four months or less. Our cash is deposited in and invested through highly rated financial institutions in North America. Our marketable securities are subject to interest rate risk and will fall in value if market interest rates increase. If market interest rates were to increase immediately and uniformly by 10% from levels at September 30, 2004, we estimate that the fair value of our investment portfolio would decline by an immaterial amount. While our cash and investment balances have increased as a result of our initial public offering, we have the ability to hold our fixed income investments until maturity, and therefore we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investments.

Item 4. 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 defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act) as of September 30, 2004. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2004, our disclosure controls and procedures were (1) designed to ensure that material information relating to us, is made known to our chief executive officer and chief financial officer by others within the Company, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in our reports that we file or submit 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.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended September 30, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not a party to any material legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(b) *Use of Proceeds from Registered Securities*

(1) On June 25, 2004, we sold 5,350,000 shares, together with an additional 802,500 shares pursuant to the exercise by the underwriters of an over-allotment option, of our common stock in connection with the closing of our initial public offering (the "Offering"). The Registration Statement on Form S-1 (Reg. No. 333-113522) we filed to register our common stock in the Offering was declared effective by the Securities and Exchange Commission on June 21, 2004.

(4) (vii) All of the net proceeds of the Offering have been invested into investment-grade marketable securities. None of the net proceeds were directly or indirectly paid to (i) any of our directors, officers or their associates, (ii) any person(s) owning 10% or more of any class of our equity securities or (iii) any of our affiliates.

Item 6. Exhibits.

10.1	Letter of Extension to Consulting Agreement, dated July 12, 2004, by and between Ram Sasisekharan and the Company
10.2	Letter of Extension to Consulting Agreement, dated July 2, 2004, by and between Robert S. Langer, Jr. and the Company
10.3	Amendment to Letter of Extension, dated October 4, 2004, by and between Peter Barton Hutt and the Company
10.4	Industry Consulting Agreement, dated October 4, 2004, by and between Bennett M. Shapiro and the Company
10.5	Letter Agreement Amending Sublease, dated August 17, 2004, by and between Curis, Inc., the Company and Fresh Pond Research Park Trust
10.6	Extension of Lease (68 Moulton Street-2nd Floor), dated July 13, 2004, by and between 68 Moulton Street Realty Trust and the Company
10.7	Extension of Lease (68 Moulton Street-3rd Floor), dated July 13, 2004, by and between 68 Moulton Street Realty Trust and the Company
10.8	Letter Agreement Amending Development and Production Agreement for Active Pharmaceutical Ingredient, dated September 29, 2004, by and between Siegfried (USA), Inc., Siegfried Ltd. and the Company
10.9 †	Sublease Agreement, dated September 14, 2004, by and between Vertex Pharmaceuticals Incorporated and the Company
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to 18 U.S.C. Section 1350.

† Confidential treatment requested as to certain portions, which portions have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Momenta Pharmaceuticals, Inc.

Date: November 12, 2004

By: /s/ Alan L. Crane

Alan L. Crane President and Chief Executive Officer (Principal Executive Officer)

Date: November 12, 2004

By: /s/ Richard P. Shea

Richard P. Shea Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

July 12, 2004

Dr. Ram Sasisekharan
2130 Massachusetts Avenue, 7B
Cambridge, Massachusetts 02139

Dear Ram:

Reference is made to the Consulting Agreement between Momenta Pharmaceuticals, Inc. (formerly Mimeon, Inc.) and you dated August 16, 2001, as amended by letter agreement dated August 1, 2003 (the "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement.

Pursuant to Section 1 of the Agreement, Company and Consultant hereby agree to extend the term of the Agreement for one additional year, from August 16, 2004 through August 15, 2005, upon the same terms and conditions, including, without limitation, those governing compensation, as are set forth in the Agreement.

Consultant hereby represents that Consultant has not been debarred, and to the best of Consultant's knowledge, is not under consideration to be debarred, by the Food and Drug Administration from working in or providing services to any pharmaceutical or biotechnology company under the Generic Drug Enforcement Act of 1992.

If the foregoing is in conformity with your understanding, please sign both copies of this letter agreement and return one fully-executed copy to me.

Very truly yours,

/s/ Alan L. Crane
Alan L. Crane
Chief Executive Officer

Agreed and accepted:

/s/ Ram Sasisekharan
Ram Sasisekharan

Exhibit 10.2

July 2, 2004

Dr. Robert S. Langer, Jr.
98 Montvale Road
Newton, Massachusetts 02459

Dear Dr. Langer:

Reference is made to the Consulting Agreement dated July 23, 2001 between Momenta Pharmaceuticals, Inc. (formerly Mimeon, Inc.) and you, as extended by letter agreement dated June 23, 2003 (the "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement.

Pursuant to Section 1 of the Agreement, Company and Consultant hereby agree to extend the term of the Agreement for one additional year, from July 23, 2004 through July 22, 2005, upon the same terms and conditions, including, without limitation, those governing compensation, as are set forth in the Agreement.

If the foregoing is in conformity with your understanding, please sign both copies of this letter agreement and return one fully-executed copy to me.

Very truly yours,

/s/ Susan K. Whoriskey
Susan K. Whoriskey
Vice President, Licensing and Business Development

Agreed and accepted:

/s/ Robert S. Langer
Dr. Robert S. Langer

Exhibit 10.3

AMENDMENT

This Amendment modifies the Consulting Agreement between Peter Barton Hutt, Esq., ("Consultant") and Momenta Pharmaceuticals, Inc. ("Company") dated September 18, 2002, as amended by Letter Agreement dated September 29, 2003 (the "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement. Consultant and Company hereby agree as follows:

Pursuant to Section 4 of the Agreement, Company and Consultant hereby agree to extend the Term of the Agreement for one additional year, from September 18, 2004 through September 17, 2005 (the "Renewal Period"). Except as otherwise agreed to in this Amendment, the same terms and conditions as are set forth in the Agreement shall apply to the rendering of Consulting Services during the Renewal Period.

As compensation for the Consulting Services during the Renewal Period, Consultant will be granted an additional non-statutory stock option to purchase 5,000 shares of the Common Stock of the Company, at an exercise price equal to the fair market value of a share of Common Stock on the date of grant by the Company, with such option to vest in 12 equal monthly installments with the first installment vesting one month from the date of grant.

Agreed and accepted:

/s/ Peter Barton Hutt, Esq.
Peter Barton Hutt, Esq.

Date: September 25, 2004

Momenta Pharmaceuticals, Inc.

By: /s/ Susan P. Whoriskey, PhD
Susan P. Whoriskey, PhD
Vice President, Licensing and Business Development

Date: October 4, 2004

Exhibit 10.4

INDUSTRY CONSULTING AGREEMENT

THIS AGREEMENT is made and entered into by and between MOMENTA PHARMACEUTICALS, INC., a Delaware corporation, having a place of business at 675 West Kendall Street, Cambridge, Massachusetts 02142 ("Company") and Bennett M. Shapiro ("Consultant") and shall be effective upon the date it is fully executed by both parties (the "Effective Date").

1. DEFINITIONS

"Confidential Information" means any scientific, technical, trade or business information developed for or possessed by Company (including that developed by Consultant under the terms of this Agreement) which is treated by Company as confidential or proprietary, including, without limitation, information pertaining to sugars, heparinases, enzymes, reagents, glycoproteins, proteins, peptides, glycoconjugates, primers, plasmids, vectors, expression systems, cells, cell lines, antibodies, organisms, chemical compounds, products, formulations, technologies, techniques, methodologies, algorithms, notation systems, computer programs, assay systems, procedures, tests, data, documentation, reports, sources of supply, know-how, patent positioning, research and development projects, business plans, business developments, relationships with employees and consultants, and any other confidential information about or belonging to Company or Company's affiliates, suppliers, licensors, licensees, partners, customers, potential customers or other third parties.

Confidential Information shall not include any information which (a) was known to Consultant at the time it was disclosed, other than by previous disclosure by Company, as evidenced by Consultant's written records at the time of disclosure, (b) is at the time of disclosure or later becomes publicly known under circumstances involving no breach of this Agreement, or (c) is lawfully and in good faith made available to Consultant by a third party who did not derive it, directly or indirectly, from Company.

"Development" means ideas, concepts, discoveries, inventions, developments, improvements, know-how, trade secrets, methodologies, biological substances, materials, devices, equipment, algorithms, notation systems, computer software and hardware, data, documentation and reports (whether or not protectible under state, federal or foreign patent, trademark, copyright or similar laws) that are developed or conceived or reduced to practice by Consultant (a) during the term of this Agreement and (b) (i) in performance of the consulting services rendered under this Agreement, (ii) by use of Company's intellectual property, equipment or facilities or (iii) otherwise at Company's expense.

2. SERVICES

2.1 For the term listed on Attachment A, Company hereby retains Consultant and Consultant hereby agrees to perform the consulting services listed on Attachment A in exchange for the compensation listed on Attachment A. On the last day of each calendar month, Consultant shall invoice Company for any expenses incurred during such calendar month in respect of this Agreement. Payments shall be due within thirty days from Company's receipt of each invoice from Consultant.

2.2 Consultant represents that it is under no contractual or other obligation or restriction which is inconsistent with Consultant's execution of this Agreement or the performance of the consulting services contemplated by this Agreement. During the term of this Agreement, Consultant will not enter into any agreement, either written or oral, in conflict with Consultant's obligations under this Agreement. Consultant will arrange to provide the consulting services contemplated by this Agreement in such manner and at such times that the rendering of the consulting services under this Agreement will not conflict with Consultant's responsibilities under any other agreement, arrangement or understanding or pursuant to any employment relationship Consultant has at any time with any third party.

2.3 Consultant represents that the performance of the consulting services contemplated by this Agreement does not and will not breach any agreement which obligates Consultant to keep in confidence any confidential or proprietary information of any third party or to refrain from competing with the business of any third party.

2.4 In performing the consulting services contemplated by this Agreement, Consultant agrees to comply with all business conduct, regulatory and health and safety guidelines or regulations established by Company or any governmental authority with respect to the business of the Company.

2.5 Consultant represents that Consultant has not been debarred, and to the best of Consultant's knowledge, is not under consideration to be debarred, by the Food and Drug Administration from working in or providing services to any pharmaceutical or biotechnology company under the Generic Drug Enforcement Act of 1992.

3. DEVELOPMENTS

3.1 All Developments shall be "works made for hire" and the exclusive property of Company. Consultant shall promptly and fully disclose to Company all Developments. Consultant shall keep and maintain complete records of all

Developments and of all work carried out by Consultant under the terms of this Agreement. These records shall also be "works made for hire" and the exclusive property of Company. Consultant may keep one copy of these records in Consultant's files solely for reference purposes. Consultant hereby assigns to Company all of Consultant's right, title and interest in and to any and all Developments. During and after the term of this Agreement, Consultant will cooperate fully in obtaining patent and other proprietary protection for any and all Developments, all in the name of the Company and at Company's cost and expense, and, without limitation, shall execute and deliver all requested applications, assignments and other documents, and take such other measures as Company shall reasonably request, in order to perfect and enforce Company's rights in any and all Developments. Consultant hereby appoints Company its attorney-in-fact to execute and deliver any such documents on behalf of Consultant in the event Consultant shall fail to do so.

3.2 Unless agreed to by Company and covered by an appropriate agreement concerning inventions between the third party and Company, Consultant shall not use any third party intellectual property or facilities in performing the consulting services contemplated by this Agreement or engage in any other activities that would result in a third party having an ownership interest in any Developments.

4. CONFIDENTIALITY

During the term of this Agreement and thereafter, Consultant shall not directly or indirectly publish, disseminate or otherwise disclose, use for Consultant's own benefit or for the benefit of a third party, or deliver or make available to any third party any Confidential Information, other than in furtherance of the purposes of this Agreement and only then with the prior written consent of Company. Notwithstanding the foregoing, if required, Consultant may disclose Confidential Information to a governmental authority or by order of a court of competent jurisdiction, provided that such disclosure is subject to all applicable governmental or judicial protection available for like material and reasonable advance notice is given to Company. During the term of this Agreement and thereafter, Consultant shall exercise all commercially reasonable precautions to physically protect the integrity and confidentiality of the Confidential Information and shall not remove any Confidential Information from the premises of the Company, except to the extent necessary to fulfill the consulting services contemplated by this Agreement and then only with the prior oral or written consent of the Company.

5. EXPIRATION AND TERMINATION

5.1 This Agreement shall continue for the term listed on Attachment A unless sooner terminated by written agreement of both parties or pursuant to the terms of this Section 5.

5.2 Either party may terminate this Agreement at any time without cause upon not less than thirty days prior written notice to the other party.

5.3 Company may immediately terminate this Agreement at any time upon written notice to Consultant (a) in the event of a breach of this Agreement by Consultant which cannot be cured (e.g., a breach of Section 4), (b) in the case of a material and intentional misappropriation or destruction of Company's funds, properties or assets or (c) a conviction of a crime involving moral turpitude or constituting a felony or an entering of a plea of nolo contendere to the same. In addition, Company may terminate this Agreement for other cause at any time upon fifteen days prior written notice to Consultant. Other cause shall mean (x) a material breach by Consultant of this Agreement where such breach can be cured and is not remedied within such fifteen day period, (y) the physical or mental inability of Consultant to perform the consulting services contemplated under this Agreement or (z) the unsatisfactory performance of the consulting services contemplated under this Agreement which unsatisfactory performance is not remedied within such fifteen day period.

5.4 Upon termination, neither Company nor Consultant shall have any further obligations under this Agreement except that the liabilities accrued through the date of termination and the obligations which by their terms survive termination including, without limitation, the applicable confidentiality provisions of this Agreement, shall survive termination. Upon termination, Consultant shall return to Company all Confidential Information.

6. MISCELLANEOUS

6.1 All consulting services contemplated under this Agreement shall be rendered by Consultant as an independent contractor and this Agreement shall not create an employer-employee relationship between Company and Consultant. Consultant shall have no rights to receive any employee benefits, such as health and accident insurance, sick leave or vacation which are accorded to employees of Company. Consultant shall not in any way represent Consultant to be an employee, partner, joint venturer, agent or officer of Company.

6.2 Consultant shall pay all required taxes on Consultant's income under this Agreement. Consultant shall provide Company with Consultant's taxpayer identification number. Failure to furnish such information may result in withholding of payments to Consultant in accordance with regulations of the Internal Revenue Service.

6.3 All formal notices from one party to the other shall be in writing and shall be given by addressing the same to the other at the address or facsimile number set forth in this Agreement or at such other address or facsimile number as either may

specify in writing to the other. Such notices to Company shall be marked "Attention: Chief Executive Officer". All such notices shall become effective when (a) deposited in the mail with proper postage for first class certified mail, return receipt requested, (b) deposited with a commercial overnight courier, (c) hand delivered or (d) promptly confirmed by mail, commercial courier or hand delivery when dispatched by facsimile.

6.4 This Agreement is a personal services agreement. The rights and obligations under this Agreement may not be assigned or transferred by either party without the prior written consent of the other party, except that Company may assign this Agreement to an affiliated company or in connection with the merger, consolidation, sale or transfer of all or substantially all of the business to which this Agreement relates.

6.5 This Agreement constitutes the entire agreement of the parties with regard to its subject matter and supersedes all previous oral or written representations, agreements and understandings between Company and Consultant. This Agreement may be changed only by a writing signed by both parties.

6.6 In the event that any one or more provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and all other provisions shall remain in full force and effect. If any of the provisions are held to be excessively broad, any such provision shall be reformed and construed by limiting and reducing it so as to be enforceable to the maximum extent permitted by law.

6.7 This Agreement shall in all events and for all purposes be governed by and construed in accordance with the law of the Commonwealth of Massachusetts, without regard to any choice of law principle that would dictate the application of the law of another jurisdiction.

MOMENTA PHARMACEUTICALS, INC.

By: /s/ Alan L. Crane
Print Name: Alan L. Crane
Title: Chief Executive Officer
Date: [illegible]
Facsimile: (617) 491-9701

CONSULTANT:

/s/ Bennett M. Shapiro

Print Name: Bennett M. Shapiro

Date: [illegible]

Address: 532 LaGuardia Place, Suite 524
New York, NY 10012

Facsimile: (215) 862-1465

ATTACHMENT A

1. Services:

Consultant shall provide general advice and guidance on a range of process development and other matters related to Momenta's research and development efforts.

Consultant will be available for consultation on a schedule and at such places as are determined by mutual arrangement between Company's Alan L. Crane, to whom Consultant will report during the term of the Agreement, and Consultant. In addition, Consultant will be available for a reasonable number of telephone and/or written consultations.

2. Compensation and Expenses:

As full compensation for the consulting services rendered under this Agreement, Company shall grant Consultant, under Company's 2004 Stock Incentive Plan and standard form of Non-Statutory Option Agreement, a non-statutory option to purchase, at fair market value on the date of grant, 10,000 shares of the common stock of Company. Subject to any non-renewal or earlier termination of this Agreement, the 10,000 shares shall vest over a one-year period in 12 equal monthly installments, with the first installment vesting one month from the date of grant.

Company will reimburse Consultant for all reasonable travel and other expenses incurred by Consultant in rendering the consulting services, provided that such expenses are agreed upon in writing in advance and when confirmed by appropriate written expense statements and other supporting documentation.

3. Term:

The Agreement will be for an initial term of one year commencing on the Effective Date and may be extended for additional periods by mutual written consent.

Exhibit 10.5

[CURIS Letterhead]

August 17, 2004

VIA HAND DELIVERY

Richard P. Shea
Vice President, Chief Financial Officer
Momenta Pharmaceuticals, Inc.
43 Moulton Street
Cambridge, MA 02138

Re: Expiration of Sublease dated February 25, 2002 ("Sublease") between Curis, Inc. (formerly known as Ontogeny, Inc.) ("Sublessor") and Momenta Pharmaceuticals (formerly known as Mimeon, Inc.) ("Subleasee")

Dear Richard:

Per my discussions with Alan L. Crane, Chairman and Chief Executive Officer of Momenta, on August 2, 2004, Curis and Momenta hereby agrees as follows:

1. The Sublease Term expires on August 31, 2004;

2. Momenta has requested, and Curis hereby agrees to grant to Momenta, an additional fifteen (15) calendar days to vacate the Premises, as such term is defined in the Sublease (the "Extension Period");

3. Momenta hereby represents and warrants that it shall vacate the Premises no later than the end of the business day on September 15, 2004;

4. Momenta hereby acknowledges that time is of the essence for Curis to proceed with the building of an animal facility on the Premises in order for Curis to relocate its animal facility from 61 Moulton Street to the Premises as soon as possible;

5. In the event that Momenta fails to vacate the Premises by the end of the business day on September 15, 2004, Momenta shall pay to Curis, in addition to all rental and other charges due and accrued under the Sublease prior to the expiration of the Sublease Term and Extension Period, a daily use and occupancy charge at the annual rate of $100.00 per square foot (NNN basis) (i.e., $1,448.09 per day) commencing on September 16, 2004 until Momenta vacates the Premises. Except as provided in paragraph 6, below, such use and occupancy charge shall be in lieu of Fixed Rent under the Sublease and in lieu of any damages incurred by Curis as a result of Momenta's holding over beyond September 15, 2004;

6. In addition, if such holdover continues beyond September 30, 2004 then Momenta shall indemnify, defend and hold Curis harmless from and against any and all damages which Curis may suffer on account of Momenta's holdover on the Premises after such date;

7. Notwithstanding the expiration of the Sublease, the terms and conditions of the Sublease shall apply during the Extension Period and until such time that Momenta vacates the Premises; and

8. For avoidance of doubt, Momenta shall continue to pay to Curis all rental and other charges due under the Sublease through the expiration of the Extension Period even if Momenta vacates the Premises prior to the expiration of the Extension Period.

If you are in agreement with the foregoing, please countersign two originals and return both to my attention. Once FPRP signs then I will return one original to your attention.

In the meantime, please do not hesitate to contact me if you have any questions.

Very truly yours,

/s/ Michael P. Gray

Michael P. Gray
Vice President, Finance and
Chief Financial Officer

[Signature Page To Follow]

Accepted and Agreed to by: **by Prime Lessor:**	**Acknowledged and Agreed to**
/s/ Richard P. Shea	/s/ [illegible]
Richard P. Shea Vice President, Chief Financial Officer Momenta Pharmaceuticals, Inc.	Fresh Pond Research Park Trust By its Trustee, FPRP Moulton, LLC

Exhibit 10.6

EXTENSION OF LEASE

It is agreed between Momenta Pharmaceuticals, Inc., LESSEE, and 68 Moulton Street Realty Trust, LESSOR, that the lease for four thousand, three hundred and sixteen (4,316) square feet of office space located on the second floor of 68 Moulton Street, Cambridge, MA 02138, and dated February 11, 2004 be extended for a period of four (4) months commencing September 1, 2004 and ending December 31, 2004.

LESSEE:

Momenta Pharmaceuticals, Inc.

By: /s/ [illegible]

Date: 7/13/2004

LESSOR:

68 Moulton Street Realty Trust

By: /s/ [illegible]

Date: 7/7/2004

Exhibit 10.7

EXTENSION OF LEASE

It is agreed between Momenta Pharmaceuticals, Inc., LESSEE, and 68 Moulton Street Realty Trust, LESSOR, that the lease for four thousand, three hundred and sixteen (4,316) square feet of office space located on the third floor of 68 Moulton Street, Cambridge, MA 02138, and dated October 16, 2003 be extended for a period of four (4) months commencing September 1, 2004 and ending December 31, 2004.

LESSEE:

Momenta Pharmaceuticals, Inc.

By: /s/ [illegible]

Date: 7/13/2004

LESSOR:

68 Moulton Street Realty Trust

By: /s/ [illegible]

Date: 7/7/2004

Exhibit 10.8

Momenta Pharmaceuticals, Inc.
675 West Kendall Street
Cambridge, Massachusetts 02142

September 29, 2004

Dennis P. Bauer, Ph.D.
Siegfried (USA), Inc.
33 Industrial Park Road
Pennsville, NJ 08070

Dear Dennis:

Reference is made to the Development and Production Agreement for Active Pharmaceutical Ingredient between Siegfried (USA), Inc. and Siegfried Ltd. ("SIEGFRIED") and Momenta Pharmaceuticals, Inc. ("MOMENTA") dated October 10, 2003, as amended by Letter Agreements dated February 14, 2004 and May 17, 2004 (the "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement.

Pursuant to the Letter Agreement dated May 17, 2004, MOMENTA engaged SIEGFRIED to undertake the FURTHER DEVELOPMENT WORK whose cost was estimated to total Four Hundred U.S. Dollars ($400,000). MOMENTA and SIEGFRIED acknowledge that the FURTHER DEVELOPMENT WORK was conducted and completed as of August 31, 2004.

As MOMENTA desires to have SIEGFRIED undertake continuing development work, MOMENTA hereby engages SIEGFRIED to undertake such continuing development work as is mutually agreed to from time to time by MOMENTA and SIEGFRIED (the "CONTINUING DEVELOPMENT WORK"). The CONTINUING DEVELOPMENT WORK shall be conducted under the terms and conditions of the Agreement, with the following modifications:

1. SIEGFRIED shall use commercially diligent efforts to undertake the CONTINUING DEVELOPMENT WORK.

2. MOMENTA shall pay SIEGFRIED on a time and materials basis for work authorized by MOMENTA. SIEGFRIED shall invoice MOMENTA monthly for the CONTINUING DEVERLOPMENT WORK. All invoices presented by

SIEGFRIED shall include a detailed accounting of the actual time and materials costs for the prior month. For purposes of Section 9.4 of the Agreement, SIEGFRIED shall be entitled to the Actual Cost of the CONTINUING DEVELOPMENT WORK as determined in accordance with the first sentence thereof.

3. MOMENTA shall be responsible for supplying the necessary quantities of heparin for the CONTINUING DEVELOPMENT WORK in accordance with Section 3.2 of the Agreement.

4. Nothing contained herein shall be construed as requiring MOMENTA to consent to any particular CONTINUING DEVELOPMENT WORK or any particular length of time for the performance of CONTINUING DEVELOPMENT WORK.

If the foregoing is in conformity with your understanding, please execute both copies of this Letter Agreement and return one fully-executed copy to me.

Very truly yours,

/s/ Joseph E. Tyler
Joseph E. Tyler
Vice President, Manufacturing

Agreed and accepted:

SIEGFRIED (USA), INC.

By: /s/ [illegible]

SIEGFRIED LTD.

By: /s/ Dennis P. Bauer

Exhibit 10.9

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

SUBLEASE AGREEMENT
BY AND BETWEEN

VERTEX PHARMACEUTICALS INCORPORATED
as Sublandlord

AND

MOMENTA PHARMACEUTICALS, INC.
as Subtenant

Building A
675 West Kendall Street
Cambridge, Massachusetts

DATED AS OF September 14, 2004

SUBLEASE AGREEMENT

DEFINED TERMS

Fixed Rent:	See Schedule 1, attached hereto and incorporated herein.
Subtenant's Share:	The ratio, expressed as a percentage, of the Rentable Square Footage of the premises leased by Subtenant to the Rentable Square Footage of the Master Premises, equal to 6.88% from the Commencement Date until the day prior to the Sublease Premises Rent Commencement Date and 15.48% thereafter, subject to adjustment based on remeasurement pursuant to Section 1(l).
Broker:	CB Richard Ellis / Lynch Murphy Walsh Advisors
Building:	The Building known as Building A, 675 West Kendall Street, Cambridge, Massachusetts, containing six levels and an enclosed, two-story rooftop mechanical penthouse, aggregating approximately 302,919 rentable square feet.
Commencement Date:	The latest to occur of (i) September 14, 2004, (ii) delivery of the Temporary Premises to Subtenant with the Temporary Premises Improvements (as defined in paragraph 1(m) herein) substantially completed (as evidenced by a temporary or permanent certificate of occupancy for the same), and (iii) receipt of Master Landlord's written consent to this Sublease in substantially similar form to the Consent of Master Landlord attached hereto and incorporated herein as **Exhibit X** ("**Master Landlord's Consent**")
Temporary Premises Rent Commencement Date:	Commencement Date
Sublease Premises Rent Commencement Date:	The date of delivery of the Sublease Premises to Subtenant subject to the following: If Sublandlord has not Substantially Completed the Subtenant Improvements (as such terms are defined in **Exhibit TI**) and delivered the Sublease Premises to Subtenant prior to May 1, 2005 and such failure to Substantially Complete is not due to a Subtenant Delay (as defined in Exhibit TI), Subtenant shall have the right to remain in the Temporary Premises and shall continue

	to pay the Temporary Premises Fixed Rent, together with Subtenant's Share (as calculated using the Temporary Premises rentable square footage as the numerator and Master Premises rentable square footage as the denominator) of Additional Rent, until Sublandlord Substantially Completes the Subtenant Improvements and delivers the Sublease Premises to Subtenant. If Sublandlord has not Substantially Completed the Subtenant Improvements prior to May 1, 2005 and such failure is due to a Subtenant Delay, Subtenant shall have the right, if such Subtenant action shall not constitute an Event of Default hereunder, to remain in the Temporary Premises and shall continue to pay (i) the Temporary Premises Fixed Rent and (ii) the Sublease Premises Fixed Rent together with Subtenant's Share (as calculated using the sum of the Temporary Premises rentable square footage and the Sublease Premises rentable square footage as the numerator and the Master Premises rentable square footage as the denominator) of Additional Rent, until Sublandlord Substantially Completes the Subtenant Improvements and delivers the Sublease Premises to Subtenant.
Effective Date:	September 14, 2004
Expiration Date:	April 30, 2011
Master Landlord:	KS Parcel A, LLC as successor to Kendall Square, LLC
Master Lease:	That certain Lease Agreement dated January 18, 2001 between Master Landlord and Sublandlord, as amended by that certain First Amendment to Lease dated as of May 9, 2002 and Confirmation of Commencement Date and Rentable Square Footage dated January 30, 2003 and Second Amendment to lease dated as of September 16, 2003 and Third Amendment to Lease dated as of December 22, 2003, as redacted and attached hereto as **Exhibit A.**
Master Premises:	Approximately 290,716 rentable square feet located within the Building, as more particularly described in the Master Lease.

Permitted Uses:	Technical office for research and development, laboratory and research facility, and, subject to applicable requirements of the Cambridge Zoning Ordinance, limited manufacturing as an accessory use.
Complex:	An approximately ten acre parcel of land, including the Lot and all buildings thereon and improvements thereto hereafter constructed by Master Landlord or by one or more Affiliates of Master Landlord (as such term is defined below in this Section 1.1), in Cambridge, Massachusetts, and shown on a plan entitled "Master Plan" dated June 1, 1999, Scale 1"=50', a reduced copy of which is attached to the Master Lease, but excluding any portion of the Complex which is not hereafter owned by Master Landlord or an Affiliate of Master Landlord.
Security Deposit:	Seventy-five percent (75%) of the amount that is equal to the average annual Fixed Rent over the portion of the Sublease Term commencing on the Sublease Premises Rent Commencement Date and ending on the Expiration Date, which, subject to remeasurement, is [**], resulting in a security deposit of [**]. The Security Deposit amount shall be subject to adjustment following remeasurement of the Sublease Premises in accordance with Section 1(l). If the Sublease Term is extended pursuant to Section 1(i), the Security Deposit during the Extension Term shall be seventy-five percent (75%) of the amount that is equal to the average annual Fixed Rent over the Extension Term.
Sublandlord:	Vertex Pharmaceuticals Incorporated
Sublandlord's Address for Notices and Payment:	130 Waverly Street Cambridge, Massachusetts 02139-4242 Notices (but not payments) shall be sent to the attention of Alfred Vaz.

Temporary Premises:	A portion of the Master Premises, consisting of approximately 20,000 rentable square feet located on the third floor of the Building as depicted in **Exhibit B**. The parties acknowledge that the third floor of the Building is not subdivided and that while Subtenant shall occupy only the Temporary Premises, use of the entire third floor shall be available to Subtenant for the Permitted Use.
Sublease Premises:	A portion of the Master Premises, consisting of (i) the entire fourth floor of the Building comprised of approximately 44,000 rentable square feet as depicted in **Exhibit C-1** and (ii) 1,000 rentable square feet located on the 1st floor of the Building within the envelope depicted in **Exhibit C-2,** with the exact location of the 1st floor space to be mutually agreed to by the parties and shown on plans to be completed after the date of this Sublease.
Sublease Term:	Approximately eighty (80) months, commencing on the Commencement Date and expiring on the Expiration Date
Subtenant:	Momenta Pharmaceuticals, Inc. a Delaware corporation
Subtenant's Address:	Prior to the Commencement Date: 43 Moulton Street Cambridge, Massachusetts 02138 Attn: Chief Financial Officer From and after the Commencement Date: 675 West Kendall Street Cambridge, Massachusetts 02138 Attn: Chief Financial Officer Copies of all notices to Subtenant shall also be sent to: Foley Hoag LLP 155 Seaport Boulevard Boston, Massachusetts 02210 Attn: Real Estate Department

Schedules and Exhibits:	**Schedule 1 –** Fixed Rent **Exhibit A** – Master Lease **Exhibit B** – Temporary Premises **Exhibits C-1 & C-2** – Sublease Premises **Exhibit D** – Preliminary Plans for Subtenant Improvements of Temporary Premises **Exhibit E** – Form of Letter of Credit **Exhibit F-1 & F-2** – Form of Commencement Date Agreement and Form of Sublease Premises Rent Commencement Date Agreement **Exhibit TI –** Initial Subtenant Improvements **Exhibit X** – Form of Master Landlord Consent **Exhibit Y –** Determination of Fair Market Rental Value

THIS SUBLEASE AGREEMENT (this "**Sublease**") is entered into as of the Effective Date by and between Sublandlord and Subtenant on the basis of the following facts, understandings and intentions:

A. Sublandlord presently leases the Master Premises pursuant to the Master Lease.

B. Sublandlord desires to sublease a portion of the Master Premises consisting of the Temporary Premises and the Sublease Premises to Subtenant and Subtenant desires to sublease the Temporary Premises and the Sublease Premises from Sublandlord on all of the terms, covenants and conditions hereinafter set forth.

C. All of the terms and definitions in the Defined Terms section are incorporated herein by this reference, and any capitalized terms not defined in the Defined Terms or elsewhere in this Sublease shall have the meanings given to such terms in the Master Lease.

NOW, THEREFORE, IN CONSIDERATION of the Sublease Premises subleased herein, and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties covenant and agree as follows:

1. **Sublease Premises and Term**.

(a) **Demise**. Sublandlord subleases to Subtenant, and Subtenant subleases from Sublandlord, the Temporary Premises and the Sublease Premises, for the respective portions of the Sublease Term as set forth below and subject to the terms, covenants and conditions set forth herein. The Sublease Term shall commence on the Commencement Date. The Sublease Term shall end on April 30, 2011 (the "**Expiration Date**"), subject to Subtenant's option to extend the Sublease Term as provided in Section 1(i) below, or on such earlier date upon which said term may expire or be cancelled or terminated pursuant to any of the provisions of this Sublease.

(b) **Temporary Premises Demise.** Upon the Commencement Date, (i) Subtenant shall occupy the Temporary Premises only subject to the terms and conditions herein, and (ii) the parties shall, at either party's request, execute a Commencement Date Agreement in the form attached hereto as **Exhibit F-1** to become a part hereof setting forth the Commencement Date. The parties' failure to execute such Commencement Date Agreement shall in no way affect Subtenant's obligation to perform under this Sublease. Within three (3) business days after the delivery of the Sublease Premises to Subtenant with the Subtenant Improvements having been Substantially Completed, Subtenant shall vacate the Temporary Premises in accordance with the terms, covenants and conditions set forth herein and shall have no further right nor interest in the Temporary Premises.

(c) **Sublease Premises Demise.** Upon the Sublease Premises Rent Commencement Date, (i) Subtenant shall occupy the Sublease Premises only subject to the terms and conditions herein, and (ii) the parties shall, at either party's request, execute a Sublease Premises Rent Commencement Date Agreement in the form attached hereto as **Exhibit F-2** to become a part hereof setting forth the Sublease Premises Rent Commencement Date. The parties' failure to execute such Sublease Premises Rent Commencement Date Agreement shall in no way affect Subtenant's obligation to perform under this Sublease.

As used herein, "Temporary Premises" and "Sublease Premises" shall include such appurtenant rights to use the common areas of the Building in common with the other

tenants and occupants thereof as granted to Sublandlord under the Master Lease, and the common areas of the Master Premises (including the lavatories and lobbies), in each case to the extent reasonably required by Subtenant for the use of and access to the Temporary Premises or Sublease Premises, during their respective periods of occupancy as contemplated hereby, and the existing interior improvements, equipment and systems of the Temporary Premises as of the Commencement Date or Sublease Premises as of the Sublease Premises Rent Commencement Date. In addition, Subtenant shall have as appurtenant to (i) the Sublease Premises and the Temporary Premises the exclusive use of the central nitrogen and CO_2 system, provided, however, that Sublandlord, at Sublandlord's cost and expense shall have the right to subdivide the existing system, to allow Subtenant exclusive use of the system; and (ii) the Temporary Premises the right to use, in common with others entitled thereto, the glass washing facility located on the second floor of the Building. If Sublandlord fails to deliver possession of (i) the Temporary Premises to Subtenant on or before the Commencement Date, or (ii) the Sublease Premises to Subtenant on or before the Sublease Premises Rent Commencement Date, this Sublease shall not be void or voidable nor shall Sublandlord be liable to Subtenant for any resulting loss or damage; provided, however, that Subtenant shall not be liable for any Rent (as hereinafter defined) until delivery of the Temporary Premises to Subtenant. Subtenant covenants that, as a material part of the consideration for this Sublease, it shall keep and perform each and all of such terms, covenants and conditions by it to be kept and performed, and that this Sublease is made upon the condition of such performance. Subtenant assumes and agrees to perform Sublandlord's obligations under the Master Lease during the Sublease Term to the extent such obligations are applicable to the Temporary Premises and the Sublease Premises, as applicable, and are not either excluded from incorporation herein or specifically contradicted or modified herein. Subtenant shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease incorporated herein. Notwithstanding anything in this Sublease to the contrary, Subtenant by execution of this Sublease does not assume any obligation to (i) pay the Rent and Additional Rent to be paid by Sublandlord under the Master Lease (except as otherwise expressly provided herein or in any separate agreement or consent between, *inter alia,* Subtenant and Master Landlord), (ii) cure any default of Sublandlord under the Master Lease unless attributable to Subtenant's default hereunder, (iii) perform any obligation of Sublandlord under the Master Lease which arose prior to the Commencement Date unless attributable to Subtenant's actions or omissions or expressly required hereunder, (iv) repair any damage to the Sublease Premises caused by Sublandlord, (v) remove any alterations or additions installed within the Sublease Premises by Sublandlord except as expressly provided herein, (vi) discharge any liens on the Sublease Premises or the Building which arise out of any work performed, or claimed to be performed, by or at the direction of Sublandlord (and not at the direction of Subtenant).

(d) **Installation of Tenant's Furniture, Equipment and Fixtures**. As of the Effective Date, Subtenant and its agents, employees, invitees, consultants and contractors (collectively "**Agents**") shall have the right to enter the Temporary Premises for the sole purpose of space planning, construction of tenant improvements and installation of furniture, equipment and furnishings in the Temporary Premises, at Subtenant's sole cost (provided that Subtenant shall obtain the consent of Sublandlord and Master Landlord to any Alterations as required by Section 6 of this Sublease). Subtenant and its Agents shall have the right to enter the Sublease Premises, thirty (30) days prior to the Sublease Premises Rent Commencement Date, for the sole

purpose of space planning, construction of tenant improvements and installation of furniture, equipment and furnishings in the Sublease Premises, at Subtenant's sole cost (provided that Subtenant shall obtain the consent of Sublandlord and Master Landlord to any Alterations as required by Section 6 of this Sublease). Such access shall be subject to all of the terms and conditions of this Sublease, except that Subtenant shall not be obligated to pay Rent on account thereof. Any entry by Subtenant or any of its Agents pursuant to this Section (d) shall be undertaken at Subtenant's sole risk. Subtenant shall indemnify, defend and hold Sublandlord and Master Landlord harmless from any and all loss, damage, liability, expense (including reasonable attorneys' fees and costs), claim or demand of whatsoever character, direct or consequential, including, but not limited to, injury to or death of persons, damage to or loss of property arising out of the exercise by Subtenant of any early entry right granted hereunder.

(e) **Parking**. Subtenant shall rent 1.5 parking spaces per 1,000 rentable square feet (i.e. thirty (30) spaces while Subtenant occupies the Temporary Premises and sixty-eight (68) spaces while Subtenant occupies the Sublease Premises). Subtenant shall pay parking fees at the prevailing rates for the Complex (currently $225/space/month). Any additional parking spaces offered to Subtenant by Sublandlord shall be on terms and conditions as reasonably determined by Sublandlord, provided that in no instance shall Subtenant be obligated to pay parking fees greater than the prevailing rates for the Complex. At any time when Subtenant notifies Sublandlord that it wishes additional parking spaces, Sublandlord may provide such parking spaces if, as and when available as determined in Sublandlord's sole discretion. All parking spaces shall be unreserved and otherwise subject to the terms and conditions of the Master Lease.

(f) **Acceptance of Temporary Premises and Sublease Premises**. Subtenant agrees to accept the Temporary Premises in its current "as is" condition and the Sublease Premises in the condition incorporating the Subtenant Improvements. Any improvements to be made to the Temporary Premises shall be made at the sole cost of Subtenant and shall be subject to the provisions of this Sublease governing Alterations. Improvements to be made to the Sublease Premises are discussed in subsection (k) below. Without limiting the foregoing, Subtenant's rights in the Temporary Premises and Sublease Premises are subject to, and Subtenant agrees to comply with, all local, state and federal laws, regulations, codes and ordinances (collectively, "**Laws**") governing and regulating the use and occupancy of the Sublease Premises, the terms and conditions of the Master Lease, and all matters now or hereafter of record, provided, no such matters of record shall unreasonably interfere with Subtenant's use of the Sublease Premises for the Permitted Uses. Without limiting the foregoing, Subtenant shall be solely responsible for ensuring that the use and storage of all materials, solvents, chemicals or other items within the Temporary Premises and Sublease Premises shall be undertaken in accordance with all Laws. Sublandlord reserves the right to review and approve or modify Subtenant's plans for storage and use of any such materials. Subtenant acknowledges that neither Sublandlord nor Sublandlord's agent has made any representation or warranty as to: (i) the present or future suitability of the Sublease Premises for the conduct of Subtenant's business; (ii) the physical condition of the Sublease Premises; (iii) the expenses of operation of the Sublease Premises; (iv) the safety of the Sublease Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents; (v) the compliance of the Sublease Premises with applicable Laws; or (vi) any other matter or thing affecting or related to the Sublease Premises.

Subtenant acknowledges that no rights, easements or licenses are acquired by Subtenant by implication or otherwise except as expressly set forth herein. Subtenant has inspected or will inspect, prior to delivery of possession of the Sublease Premises, the Sublease Premises and become thoroughly acquainted with their condition. Subtenant acknowledges that the taking of possession of the Sublease Premises by Subtenant will be conclusive evidence that the Sublease Premises were in good and satisfactory condition at the time such possession was taken (except for punch list and other matters which reasonably could not have been discovered by Subtenant). Subtenant further agrees that, in the event Subtenant is permitted to and in fact assigns this Sublease or sub-subleases all or any portion of the Sublease Premises, Subtenant will indemnify and defend Sublandlord (in accordance with Section 7(a) hereof) for, from and against any matters which arise as a result of Subtenant's failure to disclose any relevant information about the Building or the Sublease Premises known to Subtenant to any sub-sublessee or assignee of Subtenant. Subtenant will comply with all Laws relating to the use or occupancy of the Sublease Premises and to the Common Areas (other than those requiring structural alterations, except as required as a result of Subtenant's Alterations), including, without limitation, making non-structural alterations or providing auxiliary aids and services to the Sublease Premises as required by the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq. (the "**ADA**") to the extent such alterations, aids or services (x) are required by Subtenant's particular use or occupancy of the Sublease Premises, (y) are required for any reason as the result of the non-compliance of the Sublease Premises (other than the Shell Building Work and the Common Areas, as such terms are defined in the Master Lease) with any revisions or amendments to the ADA which become effective after the Commencement Date or (z) are due to any alterations or improvements installed by Subtenant in the Sublease Premises (including any resulting ADA compliance requirements in the Common Areas). Subtenant further agrees that all telephone and other communication installation and use requirements will be compatible with the Building and that Subtenant will be solely responsible for all of its telephone and communication installation and usage costs.

(g) **Removal of Personal Property**. All articles of personal property, machinery and equipment, owned or installed by Subtenant at its expense in the Temporary Premises or Sublease Premises will be and shall remain the property of Subtenant and may be removed by Subtenant at any time, provided that Subtenant, at its expense, shall repair any damage to the Sublease Premises caused by such removal or by the original installation. Sublandlord may elect to require Subtenant to remove all or any part of Subtenant's personal property at the expiration of the Sublease Term or sooner termination of this Sublease, in which event the removal will be done at Subtenant's expense and Subtenant, prior to the end of the Sublease Term or upon sooner termination of this Sublease, will repair any damage to the Sublease Premises caused by its removal. Sublandlord may elect to require Subtenant to remove all or any part of Subtenant's personal property from the Temporary Premises, in which event the removal will be done at Subtenant's expense, within three (3) business days after the delivery of the Sublease Premises or upon sooner termination of this Sublease, and Subtenant will repair any damage to the Sublease Premises caused by its removal. Notwithstanding anything in this Sublease to the contrary, except for Subtenant's personal property, Subtenant shall have no obligation to remove any of the Subtenant Improvements (as defined in subparagraph (k) below) or the Temporary Premises Improvements (as defined in subparagraph (m) below) from the Sublease Premises or the Temporary Premises, as the case may be, unless such improvements were identified for

removal by written notice from Sublandlord or Master Landlord prior to the installation of the same.

(h) **Holding Over**. If Subtenant holds over after the expiration of the Sublease Term or earlier termination of this Sublease, with or without the express or implied consent of Sublandlord, then Subtenant will become and be only a tenant at sufferance at a per diem Fixed Rent equal to (i) during such period of time that the Master Lease remains in effect, One Hundred and Fifty percent (150%) of the Fixed Rent payable by Subtenant to Sublandlord under this Sublease immediately prior to such expiration or termination of the Sublease; or (ii) during such period of time that the Master Lease has for any reason whatsoever been terminated, expired or otherwise cancelled, One Hundred and Fifty percent (150%) of the Fixed Rent payable by Sublandlord and allocable to the Sublease Premises under the Master Lease immediately prior to such expiration or termination, and otherwise upon the terms, covenants and conditions herein specified. Notwithstanding any provision to the contrary contained herein, (a) Sublandlord expressly reserves the right to require Subtenant to surrender possession of the Sublease Premises upon the expiration of Sublease Term or upon the earlier termination of this Sublease and the right to assert any remedy at law or in equity to evict Subtenant and/or collect damages in connection with any holding over, and (b) Subtenant will indemnify, defend and hold Sublandlord harmless from and against any and all liabilities, claims, demands, actions, losses, damages, obligations, costs and expenses, including, without limitation, attorneys' fees (including the allocated costs of Sublandlord's in-house attorneys) incurred or suffered by Sublandlord by reason of Subtenant's failure to surrender the Sublease Premises on the expiration of the Sublease Term or earlier termination of this Sublease.

(i) **Extension Option**. Sublandlord hereby grants to Subtenant the option to extend the Sublease Term for one (1) additional term of Forty Eight (48) months, expiring on April 30, 2015, or on such earlier date upon which said term may expire or be cancelled or terminated pursuant to any of the provisions of this Sublease (the "**Extension Term**"), upon and subject to the following terms and conditions:

(i) The Extension Term shall commence on the day next succeeding the Expiration Date of the initial Sublease Term.

(ii) Subtenant shall exercise such option as to the Extension Term by giving written notice of exercise of the option (the "**Extension Notice**") to Sublandlord at least twelve (12) months but no more than eighteen (18) months before the first day of the Extension Term, time being of the essence.

(iii) Upon the date of delivery of the Extension Notice and on the Expiration Date of the initial Sublease Term, no Event of Default by Subtenant shall exist.

(iv) If Subtenant elects to extend the Sublease Term for the Extension Term, all the provisions of this Sublease shall be applicable during such Extension Term except that:

(1) Subtenant shall have no further right to extend the Sublease Term beyond the expiration of the Extension Term;

(2) Effective as of the commencement of the Extension Term, the Fixed Rent in effect shall be the fair market rental for the fully built-out Sublease Premises for the Extension Term (including annual increases therein), as determined by Sublandlord in good faith; provided that such fair market rental for the Extension Term shall not be less than [**] Dollars ($[**]) per rentable square foot on a triple net basis; provided, further, if Subtenant shall disagree with Sublandlord's determination of the fair market rental, then the same shall be determined pursuant to **Exhibit Y** attached hereto.

If Subtenant timely exercises the aforesaid extension option as provided herein, "Sublease Term" shall be deemed to mean the initial Sublease Term plus the Extension Term and the "Expiration Date" shall be deemed to mean the final day of the Extension Term.

(j) **Right Of First Offer**. Sublandlord hereby grants Subtenant a continuing right of first offer to lease any unoccupied space within the first floor of the Building that is currently available or later becomes available during the Sublease Term (the "**Right of First Offer**"). Subtenant shall have five (5) days after receipt of Sublandlord's written notice that Sublandlord is marketing such space in which to exercise the Right of First Offer upon any such vacant space upon the terms and conditions offered by Sublandlord, which shall be consistent with terms and conditions offered by Sublandlord for other space in the Building. In the event Subtenant does not exercise its Right of First Offer then Sublandlord may sublease such space without recourse by Subtenant.

(k) **Subtenant Improvements to Sublease Premises.** Provisions regarding the initial tenant improvements to be installed and constructed by Sublandlord upon the Sublease Premises and the allowance for initial tenant improvements to be paid by Sublandlord are attached as Exhibit TI (the "**Subtenant Improvements**"). Subject to **Exhibit TI**, Subtenant shall submit for Sublandlord's approval (which approval shall not be unreasonably withheld) and for Master Landlord's approval, if required by the Master Lease, the preliminary plans and thereafter the final plans and specifications for the Subtenant Improvements. Sublandlord construction of the Subtenant Improvements shall otherwise comply with the terms and conditions of Section 3.3 of the Master Lease, including, but not limited to, Subtenant's obligation to remove such Subtenant Improvements if required by Master Landlord in accordance therewith; provided, however, Subtenant shall have no obligation to remove Subtenant Improvements unless the same were identified for removal at the time Master Landlord gave its consent thereto. All permanent portions of the Subtenant Improvements installed in the Sublease Premises, including all fixtures and cabinet work, if any, will be and shall remain the property of Sublandlord.

(l) **Remeasurement**. Sublandlord and Subtenant acknowledge that the actual rentable square footage of the Sublease Premises may, upon completion of construction of the Subtenant Improvements, be different than the estimates set forth in Article I hereof. Accordingly, after completion of construction of the Subtenant Improvements, Sublandlord will notify Subtenant of the actual Rentable Square Footage of the Sublease Premises and the Rentable Square Footage of Building, which shall be measured in accordance with the ANSI/BOMA 265.1-1996 Standard Method for Measuring Building Rentable Area, approved June 7, 1996. If necessary, Sublandlord and Subtenant will execute an amendment to this Sublease modifying the definitions of Sublease Premises, Master Premises,

Subtenant's Share, the amount of the Security Deposit, and such other terms and provisions, if any, of this Sublease as may be necessary to reflect such actual measurements.

(m) **Subtenant Improvements to Temporary Premises.** The initial tenant improvements upon the Temporary Premises ("**Temporary Premises Improvements**") shall be constructed by Sublandlord at Subtenant's sole cost and expense and shall be subject to Master Landlord's approval thereof, provided, however, that Sublandlord has agreed to pay for the electrical installation (exclusive of telecommunication and data cabling) at the Temporary Premises. Subtenant and Sublandlord have agreed upon and have submitted for Master Landlord's approval, to the extent required by the Master Lease, the final plans and specifications for the Temporary Premises Improvements. Sublandlord's construction of the Temporary Premises Improvements shall otherwise comply with the terms and conditions of Section 3.3 of the Master Lease, including, but not limited to, Subtenant's obligation to remove such Temporary Premises Improvements if required by Master Landlord in accordance therewith; provided, however, Subtenant shall have no obligation to remove Subtenant Improvements unless the same were identified for removal at the time Master Landlord gave its consent thereto. All permanent portions of the Temporary Premises Improvements installed in the Temporary Premises, including all fixtures and cabinet work, if any, will be and shall remain the property of Sublandlord.

2. **Sublease Subject to Master Lease**.

(a) **Inclusions**. This Sublease is subject and subordinate to the Master Lease. All of the terms, conditions and covenants of the Master Lease are hereby incorporated into this Sublease by reference, except as excluded in Section 2(b) herein; provided, however, as between the Sublandlord and Subtenant the terms, conditions and covenants of this Sublease shall be controlling whenever the terms, conditions and covenants of the Master Lease are contradictory to or inconsistent with terms, conditions and covenants hereof, provided that any action or inaction pursuant to such inconsistent term, condition or covenant does not cause a default under the Master Lease. Subtenant shall be subject to, bound by and comply with all of said included terms, conditions and covenants of the Master Lease with respect to the Sublease Premises for the Sublease Term herein for the benefit of both Sublandlord and Master Landlord, it being understood and agreed that wherever in the Master Lease the word "Tenant" appears, for the purposes of this Sublease, the word "Subtenant" shall be substituted, and wherever the word "Landlord" appears, for the purposes of this Sublease, the word "Sublandlord" shall be substituted, and wherever the word "Premises" appears, for the purposes of this Sublease, the words "Sublease Premises or Temporary Premises, as the case may be" shall be substituted, and wherever the word "Term" appears, for the purposes of this Sublease, the words "Sublease Term" shall be substituted; and that upon the breach of any of said terms, conditions or covenants of the Master Lease by Subtenant or upon the occurrence of an Event of Default by Subtenant, Sublandlord may exercise any and all rights and remedies granted to Master Landlord by the Master Lease. In the event of any conflict between this Sublease and the Master Lease, the terms of this Sublease shall control between Sublandlord and Subtenant. It is further understood and agreed that Sublandlord has no duty or obligation to Subtenant under the aforesaid Sections of the Master Lease other than to perform the obligations of Sublandlord as tenant under the Master Lease during the Sublease Term. Whenever the provisions of the Master Lease incorporated as provisions of this Sublease require the written consent of Master Landlord,

said provisions shall be construed to require the written consent of both Master Landlord and Sublandlord. Subtenant hereby acknowledges that it has read and is familiar with all the terms of the Master Lease, and agrees that this Sublease is subordinate and subject to the Master Lease.

(b) **Exclusions**. The terms and provisions of the following Sections and Exhibits of the Master Lease are not incorporated into this Sublease: Any redacted provisions of the Master Lease; Article I in its entirety (i.e. all subsections); the portion of Section 2.1 governing parking spaces; Sections 2.2, 2.3, 3.1, 3.2, 3.4 and 3.5 in their entirety (i.e. all subsections); Subsection 4.1(a) and 4.1(b); Sections 4.2 (except to the extent necessary to give meaning to Subtenant's obligations under paragraph 3 of this Sublease) and 4.3; Subsections 5.1.6. 5.1.7 (this exclusion shall not affect Master Landlord's right to enter the Temporary Premises and the Sublease Premises pursuant to said Subsection 5.1.7), 5.1.8, 5.1.10, 5.1.11, 5.1.12, 5.1.15; Subsection 5.2.1 (except to the extent necessary to give meaning to paragraph 5 of this Sublease); Sections 7.1 (except to the extent necessary to give meaning to paragraph 12 of this Sublease), 10.1, 10.3, 10.5, 10.8, 10.11, 10.12, 10.14 (expect to the extent necessary to give meaning to subparagraph 1(e) of this Sublease) and 10.17; Exhibits A, A-1, A-2, A-3, B, B-1, E and F; the First Amendment to Lease, the Second Amendment to Lease and the Third Amendment to Lease. Notwithstanding anything herein to the contrary, Subtenant shall comply with the PTDM Approval requirements as set forth in Section 3.1.4 of the Master Lease.

(c) **Time for Notice**. Except for the time limits for notice, demands, performance or exercise of rights specified in this Sublease which shall not be altered by this Section 2(c), including without limitation the time frames set forth in Sections 11 and 11 hereof, the time limits provided for in the Master Lease for the giving of notice, making of demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, are amended for the purposes of this Sublease by lengthening or shortening the same in each instance by five (5) days, as appropriate, so that notices may be given, demands made, or any act, condition or covenant performed, or any right, remedy or option hereunder exercised, by Sublandlord or Subtenant, as the case may be, within the time limit relating thereto contained in the Master Lease. If the Master Lease allows only seven (7) days or less for Sublandlord to perform any act, or to undertake to perform such act, or to correct any failure relating to the Sublease Premises or this Sublease, then Subtenant shall nevertheless be allowed three (3) days to perform such act, undertake such act and/or correct such failure. In the event of a conflict between the time frame set forth elsewhere in this Sublease and the time frame specified in the Master Lease as modified by this Section 2(c), the time frame set forth elsewhere in this Sublease shall control.

(d) **Master Landlord's Obligations**. It shall remain the obligation of Master Landlord to provide all services to be provided by Master Landlord under the terms of the Master Lease and to satisfy all obligations and covenants of Master Landlord made in the Master Lease. Subtenant acknowledges that Sublandlord shall be under no obligation to provide any such services or satisfy any such obligations or covenants; provided, however, Sublandlord, upon written notice by Subtenant, shall use reasonable efforts to enforce all obligations of Master Landlord under the Master Lease without any obligation of Sublandlord to incur any costs or bring any legal action against Master Landlord.

(e) **Rules and Procedures**. Subtenant acknowledges and agrees that other subtenants of Sublandlord are occupying or may in the future occupy other portions of the Master Premises. In addition to the rules and regulations of the Master Lease, Subtenant's use of the Sublease Premises and access to and use of the Common Areas and any other services in connection with the Sublease Premises or this Sublease shall be subject to such additional rules and procedures reasonably promulgated by Sublandlord and delivered to Subtenant from time to time. Subtenant's compliance with such rules and procedures constitutes a material inducement to Sublandlord's willingness to enter into this Sublease; any violation thereof shall constitute a material breach of this Sublease.

(f) **Termination of Master Lease**. If the Master Lease terminates with respect to the Sublease Premises, prior to the expiration or earlier termination of this Sublease, this Sublease shall concurrently terminate, unless this Sublease becomes a direct lease of the Building between Master Landlord and Subtenant as provided in the Master Landlord's Consent or unless Master Landlord and Subtenant agree to deem this Sublease to be a direct lease of the Sublease Premises between Master Landlord and Subtenant; provided that as a condition to such direct lease, Sublandlord shall be released from all liabilities and obligations under this Sublease arising from and after the date that the Master Lease terminated with respect to the Sublease Premises.

(g) **Consent or Approval of Master Landlord**. All references in this Sublease (whether in the text itself or by incorporation from the Master Lease) to the consent or approval of Master Landlord or Sublandlord shall mean the written consent or approval of Master Landlord or Sublandlord, as the case may be. If any request or demand is made by Master Landlord (whether requiring an act, restraint or payment) directly to Subtenant pursuant to the Master Lease in respect of a corresponding obligation under the Master Lease, then such request or demand shall be honored and performed or adhered to as if the request or demand was made directly by Sublandlord. In all provisions of this Sublease requiring the satisfactory approval or consent of Sublandlord, Subtenant first shall be required to obtain the approval or consent of Sublandlord and then, if Sublandlord under similar circumstances would be required under the terms of the Master Lease, to obtain the like approval or consent of Master Landlord, Sublandlord shall forward to Master Landlord such requests as Subtenant may submit for approval or consent from Master Landlord. In the case of a time sensitive matter, Subtenant may submit the request for approval or consent simultaneously to Master Landlord and Sublandlord. Whenever, pursuant to this Sublease, Master Landlord or Sublandlord's consent or approval, or the review or consideration by Master Landlord or Sublandlord of any matter, is permitted, solicited or required prior to or in connection with any activity planned or undertaken on behalf of Subtenant (including, without limitation, Master Landlord's consent to this Sublease), Subtenant shall reimburse Master Landlord and Sublandlord for all reasonable expenses (including, without limitation, the reasonable fees and disbursements of attorneys and other professional consultants) incurred by Master Landlord and Sublandlord, as the case may be, in connection with such consideration, review, consent or approval. Such reimbursement shall be made by Subtenant within twenty (20) days after written demand. Expenses incurred by Sublandlord shall be deemed to include any expenses or fees payable to Master Landlord under the Master Lease.

(h) **Representations of Sublandlord**. Sublandlord represents to Subtenant that a true and correct copy of the Master Lease, redacted to expunge certain confidential economic information, is attached hereto as **Exhibit A**, that the Master Lease is in full force and effect and has not been amended, and that, to Sublandlord's knowledge, no default exists on the part of Sublandlord or Master Landlord under the Master Lease. As long as no Event of Default by Subtenant exists hereunder, Sublandlord (i) shall continue to perform the obligations of tenant under the Master Lease which are not incorporated herein, including the obligation of Sublandlord to pay rent to Master Landlord in accordance with the provisions of the Master Lease and (ii) agrees not to voluntarily terminate, cancel or surrender the Master Lease with respect to the Sublease Premises during the Sublease Term, or modifying the Master Lease in any way which would materially interfere with Subtenant's rights hereunder, subject, however to any termination of the Master Lease without the fault of the Sublandlord. As of the execution date of this Sublease, Sublandlord represents and warrants that (i) it has received no notice of default from Master Landlord under the Master Lease; (ii) there is no event or circumstance that, with the giving of notice or the passage of time would constitute a default under the Master Lease; and (iii) it has paid all Annual Fixed Rent and Additional Rent, to the extent due and payable, pursuant to the Master Lease. Sublandlord represents that Sublandlord has not granted any (y)existing rights of first offer or refusal held by third parties with respect to the Temporary Premises or the Sublease Premises or (z) other sublease or other occupancy arrangement with respect to the Temporary Premises or the Sublease Premises.

(i) **Sublandlord Obligations.** Sublandlord shall be responsible for the following (collectively, "Sublandlord Services"):

(i) Staff the loading dock to receive deliveries and coordinate shipping.

(ii) Provide for personnel to be stationed at the front desk of the Building during normal business hours of 7 AM to 7 PM and access to the Building to be only by card access at all other times. Sublandlord shall not provide specific security to the Sublease Premises or Temporary Premises as applicable and such security shall be Subtenant's sole responsibility and obligation.

(iii) Maintain the common areas of the Master Premises in the condition required by Section 5.1.3 of the Master Lease.

(iv) Maintain the insurance required under Subsection 4.2.2.1(c) of the Master Lease.

(v) Provide Utilities to the Master Premises to the extent Master Landlord is not responsible for the provision of the same pursuant to Section 4.2.3 of the Master Lease.

Subtenant shall reimburse Sublandlord for Subtenant's Share of these expenses as Additional Rent as provided in Paragraph 3(c), below.

3. **Rent**.

(a) **Fixed Rent**. Fixed rent ("**Fixed Rent**") shall be as set forth in the Defined Terms. Subtenant shall pay Fixed Rent in monthly installments in advance on or before the first

day of each and every calendar month during the Sublease Term, without being invoiced; except that Subtenant shall deliver to Sublandlord upon execution of this Sublease, prepaid Rent for the first full month of the Sublease Term and the Security Deposit in the form of cash or a letter of credit. Prepaid rent shall be applied against Subtenant's first obligation to pay Fixed Rent.

(b) **Subtenant's Share of Master Lease Additional Rent**. In addition to Fixed Rent, Subtenant shall pay to Sublandlord Subtenant's Share of Sublandlord's obligations for Additional Rent pursuant to Section 4.2 of the Master Lease. Subtenant shall pay Sublandlord estimated monthly installments of Subtenant's Share of such Additional Rent in advance, together with payments of Fixed Rent hereunder, which shall equal Subtenant's Share of the Sublandlord's monthly estimate of Additional Rent as determined pursuant to Section 4.2 of the Master Lease, and such estimated payments shall be reconciled as provided under said Section 4.2 of the Master Lease. Sublandlord shall provide Subtenant with copies of invoices and supporting documentation received from Master Landlord with respect to Additional Rent.

(c) **Additional Rent** In addition to Subtenant's obligations to pay Fixed Rent, and Additional Rent pursuant to 3(b) of this Sublease Subtenant shall pay or reimburse Sublandlord, without deduction or setoff, for (i) Subtenant's Share of Sublandlord Services as described in Paragraph 2(i) above and Subtenant's Share of the costs and expenses accruing during the Sublease Term and payable by Sublandlord to any person or entity in order to comply with Sublandlord's obligations under the Master Lease with respect to the Building (except as otherwise provided herein),("Sublandlord Service Costs"); (ii) all costs and expenses incurred by Sublandlord as a result of Subtenant's failure to timely comply with its obligations under this Sublease, and (iii) Sublandlord's costs and expenses in connection with providing additional services to Subtenant (such as, but not limited to, after-hours HVAC or security) as set forth in this Sublease. In the event Subtenant's usage of any utility is materially greater than Subtenant's Share of utility expenses, Sublandlord shall have the right to reasonably allocate a charge for such greater use. Sublandlord may elect to separately meter any or all Utilities serving the Sublease Premises, in which case, Sublandlord may elect to have Subtenant shall pay directly for the cost of such Utilities. Notwithstanding any other provision herein to the contrary, if the Master Premises is not fully occupied during any year of the Sublease Term, an adjustment shall be made in computing the variable components of Sublandlord's Services Costs for such year so that Sublandlord's Services Costs shall be computed for such year as though the Master Premises had been fully occupied during such year. Subtenant shall also be solely responsible to pay directly for all costs and expenses for services not otherwise provided by Master Landlord or Sublandlord pursuant to the Master Lease or this Sublease, as the case may be, specifically related to the Sublease Premises; all personal property taxes; all other utilities required by Subtenant's operations in the Sublease Premises; all janitorial services provided to the Sublease Premises; and all maintenance or repair services provided to the Sublease Premises to the extent the same are not otherwise the Master Landlord's responsibility pursuant to the Master Lease or the Sublandlord's responsibility pursuant to this Sublease. Sublandlord shall provide Subtenant with reasonable documentation substantiating all such costs and expenses described in this subparagraph. Other than as specifically provided for herein, to the extent that any Building services are not provided to the Sublease Premises by Master Landlord under the Master Lease, Subtenant acknowledges and agrees that Sublandlord shall have no obligation to provide such Building services for Subtenant. Notwithstanding the foregoing, Subtenant shall not be responsible for (i) late fees, holdover payments, default damages, or interest due under the

Master Lease which relate to the acts or omissions of Sublandlord under the Master Lease and not the acts or omissions of Subtenant under this Sublease, (ii) costs of indemnifying Master Landlord for acts or omissions of Sublandlord not resulting from the acts or omissions of Subtenant, (iii) share of any profit made by Sublandlord on a sublease, (iv) costs of Master Landlord performing any obligation under the Master Lease which Sublandlord failed to perform (unless such failure is attributable to failure on the part of Subtenant hereunder), (v) costs of Sublandlord's comprehensive liability insurance and worker's compensation insurance required under the Master Lease, (vi) attorney's fees charged by Master Landlord in connection with enforcement of the Master Lease against Sublandlord (unless attributable to Subtenant's failure hereunder), (vii) costs in connection with the performance of Tenant's Work pursuant to Article III of the Master Lease, (viii) maintenance and repairs with respect to any non-common areas of the Master Premises (other than the Sublease Premises); (ix) costs and expenses that would, under generally accepted accounting principals, constitute capital expenditures (except that with respect to the common areas of the Master Premises, Sublandlord may pass through annual amortization of such expenditures in accordance with generally accepted accounting principals); (x) cost and expenses to the extent caused by Sublandlord's negligence or willful misconduct; or (xi) Fixed Rent pursuant to the Master Lease, and, except as expressly provided in this Sublease, items of Additional Rent pursuant to the Master Lease.

(d) .**Payment of Rent**. As used herein, "**Rent**" shall include Fixed Rent, Subtenant's Share of Additional Rent and all other additional rent, costs, charges and expenses to be paid by Subtenant to Sublandlord pursuant to this Sublease. Rent herein reserved or payable shall be paid at Sublandlord's election, (i) to Sublandlord's address for payment of Rent set forth in the Defined Terms, or (ii) to such other payee and/or at such other place as Sublandlord may designate from time to time in writing, in lawful money of the United States of America, as and when the same become due and payable, without demand therefor and without any deduction, set-off or abatement whatsoever, except as expressly provided otherwise in this Sublease or the Master Lease. Subtenant shall be required to pay Subtenant's Share of Additional Rent, and any additional rent payable hereunder, notwithstanding any dispute regarding such obligation, unless and until such dispute is finally resolved in favor of Subtenant (or Sublandlord, in any dispute relating to payments made by Sublandlord under the Master Lease). In the event the first day of the Sublease Term shall not be the first day of a calendar month or the last day of the Sublease Term is not the last day of the calendar month, Fixed Rent and Subtenant's Share of Additional Rent and other costs an expenses shall be appropriately prorated based on a thirty (30) day month. Additionally, Subtenant shall pay to Sublandlord, as additional rent hereunder, within twenty (20) days after written request therefor, any other payments for which Sublandlord shall become responsible to Master Landlord or Sublandlord under the Master Lease or this Sublease with respect to the Sublease Premises, including, but not limited to, additional rent arising (i) by reason of Subtenant's request for extraordinary services or utilities (such as replacement lighting) from Master Landlord or Sublandlord, or (ii) as a result of Subtenant's Event of Default hereunder.

(e) **Late Payment Charges and Interest**. Any payment of Rent or other amount from Subtenant to Sublandlord or Master Landlord under this Sublease which is not paid on the date due shall accrue interest from the date due until the date paid at a rate equal to the lesser of Bank of America or its successor's prime commercial rate, as it may be adjusted from time to time, plus 4% per year or the maximum rate then permitted by law (the "**Interest Rate**"). If any

installment of Rent is not paid promptly within two business days after notice (which may be oral) from Sublandlord, Subtenant shall pay to Sublandlord a late payment charge equal to five percent (5%) of the amount of such delinquent payment of Rent, in addition to the installment of Rent then owing; provided, however, no notice shall be required from Sublandlord and such late payment charge shall be owing upon the second such late payment in any consecutive twelve-month period. This Section shall not relieve Subtenant of Subtenant's obligation to pay any amount owing hereunder at the time and in the manner provided.

(f) **Security Deposit**. Promptly, but no later than five (5) business days, following Master Landlord's consent to this Sublease, Subtenant shall delivery to Sublandlord the Security Deposit as set forth in the Defined Terms of this Sublease. Subtenant shall have no right of occupancy of the Temporary Premises or Sublease Premises until receipt by Sublandlord of the Security Deposit. The Security Deposit shall be held by Sublandlord, without liability for interest, as security for the faithful performance by Subtenant of all of its obligations under this Sublease. Sublandlord shall not be required to keep the Security Deposit separate from its other accounts. Sublandlord may apply all or a part of the Security Deposit to any unpaid Rent due from Subtenant or to cure any other default of Subtenant hereunder and to compensate Sublandlord for all damage and expense sustained as a result of such default. If all or any portion of the Security Deposit is so applied, Subtenant shall deposit cash sufficient to restore the Security Deposit to its original amount within five (5) days after receipt of Sublandlord's written demand. Provided that Subtenant complies with all of its obligations hereunder and promptly pays Rent when due, Sublandlord shall refund the Security Deposit to Subtenant within sixty (60) days after the later of the expiration of earlier termination of the Sublease or Subtenant's vacating of the Sublease Premises. No trust relationship is created herein between Sublandlord and Subtenant with respect to the Security Deposit. Any deposit under the Master Lease which may be returned by the Master Landlord will be the property of Sublandlord.

In lieu of a cash Security Deposit, Subtenant shall deliver to Sublandlord a clean, irrevocable, non-documentary and unconditional letter of credit (the "**Letter of Credit**") issued by and drawn upon a financial institution with credit ratings of at least "A-" (long term) as issued by Standard and Poor's and at least "A3" (long term) as issued by Moody's (provided that if such financial institution is then rated by only one of such rating bureaus, it satisfies the aforesaid rating requirement for such rating bureau), and otherwise acceptable to Sublandlord (the "**Issuer**") (Sublandlord may approve an Issuer with a credit rating below the rating set forth above in its sole discretion), which Letter of Credit shall have a term of not less than one year, be in form and content satisfactory to Sublandlord (and substantially as shown on **Exhibit E** to this Sublease), be for the account of Sublandlord, be in the amount of the Security Deposit then required to be deposited hereunder, and be fully transferable by Sublandlord to its successors and/or assigns under this Sublease without the payment of any fees or charges, it being agreed that if any such fees or charges shall be so imposed, then such fees or charges, shall be paid by Subtenant. The Letter of Credit shall provide that it shall be deemed automatically renewed, without amendment, for consecutive periods of one (1) year each thereafter during the Sublease Term, unless the Issuer sends notice (the "**Non-Renewal Notice**") to Sublandlord by certified mail, return receipt requested, not less than sixty (60) days next preceding the then expiration date of the Letter of Credit that it elects not to have such Letter of Credit renewed. Additionally, the Letter of Credit shall provide that Sublandlord shall have the right, exercisable upon its receipt of the Non-Renewal Notice, by sight draft on the Issuer, to receive the monies

represented by the existing Letter of Credit and in such event, Sublandlord shall hold such proceeds pursuant to the terms of this Section as a cash security pending the replacement of such Letter of Credit. If an Event of Default shall have occurred and be continuing with respect to any provision of this Sublease, including but not limited to the provisions relating to the payment of Rent, Sublandlord may apply or retain the whole or any part of the cash security so deposited or may notify the Issuer and thereupon receive all the monies represented by the Letter of Credit and use, apply, or retain the whole or any part of such proceeds, as provided in this Section. Sublandlord shall also have the right at its option to make partial draws upon the Letter of Credit to cure an Event of Default existing on a current basis, without prejudicing any right of Sublandlord to make future draws upon the Letter of Credit to address Events of Default occurring subsequently. Any portion of the cash proceeds of the Letter of Credit drawn upon by Sublandlord and not so used or applied by Sublandlord in satisfaction of the obligations of Subtenant as to which such an Event of Default shall have occurred shall be retained by Sublandlord as a cash Security Deposit as provided herein. If Sublandlord applies or retains any part of the cash security or proceeds of the Letter of Credit, as the case may be, Subtenant shall, within five (5) days after written demand therefor, deposit with Sublandlord the amount so applied or retained so that Sublandlord shall have the full Security Deposit required pursuant to this Section on hand at all times during the Term. If Subtenant shall fully and faithfully comply with all of the term, provisions, covenants and conditions of this Sublease, the Letter of Credit shall be returned to Subtenant after the Expiration Date and after delivery of possession of the Sublease Premises to Sublandlord. In the event of a transfer of Sublandlord's interest in the Premises, within thirty (30) days of notice of such transfer, Subtenant, at Subtenant's sole cost and expense, shall arrange for the transfer of the Letter of Credit to the new Sublandlord, as designated by Sublandlord, or have the Letter of Credit reissued in the name of the new Sublandlord and Sublandlord shall thereupon be released by Subtenant from all liability for the return of the reissued Letter of Credit, provided that Sublandlord shall return the original Letter of Credit issued in Sublandlord's name to Subtenant. Subtenant acknowledges and agrees that the Letter of Credit is a separate and independent obligation of the Issuer to Sublandlord and that Subtenant is not a third party beneficiary of such obligation. In addition, Subtenant agrees that Sublandlord's right to draw upon the Letter of Credit in whole or in part as set forth herein, shall not in any way be restricted, impaired, altered or limited by virtue of any provision of the United States Bankruptcy Code or any other law affecting creditors rights. If the credit rating of the Issuer is downgraded, at any time during the Term of this Sublease, below the level of "A-" (long term) as issued by Standard and Poor's or below the level of "A3" (long term) as issued by Moody's, Sublandlord may, in Sublandlord's sole discretion, require Subtenant to provide Sublandlord with a replacement Letter of Credit from a new Issuer with credit ratings of at least "A-" (long term) as issued by Standard and Poor's and at least "A3" (long term) as issued by Moody's (provided that if such new Issuer is then rated by only one of such rating bureaus, it satisfies the aforesaid rating requirement for such rating bureau), and otherwise acceptable to Sublandlord. Such replacement Letter of Credit shall be in the form required by this Section 3(f) and shall be provided by Subtenant within thirty (30) days following Sublandlord's notice to Subtenant, and Subtenant's failure to timely so provide such replacement Letter of Credit shall constitute an Event of Default. Upon Sublandlord's receipt of such replacement Letter of Credit, Sublandlord shall return the Letter of Credit originally issued by the downgraded Issuer to Subtenant.

4. **Use**. The Sublease Premises shall be used for the Permitted Uses only and for no other purpose or business without the prior written consent of Master Landlord and Sublandlord. At its own expense, Subtenant will procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental approvals required for Subtenant's use of the Sublease Premises, except that Sublandlord shall be responsible to obtain building permits and certificate(s) of occupancy in connection with the Subtenant Improvements and the Temporary Premises Improvements.

5. **Assignment and Subletting**.

(a) **Transfer of Subleasehold Estate**. Subtenant shall not permit occupancy of the Sublease Premises by any person or persons other than Subtenant or sell, assign, encumber, sublease or otherwise transfer by operation of law or otherwise (collectively, "**Transfer**") the Sublease Premises or this Sublease without Master Landlord's and Sublandlord's prior written consent, which consent of Sublandlord shall not be unreasonably withheld or conditioned, in either case subject to the provisions of Section 5.2.1 of the Master Lease as incorporated herein; provided, however, that prior to assigning the Sublease or making fifty percent (50%) or more (cumulatively) of the Sublease Premises available for subletting, Subtenant shall first offer to Sublandlord, by written notice, the right to recapture all of the Sublease Premises or the portion of the Sublease Premises which Subtenant intends to sublet or assign. Sublandlord shall give its approval or reasons for disapproval, or election to recapture, within fifteen (15) business days after Subtenant has requested Sublandlord's consent to such sublease or assignment. If Sublandlord so elects to recapture, Sublandlord and Subtenant shall enter into an agreement terminating this Sublease with respect to the portion of the Sublease Premises so recaptured by Sublandlord. Subtenant shall reimburse Sublandlord, as additional rent, for (i) all of Sublandlord's reasonable attorneys fees and other costs, charges and expenses in connection with the review, processing, negotiation and documentation of any request for Sublandlord's and Master Landlord's consents to a proposed Transfer of the Sublease Premises (including, but not limited to, amounts payable by Sublandlord to Master Landlord for its consent) and (ii) twenty five percent (25%) of the excess of any subrent and other consideration received by Subtenant by reason of such Transfer, over the sum of the Rent payable hereunder, plus all of any bonus or excess rent payable by Sublandlord to Master Landlord under the Master Lease by reason of such Transfer, after deduction of the costs and expenses permitted to be deducted under Section 5.2.1 of the Master Lease. Any Transfer in violation of the terms of this Sublease shall be void and shall be of no force or effect. Any consent by Sublandlord or Master Landlord to any Transfer shall apply only to the specific Transfer thereby approved. Such consent shall not be construed as a waiver of Subtenant's obligations to obtain Sublandlord's and Master Landlord's consent to any subsequent Transfer or as a modification or limitation of Sublandlord's rights hereunder.

(b) **Assumption by Transferees**. Each and every assignee, transferee or successor in interest of Subtenant, and their respective assignees, transferees or successors in interest, shall immediately be and remain liable jointly and severally with Subtenant and with each other for the payment of the Rent payable under this Sublease and for the performance of all covenants, agreements, terms and provisions of this Sublease on the part of Subtenant to be performed to the end of the Sublease Term.

(c) **Assignment of Subrents**. In the event of any Transfer, whether or not in violation of the provisions of this Sublease, Sublandlord may, after an Event of Default by Subtenant, collect Rent from the assignee of the Sublease, or the subtenant or occupant or the Sublease Premises and apply the net amount collected to the curing of any Event of Default hereunder in any order or priority Sublandlord may elect, any unexpended balance to be applied by Sublandlord against any Rent or other obligations subsequently becoming due, but no such assignment, subletting, occupancy or collection of Rent shall be deemed a waiver of the covenants in this Section 5, nor shall it be deemed acceptance of the assignee, subtenant or occupant as a subtenant, or a release of Subtenant from the full performance by Subtenant of all of the terms, conditions and covenants of this Sublease.

(d) **Voluntary Termination of Master Lease**. In the event that Master Landlord and Sublandlord negotiate a voluntary termination of the Master Lease, then as long as the Master Landlord and Subtenant have entered into a direct lease of the Sublease Premises, this Sublease shall terminate concurrently therewith and Sublandlord shall be relieved of its obligations, and released of all liability, accruing under this Sublease from and after the effective date of such lease, whereupon Subtenant shall attorn directly to the Master Landlord.

(e) **Change of Control**. Subtenant may assign this Sublease or sub-sublet any portion of the Sublease Premises without Sublandlord's consent (but subject to any Master Landlord consent rights under the Master Lease) to (i) any successor of Subtenant resulting from an acquisition of all or substantially all of Subtenant's assets or a merger or consolidation of Subtenant and (ii) any Affiliate of Subtenant (as hereinafter defined) whose net worth is equal to or greater than the net worth of Subtenant as of the date hereof, provided that Subtenant provides Sublandlord at least thirty (30) days prior notice of such assignment or subletting pursuant to either of the foregoing clauses (i) or (ii). As used herein, the term "**Affiliate of Subtenant**" shall mean and refer to any entity controlled by, controlling or under common control with Subtenant.

6. **Alterations**. Subtenant shall not make or suffer to be made any alterations, additions or improvements (collectively "**Alterations**") in, on, or to the Sublease Premises without the prior written consent of Sublandlord and Master Landlord. Subtenant shall notify Sublandlord (and Master Landlord, if applicable) not less than five (5) business days in advance of commencing construction of the Alterations so that Sublandlord and Master Landlord may post appropriate notices of non-responsibility. The term "**Alterations**" includes any alterations, additions or improvements made by Subtenant to comply with the ADA as required by Section 1(f) above. All Alterations must be constructed (a) in a good and workman-like manner using materials of a quality comparable to those on the Sublease Premises, (b) in conformance with all Laws, (c) only after all necessary permits, licenses and approvals have been obtained by Subtenant from appropriate governmental agencies, and (d) shall be diligently prosecuted to completion. Any contractor or other person making any Alterations must first be approved in writing by Sublandlord and Master Landlord and Sublandlord may require that all work be performed under Sublandlord's supervision. Subtenant's performance of Alterations shall be coordinated with any work being performed by Master Landlord and Sublandlord in such manner as to maintain harmonious labor relations and not to damage the Premises, the Building or Lot or interfere with the Premises, Building or Lot operations. Except where precluded by terms of the Master Lease and Master Landlord's rights in and to any Alterations to any of the Sublease Premises, upon the expiration or sooner termination of this Sublease, Subtenant shall,

upon demand by Sublandlord, at Subtenant's sole cost and expense, promptly remove any Alterations made or paid for by Subtenant and repair and restore the Sublease Premises to their original condition, ordinary wear and tear excepted; provided, however, Subtenant shall have no obligation to remove any Alterations which were not identified for removal at the time Master Landlord or Sublandlord gave its consent thereto.

Subtenant will keep the Sublease Premises and the Building free from any liens arising out of any work performed, materials furnished, or obligations incurred by Subtenant. If a lien is filed, Subtenant will discharge the lien or post a bond within ten (10) days after receiving notice thereof. Sublandlord has the right to post and keep posted on the Sublease Premises any notices that may be provided by law or which Sublandlord may deem to be proper for the protection of Sublandlord, the Sublease Premises and the Building from such liens. Subtenant shall promptly reimburse to Sublandlord as additional rent hereunder, any fees or charges imposed on Sublandlord under the Master Lease by virtue of Subtenant's proposal or performance of any Alterations.

7. **Indemnity**.

(a) **Subtenant Indemnity**. Subtenant shall indemnify, defend (by counsel acceptable to Sublandlord and Master Landlord in their sole discretion), protect and hold Sublandlord and Master Landlord and their respective directors, officers, shareholders, partners, members, employees, contractors, assigns and mortgagees harmless from and against any and all liabilities, claims, demands, losses, damages, costs and expenses (including reasonable attorneys' fees) arising out of or relating to (i) the use or occupancy of the Sublease Premises by Subtenant or its Agents or anyone claiming by, through or under Subtenant; (ii) the failure by Subtenant or anyone claiming by, through or under Subtenant to comply with any term, condition, or covenant of this Sublease or the Master Lease incorporated herein, including, without limitation, Subtenant's obligation to surrender the Sublease Premises in the condition herein required; (iii) the negligence or willful misconduct of Subtenant, its Agents or anyone claiming by, through or under Subtenant; (iv) the existence of Hazardous Materials (as hereinafter defined) on, under or about the Sublease Premises to the extent caused, stored, released, discharged or introduced by Subtenant or its Agents; (v) the death of or injury to any person or damage to any property in the Sublease Premises (except to the extent caused by the negligence or willful misconduct of Sublandlord or Master Landlord); or (vi) the death of or injury to any person or damage to any property on or about the Master Premises to the extent caused by the negligence, recklessness or willful misconduct of Subtenant or its Agents.

(b) **Sublandlord Indemnity**. Sublandlord shall indemnify, defend (by counsel acceptable to Subtenant), protect and hold Subtenant and its assigns harmless from and against any and all liabilities, claims, demands, losses, damages, costs and expenses (including attorneys' fees) arising out of or relating to: (i) the existence of Hazardous Materials (as hereinafter defined) on, under or about the Sublease Premises to the extent introduced upon the Sublease Premises by Sublandlord, its agents, employees, contractors, licensees, subtenants or invitees prior to the Commencement Date; or (ii) the death of or injury to any person or damage to any property occurring outside the Sublease Premises to the extent caused by the negligence, recklessness or willful misconduct of Sublandlord or its agents, employees, contractors, licensees, subtenants or invitees (other than Subtenant).

(c) In the event that an indemnified party's negligence, recklessness or willful misconduct contributed to cause the injury or damage for which a claim of indemnity is asserted against an indemnifying party hereunder, the damages and expenses (including, without limitation, reasonable attorneys' fees) shall be allocated or reallocated, as the case may be, between the indemnified party and the indemnifying party in such proportion as appropriately reflects the relative fault of the two parties, and the liability of the indemnifying party shall be proportionally reduced. The foregoing indemnification obligations are conditioned on the indemnified party promptly notifying the indemnifying party in writing after any of the indemnified parties receives notice of a claim or loss for which indemnification is or may be sought under this Lease. Failure to provide such notice will relieve the indemnifying party of its indemnity obligations to the extent that such failure prejudices the indemnifying party. The indemnifying party will have the right to control, in a manner not adverse to the indemnified parties, the defense and settlement of any claims. The indemnified parties may employ counsel, at their own expense, with respect to any such claim (provided that if counsel is employed due to a conflict of interest or because the indemnifying party does not assume control of the defense, the indemnifying party will bear such expense). The indemnifying party will not admit liability or enter into any settlement of a claim that adversely affects the indemnified parties' rights or interests without the indemnified parties' prior written approval. The indemnifications set forth in this Article 7 shall survive the expiration or earlier termination of this Sublease with respect to any claims or liability occurring prior to such expiration or termination.

(d) Notwithstanding anything in this Sublease to the contrary, neither Subtenant nor any Subtenant Party (as defined in paragraph 12 herein) shall under any circumstances be liable for any exemplary, punitive, consequential or indirect damages (or for any interruption of or loss to business), provided, that, (i) damages owed by Sublandlord to Master Landlord or its lender, or any successors and assigns to Master Landlord or its lender, and (ii) losses of rent suffered by Subtenant and any claims raised by a proposed subtenant with respect to the Sublease Premises or the Temporary Premises due to Subtenant holding over shall be deemed direct damages for purposes of this subparagraph.

8. **Insurance**.

(a) **Subtenant Compliance with Insurance Requirements**. Subtenant shall not, directly or indirectly, make any use of the Sublease Premises which may be dangerous to person or property or which may jeopardize any insurance coverage or may increase the cost of insurance or require additional insurance coverage. If, by reason of any activity allowed by Subtenant in the Sublease Premises, any insurance coverage is jeopardized or insurance premiums are increased, Sublandlord shall require Subtenant to make immediate payment of such increased insurance premium and upon payment of such premium Subtenant shall not be deemed in default hereunder. Subtenant may not self-insure against any risks required herein to be covered by insurance.

(b) **Subtenant's Use of Consultants and Contractors**. In the event Subtenant utilizes the services of consultants and/or contractors at the Sublease Premises, Subtenant shall at its option either require such consultants and contractors to carry the minimum insurance detailed below, or provide in Subtenant's insurance policies for insurance coverage for all such consultants and contractors with the same minimum insurance requirements detailed below.

Sublandlord reserves the right to request from Subtenant copies of such consultants' and contractors' certificates (to the extent such persons are not covered under Subtenant's insurance policies) when deemed necessary.

(c) **Policy Requirements**. The policies carried by Subtenant as required below shall be (i) shall be written by companies licensed to do business in the state in which the Sublease Premises are located and have a General Policyholder's rating of at least A:VIII as set forth in the most current issue of Best's Insurance Guide, (ii) not be invalidated or reduced by the acts or omissions of other insureds, or by any breach, violation or misrepresentation of any warranties, declarations or conditions in such policy, (iii) name Master Landlord, Sublandlord and any other additional insureds required to be named in Sublandlord's insurance policies under the Master Lease, and their respective subsidiaries, affiliates, successors and assigns (and all such parties' respective officers, directors, shareholders, employees and agents) as additional insureds, and (iv) endorsed to stipulate that Subtenant's insurance shall be primary to and noncontributory with any and all other insurance maintained or otherwise afforded to Sublandlord or Master Landlord, and any other additional insureds required to be named in Sublandlord's insurance policies under the Master Lease, or their respective subsidiaries, affiliates, successors and assigns (and all such parties' respective officers, directors, shareholders, employees and agents). The insurance policies required herein shall also comply with the standards for insurance coverage set forth in the Master Lease, except that the public liability insurance limits shall be as set forth in subparagraph (f) below.

(d) **Waiver of Subrogation**. To the extent permitted by law, and without affecting the coverage provided by insurance to be maintained hereunder, Subtenant and its respective insurers waive all rights of recovery or subrogation against Sublandlord and Master Landlord, and their officers, directors, employees, agents, and insurers for (i) damages for injury to or death of persons; (ii) damage to property; (iii) damage to the Sublease Premises or any part thereof; and (iv) claims arising by reason of the foregoing due to hazards covered by insurance, to the extent of proceeds recovered therefrom. This provision is intended to waive fully, and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation in favor of any insurance carrier. The coverage obtained by Subtenant pursuant to this Sublease shall include, without limitation, a waiver of subrogation by the carrier which conforms to the provisions of this paragraph. If the insurance cannot be obtained without undue expense, the other party may purchase such coverage for the other at its own expense.

To the extent permitted by law, and without affecting the coverage provided by insurance to be maintained hereunder, Sublandlord and its respective insurers waive all rights of recovery or subrogation against Subtenant, and its officers, directors, employees, agents, and insurers for (i) damages for injury to or death of persons; (ii) damage to property; (iii) damage to the Master Premises or any part thereof; and (iv) claims arising by reason of the foregoing due to hazards covered by insurance, to the extent of proceeds recovered therefrom. This provision is intended to waive fully, and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation in favor of any insurance carrier. Sublandlord's insurance coverage shall include, without limitation, a waiver or subrogation by the carrier which conforms to the provisions of this paragraph. If the insurance cannot be obtained without undue expense, the other party may purchase such coverage for the other at its own expense.

(e) **Certificates of Insurance**. Certificates of insurance for all insurance required hereby shall be furnished by Subtenant to Sublandlord and Master Landlord before the Commencement Date and thereafter at least thirty (30) days prior to each cancellation, non-renewal or material reduction in coverage that causes the insurance to no longer meet the requirements of this Sublease. The insurance certificates required hereby shall provide that the insurance carrier shall endeavor to provide the certificate holders with at least ten (10) days notice prior to the cancellation, non-renewal or adverse material change in any policy covered thereby and shall otherwise be acceptable in form and substance to Sublandlord, but any acceptance of insurance certificates by Sublandlord shall not limit or relieve Subtenant of its obligations under this Section 8. If any policy of insurance required to be maintained by Subtenant pursuant to this Sublease is canceled or non-renewed, Subtenant shall promptly replace the policy with a substantially similar policy from an insurer with an A.M. Best's Insurance Rating of A:VIII or better, and Subtenant will provide evidence of same to Sublandlord.

(f) **Subtenant's Insurance Policies**. Subtenant shall, at its own expense, at all times during the Sublease Term provide and maintain in effect those insurance policies and minimum limits of coverage as designated below (provided, that should Master Landlord require an increase in Sublandlord's general liability insurance coverage, Subtenant shall be required to increase the general liability insurance coverage required hereunder by a similar percentage amount) or by law of the State in which the Sublease Premises are located.

(i) **Workers' Compensation and Employer's Liability Insurance**. Subtenant shall carry Workers' Compensation insurance as required by any applicable law or regulation and, in accordance with the provisions of all applicable Laws. Subtenant shall carry Employer's Liability insurance with a limit of $1,000,000.

(ii) **"All Risk" Insurance**. Subtenant shall carry "all risk" property insurance, including fire, lightning, vandalism, malicious mischief, and extended perils, on any Alterations (excluding Subtenant Improvements) and all property owned by Subtenant or for which Subtenant is legally liable, or which is located within the Sublease Premises, on a full replacement cost basis. Such coverage shall include business interruption coverage for a period of not less than six (6) months. Master Landlord, Sublandlord and any other additional insureds required to be named in Sublandlord's insurance policies under the Master Lease, and their respective subsidiaries, affiliates, successors and assigns (and all such parties' respective officers, directors, shareholders, employees and agents) shall be included as loss payees on such coverage, as their interests may appear.

(iii) **Commercial General Liability Insurance**. Subtenant shall carry Commercial General Liability insurance having a single limit of no less than $1,000,000 per occurrence or per claim and $2,000,000 in the annual aggregate. Such insurance shall provide coverage for (a) bodily injury, property damage, personal injury and advertising injury, (b) contractual liability, not only for bodily injury and property damage but also for personal injury and advertising injury, and (c) cross liability. If such insurance is maintained on a claims-made basis, then such insurance shall be

maintained for an additional period of three (3) years after termination of this Sublease and any extension thereof.

(iv) **Umbrella Liability and/or Excess Liability Insurance**. Subtenant shall maintain Umbrella Liability and/or Excess Liability insurance with limits of no less than $3,000,000 per occurrence or per claim, excess of the limits provided by the required Employer's Liability, Commercial General Liability, and Automobile Liability insurance. The coverage terms of the Umbrella Liability and/or Excess Liability insurance must be at least as broad as the underlying Employer's Liability, Commercial General Liability and Automobile Liability insurance. The Umbrella Liability and/or Excess Liability insurance shall provide contractual liability coverage. If Subtenant maintains such insurance on a claims-made basis, then Subtenant shall continue to maintain such coverage for a period of three (3) years after termination of this Sublease and any extension thereof.

(v) **Automobile Liability Insurance**. Subtenant shall carry Business Automobile Liability insurance covering all owned, rented (hired) or non-owned vehicles used in connection with this Lease or the Premises. Such insurance shall have limits of $1,000,000 each accident for bodily injury and property damage.

9. **Signage**. Subtenant shall not place on any portion of the Sublease Premises any sign, placard, lettering in or on windows, banners, displays or other advertising or communicative material which is visible from the exterior of the Sublease Premises without the prior written approval of Sublandlord, which shall not be unreasonably withheld, and, if required, from Master Landlord in accordance with the Master Lease; provided, however, that subject to compliance with the terms of this Sublease and the Master Lease, Subtenant shall have the right, at its sole cost and expense, to install suite identification signage in the main lobby of the Building and on the floors on which the Sublease Premises is located and identification signage on the monument sign for the Building subject to Master Landlord's sign criteria and Master Landlord's prior written approval, provided, however, that Subtenant's Building signage shall not interfere with Sublandlord's existing Building signage. All such approved signs shall strictly conform to all Laws. Subtenant shall maintain such signs in good condition and repair. If Subtenant fails to remove such signs upon the expiration or earlier termination of this Sublease, and repair any damage caused by such removal, Sublandlord may do so at Subtenant's expense, which expense, together with interest thereon at the Interest Rate shall be paid by Subtenant to Sublandlord upon demand.

10. **Hazardous Materials**. Subtenant shall strictly comply with Article V of the Master Lease to the extent such provisions relate to the Sublease Premises during the Sublease Term. Subtenant, at its sole cost and expense, shall be fully responsible for the storage and disposal of all Hazardous Materials used in, on or about the Building by the Subtenant or its Agents**.** Notwithstanding anything in this Sublease to the contrary, Subtenant shall have no liability to Sublandlord or responsibility under this Sublease for any Hazardous Materials in, on, under or about the Sublease Premises which were not released, discharged, stored or introduced by Subtenant or its Agents.

11. **Estoppel Certificates**. Subtenant will at any time upon not less than ten (10) business days' prior written notice from Sublandlord execute, acknowledge and deliver to Sublandlord a statement in writing (i) certifying that this Sublease is unmodified (or, if modified,

stating the nature of such modification) and is in full force and effect, the amount of any Security Deposit, and the date to which Rent are paid in advance, if any, (ii) acknowledging that there are not, to Subtenant's knowledge, any uncured defaults on the part of Sublandlord hereunder or of Master Landlord under the Master Lease, or specifying such defaults if any are claimed, and (iii) any other matters relating to the Sublease or the Sublease Premises as may be reasonably requested by Sublandlord. Any such statement may be conclusively relied upon by any prospective purchaser, transferee or encumbrancer of the Sublease Premises or of Sublandlord's interest in this Sublease.

12. **Events of Default**. If one or more of the following events ("**Event of Default**") occurs, such occurrence constitutes a breach of this Sublease by Subtenant (such events being in addition to, and superseding to the extent inconsistent with, the Events of Default set forth in the Master Lease):

(a) Subtenant fails to pay when due any Rent due hereunder and such failure shall continue for five (5) days after written notice thereof from Sublandlord;

(b) Subtenant fails to comply with any other provision of this Sublease in the manner and within the time required, and such failure continues for twenty (20) days after written notice thereof from Sublandlord, provided that if such failure cannot be cured within such twenty (20) day period, an Event of Default shall not be deemed to have occurred so long as (i) Subtenant commences such cure within such twenty (20) day period and diligently pursues such cure to completion, provided so that an "Event of Default" (as defined in the Master Lease) is not deemed to have occurred under the Master Lease;

(c) any other event occurs which involves Subtenant or the Sublease Premises and which would constitute an Event of Default under the Master Lease if it involved Sublandlord or the Master Premises;

(d) the occurrence of an Event of Default under the Master Lease which is the result of any act or omission of Subtenant or any person claiming by, through or under Subtenant or any of their respective employees, subtenants, licensees, agents, contractors and invitees (each, a "**Subtenant Party**"); or

(e) any purported or attempted Transfer of this Sublease or the Sublease Premises in contravention of this Sublease or the Master Lease; or

(f) Subtenant (i) files or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction; (ii) makes an assignment for the benefit of its creditors; (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property; or (iv) takes action for the purpose of any of the foregoing;

(g) A court or governmental authority of competent jurisdiction, without consent by Subtenant, enters an order appointing a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial portion of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other

petition in bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding up or liquidation of Subtenant, or if any such petition is filed against Subtenant and such petition is not dismissed within sixty (60) days; or

(h) This Sublease or any estate of Subtenant hereunder is levied upon under any attachment or execution and such attachment or execution is not vacated within sixty (60) days.

Upon the occurrence of an Event of Default, Sublandlord shall have, in addition to any other rights and remedies available to it under this Sublease and/or at law and/or in equity, any and all rights and remedies of Master Landlord set forth in the Master Lease as incorporated herein. All rights and remedies of Sublandlord herein enumerated shall be cumulative and none shall exclude any other right allowed by law or in equity and said rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises. If Subtenant shall have committed an Event of Default, then Sublandlord shall have the right, but not the obligation, without waiving or releasing Subtenant from any obligations hereunder, to cure such Event of Default in such manner and to such extent as Sublandlord shall deem necessary, and in exercising any such right, to pay or incur any reasonable costs and expenses (including, without limitation, attorneys' fees and costs) required in connection therewith which Subtenant shall pay to Sublandlord upon, together with interest thereon at the Interest Rate.

13. **Other Casualty; Eminent Domain**. In the event of a fire or other casualty affecting the Building or the Sublease Premises, or of a taking of all or a part of the Building or Sublease Premises under the power of eminent domain: (i) Sublandlord shall not have any obligation to repair or restore the Sublease Premises or any Alterations or personal property; (ii) Subtenant shall be entitled only to a proportionate abatement of Rent to the extent Sublandlord receives a corresponding abatement of rent under the Master Lease during the time and to the extent the Sublease Premises are unfit for occupancy for the purposes permitted under this Sublease and not occupied by Subtenant as a result thereof; (iii) Subtenant shall not, by reason thereof, have a right to terminate this Sublease unless the Master Lease shall be terminated or the Sublease Premises cannot reasonably be restored within one year following the casualty or taking event; and (iv) Sublandlord reserves the right to terminate the Master Lease and this Sublease in connection with any right granted to it under the Master Lease whether or not the Sublease Premises is damaged or the subject of a taking. In the event Master Landlord or Sublandlord exercises the right to terminate the Master Lease as the result of any such fire, casualty or taking, (a) Sublandlord shall provide Subtenant with a copy of the relevant termination notice and this Sublease shall terminate on the date upon which the Master Lease terminates and (b) Subtenant shall immediately pay to Sublandlord all of Subtenant's insurance proceeds relating to all Alterations (but not to Subtenant's personal property).

14. **Waiver of Claims**. Subtenant hereby releases and waives any and all claims against Master Landlord and Sublandlord and each of their respective officers, directors, partners, members, agents and employees for injury or damage to person, property or business of every kind, nature and description, sustained in or about the Building or the Sublease Premises by Subtenant or anyone claiming under Subtenant, other than by reason of the negligence or willful misconduct of Master Landlord or Sublandlord and except in any case which would render this release and waiver void under applicable law.

15. **Limit of Sublandlord's Liability**. Notwithstanding anything to the contrary contained in this Sublease, Sublandlord, its partners, members, officers, directors, employees, agents, servants and contractors (collectively, the "**Sublandlord Parties**"), shall not be liable for any damages or injury to person or property or resulting from the loss of use thereof sustained by Subtenant or any Subtenant Party, based on, arising out of, or resulting from, any cause whatsoever, including any due to the Building becoming out of repair, or due to the occurrence of any accident or event in or about the Building, or due to any act or neglect of any tenant or occupant of the building or any other person except to the extent due to Sublandlord's negligence or willful misconduct. Neither Sublandlord nor any Sublandlord Party shall under any circumstances be liable for any exemplary, punitive, consequential or indirect damages (or for any interruption of or loss to business).

16. **Miscellaneous**.

(a) **Attorneys' Fees**. In the event of any litigation or arbitration between Sublandlord and Subtenant, whether based on contract, tort or other cause of action or involving bankruptcy or similar proceedings, in any way related to this Sublease, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including arbitration proceedings, any appeals and the enforcement of any judgment or award). Any fees and cost incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment.

(b) **Authority**. Each person executing this Sublease on behalf of a party hereto represents and warrants that he or she is authorized and empowered to do so and to thereby bind the party on whose behalf he or she is signing.

(c) **Brokerage Commissions**. Sublandlord shall pay a commission to Broker in connection with this Sublease transaction pursuant to Sublandlord's separate agreement with Broker. Except for Broker, each of Subtenant and Sublandlord warrants and represents to the other that it has dealt with no other broker or agent in connection with this Sublease transaction. Each of Sublandlord and Subtenant agrees to indemnify, defend and save harmless the other and Master Landlord from any and all costs, expenses, attorneys' fees, charges or liability arising out of any claim by any broker or agent, other than the Broker, as a result of such party's conversations, correspondence, other dealings or actions in connection with this Sublease.

(d) **Captions**. All captions and headings in this Sublease are for the purposes of reference and convenience and shall not limit or expand the provisions of this Sublease.

(e) **Counterparts**. This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall comprise but a single instrument.

(f) **Entire Agreement**. This Sublease and the applicable portions of the Master Lease contained by reference herein, contain all of the covenants, conditions and agreements between the parties concerning the Sublease Premises, and shall supersede any and all prior

correspondence, agreements and understandings concerning the Sublease Premises, both oral and written. No addition or modification of any term or provision of this Sublease shall be effective unless set forth in writing and signed by both Sublandlord and Subtenant.

(g) **Notices**. Any notice required or desired to be given regarding this Sublease shall be in writing and may be given by personal delivery, reputable next-day courier service, or by certified or registered mail. A notice shall be deemed to have been given (i) on the third business day after mailing if mailed, postage prepaid, return receipt requested addressed to the party to be served at its address specified in the Defined Terms, and (ii) when delivered or refused if given by personal delivery or courier service. Copies of notices of defaults under this Sublease shall be concurrently provided to Master Landlord at the address set forth in the Master Lease. Either party may change its address by giving notice of the same in accordance with this Section (g).

(h) **Governing Law**. This Sublease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Subtenant hereby consents to the personal jurisdiction and venue of any State court located in the county in which the Building is located.

(i) **Exhibits**. All exhibits and any schedules or riders attached to this Sublease are incorporated herein by this reference and made a part hereof, and any reference in the body of the Sublease or in the exhibits, schedules or riders to the Sublease shall mean this Sublease, together with all exhibits, schedules and riders.

(j) **Waiver of Trial by Jury**. SUBTENANT AND SUBLANDLORD HEREBY WAIVE ANY AND ALL RIGHTS IT MAY HAVE UNDER APPLICABLE LAW TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH THIS SUBLEASE OR THE SUBLEASE PREMISES. NOTHING CONTAINED IN THIS SECTION (j) SHALL BE CONSTRUED AS A WAIVER BY MASTER LANDLORD OF ANY OF ITS RIGHTS TO TRIAL BY JURY IN CONNECTION WITH THE MASTER LEASE OR SUBLEASE FOR ANY CLAIMS OR CAUSES OF ACTION SO TRIABLE.

(k) **Successors and Assigns**. Subject to the provisions of this Sublease and the Master Lease relating to assignment and subletting, this Sublease shall be binding upon, and shall inure to the benefit of the parties' respective representatives, successors and assigns. No sublandlord of the Temporary Premises or Sublease Premises shall be liable under this Sublease except for breaches of Sublandlord's obligations occurring while sublandlord of the Temporary Premises or Sublease Premises, as applicable. Without limiting the generality of the foregoing, upon any assignment of this Sublease and the Security Deposit by Vertex Pharmaceuticals Incorporated to an Affiliate of Sublandlord or a third party, Vertex Pharmaceuticals Incorporated shall have no further liability or obligation arising pursuant to this Sublease after the date of such assignment. No member, partner, trustee, stockholder, officer, director, employee or beneficiary (or the members, partners, trustees, stockholders, officers, directors or employees of any such member) of Sublandlord shall be personally liable under this Sublease and the general assets of the members, partners, trustees, stockholders, officers, directors, employees or beneficiaries (and the members, partners, trustees, stockholders, officers, directors or employees of any such

member) of Sublandlord shall not be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Subtenant; provided that the foregoing provisions of this sentence shall not constitute a waiver of any obligation evidenced by this Sublease and provided further that the foregoing provisions of this sentence shall not limit the right of Subtenant to name Sublandlord or any member thereof as party defendant in any action or suit in connection with this Sublease so long as no personal money judgment shall be asked for or taken against any such member or any individual partner, trustee, stockholder, officer, employee or beneficiary of Sublandlord or any such member.

(l) **Access**. Sublandlord reserves the right to enter the Sublease Premises upon reasonable prior written or oral notice to Subtenant (except that in case of emergency no notice shall be necessary) in order to inspect the Sublease Premises and/or the performance by Subtenant of the terms of this Sublease or to exercise Sublandlord's rights or perform Sublandlord's obligations hereunder. Subtenant shall permit Sublandlord and Sublandlord's agents and representatives to enter into and upon any part of the Temporary Premises at reasonable hours upon reasonable prior written or oral notice to Subtenant to show the Temporary Premises to prospective mortgagees, insurers, or tenants. Subtenant shall also permit Sublandlord and Sublandlord's agents and representatives to enter into and upon any part of the Sublease Premises at reasonable hours upon reasonable prior written or oral notice to Subtenant to show the Sublease Premises to prospective mortgagees, insurers, or in the last twelve (12) months of the Sublease Term, tenants.

(m) **Time**. Time is of the essence of every provision of this Sublease.

(n) **Office of Foreign Asset Control**. Subtenant warrants and represents to Sublandlord that Subtenant is not, and shall not become, a person or entity with whom Sublandlord is restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental actions, and Subtenant shall at all times be in compliance with all applicable orders, rules, regulations and recommendations of OFAC and other governmental agencies.

(o) **Master Landlord's Consent**. The effectiveness of this Sublease is conditioned upon receipt of Master Landlord's Consent. Notwithstanding anything in this Sublease to the contrary, in the event Master Landlord's Consent is not received within thirty (30) days after the date of this Sublease, or such later date or Sublandlord and Subtenant may agree in writing, this Sublease shall automatically become null and void, in which case Sublandlord shall return any Security Deposit and prepaid Rent to Subtenant.

(p) **Notice of Sublease**. At the requires of either party, Sublandlord and Subtenant will execute and record a notice of sublease pursuant to M.G.L. c.183, § 4.

IN WITNESS WHEREOF, Sublandlord and Subtenant have duly executed this Sublease as of the day and year first above written.

SUBLANDLORD:		**SUBTENANT:**	
VERTEX PHARMACEUTICALS INCORPORATED		**MOMENTA PHARMACEUTICALS, INC.**	
By:	/s/Kenneth S. Boger	By:	/s/Richard P. Shea
Name:	Kenneth S. Boger	Name:	Richard P. Shea
Title:	Senior Vice President & General Counsel	Title:	Vice President, Treasurer & CFO
By:		By:	
Name:		Name:	
Title:		Title:	

Schedule 1

Rent

Fixed Rent:

Premises:	Rental Period:	Annual Rent Per Rentable Square Foot:	Annual Fixed Rent:	Payable in Monthly Installments:
(i) Temporary Premises ("Temporary Premises Fixed Rent")	From the Temporary Premises Rent Commencement Date through the date immediately preceding the Sublease Premises Commencement Date	$ [**]	$ [**]	$ [**]
(ii) Sublease Premises ("Sublease Premises Fixed Rent")	(a From the Sublease Premises Rent Commencement Date through April 30, 2006)	$ [**]	$ [**]	$ [**]
	(b) From May 1, 2006 through April 30, 2011	$ [**]	$ [**]	$ [**]

The Annual Rent and Monthly Rent for the Sublease Premises shall be subject to adjustment based on changes in the rentable square footage determined by remeasurement of the Sublease Premises in accordance with Section 1(l).

EXHIBIT A

MASTER LEASE

EXHIBIT B

TEMPORARY PREMISES

EXHIBIT C-1 & C-2

SUBLEASE PREMISES

EXHIBIT D

PRELIMINARY PLANS FOR TEMPORARY PREMISES IMPROVEMENTS

EXHIBIT E

Form of Letter of Credit

EXHIBIT F

FORM OF COMMENCEMENT DATE AGREEMENT

COMMENCEMENT DATE AGREEMENT

THIS COMMENCEMENT DATE AGREEMENT ("**Agreement**") is entered into as of this day of , 20 by and between **VERTEX PHARMACEUTICALS INCORPORATED** ("**Sublandlord**") and **MOMENTA PHARMACEUTICALS, INC.** ("**Subtenant**").

W I T N E S S E T H:

1. This Agreement is made pursuant to Section 1(a) of that certain Sublease dated as of , 20 , between Sublandlord and Subtenant (the "**Sublease**").

2. It is hereby stipulated that the Commencement Date, as defined in the Sublease, is , 20 and the Term of the Sublease shall expire on , 20 as set forth and provided for in the Sublease.

[OPTIONAL:

3. It is hereby stipulated that the Rent Commencement Date, as defined in the Sublease, is , 20 .

4. It is hereby stipulated that the Sublease Premises contain rentable square feet.

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

SUBLANDLORD:

VERTEX PHARMACEUTICALS INCORPORATED

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SUBTENANT:

MOMENTA PHARMACEUTICALS, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT TI
INITIAL SUBTENANT IMPROVEMENTS

Sublandlord and Subtenant agree as follows with respect to the Subtenant Improvements to be installed in the Sublease Premises:

1. Plans and Specifications.

(a) Preliminary Working Plans.

(i) No later than September 30, 2004, Subtenant shall provide Sublandlord with progress prints, including development drawings and an equipment matrix with adequate information for Sublandlord to prepare a permit application for submission to the municipality to undertake the Subtenant Improvements ("Permit Plans"). The cost of such Permit Plans shall be paid by Subtenant, subject to reimbursement by Sublandlord as part of Sublandlord's Contribution (as defined below). Sublandlord shall be responsible for having mechanical, electrical and plumbing engineering design prepared for the Subtenant Improvements ("MEP Design").

(ii) Within five (5) business days after receipt of comments or a request for additional information from Sublandlord with respect to the Permit Plans, Subtenant shall respond to such comments or provide such additional information to Sublandlord as necessary in order for Sublandlord to obtain permits necessary to complete the Subtenant Improvements. Within five (5) business days after Subtenant's receipt of draft preliminary MEP Design, Subtenant shall provide Sublandlord with comments on the MEP Design.

(iii) No later than October 29, 2004, Subtenant shall submit to Sublandlord a complete set of design development drawings including architectural layout, equipment locations, and equipment matrix ("Preliminary Working Plans"). Such Preliminary Working Plans shall be subject to Sublandlord's approval (which Sublandlord shall not unreasonably withhold or delay if such Preliminary Working Plans are consistent with the Permit Plans) and Master Landlord's approval if required under the Master Lease. If disapproved by Sublandlord and/or Master Landlord, Subtenant shall cause its architect to revise such Preliminary Working Plans pursuant to Sublandlord's and/or Master Landlord's comments and deliver to Sublandlord and Master Landlord, within five (5) business days after receipt by Subtenant of such comments, revised Preliminary Working Plans noting the changes. The cost of such Preliminary Working Plans, and required revisions, shall be paid by Subtenant, subject to reimbursement by Sublandlord as part of Sublandlord's Contribution (as defined below). Such working drawings when approved by Sublandlord and Master Landlord (as applicable) are referred to herein as the "Working Plans".

(b) Cooperation. Subtenant and Sublandlord shall cooperate with the other's architect, engineer or space planner as promptly as possible and in any event in sufficient time to cause the Working Plans to be prepared and timely delivered as hereinabove required.

(c) No Representations. Neither review nor approval by Sublandlord of any of the Working Plans shall constitute a representation or warranty by Sublandlord that such Working Plans either (i) are complete or suitable for their intended purpose or (ii) comply with applicable laws, ordinances, codes and regulations, it being expressly agreed by Subtenant that Sublandlord assumes no responsibility or liability whatsoever to Subtenant or to any other person or entity for such completeness, suitability or compliance.

2. Construction of Subtenant Improvements.

(a) Construction Budget. Promptly after Sublandlord and Master Landlord have approved the Working Plans, Sublandlord shall obtain a proposed construction budget estimate for the Subtenant Improvements from William A. Berry & Son, Inc., to perform Subtenant Improvements ("Sublandlord's Contractor") and shall provide the proposed budget estimate to Subtenant. Subtenant shall have five (5) days to review and provide comments on such proposed budget estimate including any reductions in the scope of work that Subtenant desires to reduce the proposed budget estimate.

(b) Construction by Sublandlord. After Subtenant review and comment on the proposed budget estimate, Sublandlord shall have Sublandlord's Contractor finalize the budget and Sublandlord shall then obtain a bid from Sublandlord's Contractor. Sublandlord's Contractor shall obtain at least three (3) bids for each trade comprising the Subtenant Improvements. Subtenant may provide Sublandlord with the name of one qualified subcontractor from each trade to invite to bid. Sublandlord shall review all bids with Subtenant with respect to the costs of each trade and Sublandlord's Contribution (as defined below), but Sublandlord shall have the final authority to accept or reject any subcontractor bid; provided, that if Sublandlord does not select the lowest bidder Sublandlord will bear the incremental costs of the higher bidder if and to the extent selection of such bidder causes the Sublandlord's Contribution to be exceeded. Sublandlord shall also promptly apply for all permits necessary to undertake Subtenant Improvements. Promptly thereafter, and upon Subtenant and Sublandlord reaching agreement as to the total Subtenant Improvements Costs as provided in Paragraph 3(b) below, Sublandlord shall cause Sublandlord's Contractor to perform the Subtenant Improvements in a good and workmanlike manner. Subtenant may engage, at its sole cost and expense, a representative that may participate in weekly meetings with Sublandlord and Sublandlord's Contractor.

(c) Additional Work. Except to the extent described herein, Sublandlord has no obligation to do or pay for any other work to the Sublease Premises (or any plans or specifications relating thereto) other than Subtenant Improvements. Any other work in the Sublease Premises that Subtenant may request and that Sublandlord may permit shall be done by Subtenant at Subtenant's sole cost and expense and in accordance with the terms and conditions set forth in the Sublease ("Additional Work").

3. Cost of the Subtenant Improvements And Allowance.

(a) Subtenant Improvements Cost. The costs of Subtenant Improvements ("Subtenant Improvements Costs") shall include all costs and expenses incurred by Sublandlord in preparing (or reimbursing Subtenant for) the Permit Plans, MEP Design, Preliminary Working Plans, Working Plans and performing Subtenant Improvements, including without limitation;

(i) All costs incurred by Sublandlord in connection with preparation, review and approval of the Permit Plans, MEP Design, Preliminary Working Plans, Working Plans (and plans and specifications for Additional Work, if any);

(ii) All costs of obtaining building permits and other necessary authorizations from the applicable governmental authority; and

(iii) All direct and indirect costs of procuring and installing Subtenant Improvements including without limitation Sublandlord's Contractor's fee for overhead and profit, and the cost of Sublandlord's Contractor's on-site supervisory and administrative staff provided in connection with construction of Subtenant Improvements and Additional Work, if any, all permit and inspection fees and charges, and any costs incurred by or charged to Sublandlord for (1) unforeseen field conditions, (2) substitution of materials or finishes due to the unavailability of materials or finishes specified in the Working Plans (and plans and specifications for Additional Work, if any) that would materially delay substantial completion of Subtenant Improvements and Additional Work, if any, (3) necessary modification of any portions of the Building or its systems to accommodate Subtenant Improvements and Additional Work, if any, and (iv) any changes to comply with applicable laws, regulations, codes or ordinances and/or the requirements of any building inspector with jurisdiction over Subtenant Improvements and Additional Work, if any.

(b) Cost of Subtenant Improvements. Sublandlord shall pay up to a maximum of [**] Dollars per rentable square foot of the Sublease Premises toward Subtenant Improvements Costs ("Sublandlord's Contribution"). Subtenant shall pay Sublandlord, as additional rent under the Sublease due within ten (10) days after invoice from Sublandlord according to the schedule described below, (i) all Subtenant Improvements Costs in excess of Sublandlord's Contribution, (ii) all Subtenant Improvements Costs attributable to Additional Work, and (iii) all Subtenant Improvements Costs arising due to the negligence or willful misconduct of Subtenant (all such amounts being referred to as "Subtenant's Contribution"). Subtenant's Contribution shall be paid to Sublandlord as follows: 25% with the authorization to proceed; 50% once the Subtenant Improvements are 50% Substantially Complete; and 25% once the Subtenant Improvements are Substantially Complete. If Subtenant Improvements Cost is less than Sublandlord's Contribution, Subtenant shall not be entitled to any credit or payment for said unused amounts. The parties acknowledge that the scope of the Subtenant Improvements is not expected to exceed Sublandlord's Contribution and that, in the event that the Subtenant Improvements Costs exceed Sublandlord's Contribution, at Subtenant's request, the parties shall cooperate to change the scope of the Subtenant Improvements within the time frames set forth in paragraphs 1 and 2 above so as to reduce the Subtenant Improvements Costs. At such time, Sublandlord shall

provide cost information as reasonably necessary to facilitate such change of scope. Subtenant agrees, within seven (7) days after final agreement with Sublandlord of the Subtenant Improvements Costs, to execute and deliver to Sublandlord, in the form then in use by Sublandlord, an authorization to proceed with Subtenant Improvements.

4. Substantial Completion And Subtenant Delay

(a) Substantial Completion. At such time as Sublandlord considers the Subtenant Improvements to be substantially completed, Sublandlord or Sublandlord's representative will schedule a walk-through of the Sublease Premises with Subtenant or Subtenant's representative. During such walk-through, Sublandlord or Sublandlord's representative along with Subtenant or Subtenant's representative will prepare a list of minor finish-out and punch list items to be completed (the "Punch List"). Sublandlord shall cause Sublandlord's Contractor to complete and/or correct all items on the Punch List promptly after Sublandlord receives the Punch List and shall give Subtenant written notice when all of the items on the Punch List have been completed and/or corrected. Any items not on the Punch List which could have, with reasonable diligence, been discovered by Subtenant or Subtenant's representative and included on the Punch List shall be deemed accepted by Subtenant, and any items not on the Punch List which could not have, with reasonable diligence, been discovered by Subtenant or Subtenant's representative and included on the Punch List and are thereafter discovered by Subtenant within thirty (30) days after Substantial Completion shall be corrected by Sublandlord's Contractor promptly after Sublandlord receives notice of the same from Subtenant. If Subtenant and/or Subtenant's representative fails to appear for such inspection, Subtenant shall be deemed to have agreed that no items exist that are incomplete or require correction which could have, with reasonable diligence, been discovered by Subtenant or Subtenant's representative had Subtenant and/or Subtenant's representative appeared at the inspection, and therefore Subtenant Improvements has been completed and Sublandlord shall not be required to complete or correct any such items which may in fact exist; or at Sublandlord's election, Sublandlord or Sublandlord's representative may prepare and approve the Punch List on Subtenant's behalf. Subtenant Improvements (which for purposes of determining substantial completion may exclude, at Sublandlord's election, any Additional Work) shall be considered "Substantially Complete" for all purposes under this Exhibit TI and the Sublease when: (i) the applicable governmental authority issues a temporary or permanent certificate of occupancy for the Sublease Premises, or (ii) Subtenant first takes occupancy of the Sublease Premises for the conduct of its business, whichever first occurs.

(b) Subtenant Delay. There shall be no extension of the Sublease Premises Rent Commencement Date of the Sublease if the Subtenant Improvements have not been substantially completed by reason of any delay caused by Subtenant, its agents, employees or contractors ("Subtenant Delay"), including without limitation, any delay arising as a result of:

(i) Subtenant's failure to devote the time or furnish the information required under Paragraphs 1 or 2 hereof or respond within the time periods required under Paragraphs 1 or 2 hereof or Subtenant's failure to approve cost estimates for Subtenant Improvements and, if applicable, Subtenant's Contribution, within the time periods specified in Paragraphs 2(b) and 3(b) hereof; or

(ii) Subtenant's changes in Subtenant Improvements or in the Working Plans after initial approval (notwithstanding Sublandlord's approval of any such changes*)*;

(iii) Failure by Subtenant to procure key critical path items identified by Sublandlord or Sublandlord's Contractor; or

(iv) Any other act or omission by Subtenant, its agents, employees or contractors;

5. Access By Subtenant Prior To Completion Of Subtenant Improvements.

(a) Conditions of Entry. Sublandlord shall permit Subtenant, its agents, employees and contractors to enter the Sublease Premises thirty (30) days prior to the date specified as the Sublease Premises Rent Commencement Date of the Sublease in order that Subtenant may make the Sublease Premises ready for Subtenant's use and occupancy. Such entry shall constitute a license only and not a lease, and such license shall be conditioned upon Subtenant, its agents, employees and contractors working in harmony and not interfering with Sublandlord and Sublandlord's agents, contractors, workmen, mechanics, and suppliers in doing Subtenant Improvements or any other work in the Sublease Premises or the Building or with other Subtenants and occupants of the Building. Sublandlord shall have the right to withdraw such license for cause upon twenty-four (24) hours' written notice to Subtenant. Subtenant agrees that any such entry into and occupation of the Sublease Premises shall be deemed to be under all of the terms, covenants, and provisions of the Sublease except as to the covenant to pay Rent. Subtenant further agrees that it shall be solely responsible for the safety of any such work performed, that Sublandlord shall not be liable in any way for any injury, loss, or damage that may occur to any of Subtenant's property placed or installations made in the Sublease Premises prior to the Sublease Premises Rent Commencement Date or to Subtenant, its agents, employees or contractors, the same being at Subtenant's sole risk. Subtenant agrees to protect, defend, indemnify, and save harmless Sublandlord from all liabilities, costs, damages, fees, and expenses arising out of or in connection with the activities of Subtenant or its agents, employees, contractors, suppliers, or workmen in or about the Sublease Premises or the Building.

(b) Insurance. In the event Subtenant employs contractors to do work in the Sublease Premises, Subtenant shall cause all such contractors to secure and pay for Workmen's Compensation, Employer's Liability Insurance, and Comprehensive General Liability Insurance in forms and amounts acceptable to Sublandlord. All policies shall be endorsed to include Sublandlord and its employees and agents as additional insured parties. Certificates of insurance for such policies, in a form acceptable to Sublandlord, shall be delivered to Sublandlord prior to Subtenant's contractors commencing any work in the Sublease Premises. If Subtenant's contractors perform work on the Sublease Premises, Subtenant shall obtain full and final lien waivers from its contractors and their subcontractors covering all work performed for Subtenant, in a form acceptable to Sublandlord, and provide to Sublandlord copies of same.

(c) Ingress and Egress. All persons and entities performing work in or supplying materials to the Sublease Premises on behalf of Subtenant shall use only those service corridors and service entrances designated by Sublandlord for ingress and egress of personnel, and the delivery and removal of equipment and material through or across any common areas of the

Building shall only be permitted with the written approval of Sublandlord, not to be unreasonably withheld, and during hours reasonably determined by Sublandlord. Sublandlord shall have the right to order Subtenant or any person or entity who violates the above requirements to cease work and to remove itself, its equipment and its employees from the Sublease Premises.

(d) Rules and Regulations. Subtenant, its agents, employees and contractors shall abide by the rules of the Building applicable to all contractors and others in or upon the Building or the Sublease Premises and shall coordinate and schedule their access to the Sublease Premises for labor and materials delivery through Sublandlord's Contractor, or if so directed by Sublandlord, the managing agent for the Building.

(e) Lease Terms Applicable. All work to be performed pursuant to this Paragraph 5 shall be subject to the terms and provisions of the Sublease and Master Lease.

6. Miscellaneous.

(a) Except as expressly set forth herein, Sublandlord has no other agreement with Subtenant and has no other obligation to do any other work or pay any amounts with respect to the Sublease Premises. Any other work in the Sublease Premises which may be permitted by Sublandlord pursuant to the terms and conditions of the Sublease shall be done at Subtenant's sole cost and expense and in accordance with the terms and conditions of the Sublease.

(b) This Exhibit TI shall not be deemed applicable to any additional space added to the original Sublease Premises at any time or from time to time, whether by any options under the Sublease or otherwise, or to any portion of the original Sublease Premises or any additions thereto in the event of a renewal or extension of the initial term of the Sublease, whether by any options under the Sublease or otherwise, unless expressly so provided in the Sublease or any amendment or supplement thereto.

(c) The failure by Subtenant to pay any monies due Sublandlord pursuant to this Exhibit TI within the time period herein stated shall be deemed a Default under the terms of the Sublease for which Sublandlord shall be entitled to exercise all remedies available to Sublandlord for nonpayment of Rent. All late payments of such monies by Subtenant shall bear interest and shall be subject to a late charge in the same manner as late payments of Rent under the Sublease.

(d) The exculpatory provisions set forth in the Sublease and Sublease as well as all other terms and provisions of the Sublease and Sublease, insofar as they are applicable to this Exhibit TI, are hereby incorporated herein by this reference.

(e) Subtenant shall be solely responsible to determine at the site all dimensions of the Sublease Premises and the Building which affect any work that may be performed by Subtenant or any of Subtenant's contractors hereunder.

(f) All of Subtenant Improvements paid for by Sublandlord may be depreciated by Sublandlord.

(g) Sublandlord at Sublandlord's option shall either assign its warranty rights with respect to Subtenant Improvements to the Subtenant or shall reasonably pursue such claims after receiving notice from Subtenant as to the defect and verifying the validity of the claim. Sublandlord shall in no way have any liability to the Subtenant with respect to the quality of or defects in the Subtenant Improvements.

(h) Sublandlord at Sublandlord's sole cost and expense shall have a temporary security desk in the front lobby of the building as of the Commencement Date and shall have a permanent security desk installed by the Sublease Premises Rent Commencement Date. These installations are not included in Subtenant Improvements.

(i) Sublandlord shall cause the Sublandlord's Contractor and its subcontractors performing work in the Sublease Premises to name Subtenant as an additional insured on their insurance and furnish Subtenant with a copy of a certificate for such insurance.

(j) In the event Subtenant does not approve or consent to any item so requiring Subtenant's approval or consent in this Exhibit TI within the time provided for herein, such approval or consent shall at Sublandlord's option be deemed approved or consented to.

EXHIBIT X

MASTER LANDLORD'S CONSENT TO SUBLEASE

EXHIBIT Y

DETERMINATION OF FAIR MARKET RENTAL VALUE

In connection with the Extension Term, if Subtenant shall object to Sublandlord's determination of the fair market rental value of the Sublease Premises, the following procedures and requirements shall apply:

1. Subtenant's Request. Subtenant shall send a notice to Sublandlord within five (5) business days after receipt of Sublandlord determination of the fair market rental value, requesting an independent determination of the fair market rental value of the Sublease Premises (the "Broker Determination"), which notice to be effective must (i) include the name of a broker selected by Subtenant to act for Subtenant, which broker shall be affiliated with a major Boston commercial real estate brokerage firm selected by Subtenant and which broker shall have at least ten (10) years experience dealing in properties of a nature and type generally similar to the Building located in the Boston/Cambridge market, and (ii) explicitly state that Sublandlord is required to notify Subtenant within ten (10) days of an additional broker selected by Sublandlord.

2. Sublandlord's Response. Within ten (10) days after Sublandlord's receipt of Subtenant's notice requesting the Broker Determination and stating the name of the broker selected by Subtenant, Sublandlord shall give written notice to Subtenant of Sublandlord's selection of a broker having at least the affiliation and experience referred to above.

3. Selection of Third Broker. Within ten (10) days thereafter the two (2) brokers so selected shall select a third such broker also having at least the affiliation and experience referred to above.

4. Rental Value Determination. Within thirty (30) days after the selection of the third broker, the three (3) brokers so selected, by majority opinion, shall make a determination of the annual fair market rental value in as-is, built-out condition of the Sublease Premises for the Extension Term. Such annual fair market rental value determination (x) may include provision for annual increases in rent during said term if so determined, (y) shall take into account the as-is condition and location in the Building of the Sublease Premises and (z) shall take account of, and be expressed in relation to, the provisions for paying real estate tax, operating costs, utilities and other items of additional rent as contained in this Sublease. The brokers shall advise Sublandlord and Subtenant in writing by the expiration of said thirty (30) day period of the annual fair market rental value which as so determined shall be referred to as the "Prevailing Market Rent".

5. Resolution of Broker Deadlock. If the brokers are unable to agree at least by majority on a determination of annual fair market rental value, then the brokers shall send a notice to Sublandlord and Subtenant by the end of the thirty (30) day period for making said

determination setting forth their individual determinations of annual fair market rental value, and the highest such determination and the lowest such determination shall be disregarded and the remaining determination shall be deemed to be the determination of annual fair market rental value and shall be referred to as the Prevailing Market Rent.

6. Costs. Each party shall pay the costs and expenses of the broker selected by it and each shall pay one half (1/2) of the costs and expenses of the third broker.

7. Failure to Select Broker or Failure of Broker to Serve. If Subtenant shall have requested a Broker Determination and Sublandlord shall not have designated a broker within the time period provided therefor above, then Subtenant's broker alone make the determination of Prevailing Market Rent within thirty (30) days after the expiration of Sublandlord's right to designate a broker hereunder. If Subtenant's and Sublandlord's brokers have been designated but the two brokers so designated do not, within a period of fifteen (15) days after the appointment of the second broker, agree upon and designate the third broker willing so to act, the Subtenant, the Sublandlord or either broker previously designated may request the Greater Boston Real Estate Board, Inc. to designate the third broker willing so to act. In case of the inability or refusal to serve of any person designated as a broker, or in case any broker for any reason ceases to be such, a broker to fill such vacancy shall be appointed by the Subtenant, the Sublandlord, the brokers first appointed or the said Greater Boston Real Estate Board, Inc., as the case may be, whichever made the original appointment, or if the person who made the original appointment fails to fill such vacancy, upon application of any broker who continues to act or by the Sublandlord or Subtenant, such vacancy may be filled by the said Greater Boston Real Estate Board, Inc.. Any broker appointed by the Greater Boston Real Estate Board, Inc., pursuant to the provisions hereof shall, for all purposes, have the same standing and powers as though he had been originally appointed by the party originally designated to make such appointment by the terms hereof.

Exhibit 31.1

CERTIFICATION

I, Alan L. Crane, Chief Executive Officer of Momenta Pharmaceuticals, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Momenta Pharmaceuticals, Inc.;

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)) 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) [Not Applicable];

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 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: November 12, 2004

By: /s/ Alan L. Crane
Alan L. Crane
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard P. Shea, Chief Financial Officer of Momenta Pharmaceuticals, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Momenta Pharmaceuticals, Inc.;

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)) 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) [Not Applicable];

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 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: November 12, 2004

By: /s/ Richard P. Shea
Richard P. Shea
Chief Financial Officer

Exhibit 32

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 Quarterly Report on Form 10-Q of Momenta Pharmaceuticals, Inc. (the "Company") for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Alan L. Crane, Chief Executive Officer of the Company, and Richard P. Shea, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(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.

A signed original of this written statement required by Section 906 has been provided to Momenta Pharmaceuticals, Inc. and will be retained by Momenta Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 12, 2004

By: /s/ Alan L. Crane
Alan L. Crane
Chief Executive Officer

Date: November 12, 2004

By: /s/ Richard P. Shea
Richard P. Shea
Chief Financial Officer