As Confidentially Submitted to the Securities and Exchange Commission on September 10, 2015

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Aileron Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**2834**	**13-4196017**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

281 Albany Street
Cambridge, MA 02139
(617) 995-0900
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Joseph A. Yanchik III
President and Chief Executive Officer
Aileron Therapeutics, Inc.
281 Albany Street
Cambridge, MA 02139
(617) 995-0900
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Stuart M. Falber, Esq.
Joshua D. Fox, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, MA 02109
Telephone: (617) 526-6000
Fax: (617) 526-5000

Peter N. Handrinos, Esq.
Latham & Watkins LLP
John Hancock Tower
200 Clarendon Street
Boston, MA 02116
Telephone: (617) 948-6000

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Class of Securities To Be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(2)**
Common Stock, $0.001 par value per share	$	$

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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

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

Subject to Completion
Preliminary Prospectus dated , 2015

PROSPECTUS

Shares

Common Stock

This is Aileron Therapeutics, Inc.'s initial public offering. We are selling shares of our common stock.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on The Nasdaq Global Market under the symbol "ALRN."

We are an "emerging growth company" under federal securities laws and are subject to reduced public company disclosure standards. See "Summary—Implications of Being an Emerging Growth Company."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 10 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to us	$	$

(1) We refer you to "Underwriting" beginning on page 159 of this prospectus for additional information regarding underwriting compensation.

The underwriters may also exercise their option to purchase up to an additional shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2015.

Joint Book-Running Managers

BofA Merrill Lynch **Jefferies**

William Blair **Canaccord Genuity**

The date of this prospectus is , 2015.

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

For investors outside the United States: We have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

SUMMARY

This summary highlights, and is qualified in its entirety by, the more detailed information and financial statements included elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. You should read and carefully consider the entire prospectus, especially our financial statements and the notes thereto appearing at the end of this prospectus and the "Risk Factors" section of this prospectus, before deciding to invest in our common stock. Except as otherwise indicated herein or as the context otherwise requires, references in this prospectus to "Aileron," "the company," "we," "us" and "our" refer to Aileron Therapeutics, Inc.

Overview

We are a clinical-stage biopharmaceutical company that is focused on developing and commercializing a novel class of therapeutics called stapled peptides. Our focus on this novel class of drugs is based on the belief that innovation in medical treatments will in part be driven by the ability to control key cellular mechanisms, such as protein-protein interactions, that are central to the prevention or propagation of many human diseases. We believe that by chemically stabilizing — "stapling" — alpha helical peptides and thereby enabling them to engage and modulate our targets of interest, we can effectively engage targets that are, for a variety of reasons, too complex or otherwise undruggable by existing drug technologies, such as small molecule chemistry and monoclonal antibodies.

Our lead stapled peptide product candidate, ALRN-6924, targets the tumor suppressor protein p53 for the treatment of cancer and is currently in a Phase 1 clinical trial that, to date, has yielded encouraging preliminary pharmacokinetic, safety, biomarker and pharmacodynamic results. We believe ALRN-6924 is the first clinical molecule that reactivates p53 by targeting both of the natural p53 suppressor proteins, MDM2 and MDMX and, as such, presents a significant opportunity for development as a mono- or combination therapy for a wide variety of solid and liquid tumors. We expect to report data from our Phase 1 clinical trial and to commence at least one Phase 2 clinical trial of ALRN-6924 in the first half of 2016.

We believe that stapled peptide therapeutics have the potential to become a major class of drugs, like small molecules and monoclonal antibodies, for oncology and other therapeutic areas and to significantly change treatment paradigms and improve clinical outcomes for patients.

Targeting P53 – "The Guardian of the Genome"

P53 is considered to be one of the most important tumor suppressor proteins due to its central role in preventing the initiation and progression of most solid and liquid tumors. P53 has long been referred to as "the guardian of the genome" because it is the body's cellular first line of defense against cancers. P53 is released when DNA damage is detected and is capable of then triggering a cellular self-destruct mechanism, known as apoptosis, which kills the damaged cell before it can become cancerous and replicate.

The role of p53 in cancer was first described in 1979. In the last 36 years, it has become clear that inactivation of p53's tumor suppression activity is an almost universal step in the development and progression of virtually all human cancers. Research on the function and role of the p53 mechanism has been the subject of over 75,000 scientific publications, and p53 has been tested clinically in 18 prior and ongoing clinical trials with sponsors that include six of the world's largest pharmaceutical companies. The magnitude and persistence of this effort demonstrates the importance of the mechanism and the enormous challenge that drugging this mechanism presents. Although clinical proof of concept of a small molecule targeting MDM2 has been recently reported in acute myeloid leukemia, or AML, and sarcomas, we believe that the inability of biopharmaceutical companies to develop an approved product that directly modulates p53 is due in part to the fact that there had not been the necessary maturation of the understanding of the relevant biology and is due in large part to the use of traditional drug technologies, such as small molecules, that are poorly suited to address the complex p53 mechanism.

We believe that a stapled peptide, such as ALRN-6924, is better suited to address this mechanism due to the inherent properties of the stapled peptide modality.

Our Lead Product Candidate – ALRN-6924

P53 is regulated by MDM2 and MDMX, two suppressor proteins that, in normal cells, bind to p53 so that its activity remains dormant and cells are able to function as expected. Approximately half of all cancer patients at initial diagnosis have cancers that circumvent the p53 mechanism by upregulating and overexpressing MDM2 and MDMX. ALRN-6924 reactivates p53 by disrupting the interactions between p53 and these two suppressor proteins, thereby freeing p53 to transit to its DNA target in the nucleus and initiate cell death in cancerous cells. Despite the structural similarity between MDM2 and MDMX, there is important diversity in the p53 binding sites of these proteins that make the development of therapeutic antagonists that can bind to both MDM2 and MDMX challenging. We believe that ALRN-6924 is the first and only product candidate in clinical development that can equipotently bind to and disrupt the binding of both MDM2 and MDMX to p53.

We are conducting a Phase 1 open-label, multi-center, two-arm trial of ALRN-6924 administered by intravenous infusion in patients with advanced solid tumors or lymphomas expressing wild-type p53 that are refractory to or intolerant of standard therapy, or for which no standard therapy exists. In this trial to date, ALRN-6924 has consistently produced a dose dependent increase in maximum drug serum concentration, has been considered to be well tolerated at all dose levels by the trial's investigators, and has indicated on-target activation of p53 when measured by a pharmacodynamic biomarker.

Once a maximum tolerated or optimal biologic dose is determined in the Phase 1 clinical trial, we plan to conduct one or more Phase 2 clinical trials, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas, including groups that may qualify for orphan disease designation. If we see sufficient evidence of a therapeutic effect in any of our Phase 2 clinical trials, we plan to meet with regulatory authorities to discuss the possibility of an expedited clinical development and regulatory pathway for ALRN-6924, including the scope and timing of a single agent pivotal trial.

As many approved drugs and drug candidates for cancer require a functioning p53 pathway, we may conduct additional clinical trials of ALRN-6924 in combination with other anti-cancer agents such as targeted therapies, chemotherapy and radiotherapy. We may also explore ALRN-6924 in additional hematological cancers, such as AML.

Our Platform – Stapled Peptides

Our integrated understanding of peptide chemistry and molecular biology as it relates to the physiological functions of stabilized and cell-penetrating peptides forms the basis of our ability to generate novel product candidates. We seek to rationally design sequences of amino acids and "staple" them with hydrocarbon bonds into an alpha helix. Stapled peptides preserve their natural alpha helical configuration, which addresses and solves many of the inherent limitations of peptides, including poor biological stability (due to protein degradation), poor chemical stability (due to loss of helical configuration when removed from their natural protein scaffold), short plasma half-lives and the inability to effectively penetrate cell membranes to access desirable intracellular targets. The broad utility of maintaining the alpha helix is derived from the fact that it is the most common protein structure at the interface of protein-protein interactions and, as exploited by our stapled peptides, is a necessary shape to retain the intended biological activity of the therapeutic molecule.

Our approach is to target high value and historically undruggable intracellular and extracellular targets with this novel class of molecules. In the case of cancer, pathways that incorporate protein-protein interactions with an alpha helix, and that, therefore, may be amenable to our approach and the focus of our future research,

include p53 and may include transcription factors and signaling proteins such as Ras, Myc, ß-Catenin, the Bcl family of proteins and HIF-1a. Importantly, while the critical role of these targets in biological processes has been known for decades, there are few, if any, approved therapeutics that directly modulate these targets, and we therefore believe that our approach represents an important opportunity for developing novel drugs and addressing unmet medical need.

Subject to available resources, we plan to invest in and conduct research on those product candidates for which our prior work, which includes the development of over 10,000 stapled peptides, or published literature suggests that a target is amenable to a stapled peptide and that the stapled peptide may confer advantages over other therapeutic approaches. We may seek to selectively form collaborations to expand our capabilities and potentially accelerate research and development activities for oncology and specialty diseases.

We strive to protect the proprietary product candidates and technologies that we believe are important to our business, including seeking and maintaining patent protection intended to cover the composition of matter of our product candidates, including ALRN-6924, their methods of use, related platform technology and other inventions. As of August 31, 2015, we owned or had an exclusive license to over 120 patents and over 160 provisional or non-provisional patent applications throughout the world directed toward various aspects of our product candidates and research programs. We own worldwide rights to ALRN-6924.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of novel therapeutics for the treatment of cancer by targeting high value and historically undruggable targets through our proprietary stapled peptide technology. Key elements of our strategy to achieve this goal include the following:

- Advance our lead product candidate ALRN-6924 through clinical development and marketing approval
- Pursue development of ALRN-6924 across multiple oncology indications
- Leverage our proprietary stapled peptide technology to develop additional product candidates across oncology and specialty diseases with unmet medical need
- Maximize the global commercial value of ALRN-6924 and other product candidates
- Maintain our leading position in stapled peptides by continuing to develop our proprietary platform

Risks Associated with Our Business

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

- We have incurred significant losses since inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability. As of June 30, 2015, we had an accumulated deficit of $89.7 million.

- Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability. Our lead product candidate, ALRN-6924, is currently in a Phase 1 clinical trial and all of our other product candidates are in preclinical research.

- We will need substantial additional funding. If we are unable to raise capital when needed, we may be forced to delay, reduce or eliminate our research and drug development programs or commercialization efforts.
- We are dependent on the success of ALRN-6924 and cannot be certain that we will receive marketing approval for ALRN-6924 or will successfully commercialize ALRN-6924 even if we receive such marketing approval.
- The approach we are taking to discover and develop novel drugs is unproven and may never lead to marketable products. We have concentrated our efforts and therapeutic product research on stapled peptide technology. Neither we nor any other company has received marketing approval to market therapeutics utilizing stapled peptides.
- If we experience delays or difficulties in the enrollment of patients in clinical trials, we may not be able to initiate or complete clinical trials for our product candidates on a timely basis.
- The results of preclinical studies and clinical trials may not be predictive of future results.
- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs, experience delays in completing, or ultimately be unable to complete, the development of our product candidates or be unable to obtain marketing approval.
- We rely on third parties to conduct our clinical trials, some aspects of our research and preclinical studies and the manufacturing of our product candidates. If these third parties do not perform satisfactorily, including by failing to meet deadlines for the completion of such trials, research and studies, we could be delayed in our clinical development activities or in our efforts to obtain marketing approval of our product candidates.
- Our commercial success will depend in large part on obtaining and maintaining patent, trademark and trade secret protection of our proprietary technologies and our product candidates, including ALRN-6924, their respective components, formulations, methods used to manufacture them and methods of treatment, as well as successfully defending these patents against third-party challenges. We may not be able to ensure their protection.
- Our independent registered public accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern in its report on our audited financial statements included in this prospectus.

Our Corporate Information

We were incorporated under the laws of the State of Delaware on August 6, 2001 under the name Renegade Therapeutics, Inc. We commenced principal operations in 2006 and we subsequently changed our name to Aileron Therapeutics, Inc. in February 2007. Our executive offices are located at 281 Albany Street, Cambridge, MA 02139, and our telephone number is (617) 995-0900. Our website address is www.aileronrx.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

In this prospectus, unless otherwise stated or the context otherwise requires, references to “Aileron,” “the company,” “we,” “us,” “our” and similar references refer to Aileron Therapeutics, Inc. Aileron and other

trademarks or service marks of Aileron appearing in this prospectus are the property of Aileron. The other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

Implications of Being an Emerging Growth Company

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

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding immediately following this offering	shares
Option to purchase additional shares	The underwriters have the option to purchase an additional shares of common stock. The underwriters may exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional shares from us in full, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus. We intend to use the net proceeds from this offering, together with our existing cash, cash equivalents and investments, to fund our ongoing Phase 1 clinical trial of ALRN-6924 and at least one Phase 2 clinical trial of ALRN-6924, to fund additional research and clinical development activity related to ALRN-6924, and for working capital and other general corporate purposes. See the “Use of Proceeds” section in this prospectus for a more complete description of the intended use of proceeds from this offering.
Risk factors	You should read the “Risk Factors” section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market symbol	“ALRN”

The number of shares of our common stock to be outstanding after this offering is based on 4,210,448 shares of our common stock outstanding as of July 31, 2015 and 80,296,934 additional shares of our common stock issuable upon the automatic conversion of all outstanding shares of our preferred stock upon the closing of this offering.

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

- 9,960,710 shares of our common stock issuable upon the exercise of stock options outstanding as of July 31, 2015, at a weighted average exercise price of $0.44 per share;
- 2,467,278 shares of our common stock available for future issuance as of July 31, 2015 under our 2006 stock incentive plan, as amended; and
- additional shares of our common stock that will become available for future issuance upon the closing of this offering under our 2015 stock incentive plan and our 2015 employee stock purchase plan.

Unless otherwise indicated, all information in this prospectus assumes:

- no exercise of the outstanding options described above;
- no exercise by the underwriters of their option to purchase up to additional shares of our common stock;
- the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering; and
- the restatement of our certificate of incorporation and the amendment and restatement of our bylaws upon the closing of this offering.

SUMMARY FINANCIAL DATA

You should read the following summary financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this prospectus. We have derived the statement of operations data for the years ended December 31, 2013 and 2014 from our audited financial statements appearing at the end of this prospectus. The statement of operations data for the six months ended June 30, 2014 and 2015 and the balance sheet data as of June 30, 2015 have been derived from our unaudited financial statements appearing at the end of this prospectus and have been prepared on the same basis as the audited financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial information in those statements. Our historical results are not necessarily indicative of results that should be expected in any future period, and our results for any interim period are not necessarily indicative of results that should be expected for any full year.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
	(in thousands, except per share data)			
Statement of Operations Data:				
Revenue	$22,350	$ —	$ —	$ —
Operating expenses:				
Research and development	12,227	9,331	6,015	4,035
General and administrative	6,839	6,703	3,306	2,345
Total operating expenses	19,066	16,034	9,321	6,380
Income (loss) from operations	3,284	(16,034)	(9,321)	(6,380)
Interest and other income	6	10	5	10
Net income (loss)	3,290	(16,024)	(9,316)	(6,370)
Accretion of redeemable convertible preferred stock to redemption value	(80)	(43)	(19)	(35)
Net income attributable to participating securities	(3,016)	—	—	—
Net income (loss) attributable to common stockholders	$ 194	$(16,067)	$(9,335)	$ (6,405)
Net income (loss) per share attributable to common stockholders(1):				
Basic	$ 0.05	$ (4.25)	$ (2.50)	$ (1.66)
Diluted	$ 0.03	$ (4.25)	$ (2.50)	$ (1.66)
Weighted average common shares outstanding(1):				
Basic	3,555	3,779	3,739	3,862
Diluted	5,699	3,779	3,739	3,862
Pro forma net loss per share attributable to common stockholders—basic and diluted (unaudited)(2)		$ (0.22)		$ (0.08)
Pro forma weighted average common shares outstanding—basic and diluted (unaudited)(2)		72,628		84,158

(1) See Note 11 to our financial statements appearing at the end of this prospectus for details on the calculation of basic and diluted net income (loss) per share attributable to common stockholders.

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

The following table sets forth summary balance sheet data as of June 30, 2015:

- on an actual basis;
- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	As of June 30, 2015		
	Actual	Pro Forma	Pro Forma As Adjusted(2)
		(in thousands)	
Balance Sheet Data:			
Cash, cash equivalents and investments	$ 10,558	$ 10,558	$
Working capital(1)	8,983	8,983	
Total assets	11,376	11,376	
Redeemable convertible preferred stock	97,645	—	
Total stockholders' equity (deficit)	(88,157)	9,488	

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

(2) A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the pro forma as adjusted amount of each of cash, cash equivalents and investments, working capital, total assets and total stockholders' equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. An increase or decrease of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease the pro forma as adjusted amount of each of cash, cash equivalents and investments, working capital, total assets and total stockholders' equity by $ million, assuming no change in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions. This pro forma as adjusted information is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you decide to invest in our common stock, you should consider carefully the risks described below, together with the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus. We believe the risks described below are the risks that are material to us as of the date of this prospectus. If any of the following risks actually occur, our business, financial condition, results of operations and future growth prospects could be materially and adversely affected. In these circumstances, the market price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.

Since our inception, we have incurred significant losses on an aggregate basis. Our net loss was $16.0 million for the year ended December 31, 2014 and $6.4 million for the six months ended June 30, 2015. As of June 30, 2015, we had an accumulated deficit of $89.7 million. We have not generated any revenue to date from sales of any drugs and have financed our operations principally through private placements of our preferred stock and, to a lesser extent, a collaboration agreement. We have devoted substantially all of our efforts to research and development. Our lead product candidate, ALRN-6924, is in Phase 1 clinical development, and our other product candidates are in preclinical research. As a result, we expect that it will be several years, if ever, before we have any product candidates ready for commercialization. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. We anticipate that our expenses will increase substantially if and as we:

- conduct our ongoing Phase 1 clinical trial of ALRN-6924 and additional clinical trials of ALRN-6924;
- initiate and continue research and preclinical and clinical development of our other product candidates;
- seek to identify additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- require the manufacture of larger quantities of our product candidates for clinical development and potentially commercialization;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other drugs and technologies;
- hire and retain additional clinical, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our drug development, any future commercialization efforts and our transition to a public company.

To become and remain profitable, we must develop, obtain approval for and eventually commercialize a drug or drugs with significant market potential, either on our own or with a collaborator. This will require us to be successful in a range of challenging activities, including completing preclinical studies and clinical trials of our product candidates, obtaining marketing approval for these product candidates, manufacturing, marketing and selling those drugs for which we may obtain marketing approval and establishing and managing any collaborations for the development, marketing and/or commercialization of our product candidates. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business and/or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

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

We are an early-stage company. We were incorporated in 2001 and commenced principal operations in 2006. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, developing our stapled peptide platform, identifying potential product candidates, conducting preclinical studies of our product candidates and conducting clinical trials of our product candidates. All of our product candidates other than ALRN-6924 are in preclinical research. We have not yet demonstrated our ability to successfully complete any clinical trials, including large-scale, pivotal clinical trials, obtain marketing approvals, manufacture a commercial-scale drug or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful drug commercialization. Typically, it takes about six to ten years to develop a new drug from the time it is in Phase 1 clinical trials to when it is approved for treating patients, but in many cases it may take longer. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

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

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

Our independent registered public accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern in its report on our audited financial statements included in this prospectus.

Our report from our independent registered public accounting firm for the year ended December 31, 2014 includes an explanatory paragraph stating that our losses from operations since inception and required additional funding to finance our operations raise substantial doubt about our ability to continue as a going concern. If we are unable to obtain sufficient funding, our business, prospects, financial condition and results of operations will be materially and adversely affected and we may be unable to continue as a going concern. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our audited financial statements, and it is likely that investors will lose all or a part of their investment. After this offering, future reports from our independent registered public accounting firm may also contain statements expressing substantial doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities in the future and there remains substantial

doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms or at all.

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

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. We expect our expenses to increase in connection with our ongoing activities, particularly as we conduct clinical trials of, and seek marketing approval for, ALRN-6924 and our other product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to drug sales, marketing, manufacturing and distribution to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of any collaborator that we may have at such time for any such product candidate. Furthermore, commencing upon the closing of this offering, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we may be forced to delay, reduce or eliminate our research and drug development programs or future commercialization efforts.

We plan to use the net proceeds of this offering primarily to fund our ongoing Phase 1 clinical trial of ALRN-6924, at least one Phase 2 clinical trial of ALRN-6924 and additional research and clinical development activity related to ALRN-6924 and for working capital and other general corporate purposes, which may include additional research, hiring additional personnel, capital expenditures and the costs of operating as a public company. We will be required to expend significant funds in order to advance the development of ALRN-6924, as well as any other product candidates. In addition, while we may seek one or more collaborators for future development of our product candidates for one or more indications, we may not be able to enter into a collaboration for any of our product candidates for such indications on suitable terms, on a timely basis or at all. In any event, the net proceeds of this offering and our existing cash and cash equivalents and investments will not be sufficient to fund all of the efforts that we plan to undertake or to fund the completion of development of any of our product candidates. Accordingly, we will be required to obtain further funding through public or private equity offerings, debt financings, collaborations and licensing arrangements or other sources. We do not have any committed external source of funds. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy.

We believe that the net proceeds from this offering, together with our existing cash, cash equivalents and investments, will enable us to fund our operating expenses and capital expenditure requirements at least through . Our estimate as to how long we expect the net proceeds from this offering, together with our existing cash, cash equivalents and investments, to be able to continue to fund our operations is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Further, changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our current and planned clinical trials and additional preclinical research of ALRN-6924;
- the scope, progress, results and costs of drug discovery, preclinical research and clinical trials for our other product candidates;
- the number of future product candidates that we pursue and their development requirements;
- the costs, timing and outcome of regulatory review of our product candidates;

- our ability to establish and maintain collaborations on favorable terms, if at all;
- the success of any collaborations that we may enter into with third parties;
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates, although we currently have no commitments or agreements to complete any such transactions;
- the costs and timing of future commercialization activities, including drug sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval, to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of any collaborator that we may have at such time;
- the amount of revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our headcount growth and associated costs as we expand our business operations and our research and development activities; and
- the costs of operating as a public company.

Our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of drugs that we do not expect to be commercially available for many years, if at all. If we are unable to obtain product approvals or generate significant commercial revenues, our business will be materially harmed.

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

We expect our expenses to increase in connection with our planned operations. Until such time, if ever, as we can generate substantial revenues from the sale of drugs, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and/or licensing arrangements. To the extent that we raise additional capital through the sale of common stock, convertible securities or other equity securities, your ownership interest may be diluted, and the terms of these securities could include liquidation or other preferences and anti-dilution protections that could adversely affect your rights as a common stockholder. In addition, debt financing, if available, would result in fixed payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures, creating liens, redeeming stock or declaring dividends, that could adversely impact our ability to conduct our business. In addition, securing financing could require a substantial amount of time and attention from our management and may divert a disproportionate amount of their attention away from day-to-day activities, which may adversely affect our management’s ability to oversee the development of our product candidates.

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

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

We are dependent on the success of our lead product candidate, ALRN-6924, which is currently in a Phase 1 clinical trial. Our clinical trials of ALRN-6924 may not be successful. If we are unable to obtain approval for and commercialize ALRN-6924 or experience significant delays in doing so, our business will be materially harmed.

Our future success is substantially dependent on our ability to timely obtain marketing approval for, and then successfully commercialize ALRN-6924, our lead product candidate. We are investing a majority of our efforts and financial resources in the research and development of ALRN-6924. Our other product candidates are in earlier stages of development. Our business depends entirely on the successful development and commercialization of our product candidates. We currently generate no revenues from sales of any products, and we may never be able to develop a marketable product.

ALRN-6924 will require additional clinical development, evaluation of clinical, preclinical and manufacturing activities, marketing approval in multiple jurisdictions, substantial investment and significant marketing efforts before we generate any revenues from product sales. We believe that it is the current view of the U.S. Food and Drug Administration, or FDA, that in the event that we decide to seek marketing approval of ALRN-6924 with a label limited to WT p53 cancer patients, we would be required to have a companion *in vitro* diagnostic approved for use with ALRN-6924. We would also expect that we would be required to obtain similar approvals from comparable foreign regulatory authorities. In such cases, we will need to contract with a third party for the supply of a commercially available diagnostic to identify patients with WT p53 status, or develop such a diagnostic ourselves, in each case requiring approval of the diagnostic by regulatory authorities. Companion diagnostics are subject to regulation as medical devices and must be separately approved or cleared for marketing by the FDA or certain other foreign regulatory agencies. We are not permitted to market or promote ALRN-6924, or any other product candidates, before we receive marketing approval from the FDA and comparable foreign regulatory authorities, and we may never receive such marketing approvals.

The success of ALRN-6924 will depend on several factors, including the following:

- successful and timely completion of our ongoing Phase 1 clinical trial;
- initiation and successful patient enrollment and completion of additional clinical trials on a timely basis;
- safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority for marketing approval;
- timely receipt of marketing approvals for both ALRN-6924 and any required companion diagnostic from applicable regulatory authorities;
- the performance of our future collaborators, if any;
- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- establishment of supply arrangements with third-party raw materials and drug product suppliers and manufacturers;
- establishment of scaled production arrangements with third-party manufacturers to obtain finished products that are appropriately packaged for sale;

- obtaining and maintaining patent protection, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- protection of our rights in our intellectual property portfolio, including our licensed intellectual property;
- successful launch of commercial sales following any marketing approval;
- a continued acceptable safety profile following any marketing approval;
- commercial acceptance by patients, the medical community and third-party payors; and
- our ability to compete with other therapies.

We do not have complete control over many of these factors, including certain aspects of clinical development and the regulatory submission process, potential threats to our intellectual property rights and the manufacturing, marketing, distribution and sales efforts of any future collaborator.

The approach we are taking to discover and develop novel drugs is unproven and may never lead to marketable products.

We have concentrated our efforts and therapeutic product research on stapled peptide technology, and our future success depends on the successful development of this technology and products based on stapled peptide technology. Neither we nor any other company has received marketing approval to market therapeutics utilizing stapled peptides. The scientific discoveries that form the basis for our efforts to discover and develop new drugs are relatively new. The scientific evidence to support the feasibility of developing drugs based on these discoveries is both preliminary and limited. Very few drug candidates based on these discoveries have ever been tested in animals, and development of an earlier stapled peptide product candidate by us was suspended following a clinical trial due to the anticipated costs of required reformulation. Peptides, the class of molecule we are trying to develop into drugs, do not naturally possess the inherent properties typically required of drugs, such as the ability to be stable in the body long enough to reach the tissues in which their effects are required, nor the ability to enter cells within these tissues in order to exert their effects. We currently have only limited data to suggest that we can introduce these properties into peptides. We may spend large amounts of money trying to introduce these properties, and never succeed in doing so. In addition, our stapled peptide product candidates may not demonstrate in patients the chemical and pharmacological properties ascribed to them in laboratory studies, and they may interact with human biological systems in unforeseen, ineffective or harmful ways. As a result, we may never succeed in developing a marketable product. If we do not successfully develop and commercialize products based upon our technological approach, we will not become profitable and the value of our common stock will decline. Further, our focus on stapled peptide technology as opposed to multiple technologies increases the risks associated with the ownership of our common stock. If our approach is not successful, we may be required to change the scope and direction of our product development activities. In that case, we may not be able to successfully identify and implement an alternative product development strategy.

Moreover, our lead product candidate, ALRN-6924, reactivates p53-mediated cell death by targeting both of the natural p53 suppressor proteins, MDM2 and MDMX. We believe that ALRN-6924 is the only product candidate in clinical development that can equipotently bind to and disrupt both MDM2 and MDMX. Although we have evaluated ALRN-6924 in preclinical studies, we have not yet successfully completed any clinical trials of ALRN-6924. As a result, we do not know whether ALRN-6924 will succeed in demonstrating the safety and efficacy needed to advance in clinical development and obtain marketing approval.

The results of preclinical studies and clinical trials may not be predictive of future results, and the results of our clinical trials may not satisfy the requirements of the FDA or comparable foreign regulatory authorities.

We currently have no drugs approved for sale and we cannot guarantee that we will ever have marketable drugs. Clinical failure can occur at any stage of clinical development. For instance, our first clinical trial of one of our earlier stapled peptide product candidates did not generate the desired results, and we suspended the development program. Clinical trials may produce negative or inconclusive results, and we or any future collaborators may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek marketing approvals for their commercial sale. Success in preclinical studies and early-stage clinical trials does not mean that future larger registration clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and non-U.S. regulatory authorities despite having progressed through preclinical studies and early-stage clinical trials. Product candidates that have shown promising results in preclinical studies and early-stage clinical trials may still suffer significant setbacks in subsequent registration clinical trials. Additionally, the outcome of preclinical studies and early-stage clinical trials may not be predictive of the success of later-stage clinical trials and interim results of a preclinical study or clinical trial are not necessarily indicative of final results.

In addition, the design of a clinical trial can determine whether its results will support approval of a drug and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. We have limited experience in designing clinical trials and may be unable to design and conduct a clinical trial to support marketing approval. Further, if our product candidates are found to be unsafe or lack efficacy, we will not be able to obtain marketing approval for them and our business would be harmed. A number of companies in the pharmaceutical industry, including those with greater resources and experience than us, have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in preclinical studies and earlier clinical trials.

In some instances, there can be significant variability in safety and efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. We do not know whether any clinical trials we may conduct will demonstrate consistent or adequate efficacy and safety sufficient to obtain marketing approval to market our product candidates.

Further, our product candidates may not be approved even if they achieve their primary endpoints in Phase 3 clinical trials or registration trials. The FDA or non-U.S. regulatory authorities may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. In addition, any of these regulatory authorities may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal clinical trial that has the potential to result in approval by the FDA or another regulatory authority. In addition, any of these regulatory authorities may also approve a product candidate for fewer or more limited indications than we request or may grant approval contingent on the performance of costly post-marketing clinical trials. In addition, the FDA or other non-U.S. regulatory authorities may not approve the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates.

Before obtaining marketing approvals for the commercial sale of any product candidate for a target indication, we must demonstrate with substantial evidence gathered in preclinical studies and well-controlled clinical studies, and, with respect to approval in the United States, to the satisfaction of the FDA, that the product candidate is safe and effective for use for that target indication. There is no assurance that the FDA or non-U.S. regulatory authorities will consider our future clinical trials to be sufficient to serve as the basis for approval of one of our product candidates for any indication. The FDA and non-U.S. regulatory authorities retain broad

discretion in evaluating the results of our clinical trials and in determining whether the results demonstrate that a product candidate is safe and effective. If we are required to conduct additional clinical trials of a product candidate than we expect prior to its approval, we will need substantial additional funds and there is no assurance that the results of any such additional clinical trials will be sufficient for approval.

Clinical drug development is a lengthy and expensive process, with an uncertain outcome. If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs, experience delays in completing, or ultimately be unable to complete, the development of our product candidates or be unable to obtain marketing approval.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical studies and early-stage clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial, such as the results of our ongoing Phase 1 clinical trial of ALRN-6924, do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their drugs.

We do not know whether ongoing clinical trials will be completed on schedule or at all, or whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- obtaining marketing approval to commence a trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- obtaining institutional review board approval at each clinical trial site;
- recruiting suitable patients to participate in a trial;
- developing and validating any companion diagnostic to be used in the trial, to extent we are required to do so;
- the failure of patients to comply with trial protocol or dropping out of a trial;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- the need to add new clinical trial sites; or
- manufacturing sufficient quantities of product candidate for use in clinical trials.

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

- we may receive feedback from regulatory authorities that requires us to modify the design of our clinical trials;

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we or our investigators might have to suspend or terminate clinical trials of our product candidates for various reasons, including non-compliance with regulatory requirements, a finding that our product candidates have undesirable side effects or other unexpected characteristics, or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate;
- regulators may revise the requirements for approving our product candidates, or such requirements may not be as we anticipate; and
- any future collaborators that conduct clinical trials may face any of the above issues, and may conduct clinical trials in ways they view as advantageous to them but that are suboptimal for us.

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

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

Our drug development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Furthermore, we rely on third-party CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials, and while we have agreements governing their committed activities, we have

limited influence over their actual performance. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring drugs to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

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

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or comparable foreign regulatory authorities. Patient enrollment is a significant factor in the timing of clinical trials. For instance, enrollment in our ongoing Phase 1 clinical trial has taken longer than we anticipated, which has delayed the timing and increased the costs of the clinical trial.

Patient enrollment may be affected if our competitors have ongoing clinical trials for product candidates that are under development for the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials instead enroll in clinical trials of our competitors' product candidates. Patient enrollment may also be affected by other factors, including:

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

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing.

If serious adverse or unacceptable side effects are identified during the development of our product candidates or we observe limited efficacy of our product candidates, we may need to abandon or limit the development of one or more of our product candidates

Adverse events or undesirable side effects caused by, or other unexpected properties of, our product candidates could cause us, any future collaborators, an institutional review board, or IRB, or regulatory authorities to interrupt, delay or halt clinical trials of one or more of our product candidates and could result in the delay or denial of marketing approval by the FDA or comparable foreign regulatory authorities or a more restrictive label, if approved.

As of our last safety review committee meeting on August 5, 2015, ALRN-6924 has been considered by the trial's investigators to be well tolerated at all dose levels. As of such date, there have been no dose-limiting toxicities nor study-related serious adverse events. However, we have observed some study-related adverse events, including an occurrence of grade 2 fatigue that, under the terms of the protocol for our ongoing Phase 1 clinical trial, resulted in a modification to the planned dosing schedule for the trial, such that the size of each planned increase in dose level would be reduced. The most common non-hematologic adverse events are nausea and fatigue. From a hematologic perspective, patients have experienced drug-related hematologic adverse events of mild to moderate anemia, mild thrombocytopenia and mild neutropenia. One patient at dose level 3b experienced a grade 4 neutropenia after two cycles of treatment, which the investigator reported as probably related to study medication. Investigators considered the neutropenia as an anomaly given other safety results in the trial, including the lack of neutropenia in patients receiving higher doses and possible concomitant medication that this patient commenced. The patient subsequently began to improve to a grade 3 neutropenia, but no further information is known about the patient's neutropenia because the patient died from disease progression. Our safety review committee, which meets following completion of treatment of cycle 1 for each dose level, has approved advancement of the trial to each subsequent dose level.

In general, our Phase 1 clinical trial of ALRN-6924 includes cancer patients who are very sick and whose health is deteriorating, and we expect that additional clinical trials of ALRN-6924 and our other product candidates will include similar patients with deteriorating health. It is possible that some of these patients might die prior to their completion of our clinical trial. Such deaths may be caused by the cancers from which such patients are suffering, or other causes, unrelated to ALRN-6924 or the other product candidate that may be the subject of the clinical trial. Even if the deaths are not related to our product candidate, the deaths could affect perceptions regarding the safety of our product candidate.

If any of our product candidates is associated with adverse events or undesirable side effects or has properties that are unexpected, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. We, or any future collaborators, may abandon development or limit development of that product candidate to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

We have never obtained marketing approval for a product candidate and we may be unable to obtain, or may be delayed in obtaining, marketing approval for any of our product candidates.

We have never obtained marketing approval for a product candidate. It is possible that the FDA may refuse to accept for substantive review any new drug applications, or NDAs, that we submit for our product candidates or may conclude after review of our data that our application is insufficient to obtain marketing approval of our product candidates. If the FDA does not accept or approve our NDAs for our product candidates, it may require that we conduct additional clinical, nonclinical or manufacturing validation studies and submit that data before it will reconsider our applications. Depending on the extent of these or any other FDA-required studies, approval of any NDA or application that we submit may be delayed by several years, or may require us to expend more resources than we have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA to approve our NDAs.

Any delay in obtaining, or an inability to obtain, marketing approvals would prevent us from commercializing our product candidates, generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for our product candidates, which could significantly harm our business.

The FDA or comparable foreign regulatory authorities may, under certain circumstances, require that a companion diagnostic be approved for use with ALRN-6924. If we are unable to successfully develop and obtain approval for such a diagnostic, either on our own or through a third party, or if we experience significant delays in doing so, we may not obtain marketing approval for ALRN-6924 in a timely manner, or at all.

We believe that it is the FDA's current view that in the event that we decide to seek marketing approval of ALRN-6924 with a label limited to WT p53 cancer patients, we would be required to have a companion *in vitro* diagnostic approved for use with ALRN-6924. We would also expect that we would be required to obtain similar approvals from comparable foreign regulatory authorities. In such cases, we will need to contract with a third party for the supply of a commercially available diagnostic to identify patients with WT p53 status, or develop such a diagnostic ourselves, in each case requiring approval of the diagnostic by regulatory authorities. We currently rely upon commercially available third-party assays and employ a central laboratory to test both archived tumor tissue samples and fresh biopsy samples from patients taken prior to enrollment in our ALRN-6924 Phase 1 clinical trial to identify WT p53 status. We do not have experience or capabilities in developing or commercializing companion diagnostics.

Companion diagnostics are subject to regulation by the FDA and comparable foreign regulatory authorities as medical devices and require separate marketing approval prior to commercialization. We or any third party upon which we decide to rely may encounter difficulties in developing and obtaining approval for a companion diagnostic for ALRN-6924, including issues relating to selectivity/specificity, analytical validation, reproducibility or clinical validation. The process of complying with the requirements of the FDA and comparable foreign regulatory authorities to support marketing authorization of a companion diagnostic is costly, time-consuming and burdensome. Any delay or failure to develop or obtain marketing approval of the companion diagnostic could delay or prevent approval of ALRN-6924.

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

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

We may not be successful in our efforts to identify or discover additional potential product candidates.

One element of our strategy is to leverage our proprietary stapled peptide technology to develop additional product candidates across oncology and specialty diseases with unmet medical need. We may not be successful in doing so. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including:

- the research methodology used may not be successful in identifying potential product candidates;
- potential product candidates may, on further study, be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be drugs that will receive marketing approval and/or achieve market acceptance; and
- potential product candidates may not be effective in treating their targeted diseases.

Research programs to identify new product candidates require substantial technical, financial and human resources. If we are unable to identify suitable compounds for preclinical and clinical development, our business would be harmed.

If any of our product candidates receives marketing approval and we, or others, later discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, our ability, or that of any future collaborators, to market the drug could be compromised.

Clinical trials of our product candidates must be conducted in carefully defined subsets of patients who have agreed to enter into clinical trials. Consequently, it is possible that our clinical trials, or those of any future collaborator, may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any, or alternatively fail to identify undesirable side effects. If one or more of our product candidates receives marketing approval and we, or others, discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the drug or seize the drug;
- we, or any future collaborators, may be required to recall the drug, change the way the drug is administered or conduct additional clinical trials;
- additional restrictions may be imposed on the marketing of, or the manufacturing processes for, the particular drug;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we, or any future collaborators, may be required to create a Medication Guide outlining the risks of the previously unidentified side effects for distribution to patients;
- we, or any future collaborators, could be sued and held liable for harm caused to patients;
- the drug may become less competitive; and
- our reputation may suffer.

Any of these events could have a material and adverse effect on our operations and business and could adversely impact our stock price.

Even if any of our product candidates receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

If any of our product candidates receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors and others in the medical community. For example, current cancer treatments like chemotherapy and radiation therapy are well-established in the medical community, and doctors may continue to rely on these treatments. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant revenues from sales of drugs and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the product;
- the potential advantages of the product compared to competitive therapies;

- the prevalence and severity of any side effects;
- whether the product is designated under physician treatment guidelines as a first-, second- or third-line therapy;
- our ability, or the ability of any future collaborators, to offer the product for sale at competitive prices;
- the product's convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try, and of physicians to prescribe, the product;
- limitations or warnings, including distribution or use restrictions contained in the product's approved labeling;
- the strength of sales, marketing and distribution support;
- changes in the standard of care for the targeted indications for the product; and
- availability and amount of coverage and reimbursement from government payors, managed care plans and other third-party payors.

If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market our product candidates, we may not be successful in commercializing our product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale or marketing of pharmaceutical drugs. We are not currently a party to a strategic collaboration that provides us with access to a collaborator's resources in selling or marketing drugs. To achieve commercial success for any approved drug for which sales and marketing is not the responsibility of any strategic collaborator that we may have in the future, we must either develop a sales and marketing organization or outsource these functions to other third parties. In the future, we may choose to build a sales and marketing infrastructure to market or co-promote some of our product candidates if and when they are approved, or enter into collaborations with respect to the sale and marketing of our product candidates.

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

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

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future drugs;
- the lack of complementary drugs to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive drug lines;

- unforeseen costs and expenses associated with creating an independent sales and marketing organization; and
- inability to obtain sufficient coverage and reimbursement from third-party payors and governmental agencies.

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

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

The discovery, development and commercialization of new drugs is highly competitive. We face competition with respect to our product candidates, and will face competition with respect to any product candidates that we may seek to discover and develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of major pharmaceutical, specialty pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of cancer. Potential competitors also include academic institutions and governmental agencies and public and private research institutions.

We are focused on developing product candidates for the treatment of cancer. There are a variety of available therapies marketed for cancer. In many cases, cancer drugs are administered in combination to enhance efficacy. Some of these drugs are branded and subject to patent protection, and others are available on a generic basis. Many of these approved drugs are well-established therapies and are widely accepted by physicians, patients and third-party payors. Insurers and other third-party payors may also encourage the use of generic drugs. We expect that if our product candidates are approved, they will be priced at a significant premium over competitive generic drugs.

Our competitors may develop drugs that are more effective, safer, more convenient or less costly than any that we are developing or that would render our product candidates obsolete or non-competitive. Our competitors may also obtain marketing approval from the FDA or other regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, conducting preclinical studies and clinical trials, obtaining marketing approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or that may be necessary for, our programs.

If the FDA or comparable foreign regulatory authorities approve generic versions of any of our drugs that receive marketing approval, or such authorities do not grant our drugs appropriate periods of data or market exclusivity before approving generic versions of our drugs, the sales of our drugs could be adversely affected.

Once an NDA is approved, the drug covered thereby becomes a "reference-listed drug" in the FDA's publication, "Approved Drug Products with Therapeutic Equivalence Evaluations." Manufacturers may seek approval of generic versions of reference-listed drugs through submission of abbreviated new drug applications, or ANDAs, in the United States. In support of an ANDA, a generic manufacturer need not conduct clinical trials demonstrating safety and efficacy. Rather, the applicant generally must show that its drug has the same active ingredient(s), dosage form, strength, route of administration and conditions of use or labeling as the reference-listed drug and that the generic version is bioequivalent to the reference-listed drug, meaning it is absorbed in the body at the same rate and to the same extent. Generic drugs may be significantly less costly to bring to market than the reference-listed drug and companies that produce generic drugs are generally able to offer them at lower prices. Thus, following the introduction of a generic drug, a significant percentage of the sales of any branded product or reference-listed drug is typically lost to the generic drug.

The FDA may not approve an ANDA for a generic drug until any applicable period of non-patent exclusivity for the reference-listed drug has expired. The Federal Food, Drug, and Cosmetic Act, or FDCA, provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity, or NCE. Specifically, in cases where such exclusivity has been granted, an ANDA may not be filed with the FDA and the FDA may not approve the application until the expiration of five years unless the submission is accompanied by a Paragraph IV certification that a patent covering the reference-listed drug is either invalid or will not be infringed by the generic drug, in which case the applicant may submit its application four years following approval of the reference-listed drug. Manufacturers may seek to launch these generic drugs following the expiration of the marketing exclusivity period, even if we still have patent protection for our drug.

Competition that our drugs may face from generic versions of our drugs could materially and adversely impact our future revenue, profitability and cash flows and substantially limit our ability to obtain a return on the investments we have made in those product candidates.

Even if we are able to commercialize any product candidate, such product candidate may become subject to unfavorable pricing regulations, third-party coverage and reimbursement policies or healthcare reform initiatives, which would harm our business.

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

Our ability to commercialize any products successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government authorities, private health insurers and other organizations, and if reimbursement is available, the level of reimbursement. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the healthcare industry in the United States and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, the third-party payors who reimburse patients or healthcare providers, such as

government and private insurance plans, are requiring that drug companies provide them with predetermined discounts from list prices, and are seeking to reduce the prices charged or the amounts reimbursed for medical products. We cannot be sure that reimbursement will be available for any drug that we commercialize and, if reimbursement is available, we cannot be sure as to the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

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

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

We face an inherent risk of product liability exposure related to the testing of our product candidates in clinical trials and will face an even greater risk if we commercially sell any drugs that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or drugs caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or drugs that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize any drugs that we may develop.

We currently hold clinical trial liability insurance coverage for up to $5.0 million, but that coverage may not be adequate to cover any and all liabilities that we may incur. We would need to increase our insurance coverage when we begin the commercialization of our product candidates, if ever. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

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

In some countries, particularly member states 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. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we, or our future collaborators, may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any product candidate approved for marketing is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

Risks Related to Our Dependence on Third Parties

We rely on third parties to conduct our clinical trials and some aspects of our research and preclinical studies, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research and studies.

We currently rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct our Phase 1 clinical trial of ALRN-6924 and expect to continue to rely upon third parties to conduct additional clinical trials of ALRN-6924 and our other product candidates. We currently rely and expect to continue to rely on third parties to conduct some aspects of our research and preclinical studies. Any of these third parties may terminate their engagements with us at any time. If we need to enter into alternative arrangements, it would delay our drug development activities.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our regulatory responsibilities. For example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as Good Clinical Practice, or GCP, regulations for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. The European Medicines Agency, or EMA, also requires us to comply with similar standards. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under current Good Manufacturing Practices, or cGMP, regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the marketing approval process. We also are required to register certain ongoing clinical trials and post the results of certain completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected

deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

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

We contract with third parties for the manufacture of our product candidates for preclinical studies and, in the case of ALRN-6924, our ongoing Phase 1 clinical trial, and expect to continue to do so for additional clinical trials and ultimately for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or drugs or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities or personnel. We currently rely, and expect to continue to rely, on third-party manufacturers for the manufacture of our product candidates for preclinical studies and clinical trials under the guidance of members of our organization. To date, we have obtained the active pharmaceutical ingredient, or API, of ALRN-6924 from one third-party manufacturer. We have engaged a separate third-party manufacturer to conduct fill-and-finish and labeling services, as well as for the storage and distribution of ALRN-6924 to clinical sites. We do not have a long-term supply agreement with either of these third-party manufacturers, and we purchase our required drug supplies on a purchase order basis.

We expect to rely on third-party manufacturers or third-party collaborators for the manufacture of our product candidates for commercial supply of any of our product candidates for which we or any of our future collaborators obtain marketing approval. We may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- the possible failure of the third party to manufacture our product candidate according to our schedule, or at all, including if our third-party contractors give greater priority to the supply of other products over our product candidates or otherwise do not satisfactorily perform according to the terms of the agreements between us and them;
- the possible termination or nonrenewal of agreements by our third-party contractors at a time that is costly or inconvenient for us;
- the possible breach by the third-party contractors of our agreements with them;
- the failure of third-party contractors to comply with applicable regulatory requirements;
- the possible failure of the third party to manufacture our product candidates according to our specifications;
- the possible mislabeling of clinical supplies, potentially resulting in the wrong dose amounts being supplied or active drug or placebo not being properly identified;
- the possibility of clinical supplies not being delivered to clinical sites on time, leading to clinical trial interruptions, or of drug supplies not being distributed to commercial vendors in a timely manner, resulting in lost sales; and
- the possible misappropriation of our proprietary information, including our trade secrets and know-how.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA. We do not have complete control over all aspects of the manufacturing process of, and are dependent on, our contract manufacturing partners for compliance with cGMP regulations for manufacturing both active drug substances and finished drug products. Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside of the United States. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain marketing approval for their manufacturing facilities. In addition, we do not have complete control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain marketing approval for or market our product candidates, if approved. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or drugs, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our drugs and harm our business and results of operations.

Any drugs that we may develop may compete with other product candidates and drugs for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply of the API of ALRN-6924 and we only currently use a different single third-party manufacturer for fill-and-finish services for ALRN-6924. If our current contract manufacturers cannot perform as agreed, we may be required to replace those manufacturers. Although we believe that there are several potential alternative manufacturers who could manufacture our product candidates, we may incur added costs and delays in identifying and qualifying any such replacement.

Our current and anticipated future dependence upon others for the manufacture of our product candidates or drugs may adversely affect our future profit margins and our ability to commercialize any drugs that receive marketing approval on a timely and competitive basis.

Although we currently plan to retain all commercial rights to ALRN-6924 and our other stapled peptide product candidates, we may enter into strategic collaborations for the development, marketing and commercialization of ALRN-6924 and our other stapled peptide product candidates. If those collaborations are not successful, the development, marketing and/or commercialization of our product candidates that are the subject of such collaborations would be harmed.

As we further develop ALRN-6924, we may build a commercial infrastructure with the capability to directly market it to a variety of markets and geographies. Although we currently plan to retain all commercial rights to ALRN-6924 and our other stapled peptide product candidates, we may enter into strategic collaborations for the development, marketing and commercialization of ALRN-6924 and our other product candidates. Our likely collaborators for any collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. If we do enter into any such arrangements with any third parties, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development, marketing and/or commercialization of our product candidates. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. In addition, any future collaborators may have the right to abandon research or development projects and terminate applicable

agreements, including funding obligations, prior to or upon the expiration of the agreed upon terms. For example, in 2013, F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc., or collectively Roche, terminated the research collaboration to which we were a party.

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

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development, marketing and/or commercialization of our product candidates or may elect not to continue or renew development, marketing or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drugs or product candidates;
- a collaborator with marketing and distribution rights to one or more drugs may not commit sufficient resources to the marketing and distribution of such drug or drugs;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- we may lose certain valuable rights under circumstances identified in any collaboration arrangement that we enter into, such as if we undergo a change of control;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development, marketing and/or commercialization of the applicable product candidates;
- collaborators may learn about our discoveries and use this knowledge to compete with us in the future; and
- the number and type of our collaborations could adversely affect our attractiveness to future collaborators or acquirers.

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

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

Our drug development programs and the potential commercialization of our product candidates will require substantial additional cash to fund expenses. As noted above, we may seek to selectively form collaborations to expand our capabilities, potentially accelerate research and development activities and provide for commercialization activities by third parties.

We would face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or comparable foreign regulatory authorities, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing drugs, the existence of uncertainty with respect to our ownership of intellectual property, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The potential collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate.

We may also be restricted under then-existing collaboration agreements from entering into future agreements on certain terms with potential collaborators.

Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

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

Risks Related to Our Intellectual Property

Our success depends in part on our ability to protect our intellectual property. It is difficult and costly to protect our proprietary rights and technology, and we may not be able to ensure their protection.

Our commercial success will depend in large part on obtaining and maintaining patent, trademark and trade secret protection of our proprietary technologies and our product candidates, which include ALRN-6924 and others, their respective components, formulations, methods used to manufacture them and methods of treatment, as well as successfully defending these patents against third-party challenges. Our ability to stop unauthorized third parties from making, using, selling, offering to sell or importing our product candidates is dependent upon the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities.

The patenting 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. In addition, we may not

pursue or obtain patent protection in all relevant markets. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Our pending and future patent applications may not result in issued patents that protect our technology or products, in whole or in part. In addition, our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from using our technologies or from developing competing products and technologies.

We currently in-license certain intellectual property from President and Fellows of Harvard College, or Harvard, and Dana-Farber Cancer Institute, or DFCI, Materia, Inc. and others. In the future we may in-license intellectual property from other licensors. We rely on certain of these licensors to file and prosecute patent applications and maintain patents and otherwise protect the intellectual property we license from them. We have limited control over these activities or any other intellectual property that may be related to our in-licensed intellectual property. For example, we cannot be certain that such activities by these licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights. We have limited control over the manner in which our licensors initiate an infringement proceeding against a third-party infringer of the intellectual property rights, or defend certain of the intellectual property that is licensed to us. It is possible that the licensors infringement proceeding or defense activities may be less vigorous than had we conducted them ourselves.

The growth of our business may depend in part on our ability to acquire or in-license additional proprietary rights. For example, our programs may involve additional product candidates that may require the use of additional proprietary rights held by third parties. Our product candidates may also require specific formulations to work effectively and efficiently. These formulations may be covered by intellectual property rights held by others. We may be unable to acquire or in-license any relevant third-party intellectual property rights that we identify as necessary or important to our business operations. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all, which would harm our business. We may need to cease use of the compositions or methods covered by such third-party intellectual property rights, and may need to seek to develop alternative approaches that do not infringe on such intellectual property rights which may entail additional costs and development delays, even if we were able to develop such alternatives, which may not be feasible. Even if we are able to obtain a license under such intellectual property rights, any such license may be non-exclusive, which may allow our competitors access to the same technologies licensed to us.

Additionally, we sometimes collaborate with academic institutions to accelerate our preclinical research or development under written agreements with these institutions. In certain cases, these institutions provide us with an option to negotiate a license to any of the institution’s rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to others, potentially blocking our ability to pursue our program. If we are unable to successfully obtain rights to required third-party intellectual property or to maintain the existing intellectual property rights we have, we may have to abandon development of such program and our business and financial condition could suffer.

The licensing and acquisition of third-party intellectual property rights is a competitive practice, and companies that may be more established, or have greater resources than we do, may also be pursuing strategies to license or acquire third-party intellectual property rights that we may consider necessary or attractive in order to commercialize our product candidates. More established companies may have a competitive advantage over us due to their larger size and cash resources or greater clinical development and commercialization capabilities. There can be no assurance that we will be able to successfully complete such negotiations and ultimately acquire the rights to the intellectual property surrounding the additional product candidates that we may seek to acquire.

During the course of business we have decided not to pursue certain products or processes and have terminated certain corresponding intellectual property license agreements or removed certain intellectual property from current license agreements, and we may do so again in the future. If it is later determined that our

activities or product candidates infringe this intellectual property we may be liable for damages, enhanced damages or subjected to an injunction, any of which could have a materially adverse effect on our business.

The patent position of pharmaceutical and biotechnology companies generally is highly uncertain and involves complex legal and factual questions for which many legal principles remain unresolved. In recent years patent rights have been the subject of significant litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued in the United States or in other jurisdictions which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. In addition, the U.S. Patent and Trademark Office, or USPTO, might require that the term of a patent issuing from a pending patent application be disclaimed and limited to the term of another patent that is commonly owned or names a common inventor. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights is highly uncertain.

Recent or future patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. In March 2013, under the recently enacted Leahy-Smith America Invents Act, or America Invents Act, the United States moved from a “first to invent” to a “first-to-file” system. Under a “first-to-file” system, assuming the other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to a patent on the invention regardless of whether another inventor had made the invention earlier. The America Invents Act includes a number of other significant changes to U.S. patent law, including provisions that affect the way patent applications are prosecuted, redefine prior art and establish a new post-grant review system. The effects of these changes are currently unclear as the USPTO only recently developed new regulations and procedures in connection with the America Invents Act and many of the substantive changes to patent law, including the “first-to-file” provisions, only became effective in March 2013. In addition, the courts have yet to address many of these provisions and the applicability of the act and new regulations on specific patents discussed herein have not been determined and would need to be reviewed. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition. We may become involved in opposition, interference, derivation, *inter partes* review or other proceedings challenging our patent rights or the patent rights of others, and the outcome of any proceedings are highly uncertain. An adverse determination in any such proceeding could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and in-licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in the patent claims of our owned or in-licensed patents being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Given the amount of time

required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours or otherwise provide us with a competitive advantage.

The degree of future protection for our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- others may be able to make or use compounds that are similar to the pharmaceutical compounds used in our product candidates but that are not covered by the claims of our patents;
- the active pharmaceutical ingredients in our current product candidates will eventually become commercially available in generic drug products, and no patent protection may be available with regard to formulation or method of use;
- we or our licensors, as the case may be, may not be able to detect infringement against our in-licensed patents, which may be especially difficult for manufacturing processes or formulation patents;
- we or our licensors, as the case may be, might not have been the first to file patent applications for these inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies;
- it is possible that our pending patent applications will not result in issued patents;
- it is possible that there are prior public disclosures that could invalidate our or our licensors' patents, as the case may be, or parts of our or their patents;
- it is possible that others may circumvent our owned or in-licensed patents;
- it is possible that there are unpublished applications or patent applications maintained in secrecy that may later issue with claims covering our products or technology similar to ours;
- the laws of foreign countries may not protect our or our licensors', as the case may be, proprietary rights to the same extent as the laws of the United States;
- the claims of our owned or in-licensed issued patents or patent applications, if and when issued, may not cover our product candidates;
- our owned or in-licensed issued patents may not provide us with any competitive advantages, may be narrowed in scope, or be held invalid or unenforceable as a result of legal challenges by third parties;
- the inventors of our own or in-licensed patents or patent applications may become involved with competitors, develop products or processes which design around our patents, or become hostile to us or the patents or patent applications on which they are named as inventors;
- we have engaged in scientific collaborations in the past, such as with Roche, and will continue to do so in the future. Such collaborators may develop adjacent or competing products to ours that are outside the scope of our patents;

- we may not develop additional proprietary technologies for which we can obtain patent protection;
- it is possible that product candidates we develop may be covered by third parties' patents or other exclusive rights; or
- the patents of others may have an adverse effect on our business.

We also may rely on trade secrets to protect our technology, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect, and we have limited control over the protection of trade secrets used by our licensors, collaborators and suppliers. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose our information to competitors. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. If our confidential or proprietary information is divulged to or acquired by third parties, including our competitors, our competitive position in the marketplace will be harmed and this would have a material adverse effect on our business.

If any of our owned or in-licensed patents are found to be invalid or unenforceable, or if we are otherwise unable to adequately protect our rights, it could have a material adverse impact on our business and our ability to commercialize or license our technology and product candidates. Likewise, our current owned and in-licensed patents covering our proprietary technologies and our product candidates are expected to expire on various dates from 2020 through 2033, without taking into account any possible patent term adjustments or extensions. Our earliest in-licensed patents were only filed in the United States and may expire before, or soon after, our first product achieves marketing approval in the United States. Upon the expiration of our current patents, we may lose the right to exclude others from practicing these inventions. The expiration of these patents could also have a similar material adverse effect on our business, results of operations, financial condition and prospects. We own or in-license pending patent applications covering our proprietary technologies or our product candidates that if issued as patents are expected to expire from 2020 through 2036, without taking into account any possible patent term adjustments or extensions. However, we cannot be assured that the USPTO or relevant foreign patent offices will grant any of these patent applications.

If we fail to comply with our obligations under our patent licenses with third parties, we could lose license rights that are important to our business.

We are a party to license agreements with Harvard, DFCI, Materia and others, pursuant to which we in-license key patent and patent applications for our product candidates. These existing licenses impose various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, our licensors may have the right to terminate the license, in which event we would not be able to develop or market the products covered by such licensed intellectual property. If we lose such license rights, our business, results of operations, financial condition and prospects may be materially adversely affected. We may enter into additional licenses in the future and if we fail to comply with obligations under those agreements, we could suffer similar consequences.

We may incur substantial costs as a result of litigation or other proceedings relating to patents, and we may be unable to protect our rights to our products and technology.

If we or our licensors choose to go to court to stop a third party from using the inventions claimed in our owned or in-licensed patents, that third party may ask the court to rule that the patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and would consume time and other resources even if we or they, as the case may be, were successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are not valid and that we or they, as the case may be, do not have the right to stop others from using the inventions.

There is also the risk that, even if the validity of these patents is upheld, the court will refuse to stop the third party on the ground that such third party's activities do not infringe our owned or in-licensed patents. In addition, the U.S. Supreme Court has recently changed some legal principles that affect patent applications, granted patents and assessment of the eligibility or validity of these patents. As a consequence, issued patents may be found to contain invalid claims according to the newly revised eligibility and validity standards. Some of our own or in-licensed patents may be subject to challenge and subsequent invalidation or significant narrowing of claim scope in proceedings before the USPTO, or during litigation, under the revised criteria which could also make it more difficult to obtain patents.

We, or our licensors, may not be able to detect infringement against our owned or in-licensed patents, as the case may be, which may be especially difficult for manufacturing processes or formulation patents. Even if we or our licensors detect infringement by a third party of our owned or in-licensed patents, we or our licensors, as the case may be, may choose not to pursue litigation against or settlement with the third party. If we, or our licensors, later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us or our licensors to enforce our owned or in-licensed patents, as the case may be, against such third party.

If another party questions the patentability of any of our claims in our owned or in-licensed U.S. patents, the third party can request that the USPTO review the patent claims such as in an *inter partes* review, *ex parte* re-exam or post-grant review proceedings. These proceedings are expensive and may result in a loss of scope of some claims or a loss of the entire patent. In addition to potential USPTO review proceedings, we may become a party to patent opposition proceedings in the European Patent Office, or EPO, or similar proceedings in other foreign patent offices, where either our owned or in-licensed foreign patents are challenged. The costs of these opposition or similar proceedings could be substantial, and may result in a loss of scope of some claims or a loss of the entire patent. An unfavorable result at the USPTO, EPO or other patent office may result in the loss of our right to exclude others from practicing one or more of our inventions in the relevant country or jurisdiction, which could have a material adverse effect on our business.

We may incur substantial costs as a result of litigation or other proceedings relating to intellectual property rights other than patents, and we may be unable to protect our rights to our products and technology.

We may rely on trade secrets and confidentiality agreements to protect our technology and know-how, especially where we do not believe patent protection is appropriate or obtainable. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. If we choose to go to court to stop a third party from using any of our trade secrets, we may incur substantial costs. These lawsuits may consume our time and other resources even if we are successful.

If we are sued for infringing patents or other intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation would have a material adverse effect on our business.

Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields relating to our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that others may assert our product candidates infringe the patent rights of others. Moreover, it is not always clear to industry participants, including us, which patents cover various types of drugs, products or their methods of use or manufacture. Thus, because of the large number of patents issued and patent applications filed in our fields, there may be a risk that third parties may allege they have patent rights encompassing our product candidates, technologies or methods.

In addition, because some patent applications in the United States may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing, and publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our owned and in-licensed issued patents or our pending applications, or that we or, if applicable, a licensor were the first to invent the technology. Our competitors may have filed, and may in the future file, patent applications covering our products or technology similar to ours. Any such patent application may have priority over our owned and in-licensed patent applications or patents, which could require us to obtain rights to issued patents covering such technologies. If another party has filed a U.S. patent application on inventions similar to those owned or in-licensed to us, we or, in the case of in-licensed technology, the licensor may have to participate in an interference proceeding declared by the USPTO to determine priority of invention in the United States. If we or one of our licensors is a party to an interference proceeding involving a U.S. patent application on inventions owned or in-licensed to us, we may incur substantial costs, divert managements time and expend other resources, even if we are successful.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries generally. We may be exposed to, or threatened with, future litigation by third parties having patent or other intellectual property rights alleging that our product candidates and/or proprietary technologies infringe their intellectual property rights.

If a third party claims that we infringe its intellectual property rights, we may face a number of issues, including, but not limited to:

- infringement and other intellectual property claims which, regardless of merit, may be expensive and time-consuming to litigate and may divert our management's attention from our core business;
- substantial damages for infringement, which we may have to pay if a court decides that the product candidate or technology at issue infringes on or violates the third party's rights, and if the court finds that the infringement was willful, we could be ordered to pay treble damages and the patent owner's attorneys' fees;
- a court prohibiting us from developing, manufacturing, marketing or selling our product candidates, or using our proprietary technologies unless the third party licenses its product rights to us, which it is not required to do;
- if a license is available from a third party, we may have to pay substantial royalties, upfront fees and other amounts, and/or grant cross-licenses to intellectual property rights for our products; and
- redesigning our product candidates or processes so they do not infringe, which may not be possible or may require substantial monetary expenditures and time.

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. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations or could otherwise have a material adverse effect on our business, results of operations, financial condition and prospects.

We may choose to challenge the patentability of claims in a third party's U.S. patent by requesting that the USPTO review the patent claims in an *ex-parte* re-exam, *inter partes* review or post-grant review proceedings. These proceedings are expensive and may consume our time or other resources. We may choose to challenge a third party's patent in patent opposition proceedings in the EPO, or other foreign patent office. The costs of these opposition proceedings could be substantial, and may consume our time or other resources. If we fail to obtain a favorable result at the USPTO, EPO or other patent office then we may be exposed to litigation by a third party alleging that the patent may be infringed by our product candidates or proprietary technologies.

We may not be able to protect our intellectual property rights with patents throughout the world.

Filing, prosecuting and defending patents on all of our product candidates throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but where enforcement is not as strong as in the United States. These products may compete with our product candidates in jurisdictions where we do not have any issued patents and our patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products against third parties in violation of our proprietary rights generally. The initiation of proceedings by third parties to challenge the scope or validity of our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Obtaining and maintaining our patent protection depends upon compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent prosecution process and following the issuance of a patent. Our failure to comply with such requirements could result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case if our patent were in force, which would have a material adverse effect on our business.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industries, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. This type of litigation or proceeding could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other intellectual property related proceedings could adversely affect our ability to compete in the marketplace.

Risks Related to Marketing Approval and Other Legal Compliance Matters

Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us or any future collaborators from obtaining approvals for the commercialization of some or all of our product candidates. As a result, we cannot predict when or if, and in which territories, we or any future collaborators, will obtain marketing approval to commercialize a product candidate.

The research, testing, manufacturing, labeling, approval, selling, marketing, promotion and distribution of drugs are subject to extensive regulation by the FDA and comparable foreign regulatory authorities, whose laws and regulations may differ from country to country. We, and any future collaborators, are not permitted to market our product candidates in the United States or in other countries until we or they receive approval of an NDA from the FDA or marketing approval from comparable foreign regulatory authorities. Our product candidates are in early stages of development and are subject to the risks of failure inherent in drug development. We have not submitted an application for or received marketing approval for any of our product candidates in the United States or in any other jurisdiction. We have limited experience in conducting and managing the clinical trials necessary to obtain marketing approvals, including FDA approval of an NDA.

The process of obtaining marketing approvals, both in the United States and abroad, is a lengthy, expensive and uncertain process. It may take many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. The FDA or other regulatory authorities have substantial discretion and may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Our product candidates could fail to receive marketing approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA or other submission or to obtain marketing approval in the United States or elsewhere;

- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies;

- the FDA or comparable foreign regulatory authorities may fail to approve any companion diagnostics that may be required in connection with approval of our therapeutic product candidates; and

- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of clinical trial results may result in our failing to obtain marketing approval to market ALRN-6924, which would significantly harm our business, results of operations and prospects.

In addition, changes in marketing approval policies during the development period, changes in or the enactment or promulgation of additional statutes, regulations or guidance or changes in regulatory review for each submitted drug application, may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical studies, clinical trials or other studies and testing. In addition, varying interpretations of the data obtained from preclinical studies and clinical trials could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we, or any collaborators we may have in the future, ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved drug not commercially viable.

Any delay in obtaining or failure to obtain required approvals could materially adversely affect our ability or that of any collaborators we may have to generate revenue from the particular product candidate, which likely would result in significant harm to our financial position and adversely impact our stock price.

Failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed abroad. Any approval we are granted for our product candidates in the United States would not assure approval of our product candidates in foreign jurisdictions.

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

We, or any future collaborators, may not be able to obtain orphan drug designation or obtain or maintain orphan drug exclusivity for our product candidates and, even if we do, that exclusivity many not prevent the FDA or the EMA from approving competing products.

Regulatory authorities in some jurisdictions, including the United States and the European Union, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA

may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. We, or any future collaborators, may seek orphan drug designations for our product candidates and may be unable to obtain such designations.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity. Orphan drug exclusivity in the United States provides that the FDA may not approve any other applications, including a full NDA, to market the same drug for the same indication for seven years, except in limited circumstances The applicable exclusivity period is ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified.

Even if we, or any future collaborators, obtain orphan drug designation for a product candidate, we, or they, may not be able to obtain or maintain orphan drug exclusivity for that product candidate. We may not be the first to obtain marketing approval of any product candidate for which we have obtained orphan drug designation for the orphan-designated indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if we are unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we, or any future collaborators, obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties may be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve the same drug with the same active moiety for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care or the manufacturer of the product with orphan exclusivity is unable to maintain sufficient product quantity. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Even if we, or any collaborators we may have in the future, obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our drugs could require substantial expenditure of resources and may limit how we, or they, manufacture and market our drugs, which could materially impair our ability to generate revenue.

Once marketing approval has been granted, an approved drug and its manufacturer and marketer are subject to ongoing review and extensive regulation. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. We, and any collaborators we may have in the future, must also comply with requirements concerning advertising and promotion for any of our product candidates for which we or they obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the drug's approved labeling. Thus, we, and any collaborators we may have in the future, may not be able to promote any drugs we develop for indications or uses for which they are not approved.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of a drug. For example, the approval may be subject to limitations on the indicated uses for which the drug may be marketed or to the conditions of approval, including the

requirement to implement a Risk Evaluation and Mitigation Strategy, which could include requirements for a restricted distribution system. Manufacturers of approved drugs and those manufacturers' facilities are also required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We, our contract manufacturers, our future collaborators and their contract manufacturers could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs.

Accordingly, assuming we, or our future collaborators, receive marketing approval for one or more of our product candidates, we, and our future collaborators, and our and their contract manufacturers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control.

If we, and our future collaborators, are not able to comply with post-approval regulatory requirements, we, and our future collaborators, could have the marketing approvals for our drugs withdrawn by regulatory authorities and our, or our future collaborators', ability to market any future drugs could be limited, which could adversely affect our ability to achieve or sustain profitability. Further, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

Any of our product candidates for which we, or our future collaborators, obtain marketing approval in the future will be subject to substantial penalties if we, or they, fail to comply with regulatory requirements or if we, or they, experience unanticipated problems with our drugs following approval.

Any of our product candidates for which we, or our future collaborators, obtain marketing approval in the future, will be subject to continual review by the FDA and other regulatory authorities.

The FDA and other agencies, including the Department of Justice, or the DOJ, closely regulate and monitor the post-approval marketing and promotion of drugs to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we, or our future collaborators, do not market any of our product candidates for which we, or they, receive marketing approval for only their approved indications, we, or they, may be subject to warnings or enforcement action for off-label marketing. Violation of the FDCA and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription drugs may lead to investigations or allegations of violations of federal and state health care fraud and abuse laws and state consumer protection laws.

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

- litigation involving patients taking our drug;
- restrictions on such drugs, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a drug;
- restrictions on drug distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or untitled letters;

- withdrawal of the drugs from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of drugs;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- damage to relationships with any potential collaborators;
- restrictions on coverage by third-party payors;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of drugs;
- drug seizure; or
- injunctions or the imposition of civil or criminal penalties.

Recently enacted and future legislation, and a change in existing government regulations and policies, may increase the difficulty and cost for us and our future collaborators to obtain marketing approval of and commercialize our product candidates and affect the prices we, or they, may obtain.

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

The FDA's policies may also change and additional government regulations may be enacted that could prevent, limit or delay marketing approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

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

More recently, in March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the Affordable Care Act, which substantially changes the way healthcare is financed by both governmental and private insurers. The provisions of the Affordable Care Act of potential importance to our product candidates are the following:

- an annual, non-deductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;

- an increase in the statutory minimum Medicaid rebates a manufacturer must pay under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers and enhanced penalties for non-compliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs and therapeutic biologics to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs and therapeutic biologics to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- new requirements to report certain financial arrangements with physicians and certain others, including reporting "transfers of value" made or distributed to prescribers and other healthcare providers and reporting investment interests held by physicians and their immediate family members;
- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and
- a new Independent Payment Advisory Board, or IPAB, which has authority to recommend certain changes to the Medicare program to reduce expenditures by the program that could result in reduced payments for prescription drugs.

At this time, the full effect of the Affordable Care Act would have on our business remains unclear.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. In August 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year. These reductions went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2024 unless additional Congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which marketing approval is obtained.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. For example, the Centers for Medicare & Medicaid Services, or CMS, may develop new payment and delivery models, such as bundled payment models.

The U.S. Department of Health and Human Services, or HHS, has set a goal of moving 30% of Medicare payments to alternative payment models by the end of 2016 and 50% of Medicare payments into these alternative payment models by the end of 2018. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the United States Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us and our future collaborators to more stringent drug labeling and post-marketing testing and other requirements.

We may seek a breakthrough therapy designation for ALRN-6924 or one or more of our other product candidates, we might not receive such designation, and even if we do, such designation may not lead to a faster development or regulatory review or approval process.

We may seek a breakthrough therapy designation for ALRN-6924 or one or more of our other product candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs and biologics that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA may also be eligible for priority review if supported by clinical data at the time the NDA is submitted to the FDA.

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

We may seek fast track designation for ALRN-6924 or one or more of our other product candidates, but we might not receive such designation, and even if we do, such designation may not actually lead to a faster development or regulatory review or approval process.

If a drug is intended for the treatment of a serious condition and nonclinical or clinical data demonstrate the potential to address unmet medical need for this condition, a drug sponsor may apply for FDA fast track designation. If we seek fast track designation for a product candidate, we may not receive it from the FDA. However, even if we receive fast track designation, fast track designation does not ensure that we will receive marketing approval or that approval will be granted within any particular timeframe. We may not experience a faster development or regulatory review or approval process with fast track designation compared to conventional FDA procedures. In addition, the FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program. Fast track designation alone does not guarantee qualification for the FDA's priority review procedures.

We may seek priority review designation for ALRN-6924 or one or more of our other product candidates, but we might not receive such designation, and even if we do, such designation may not lead to a faster development or regulatory review or approval process.

If the FDA determines that a product candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months. We may request priority review for our product candidates. The FDA has broad discretion with respect to whether or not to grant priority review status to a product candidate, so even if we believe a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not necessarily mean a faster development or regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

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

Our relationships with healthcare providers, physicians and third-party payors will subject us to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Our future arrangements with healthcare providers, physicians and third-party payors and patients may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- *Anti-Kickback Statute*—the federal healthcare anti-kickback statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation or arranging of, any good or service, for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- *False Claims Act*—the federal False Claims Act imposes criminal and civil penalties, including through civil whistleblower or *qui tam* actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, false or fraudulent claims for payment by a federal healthcare program or making a false statement or record material to payment of a false claim or avoiding, decreasing or concealing an obligation to pay money to the federal government, with potential liability including mandatory treble damages and significant per-claim penalties, currently set at $5,500 to $11,000 per false claim;

- *HIPAA*—the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing regulations, also imposes obligations on

certain covered entity healthcare providers, health plans, and healthcare clearinghouse as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms and technical safeguards, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

- *HIPAA Privacy Provisions*—as amended by HITECH and its implementing regulations, also imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouse as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms and technical safeguards, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

- *Transparency Requirements*—the federal legislation commonly referred to as the Physician Payments Sunshine Act, enacted as part of the Affordable Care Act, and its implementing regulations, which requires certain manufacturers of drugs, devices, therapeutic biologics and medical supplies reimbursable under Medicare, Medicaid, and Children's Health Insurance Programs to report annually to the Department of Health and Human Services information related to certain payments and other transfers of value, including consulting fees, travel reimbursements, research grants, and other payments or gifts with values over $10 made to physicians, other healthcare providers and teaching hospitals, as well as ownership and investment interests held by physicians and other healthcare providers and their immediate family members;

- *FDCA*—the FDCA, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices; and

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

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

Efforts to ensure that our business arrangements with third-parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion of drugs from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. If any of the physicians or other

healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, it may be costly to us in terms of money, time and resources, and they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Our employees may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of employee fraud or other misconduct, including intentional failures to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards we may establish, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other sanctions.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

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

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

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

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

If we expand our operations outside of the United States, we must comply with numerous laws and regulations in each jurisdiction in which we plan to operate. The creation and implementation of international business practices compliance programs is costly and such programs are difficult to enforce, particularly where reliance on third parties is required.

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations. The anti-bribery provisions of the FCPA are enforced primarily by the DOJ. The Securities and Exchange Commission, or SEC, is involved with enforcement of the books and records provisions of the FCPA.

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

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

The failure to comply with laws governing international business practices may result in substantial penalties, including suspension or debarment from government contracting. Violation of the FCPA can result in significant civil and criminal penalties. Indictment alone under the FCPA can lead to suspension of the right to do business with the U.S. government until the pending claims are resolved. Conviction of a violation of the FCPA can result in long-term disqualification as a government contractor. The termination of a government contract or relationship as a result of our failure to satisfy any of our obligations under laws governing international business practices would have a negative impact on our operations and harm our reputation and ability to procure government contracts. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

Risks Related to Employee Matters and Managing Growth

Our future success depends on our ability to retain our President and Chief Executive Officer, our Senior Vice President, Chief Medical Officer, our Senior Vice President, Chief Financial and Chief Business Officer, and other key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on Joseph A. Yanchik III, our President and Chief Executive Officer, Manuel Aivado, M.D., Ph.D., our Senior Vice President, Chief Medical Officer, and Evan Lippman, our Senior Vice President, Chief Financial and Chief Business Officer, as well as the other principal members of our management

and scientific teams. Our agreements with Mr. Yanchik, Dr. Aivado and Mr. Lippman do not prevent them from terminating their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us.

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

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

Risks Related to Our Common Stock and this Offering

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

Upon the closing of this offering, our executive officers, directors and stockholders who each owned more than 5% of our outstanding common stock before this offering will, in the aggregate, beneficially own shares representing approximately % of our capital stock. As a result, if these stockholders were to choose to act together, they would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

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

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

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

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

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

The initial public offering price of our common stock is substantially higher than the pro forma as adjusted net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our pro forma as adjusted net tangible book value per share after this offering. To the extent shares are issued under outstanding options, you will incur further dilution. Based on the initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, you will experience immediate dilution of

$ per share, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to this offering and the assumed initial public offering price per share. In addition, purchasers of common stock in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our stock but will own only approximately % of our common stock outstanding after this offering.

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

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

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

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

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

- the timing and results of clinical trials of ALRN-6924 and any of our other product candidates;
- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- the success of existing or new competitive products or technologies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- establishment or termination of collaborations for our product candidates or development programs;
- failure or discontinuation of any of our development programs;
- results of clinical trials of product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;

- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or development programs;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates or products;
- actual or anticipated changes in estimates as to financial results or development timelines;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or other stockholders;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and our resources, which could harm our business.

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

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

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

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a

supplement to the auditor's report providing additional information about the audit and the financial statements, being permitted to present only two years of audited financial statements and a correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this prospectus, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In this prospectus, we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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

As a public company, and particularly after we are no longer an "emerging growth company," we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC and NASDAQ have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. There is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

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

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

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

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding shares of common stock based on the number of shares outstanding as of , 2015. This includes the shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. Of the remaining shares, 84,507,382 shares are currently restricted as a result of securities laws or lock-up agreements but will be able to be sold after the offering as described in the "Shares Eligible for Future Sale" section of this prospectus. Moreover, after this offering, holders of an aggregate of 80,337,895 shares of our common stock will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" section of this prospectus.

Our certificate of incorporation that will become effective upon the closing of this offering designates the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against the company and our directors, officers and employees.

Our certificate of incorporation that will become effective upon the closing of this offering provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to our company or our stockholders, any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws, or any action asserting a claim against us governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

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

These forward-looking statements include, among other things, statements about:

- our plans to develop and commercialize ALRN-6924 and other product candidates, including the potential benefits thereof;
- our ongoing and planned clinical trials for ALRN-6924, whether conducted by us or by any future collaborators, including the timing of initiation of these trials and of the anticipated results;
- the timing of and our ability to obtain and maintain marketing approvals for our product candidates;
- the rate and degree of market acceptance and clinical utility of any products for which we receive marketing approval;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position and strategy;
- our ability to identify additional product candidates with significant commercial potential;
- our plans to enter into collaborations for the development and commercialization of product candidates;
- the potential benefits of any future collaboration;
- our expectations related to the use of proceeds from this offering;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- developments relating to our competitors and our industry; and
- the impact of government laws and regulations.

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

You should read this prospectus and the documents that we have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

USE OF PROCEEDS

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

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease our net proceeds from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. An increase or decrease of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease our net proceeds from this offering by approximately $ million, assuming no change in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

As of June 30, 2015, we had cash, cash equivalents and investments of $10.6 million. We currently estimate that we will use the net proceeds from this offering, together with our cash, cash equivalents and investments, as follows:

- approximately $ million to fund our ongoing Phase 1 clinical trial of ALRN-6924 and at least one Phase 2 clinical trial of ALRN-6924;
- approximately $ million to fund additional research and clinical development activity related to ALRN-6924; and
- the remainder for working capital and other general corporate purposes, which may include funding for additional research, hiring additional personnel, capital expenditures and the costs of operating as a public company.

This expected use of the net proceeds from this offering and our existing cash, cash equivalents and investments represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our development and commercialization efforts, the status of and results from clinical trials, any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

Based on our current plans, we believe that our existing cash, cash equivalents and investments, together with the net proceeds from this offering, will be sufficient to enable us to fund our operating expenses and capital expenditure requirements at least through . We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We do not expect that the net proceeds from this offering and our existing cash, cash equivalents and investments will be sufficient to enable us to fund the completion of development of any of our product candidates.

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

DIVIDEND POLICY

We have never declared nor paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in respect of our common stock in the foreseeable future.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and investments and our capitalization as of June 30, 2015:

- on an actual basis;
- on a pro forma basis, to give effect to:
  - the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering; and
  - the filing and effectiveness of our restated certificate of incorporation; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of June 30, 2015		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share data)		
Cash, cash equivalents and investments	$ 10,558	$ 10,558	$
Redeemable convertible preferred stock (Series A, A-1, B, C-1, C-2, D, D-1, E and E-1), $0.001 par value; 91,681,662 shares authorized; 81,975,780 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	$ 97,645	$ —	$
Stockholders’ equity (deficit):			
Preferred stock, $0.001 par value; no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, $0.001 par value; 109,000,000 shares authorized, 4,204,948 shares issued and outstanding, actual; shares authorized, 84,501,882 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	4	85	
Additional paid-in capital	1,550	99,114	
Accumulated deficit	(89,711)	(89,711)	
Total stockholders’ equity (deficit)	(88,157)	9,488	
Total capitalization	$ 9,488	$ 9,488	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the pro

forma as adjusted amount of each of cash, cash equivalents and investments, additional paid-in-capital, total stockholders' equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. An increase or decrease of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease the pro forma as adjusted amount of each of cash, cash equivalents and investments, additional paid-in-capital, total stockholders' equity and total capitalization by $ million, assuming no change in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

The table above does not include:

- 10,341,210 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2015, at a weighted average exercise price of $0.45 per share;
- 2,092,278 shares of our common stock available for future issuance as of June 30, 2015 under our 2006 stock incentive plan, as amended; and
- additional shares of our common stock that will become available for future issuance upon the closing of this offering under our 2015 stock incentive plan and our 2015 employee stock purchase plan.

DILUTION

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

Our historical net tangible book value (deficit) as of June 30, 2015 was $(88.2) million, or $(20.97) per share of our common stock. Our historical net tangible book value (deficit) is the amount of our total tangible assets less our total liabilities and preferred stock, which is not included within stockholders' equity (deficit). Historical net tangible book value (deficit) per share represents our historical net tangible book value (deficit) divided by the 4,204,948 shares of our common stock outstanding as of June 30, 2015.

Our pro forma net tangible book value as of June 30, 2015 was $9.5 million, or $0.11 per share of our common stock. Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of shares outstanding as of June 30, 2015, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering.

After giving effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2015 would have been $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value per share of $ to existing stockholders and immediate dilution of $ in pro forma as adjusted net tangible book value per share to new investors purchasing common stock in this offering. Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by new investors. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of June 30, 2015	$(20.97)	
Increase per share attributable to the conversion of all outstanding shares of preferred stock	21.08	
Pro forma net tangible book value per share as of June 30, 2015	0.11	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors purchasing shares in this offering		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease our pro forma as adjusted net tangible book value by $ million, our pro forma as adjusted net tangible book value per share after this offering by $ and dilution per share to new investors purchasing shares in this offering by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. An increase of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase the pro forma as adjusted net tangible book value per share after this offering by $ and decrease the dilution per share to new investors participating in this offering by $, assuming no change in the assumed initial public

offering price and after deducting estimated underwriting discounts and commissions. A decrease of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would decrease the pro forma as adjusted net tangible book value per share after this offering by $ and increase the dilution per share to new investors participating in this offering by $, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares in full, our pro forma as adjusted net tangible book value per share after this offering would be $ per share, representing an immediate increase in pro forma as adjusted net tangible book value per share of $ to existing stockholders and immediate dilution in pro forma as adjusted net tangible book value per share of $ to new investors purchasing common stock in this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If any shares are issued upon exercise of outstanding options, you will experience further dilution.

The following table summarizes, on the pro forma as adjusted basis described above, the differences between the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and by new investors purchasing shares of common stock in this offering. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					$
Total		100.0%	$	100.0%	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. An increase or decrease of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming no change in the assumed initial public offering price.

The table above assumes no exercise of the underwriters' option to purchase additional shares in this offering. If the underwriters' option to purchase additional shares is exercised in full, the number of shares of our common stock held by existing stockholders would be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares of common stock held by new investors participating in the offering would be increased to % of the total number of shares of our common stock outstanding after this offering.

The number of shares purchased from us by existing stockholders is based on 84,501,882 shares of our common stock outstanding as of June 30, 2015, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of common stock upon the closing of this offering, and excludes:

- 10,341,210 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2015, at a weighted average exercise price of $0.45 per share;

- 2,092,278 additional shares of our common stock available for future issuance as of June 30, 2015 under our 2006 stock incentive plan, as amended; and

- additional shares of our common stock that will become available for future issuance upon the closing of this offering under our 2015 stock incentive plan and our 2015 employee stock purchase plan.

SELECTED FINANCIAL DATA

You should read the following selected financial data together with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus. We have derived the statement of operations data for the years ended December 31, 2013 and 2014 and the balance sheet data as of December 31, 2013 and 2014 from our audited financial statements appearing at the end of this prospectus. The statement of operations data for the six months ended June 30, 2014 and 2015 and the balance sheet data as of June 30, 2015 have been derived from our unaudited financial statements appearing at the end of this prospectus and have been prepared on the same basis as the audited financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial information in those statements. Our historical results are not necessarily indicative of results that should be expected in any future period, and our results for any interim period are not necessarily indicative of the results to be expected for any full year.

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
	(in thousands, except per share data)			
Statement of Operations Data:				
Revenue	$22,350	$ —	$ —	$ —
Operating expenses:				
Research and development	12,227	9,331	6,015	4,035
General and administrative	6,839	6,703	3,306	2,345
Total operating expenses	19,066	16,034	9,321	6,380
Income (loss) from operations	3,284	(16,034)	(9,321)	(6,380)
Interest and other income	6	10	5	10
Net income (loss)	3,290	(16,024)	(9,316)	(6,370)
Accretion of redeemable convertible preferred stock to redemption value	(80)	(43)	(19)	(35)
Net income attributable to participating securities	(3,016)	—	—	—
Net income (loss) attributable to common stockholders	$ 194	$(16,067)	$(9,335)	$ (6,405)
Net income (loss) per share attributable to common stockholders(1):				
Basic	$ 0.05	$ (4.25)	$ (2.50)	$ (1.66)
Diluted	$ 0.03	$ (4.25)	$ (2.50)	$ (1.66)
Weighted average common shares outstanding(1):				
Basic	3,555	3,779	3,739	3,862
Diluted	5,699	3,779	3,739	3,862
Pro forma net loss per share attributable to common stockholders—basic and diluted (unaudited)(2)		$ (0.22)		$ (0.08)
Pro forma weighted average common shares outstanding—basic and diluted (unaudited)(2)		72,628		84,158

(1) See Note 11 to our financial statements appearing at the end of this prospectus for details on the calculation of basic and diluted net income (loss) per share attributable to common stockholders.

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

	As of December 31,		As of June 30,
	2013	2014	2015
	(in thousands)		
Balance Sheet Data:			
Cash, cash equivalents and investments	$ 14,073	$ 16,220	$ 10,558
Working capital(1)	10,104	14,971	8,983
Total assets	16,106	17,727	11,376
Redeemable convertible preferred stock	77,893	97,610	97,645
Total stockholders' deficit	(66,380)	(82,044)	(88,157)

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

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

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Financial Data" section of this prospectus and our financial statements and the related notes included at the end of this prospectus. This discussion and other parts of this prospectus contain forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations and intentions. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage biopharmaceutical company that is focused on developing and commercializing a novel class of therapeutics called stapled peptides. Our lead product candidate, ALRN-6924, targets the tumor suppressor protein p53 for the treatment of a wide variety of cancers. ALRN-6924, which is currently in a Phase 1 clinical trial, reactivates p53-mediated cell death by targeting both of the natural p53 suppressor proteins, MDM2 and MDMX. We believe that, based on preclinical data and preliminary evidence of safety and clinical activity in our ongoing Phase 1 clinical trial, there is significant opportunity to develop ALRN-6924 as a mono- or combination therapy for a wide variety of solid and liquid tumors. We expect to report data from our Phase 1 clinical trial and to commence at least one Phase 2 clinical trial of ALRN-6924 in the first half of 2016. We believe that by using our proprietary stapled peptide drug platform, we can develop first-in-class molecules that contain a novel set of properties. These first-in-class molecules may be able to address historically undruggable targets and complex mechanisms, such as intracellular protein-protein interactions like p53, that underlie many diseases with high unmet medical need. We believe that stapled peptide therapeutics have the potential to become a major class of drugs, like small molecules and monoclonal antibodies, for oncology and other therapeutic areas, and may significantly improve treatment paradigms and clinical outcomes for patients.

We were incorporated in 2001 and commenced principal operations in 2006. We have devoted substantially all of our resources to developing our product candidates, including ALRN-6924, developing our stapled peptide platform, building our intellectual property portfolio, business planning, raising capital and providing general and administrative support for these operations. To date, we have financed our operations through private placements of preferred stock and, to a lesser extent, from a collaboration agreement. Through June 30, 2015, we had received gross proceeds of $98.4 million from our sales of preferred stock and $34.9 million from the collaboration agreement.

Since our inception, we have incurred significant losses on an aggregate basis. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates. Our net income of $3.3 million for the year ended December 31, 2013 resulted primarily from the recognition of $22.4 million of revenue from the collaboration agreement. Our net loss was $16.0 million for the year ended December 31, 2014 and $9.3 million and $6.4 million for the six months ended June 30, 2014 and 2015, respectively. As of June 30, 2015, we had an accumulated deficit of $89.7 million. These losses have resulted primarily from costs incurred in connection with research and development activities, general and administrative costs associated with our operations and in-licensing our product candidates. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years.

We anticipate that our expenses will increase substantially if and as we:

- conduct our ongoing Phase 1 clinical trial of ALRN-6924 and additional clinical trials of ALRN-6924;
- initiate and continue research and preclinical and clinical development of our other product candidates;

- seek to identify additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- require the manufacture of larger quantities of our product candidates for clinical development and potentially commercialization;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other drugs and technologies;
- hire and retain additional clinical, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our drug development, any future commercialization efforts and our transition to a public company.

In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, commencing upon the closing of this offering, we expect to incur additional costs associated with operating as a public company.

As a result, we will need additional financing to support our continuing operations. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity or debt financings or other sources, which may include collaborations with third parties. We may be unable to raise additional funds or enter into other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenue from product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

As of June 30, 2015, we had cash, cash equivalents and investments of $10.6 million. We believe that the anticipated net proceeds from this offering, together with our existing cash, cash equivalents and investments, will enable us to fund our operating expenses and capital expenditure requirements through at least . We have based these estimates on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See “—Liquidity and Capital Resources.”

We believe that our cash, cash equivalents and investments as of June 30, 2015 will be sufficient to fund our operating expenses and capital expenditure requirements through December 31, 2015, without giving effect to any anticipated net proceeds from this offering. If we are unable to raise sufficient funding in 2015, we may be unable to continue to operate. See “—Liquidity and Capital Resources.” In its report on our financial statements for the year ended December 31, 2014, our independent registered public accounting firm included an explanatory paragraph stating that our losses from operations since inception and required additional funding to

finance our operations raise substantial doubt about our ability to continue as a going concern. The conclusion to include such explanatory paragraph was made without giving effect to any anticipated proceeds from this offering.

Components of our Results of Operations

Revenue

We have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products in the near future. If our development efforts for ALRN-6924 or other product candidates that we may develop in the future are successful and result in marketing approval or collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from collaboration or license agreements that we may enter into with third parties.

Our revenue, to date, has been derived principally from a collaboration entered into in 2010 with F. Hoffmann-La Roche Ltd and Hoffman-La Roche Inc., or collectively Roche, which we refer to as the Roche Agreement. During the year ended December 31, 2013, we recognized $22.4 million of revenue under the Roche Agreement, including the recognition of all previously deferred revenue through the effective date of termination of the agreement. We have not recognized any revenue in periods subsequent to December 31, 2013, and we are not currently a party to any collaboration agreements with third parties.

Under the Roche Agreement, we received upfront license fees and development milestone payments, as well as research support funding. Roche terminated certain preclinical programs under the agreement in 2012 at the time of its announcement of the closure of Roche's Nutley, New Jersey research site, which was the site of Roche's research, project management and team collaborators under our collaboration, and notified us in April 2013 of the termination of the full agreement effective October 2013. During the term of the collaboration, we received $5.5 million of milestone payments, including a $2.0 million payment related to the p53 program in the second half of 2012. Upon the termination of the Roche Agreement, all program assets, intellectual property and rights were returned to us and Roche ceased to have any rights to the licensed products and technology. Through October 2013, we received $34.9 million in total payments under the Roche Agreement. As noted in other sections of this prospectus, Roche has maintained its relationship with us as one of our stockholders, having made multiple equity investments since 2013.

Operating Expenses

Our expenses since inception have consisted solely of research and development costs and general and administrative costs.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our product candidates, and include:

- expenses incurred under agreements with third parties, including contract research organizations, or CROs, that conduct research, preclinical activities and clinical trials on our behalf as well as contract manufacturing organizations, or CMOs, that manufacture our product candidates for use in our preclinical and clinical trials;

- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in research and development functions;

- costs of outside consultants, including their fees, stock-based compensation and related travel expenses;

- the costs of laboratory supplies and acquiring, developing and manufacturing preclinical study and clinical trial materials;
- costs related to compliance with regulatory requirements; and
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors and our clinical investigative sites. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our financial statements as prepaid or accrued research and development expenses.

We typically use our employee and infrastructure resources across our development programs. We track outsourced development costs and milestone payments made under our licensing arrangements by product candidate or development program, but we do not allocate personnel costs, license payments made under our licensing arrangements or other internal costs to specific development programs or product candidates. These costs are included in unallocated research and development expenses in the table below.

The following table summarizes our research and development expenses by product candidate or development program:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
	(in thousands)			
ALRN-6924	$ 2,483	$4,296	$3,186	$1,832
Other early-stage development programs	2,809	476	312	99
Unallocated research and development expenses	6,935	4,559	2,517	2,104
Total research and development expenses	$12,227	$9,331	$6,015	$4,035

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase for the foreseeable future as we initiate additional clinical trials of ALRN-6924, pursue later stages of clinical development of ALRN-6924, initiate clinical trials for product candidates other than ALRN-6924 and continue to discover and develop additional product candidates.

We cannot determine with certainty the duration and costs of the current or future clinical trials of our product candidates or if, when, or to what extent we will generate revenue from the commercialization and sale of any our product candidates for which we obtain marketing approval. We may never succeed in obtaining marketing approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress, expense and results of our ongoing clinical trial of ALRN-6924, as well as of any additional clinical trials of ALRN-6924 or other product candidates and other research and development activities that we may conduct;
- uncertainties in clinical trial design and patient enrollment rates;
- significant and changing government regulation and regulatory guidance;

- the timing and receipt of any marketing approvals; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the U.S. Food and Drug Administration, or FDA, or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant trial delays due to patient enrollment or other reasons, we would be required to expand significant additional financial resources and time on the completion of clinical development.

We are currently conducting a Phase 1 clinical trial of ALRN-6924 for the treatment of cancer, which we refer to as our ALRN-6924 Phase 1 clinical trial, and we expect to commence at least one Phase 2 clinical trial of ALRN-6924 in the first half of 2016. At this time, we cannot reasonably estimate the cost for initiating and completing our planned Phase 2 clinical trials of ALRN-6924 and conducting other clinical trials and non-clinical studies to support the submission of a New Drug Application, or NDA, to the FDA for ALRN-6924, as it will be highly dependent on the Phase 1 clinical data as well as the target disease subpopulation chosen.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in our executive, finance, corporate and business development and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax and consulting services; insurance costs; travel expenses; and facility-related expense, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expect that our general and administrative expenses will increase in the future as we increase our general and administrative personnel headcount to support personnel in research and development and to support our operations generally as we increase our research and development activities and activities related to the potential commercialization of our product candidates. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and Securities and Exchange Commission, or SEC, requirements; director and officer insurance costs; and investor and public relations costs.

Interest and Other Income

Interest and other income consist of interest income earned on our cash, cash equivalents and investments. Our interest income has not been significant due to low investment balances and low interest earned on those balances. We anticipate that our interest income will increase in the future due to anticipated cash proceeds from this offering.

Income Taxes

Since our inception in 2001, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred in any year or for our earned research and development tax credits, due to our uncertainty of realizing a benefit from those items. During the year ended December 31, 2013, we recorded no income tax provision for the income generated in that period because the tax liability was offset by the realization of deferred tax assets. As of December 31, 2014, we had federal and state net operating loss carryforwards of $65.8 million and $63.5 million, respectively, which begin to expire in 2029 and 2030, respectively. As of

December 31, 2014, we also had federal and state research and development tax credit carryforwards of $1.3 million and $0.9 million, respectively, which begin to expire in 2025 and 2024, respectively.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our financial statements, which we have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, costs and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

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

Revenue Recognition

We recognize revenue when all of the following criteria have been met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; and collectability is reasonably assured.

During the year ended December 31, 2013, all of our revenue was attributable to the Roche Agreement entered into in August 2010, which was terminated in October 2013. This agreement was accounted for under previously applicable revenue recognition guidance for multiple-element arrangements (prior to issuance of ASU No. 2009-13, *Accounting for Revenue Arrangements with Multiple Deliverables*). Under that guidance, we recognized non-refundable upfront license payments as revenue upon receipt if the license had standalone value to the customer and the fair value of the undelivered elements could be determined. If the license was considered to have standalone value but the fair value of any of the undelivered items could not be determined, the license payments were recognized as revenue over the period of our performance for such undelivered items or services. License fees with ongoing involvement or performance obligations were recorded as deferred revenue upon receipt, and were recognized as revenue ratably over the period such performance obligations were fulfilled, beginning only after both the license period had commenced and the technology had been delivered to the customer.

If the achievement of a milestone was considered probable at the inception of the collaboration, the related milestone payment was included with other arrangement consideration, such as upfront fees and research funding, in our revenue model. Milestones that were tied to regulatory approval were not considered probable of being achieved until such approval was received. Milestones tied to counter-party performance were not included in our revenue model until the performance conditions had been met.

We performed an assessment at the inception of the collaborative arrangement to determine if the milestones in the arrangement were deemed to be substantive milestones or non-substantive milestones. At the time of achievement of non-substantive milestones, we deferred revenue recognition of milestone payments and recognized revenue over the remaining estimated period of performance on a straight-line basis, with a cumulative catch-up being recorded for the elapsed portion of the performance period.

Accrued Research and Development Expenses

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

- CROs in connection with performing research activities on our behalf and conducting preclinical studies and clinical trials on our behalf;
- investigative sites or other service providers in connection with clinical trials;
- vendors in connection with preclinical and clinical development activities; and
- vendors related to product manufacturing and development and distribution of preclinical and clinical supplies.

We base our expenses related to preclinical studies and clinical trials on our estimates of the services received and efforts expended pursuant to quotes and contracts with multiple CROs that conduct and manage preclinical studies and clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing fees, we estimate the time period over which services will be performed, enrollment of patients, number of sites activated and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or amount of prepaid expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low in any particular period. To date, we have not made any material adjustments to our prior estimates of accrued research and development expenses.

Stock-Based Compensation

We measure stock options and other stock-based awards granted to employees and directors based on their fair value on the date of the grant and recognize compensation expense of those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. We apply the straight-line method of expense recognition to all awards with only service-based conditions and apply the graded-vesting method to all awards with performance conditions or to awards with both service-based and performance conditions.

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

We estimate the fair value of each stock option grant on the date of grant using the Black-Scholes option-pricing model, which uses as inputs the fair value of our common stock and assumptions we make for the

volatility of our common stock, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options and our expected dividend yield.

Determination of Fair Value of Common Stock

As there has been no public market for our common stock to date, the estimated fair value of our common stock has been determined by our board of directors as of the date of each option grant, with input from management, considering our most recently available third-party valuations of common stock and our board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Our common stock valuations were prepared using a hybrid method, which used market approaches to estimate our enterprise value. The hybrid method is a probability-weighed expected return method, or PWERM, where the equity value in one or more scenarios is calculated using an option-pricing method, or OPM. The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceeded the value of the preferred stock liquidation preference at the time of the liquidity event, such as a strategic sale or a merger. The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for the company, assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. These third-party valuations were performed at various dates, which resulted in valuations of our common stock of $0.51 per share as of January 31, 2014, $0.47 per share as of October 15, 2014 and $0.55 per share as of June 1, 2015.

In addition to considering the results of these third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the prices at which we sold shares of preferred stock and the superior rights and preferences of the preferred stock relative to our common stock at the time of each grant;
- the progress of our research and development programs, including the status and results of preclinical studies and clinical trials for our product candidates;
- our stage of development and commercialization and our business strategy;
- external market conditions affecting the biopharmaceutical industry and trends within the biopharmaceutical industry;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock and our preferred stock;
- the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale of our company in light of prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in the biopharmaceutical industry.

The assumptions underlying these valuations represented management's best estimate, which involved inherent uncertainties and the application of management's judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could have been materially different.

Once a public trading market for our common stock has been established in connection with the closing of this offering, it will no longer be necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock will be determined based on the quoted market price of our common stock.

Options Granted

The following table summarizes by grant date the number of shares subject to options granted since January 1, 2014, the per share exercise price of the options, the fair value of common stock underlying the options on each grant date, and the per share estimated fair value of the options:

Grant Date	Number of Shares Subject to Options Granted	Per Share Exercise Price of Options	Fair Value of Common Stock per Share on Date of Option Grant	Per Share Estimated Fair Value of Options
March 13, 2014	4,394,447	$ 0.51	$ 0.51	$ 0.36
June 24, 2014	30,000	$ 0.51	$ 0.51	$ 0.36
March 10, 2015	3,292,664	$ 0.51	$ 0.51	$ 0.36
June 18, 2015	3,272,600	$ 0.55	$ 0.55	$ 0.38

Emerging Growth Company Status

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by public companies that are not emerging growth companies.

Results of Operations

Comparison of the Six Months Ended June 30, 2014 and 2015

The following table summarizes our results of operations for the six months ended June 30, 2014 and 2015:

	Six Months Ended June 30,		Increase (Decrease)
	2014	2015	
	(in thousands)		
Revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	6,015	4,035	(1,980)
General and administrative	3,306	2,345	(961)
Total operating expenses	9,321	6,380	(2,941)
Loss from operations	(9,321)	(6,380)	2,941
Interest and other income	5	10	5
Net loss	$(9,316)	$(6,370)	$ 2,946

Research and Development Expenses

	Six Months Ended June 30,		Increase (Decrease)
	2014	2015	
	(in thousands)		
ALRN-6924	$3,186	$1,832	$ (1,354)
Other early-stage development programs	312	99	(213)
Unallocated research and development expenses	2,517	2,104	(413)
Total research and development expenses	$6,015	$4,035	$ (1,980)

Research and development expenses for the six months ended June 30, 2014 were $6.0 million, compared to $4.0 million for the six months ended June 30, 2015. The decrease of $2.0 million was due primarily to the following:

- a decrease of $1.4 million in research expenses associated with our lead product candidate, ALRN-6924, due primarily to decreased costs of $1.3 million reflecting reduced preclinical and development activities as we conducted IND-enabling studies in the six months ended June 30, 2014 and decreased contract manufacturing costs of $1.0 million, reflecting our purchase of clinical trial supplies in the six months ended June 30, 2014, both partially offset by an increase in clinical trial costs of $1.1 million;

- a decrease of $0.2 million in expenses related to our other early-stage development programs, reflecting our focus of resources on the clinical development on ALRN-6924 in the six months ended June 30, 2015; and

- a decrease of $0.4 million in unallocated research and development expenses, primarily due to a decrease in facility-related expenses.

We expect that our research and development expenses will increase for the foreseeable future as we initiate additional clinical trials of ALRN-6924, pursue later stages of clinical development of ALRN-6924, initiate clinical trials for product candidates other than ALRN-6924 and continue to discover and develop additional product candidates.

General and Administrative Expenses

General and administrative expenses were $3.3 million for the six months ended June 30, 2014, compared to $2.3 million for the six months ended June 30, 2015. The decrease of $1.0 million was primarily due to a decrease of $0.8 million in professional fees and a decrease of $0.4 million in facility-related and other costs, partially offset by an increase of $0.2 million in personnel-related costs.

We expect that our general and administrative expenses will increase for the foreseeable future as we increase our general and administrative personnel headcount to support personnel in research and development and to support our operations generally as we increase our research and development activities and potential commercialization activities related to our product candidates. We also expect to incur increased expenses associated with operating as a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements; director and officer insurance costs; and investor and public relations costs.

Interest and Other Income

Interest and other income for the six months ended June 30, 2014 was comparable to interest and other income for the six months ended June 30, 2015. Our interest income has not been significant due to low

investment balances and low interest earned on those balances. We anticipate that our interest income will increase in the future due to anticipated cash proceeds from this offering.

Comparison of the Years Ended December 31, 2013 and 2014

The following table summarizes our results of operations for years ended December 31, 2013 and 2014:

	Year Ended December 31,		Increase (Decrease)
	2013	2014	
	(in thousands)		
Revenue	$22,350	$ —	$(22,350)
Operating expenses:			
Research and development	12,227	9,331	(2,896)
General and administrative	6,839	6,703	(136)
Total operating expenses	19,066	16,034	(3,032)
Income (loss) from operations	3,284	(16,034)	(19,318)
Interest and other income	6	10	4
Net income (loss)	$ 3,290	$(16,024)	$(19,314)

Revenue

Revenue for the year ended December 31, 2013 was $22.4 million, compared to $0 for the year ended December 31, 2014. During the year ended December 31, 2013, we recognized $22.4 million of revenue under the Roche Agreement, including the recognition of all previously deferred revenue through the effective date of termination of the agreement. After October 2013, we had no further obligations under the agreement. As we did not have any collaboration agreements in effect during 2014 and had no other sources of revenue, we did not recognize any revenue during the year ended December 31, 2014.

Research and Development Expenses

	Year Ended December 31,		Increase (Decrease)
	2013	2014	
	(in thousands)		
ALRN-6924	$ 2,483	$4,296	$ 1,813
Other early-stage development programs	2,809	476	(2,333)
Unallocated research and development expenses	6,935	4,559	(2,376)
Total research and development expenses	$12,227	$9,331	$ (2,896)

Research and development expenses for the year ended December 31, 2013 were $12.2 million, compared to $9.3 million for the year ended December 31, 2014. The decrease of $2.9 million was due primarily to the following:

- an increase of $1.8 million in research and development expenses associated with ALRN-6924, due primarily to increased costs of various preclinical and IND-enabling activities of $1.2 million, increased clinical trial costs of $0.8 million and milestone payments of $0.1 million related to this product candidate, all of which were partially offset by decreased contract manufacturing costs of $0.2 million;

- a decrease of $2.3 million in expenses related to our other early-stage development programs due to our determination to focus our resources on the preclinical and clinical development of ALRN-6924; and

- a decrease of $2.4 million in unallocated research and development expenses, primarily due to a $1.6 million decrease in personnel-related costs related to the termination of certain preclinical research personnel and support in order to reallocate capital from early research to the pre-IND and clinical development activities of our advancing ALRN-6924 program as well as a decrease of $0.5 million in facility-related expenses.

General and Administrative Expenses

General and administrative expenses were $6.8 million for the year ended December 31, 2013, compared to $6.7 million for the year ended December 31, 2014. The decrease of $0.1 million was primarily due to a decrease in personnel-related costs of $1.0 million, offset by an increase in professional fees of $0.7 million and an increase in facility-related and other costs of $0.2 million. Personnel-related costs decreased primarily due to a reduction of personnel supporting corporate operations in order to reallocate capital to the pre-IND and clinical development activities of our advancing ALRN-6924 program.

Interest and Other Income

Interest and other income for the year ended December 31, 2013 was comparable to interest and other income for the year ended December 31, 2014. Our interest income has not been significant due to low investment balances and low interest earned on those balances. We anticipate that our interest income will increase in the future due to anticipated cash proceeds from this offering.

Liquidity and Capital Resources

Since our inception, we have incurred significant losses on an aggregate basis. Primarily all of our revenue to date was derived from a collaboration agreement that was terminated in 2013. We have not yet commercialized any of our product candidates, which are in various phases of preclinical and clinical development, and we do not expect to generate revenue from sales of any products for several years, if at all. To date, we have financed our operations through sales of preferred stock and, to a lesser extent, through payments received under the collaboration agreement. Through June 30, 2015, we had received gross proceeds of $98.4 million from our sales of preferred stock and $34.9 million from the collaboration agreement. As of June 30, 2015, we had cash, cash equivalents and investments totaling $10.6 million.

Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
	(in thousands)			
Cash used in operating activities	$(14,159)	$(17,235)	$(10,995)	$(6,223)
Cash provided by (used in) investing activities	(4,166)	(6,302)	2,622	8,150
Cash provided by (used in) financing activities	15,023	19,796	24	(54)
Net increase (decrease) in cash and cash equivalents	$ (3,302)	$ (3,741)	$ (8,349)	$ 1,873

Operating Activities. During the six months ended June 30, 2015, operating activities used $6.2 million of cash, primarily resulting from our net loss of $6.4 million and cash used by changes in our operating assets and liabilities of $0.2 million, partially offset by non-cash charges of $0.4 million. Net cash used by changes in our operating assets and liabilities during the six months ended June 30, 2015 consisted primarily of a $0.4 million decrease in accounts payable and a $0.1 million increase in prepaid expenses and other current assets, partially offset by a $0.3 million increase in accrued expenses and other current liabilities. The decrease in

accounts payable was due to the timing of vendor invoicing and payments, and the increase in accrued expenses and other current liabilities was due to the amounts accrued for our Phase 1 clinical trial of ALRN-6924.

During the six months ended June 30, 2014, operating activities used $11.0 million of cash, primarily resulting from our net loss of $9.3 million and cash used by changes in our operating assets and liabilities of $2.0 million, partially offset by non-cash charges of $0.3 million. Net cash used by changes in our operating assets and liabilities during the six months ended June 30, 2014 consisted primarily of a $0.8 million decrease in accounts payable and a $1.2 million decrease in accrued expenses and other current liabilities. The decrease in accounts payable was due to the timing of vendor invoicing and payments, and the decrease in accrued expenses and other current liabilities was due to the payment of amounts previously accrued for payroll and payroll-related costs related to the termination of certain preclinical research personnel and support staff in order to reallocate capital from early research to the pre-IND and clinical development activities of our advancing p53 program.

During the year ended December 31, 2014, operating activities used $17.2 million of cash, primarily resulting from our net loss of $16.0 million and cash used by changes in our operating assets and liabilities of $2.1 million, partially offset by non-cash charges of $0.9 million. Net cash used by changes in our operating assets and liabilities during the year ended December 31, 2014 consisted primarily of a $0.9 million decrease in accounts payable and a $1.3 million decrease in accrued expenses and other current liabilities, partially offset by a $0.2 million decrease in prepaid expenses and other current assets. The decrease in accounts payable was due to an overall decrease in our development activities, primarily driven by decreases in expenditures for consultant fees and contract manufacturing related to the development of ALRN-6924. The decrease in accrued expenses and other current liabilities was due to the payment of amounts previously accrued for payroll and payroll-related costs related to the termination of certain preclinical research personnel and support staff in order to reallocate capital from early research to the pre-IND and clinical development activities of our advancing p53 program.

During the year ended December 31, 2013, operating activities used $14.2 million of cash, primarily resulting from cash used by changes in our operating assets and liabilities of $18.0 million, partially offset by our net income of $3.3 million and non-cash charges of $0.5 million. Net cash used by changes in our operating assets and liabilities during the year ended December 31, 2013 consisted primarily of a $19.2 million decrease in deferred revenue, partially offset by a $0.8 million increase in accounts payable and a $0.3 million increase in accrued expenses and other current liabilities. The decrease in deferred revenue was due to recognizing all of the deferred revenue related to the Roche Agreement as a result of the termination of this agreement in October 2013. The increase in accounts payable was due to an overall increase in our development activities, primarily in connection with advancing the development of ALRN-6924, and the increase in accrued expenses and other current liabilities was primarily due to amounts accrued for payroll and payroll-related costs related to the termination of certain preclinical research personnel and support staff in order to reallocate capital from early research to the pre-IND and clinical development activities of our advancing p53 program.

Investing Activities. During the six months ended June 30, 2015, investing activities provided $8.2 million of cash, consisting primarily of net proceeds from sales of investments of $7.5 million and a decrease in restricted cash of $0.7 million, both of which were partially offset by purchases of property and equipment of $0.1 million.

During the six months ended June 30, 2014, investing activities provided $2.6 million of cash, consisting entirely of proceeds from sales of investments.

During the year ended December 31, 2014, we used $6.3 million of cash in investing activities, consisting primarily of net purchases of investments of $5.9 million and purchases of property and equipment of $0.4 million.

During the year ended December 31, 2013, we used $4.2 million of cash in investing activities, consisting primarily of net purchases of investments of $4.1 million.

Financing Activities. During the six months ended June 30, 2015, we used $54,000 of net cash in financing activities, primarily due to the payment of issuance costs related to our issuance of Series E-1 preferred stock.

During the six months ended June 30, 2014, net cash provided by financing activities was $24,000, due to proceeds from the exercise of stock options.

During the year ended December 31, 2014, net cash provided by financing activities was $19.8 million, primarily due to net proceeds from our issuance of Series E-1 preferred stock.

During the year ended December 31, 2013, net cash provided by financing activities was $15.0 million, primarily due to net proceeds of $0.1 million from our issuance of Series D stock and of $14.9 million from the issuance of our Series E preferred stock.

Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing development activities related to ALRN-6924, which is still in the early stages of clinical development, and other product candidates and programs. In addition, commencing upon the closing of this offering, we expect to incur additional costs associated with operating as a public company. We expect that our expenses will increase substantially if and as we:

- conduct our ongoing Phase 1 clinical trial of ALRN-6924 and additional clinical trials of ALRN-6924;
- initiate and continue research and preclinical and clinical development of our other product candidates;
- seek to identify additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- require the manufacture of larger quantities of our product candidates for clinical development and potentially commercialization;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other drugs and technologies;
- hire and retain additional clinical, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our drug development, any future commercialization efforts and our transition to a public company.

As of June 30, 2015, we had cash, cash equivalents and investments of $10.6 million. We believe that our cash, cash equivalents and investments as of June 30, 2015 will be sufficient to fund our operating expenses and capital expenditure requirements through December 31, 2015, without giving effect to any anticipated net proceeds from this offering. If we are unable to raise sufficient funding in 2015, we may be unable to continue

to operate. We believe that the anticipated net proceeds from this offering together with our existing cash, cash equivalents and investments, will enable us to fund our operating expenses and capital expenditure requirements through at least . We have based these estimates on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with the development of ALRN-6924 and other product candidates and programs and because the extent to which we may enter into collaborations with third parties for development of our product candidates is unknown, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of our current and planned clinical trials and additional preclinical research of ALRN-6924;
- the scope, progress, results and costs of drug discovery, preclinical research and clinical trials for our other product candidates;
- the number of future product candidates that we pursue and their development requirements;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the success of any collaborations that we may enter into with third parties;
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates, although we currently have no commitments or agreements to complete any such transactions;
- the costs and timing of future commercialization activities, including drug sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval, to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of any collaborator that we may have at such time;
- the amount of revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our headcount growth and associated costs as we expand our business operations and our research and development activities; and
- the costs of operating as a public company.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval for any product candidates or generate revenue from the sale of any products for which we may obtain marketing approval. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if ever. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Adequate additional funds may not be available to us on acceptable terms, or at all. We do not currently have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences and anti-dilution protections that could adversely affect your rights as a common stockholder. Additional debt or preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring debt, making capital expenditures or declaring dividends and may require the issuance of warrants, which could potentially dilute your ownership interest.

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

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at June 30, 2015:

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	More Than 5 Years
	(in thousands)				
Operating lease commitments(1)	$ 336	$ 336	$—	$—	$ —
License agreement obligations(2)	1,470	245	490	490	245
Total	$1,806	$ 581	$490	$490	$ 245

(1) Represents minimum payments due for our lease of office and laboratory space in Cambridge, Massachusetts, under an operating lease agreement that, as amended, expires in May 2016, with an option to renew for one year and a conditional option to renew for one year thereafter. Potential payments for the optional lease renewals are not reflected in the table.

(2) Represents minimum annual license maintenance fees payable under our existing licensing agreements with third parties.

Under various licensing and related agreements to which we are a party, we may be required to make milestone payments and pay royalties and other amounts to third parties. We have not included any such contingent payment obligations in the table above as the amount, timing and likelihood of such payments are not known.

Under an amended and restated license agreement with President and Fellows of Harvard College, or Harvard, and Dana-Farber Cancer Institute, or DFCI, we paid aggregate milestone payments of $0.1 million related to achieving specified milestones for two of our product candidates and have agreed to make additional milestone payments of up to $7.65 million for each such product candidate upon achieving additional specified clinical, regulatory and sales milestones. We have agreed to make milestone payments of up to $7.7 million per any additional licensed therapeutic product and up to $0.7 million per any additional licensed diagnostic product upon achieving specified clinical, regulatory and sales milestones with respect to each such product. In addition, we have agreed to pay royalties of low single-digit percentages on annual net sales of licensed products sold by us, our affiliates or our sublicensees. If we grant any sublicense rights under the license agreement, we have agreed to pay Harvard a percentage, up to the mid-twenties, of fees received by us in connection with our sublicense of the licensed products. In accordance with the terms of the agreement, our sublicense payment obligations may be subject to specified reductions, which have been and may potentially be substantial.

Under a license agreement with Materia, Inc., we paid aggregate milestone payments of $0.1 million related to achieving specified milestones for two of our product candidates and have agreed to make additional milestone payments of up to $6.35 million for each such product candidate upon achieving additional specified clinical, regulatory and sales milestones. We have agreed to make milestone payments of up to $6.4 million upon achieving specified clinical, regulatory and sales milestones with respect to any other licensed product. In addition, we have also agreed to pay tiered royalties ranging in the low single-digit percentages on annual net sales of licensed products sold by us or our sublicensees.

In addition, under two other license agreements with third parties, we have agreed to make future milestone payments in a range of up to $0.4 million to $1.9 million per licensed product upon achieving specified clinical, regulatory and sales milestones. We have also agreed to pay royalties under each agreement ranging in the low single-digit percentages on annual net sales of each developed product. We do not currently utilize the technologies licensed under these two agreements in our clinical program.

We enter into contracts in the normal course of business with CROs and CMOs for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recently Issued Accounting Pronouncements

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our financial statements appearing at the end of this prospectus, such standards will not have a material impact on our financial statements or do not otherwise apply to our operations.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related changes in interest rates. As of June 30, 2015, our cash equivalents and investments consisted of investments in money market accounts, corporate notes and commercial paper with remaining maturities of less than one year. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the investments in our portfolio, an immediate 10% change in market interest rates would not have a material impact on the fair market value of our investment portfolio or on our financial position or results of operations.

BUSINESS

Overview

We are a clinical-stage biopharmaceutical company that is focused on developing and commercializing a novel class of therapeutics called stapled peptides. Our lead product candidate, ALRN-6924, targets the tumor suppressor protein p53 for the treatment of a wide variety of cancers. ALRN-6924, which is currently in a Phase 1 clinical trial, reactivates p53-mediated cell death by targeting both of the natural p53 suppressor proteins, MDM2 and MDMX. We believe that, based on preclinical data and preliminary evidence of safety and clinical activity in our ongoing Phase 1 clinical trial, there is significant opportunity to develop ALRN-6924 as a mono- or combination therapy for a wide variety of solid and liquid tumors. We expect to report data from our Phase 1 clinical trial and to commence at least one Phase 2 clinical trial of ALRN-6924 in the first half of 2016. We believe that by using our proprietary stapled peptide drug platform, we can develop first-in-class molecules that contain a novel set of properties. These first-in-class molecules may be able to address historically undruggable targets and complex mechanisms, such as intracellular protein-protein interactions like p53, that underlie many diseases with high unmet medical need. We believe that stapled peptide therapeutics have the potential to become a major class of drugs, like small molecules and monoclonal antibodies, for oncology and other therapeutic areas, and may significantly improve treatment paradigms and clinical outcomes for patients.

P53 has been the focus of researchers and the pharmaceutical industry due to its central role in preventing the initiation and progression of most solid and liquid tumors. P53 has long been referred to as “the guardian of the genome” because it is the body’s cellular first line of defense against cancers. P53 is released when DNA damage is detected and is capable of then triggering a cellular self-destruct mechanism, known as apoptosis, which kills the damaged cell before it can become cancerous and replicate. P53 is regulated by MDM2 and MDMX, two suppressor proteins that, in normal cells, bind to and suppress p53 so that its activity remains dormant and cells are able to function as expected. However, approximately half of all cancer patients at initial diagnosis have cancers that circumvent the p53 mechanism by upregulating and overexpressing MDM2 and MDMX. ALRN-6924 reactivates p53 by disrupting the interactions between p53 and these two suppressor proteins, thereby freeing p53 to transit to its DNA target in the nucleus and initiate apoptosis in cancerous cells. We believe that ALRN-6924 is the first and only product candidate in clinical development that can equipotently bind to and disrupt the binding of both MDM2 and MDMX to p53.

We are conducting an ongoing Phase 1 clinical trial of ALRN-6924 in adult patients with advanced solid tumors or lymphomas expressing non-mutated or wild-type p53 that are refractory to or intolerant of standard therapy, or for which no standard therapy exists.

Once a maximum tolerated dose, or MTD, or optimal biologic dose, or OBD, is determined in the Phase 1 clinical trial, we plan to conduct one or more Phase 2 clinical trials, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas. We expect that we will conduct these trials in patients with solid tumors or lymphomas that commonly present wild-type, or WT, p53 cancers. We anticipate beginning at least one of these Phase 2 clinical trials in the first half of 2016. If we see sufficient evidence of a therapeutic effect in any of our Phase 2 clinical trials, we plan to meet with regulatory authorities to discuss the possibility of an expedited clinical development and regulatory pathway for ALRN-6924, including the scope and timing of a single agent pivotal trial. As many approved drugs and drug candidates for cancer require a functioning p53 pathway, we may also conduct additional clinical trials of ALRN-6924 in combination with other anti-cancer agents. We believe the mechanism of action and safety profile of ALRN-6924 may provide the potential for its combination with conventional and novel therapies, such as targeted therapies, chemotherapy and radiotherapy. We may also explore ALRN-6924 in additional hematological cancers, such as acute myeloid leukemia, or AML.

We believe that our ability to target and activate or inhibit key intrinsic cellular functions, such as p53 and apoptosis, using our proprietary stapled peptide platform, has the potential to significantly impact patients’

lives and treatment strategies for a wide variety of cancers. Our belief is based on the mounting scientific evidence that these cellular functions play a key role in cancer formation, maintenance and resistance. As such, the ability to directly impact these key intrinsic cellular functions, as we are striving to achieve with ALRN-6924 and p53, may have potential advantages over approved drugs and drug candidates that work upstream at the cell surface or systemically by stimulating immune responses. By targeting a downstream function that is critical and preserved across a multitude of different cancers, our approach may allow for utility in a broader set of cancer patients. In addition, with our approach, we believe that there is a better ability to circumvent resistance mechanisms that characterize many of the most virulent cancers, as the more downstream a drug acts in a cell signaling process, the less vulnerable it is to resistance mechanisms.

Our integrated understanding of peptide chemistry and molecular biology as it relates to the physiological functions of stabilized and cell-penetrating peptides forms the basis of our ability to generate novel product candidates. We seek to rationally design sequences of amino acids and "staple" them with hydrocarbon bonds into an alpha helix. The broad utility of maintaining the alpha helix is derived from the fact that it is the most common protein structure at the interface of protein-protein interactions and, as exploited by our stapled peptides, is a necessary shape to retain the intended biological activity of the therapeutic molecule. Our approach is to target high value and historically undruggable intracellular and extracellular targets with this novel class of molecules. In the case of cancer, pathways that incorporate protein-protein interactions with an alpha helix, and that, therefore, may be amenable to our approach and the focus of our future research, include p53 and may include transcription factors and signaling proteins such as Ras, Myc, ß-Catenin, the Bcl family of proteins and HIF-1a. Importantly, while the critical role of these targets in biological processes has been known for decades, there are few, if any, approved therapeutics that directly modulate these targets, and we therefore believe that our approach represents an important opportunity for developing novel drugs and addressing unmet medical need.

We strive to protect the proprietary product candidates and technologies that we believe are important to our business, including seeking and maintaining patent protection intended to cover the composition of matter of our product candidates, including ALRN-6924, their methods of use, related platform technology and other inventions. As of August 31, 2015, we owned or had an exclusive license to over 120 patents and over 160 provisional or non-provisional patent applications throughout the world directed toward various aspects of our product candidates and research programs. We own worldwide rights to ALRN-6924.

Our Strategy

Our goal is to be a leader in the discovery, development and commercialization of novel therapeutics for the treatment of cancer by targeting high value and historically undruggable targets through our proprietary stapled peptide technology. Key elements of our strategy to achieve this goal include the following:

Advance our lead product candidate ALRN-6924 through clinical development and marketing approval. Once an MTD or OBD is determined in our ongoing Phase 1 clinical trial of ALRN-6924, we plan to conduct one or more Phase 2 clinical trials of ALRN-6924, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas. We expect to report data from our Phase 1 clinical trial and to commence at least one Phase 2 clinical trial of ALRN-6924 in the first half of 2016. If we see sufficient evidence of a therapeutic effect in any of our Phase 2 clinical trials, we plan to meet with regulatory authorities to discuss the possibility of an expedited clinical development and regulatory pathway for ALRN-6924, including the scope and timing of a single agent pivotal trial.

Pursue development of ALRN-6924 across multiple oncology indications. One of the key benefits of targeting p53 is that the mechanism by which cancers overcome p53 is found in a broad range of solid and liquid tumors. As part of our clinical development strategy, we plan to conduct one or more Phase 2 clinical trials of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas that commonly present WT p53 cancers. As many approved drugs and drug candidates for cancer require a functioning p53 pathway, we

may also conduct additional clinical trials of ALRN-6924 in combination with other anti-cancer agents. We believe the mechanism of action and safety profile of ALRN-6924 may provide the potential for its combination with conventional and novel therapies, such as targeted therapies, chemotherapy and radiotherapy. We may also explore ALRN-6924 in additional hematological cancers, such as AML.

Leverage our proprietary stapled peptide technology to develop additional product candidates across oncology and specialty diseases with unmet medical need. Over 3,000 known protein-protein interactions are mediated by a helical peptide interface. Based on our data related to stapled peptides, as well as the growing body of third-party publications that support the utility of stapled peptides against a wide variety of targets, we believe that our stapled peptides have the potential to have therapeutic benefits across a broad range of oncology indications and specialty diseases with unmet medical need. Subject to available resources, we plan to invest in and conduct research on those product candidates for which our prior work or published literature suggests a stapled peptide may confer advantages over small molecule or biologic therapeutics in delivering therapeutic benefits. Additionally, we may seek to selectively form collaborations to expand our capabilities and potentially accelerate research and development activities for certain of these oncology indications and specialty diseases.

Maximize the global commercial value of ALRN-6924 and other product candidates. We have retained all commercial rights to ALRN-6924 and our other product candidates. As we further develop ALRN-6924, we may build a commercial infrastructure with the capability to directly market in a variety of indications and geographies. Although we currently plan to retain all commercial rights to ALRN-6924 and our other product candidates, we may enter into strategic collaborations for the development, marketing and commercialization of ALRN-6924 and our other product candidates.

Maintain our leading position in stapled peptides by continuing to develop our proprietary platform. We are developing novel computational chemistry, screening technology, purification and manufacturing processes to continually improve our technology platform as we advance our p53 drug development program. We also support our scientific efforts with a strong patent estate that may provide a competitive advantage and position us as scientific leaders in the emerging field of stapled peptides. We intend to continue to strengthen our platform by developing and filing for patents on various aspects of our technologies and product candidates and, when applicable, through in-licensing activities with research institutions and other biopharmaceutical companies.

Cancer and the Need for Novel and Improved Treatment Options

Cancer is a major public health problem in the United States and worldwide. The U.S. National Cancer Institute estimated that approximately 40% of all men and women in the United States will be diagnosed with cancer during their lifetime. According to the U.S. Centers for Disease Control, cancer is currently the second leading cause of death in the United States, and is expected to surpass heart disease as the leading cause of death in the next several years. Although progress has been made in the diagnosis and treatment of cancer, the American Cancer Society still estimates that over 1.6 million new cancer cases will be diagnosed in the United States, and approximately 589,400 people will die from this disease, in 2015. As a result, there remains significant need for novel and improved treatment options for cancer patients.

Most cancers begin as a result of DNA damage to or mutation of certain important genes, the cell’s mechanism for making the proteins it needs to function, survive and grow. When DNA becomes damaged or mutated, either as a result of natural processes, inherited traits or other exogenous factors such as radiation or exposure to chemicals in the environment, abnormal cells begin to replicate and spread into surrounding tissue, interfere with the body’s normal function and eventually invade and destroy the body’s healthy tissue.

Surgery, radiation and drug therapy, which are currently the most common methods used in treating patients with cancer, whether individually or in combination, can be effective in specific situations. Surgery and radiation are particularly effective for patients in whom the disease is localized, but are unable to address the

needs of a patient with metastasized tumors. For these patients, or for patients where surgery or radiation is ineffective, physicians typically prescribe a treatment program using systemic drug therapies. The goal of drug therapy is to kill cancer cells or to damage cellular components required for the proliferation of cancer cells. Drug therapy often is administered with a combination of several different drugs. Drug therapy has been evolving from non-specific drugs that kill both healthy and cancer cells, to drugs that target specific molecular pathways to selectively kill only cancer cells. While heightened vigilance, new diagnostic tests, combination regimens and targeted therapies have resulted in improvements in overall survival for some cancer patients, we believe that continued innovation in the treatment of cancer is necessary.

The conventional approaches to oncology drug development, that are based primarily on small molecules and antibodies, have demonstrated limitations that restrict their ability to fully treat the disease. Small molecule drugs can target proteins inside the cell, but are often limited to a subset of proteins with accessible functional domains and a single intended target protein, while antibodies are unable to directly bind to intracellular targets and are thereby limited to targeting circulating proteins or those expressed on the cell surface. We believe that the ability to target and activate or inhibit key intrinsic cellular functions, such as p53 and apoptosis, using our proprietary stapled peptide platform, has the potential to significantly impact patients' lives and treatment strategies for a wide variety of cancers. Our belief is based on the mounting scientific evidence that these cellular functions play a key role in cancer formation, maintenance and resistance. As such, the ability to directly impact these key intrinsic cellular functions, as we are striving to achieve with ALRN-6924 and p53, may have potential advantages over approved drugs and drug candidates that work upstream at the cell surface or systemically by stimulating immune responses. By targeting a downstream function that is critical and preserved across a multitude of different cancers, our approach may allow for utility in a broader set of cancer patients. In addition, with our approach, we believe that there is a better ability to circumvent resistance mechanisms that characterize many of the most virulent cancers, as the more downstream a drug acts in a cell signaling process, the less vulnerable it is to resistance mechanisms.

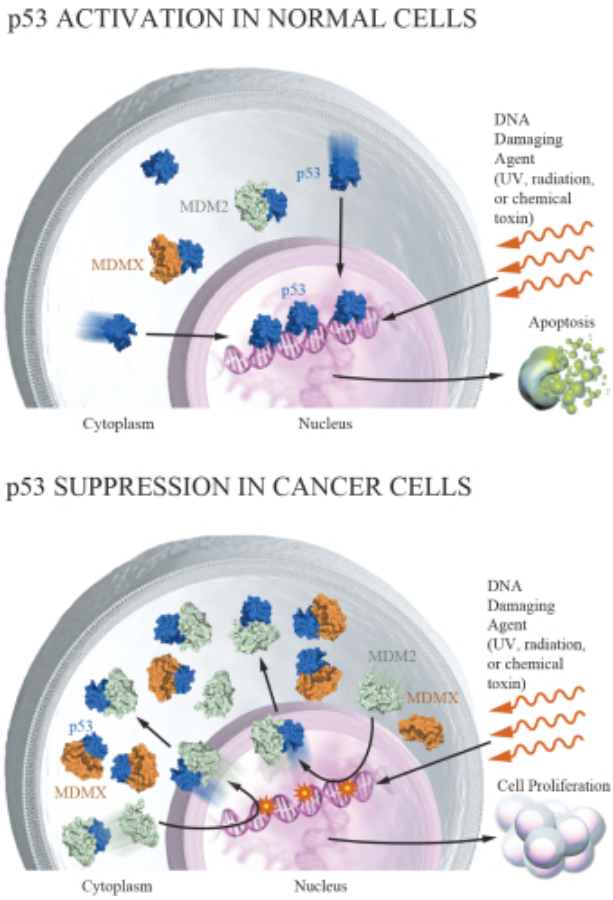
P53 and its Interaction with MDM2 and MDMX

P53 is considered to be one of the most important tumor suppressor proteins due to its central role in preventing the initiation and progression of most solid and liquid tumors. The role of p53 in cancer was first described in 1979. In the last 36 years, it has become clear that inactivation of p53's tumor suppression activity is an almost universal step in the development and progression of virtually all human cancers. Research on the function and role of the p53 mechanism has been the subject of over 75,000 scientific publications and p53 has been tested clinically in 16 prior and ongoing clinical trials that were sponsored by six of the world's largest pharmaceutical companies. The magnitude and persistence of this effort demonstrates the importance of the mechanism and the enormous challenge that drugging this mechanism presents. We believe that the inability of biopharmaceutical companies to develop an approved product that directly modulates p53 is due in part to the fact that there had not been the necessary maturation of the understanding of the relevant biology and is due in large part to the use of traditional drug technologies, such as small molecules, that are poorly suited to address the complex p53 mechanism that has revealed itself. We believe that a stapled peptide, such as ALRN-6924, is better suited to address this mechanism due to the inherent properties of the stapled peptide modality.

The main function of p53 is to activate genes that will interrupt the cell cycle when DNA damage is first detected. The effect of this process is to ensure that damaged, or cancerous cells, do not continue to grow and propagate. This is why functional p53 is critical to human health and the main reason it has been called the "guardian of the genome." P53 normally protects cells by monitoring and controlling how quickly cells divide into new cells, repairing DNA mutations and controlling when a cell dies. When p53 is mutated or pathologically inhibited, cells grow uncontrollably and may eventually form a cancerous tumor. Through significant academic research, it has been determined that the biological properties and functions differ between WT p53 and mutant p53, and this difference is central to understanding tumor formation. Approximately half of all cancer patients at initial diagnosis have cancers that circumvent the p53 mechanism by upregulating and overexpressing the natural suppressor proteins of p53, MDM2 and MDMX, making them an ideal target for advancements in cancer

therapies. In the remaining cancer patients, the p53 mechanism is circumvented by deactivating mutations in p53 itself, commonly referred to as mutant p53.

As depicted in the figure below, p53 is regulated by MDM2 and MDMX, which are two proteins known to bind to p53 and play non-redundant roles in modulating p53 protein activity. In normal cells, MDMX primarily resides in the cytoplasm and generally acts to sequester p53, whereas MDM2 primarily acts to shuttle p53 out of the nucleus and targets it for degradation. By playing these roles, MDM2 and MDMX collectively act to suppress p53 so its activity remains dormant and cells are able to function as expected. In the event of DNA damage, these two proteins detach from p53 so that it is activated to respond to oncogenic or other types of DNA damage. Once activated, p53 either enables the repair of the DNA damage or triggers apoptosis. This is the body's natural response and defense mechanism for dealing with potential damage and maintaining balance. However, upregulation and overexpression of MDM2 and MDMX are found in a significant number of solid and liquid tumors that commonly present WT p53 cancers. In these cancers, cancer cells co-opt and enforce some of the mechanisms used by normal cells to restrain p53 function, thereby nullifying the tumor suppression capabilities of WT p53. In this environment, the cancer growth is left unchecked.



Despite the structural similarity between MDM2 and MDMX, there is important diversity in the p53-binding sites of these proteins that make the development of therapeutic antagonists that can bind to both MDM2 and MDMX challenging. MDM2 has a deep binding pocket that offers potential for small molecule selectivity. MDMX, in comparison, has a structural difference in its p53 binding cleft, making it larger and

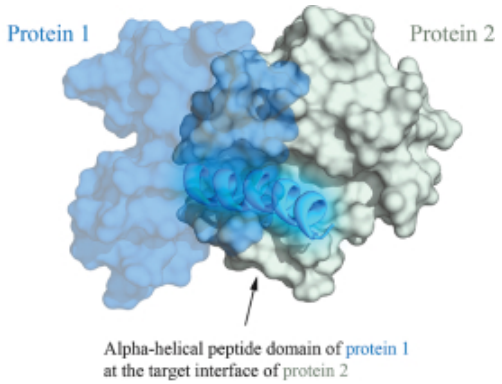
shallower and less accessible to small molecules. We are not aware of any small molecules in clinical development that are capable of binding to MDMX in a therapeutically meaningful way. However, we are aware of selective small molecule inhibitors that are designed to target only the p53–MDM2 interaction. Certain of these small molecule inhibitors have been publicly reported to shrink tumors in a limited group of cancers, namely sarcomas and AML, and have thereby provided clinical proof of concept that restoration of p53 activity can lead to the killing of cancer cells and tumor shrinkage in select cancers. As tumor cells can have different levels of, and differential reliance on, MDM2 and MDMX, the current data suggests that there is a limited set of tumors that are highly sensitive to MDM2 inhibition, while a broader set of tumors may be sensitive to both MDM2 and MDMX inhibition. We believe that ALRN-6924 is the first and only product candidate in clinical development that can equipotently bind to and disrupt the binding of MDM2 and MDMX to p53 and therefore, have effect in a broader range of tumors and may be less prone to resistance as a result of different levels of MDM2 and MDMX in tumor cells. ALRN-6924 should also be less prone to resistance from the likely compensatory mechanisms, such as upregulation of MDMX, that may result from selective pressure on MDM2 alone.

Our Platform – Stapled Peptides

Our goal is to create a broad range of first-in-class therapeutics through our proprietary stapled peptide technology. Our platform enables us to chemically stabilize and improve the performance and activity of a broad range of alpha helical peptides that we believe may have benefit in oncology and other diseases. We believe that our stapled peptides can potentially reactivate and inhibit key cellular functions that underlie disease and that are otherwise difficult to target with existing drug technologies, including small molecules and monoclonal antibodies. Our strategy is to target high value and historically undruggable targets with stabilized peptides.

The Value and Intrinsic Limitations of Peptide Drugs

Nature's evolutionarily optimized molecular template to control cellular functions via protein-protein interactions is the peptide. Peptides are functional subunits of proteins that act as nature's locks and keys and enable two proteins to interact. The alpha helical structure is the most common peptide structure found at these protein interfaces.



There are presently more than 60 approved peptide drugs, including insulin, liraglutide (Victoza), exenatide (Byetta), teriparatide (Forteo) and Linaclotide (Linzess), that have benefitted patients and improved their quality of life. Attractive attributes of peptide drugs include high specificity and low off-target toxicity, high potency, wide systemic distribution with limited accumulation in specific organs, ready synthesis and rational optimization. Despite these advantages, and the information regarding over 3,000 known alpha helical protein structures contained in publicly available protein data banks, small molecules remain the primary approach by which drug developers attempt to modulate protein functionality. Drug developers have tended to avoid

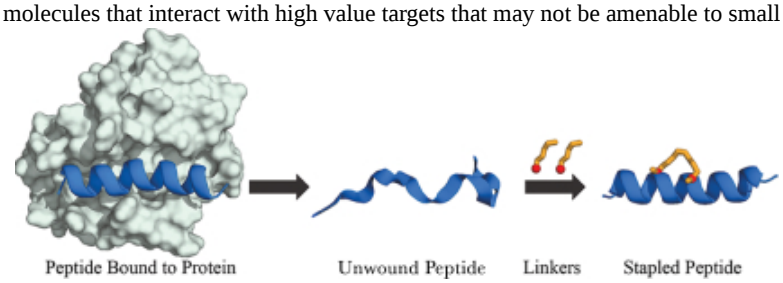
developing peptide drugs in favor of small molecule drugs because peptide drugs, while highly effective in certain applications, have intrinsic liabilities that limit their applications as therapeutics, including poor biological stability (due to protein degradation), poor chemical stability (due to loss of helical configuration when removed from their natural protein scaffold), short plasma half-lives and the inability to effectively penetrate cell membranes to access desirable intracellular targets.

Small molecules currently represent the dominant therapeutic modality underlying the majority of approved drugs today and are the only modality that can directly modulate protein targets and protein-protein interactions that are contained inside our cells. However, protein–protein interactions are still viewed as difficult targets for small molecule drugs due to the fact that these protein targets generally offer relatively large and flat interacting surfaces that are not readily addressed by small molecule drugs. In addition, many of the emerging therapeutically important pathways have been found to require engagement of multiple proteins, like MDM2 and MDMX, or multiple binding sites in order to fully engage the mechanism and drive the desired biological activity. Multiple binding sites and complex mechanisms have to date proven to be challenging to small molecules due to their small size and physiochemical properties. We believe that limitations of existing drug technologies like small molecules will become increasingly apparent as the scientific and medical fields continue to understand and reveal the complexity of protein interactions, cellular pathways and disease etiology.

The Solution

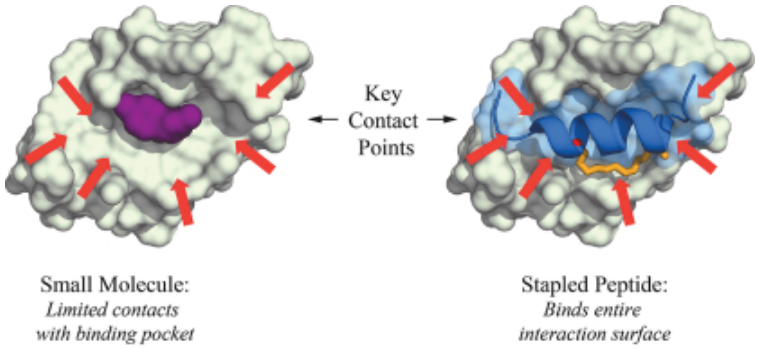
We believe our platform addresses and solves many of the inherent limitations of peptides and can potentially enable us to uniquely pursue high value targets that are currently undruggable by existing drug technologies. Because peptides lose their shape by unwinding when removed from their natural protein scaffold, developing chemical interventions to stabilize peptides into their bioactive structure has been and remains an active area of research. Although there have been a number of published examples of peptide stabilization strategies, these strategies have not translated into clinically relevant drugs for intracellular targets. Our all-hydrocarbon staple, or linker, has emerged as a solution that stabilizes the alpha helical structure, improves protease resistance, enables cellular penetrance and maintains biological activity upon our successful incorporation of a series of design and application principles.

We stabilize peptides by “stapling” them with hydrocarbon bonds into their natural alpha helical conformation. We achieve this by inserting two or more non-natural amino acids that, when catalyzed by a chemical reaction, form a bridge that often provides comparable stability to the endogenous protein structure and maintains the biological activity of the peptide. We believe that this chemical strategy may allow us to improve on many of the intrinsic limitations of peptides and to develop molecules that interact with high value targets that may not be amenable to small molecules or monoclonal antibodies.



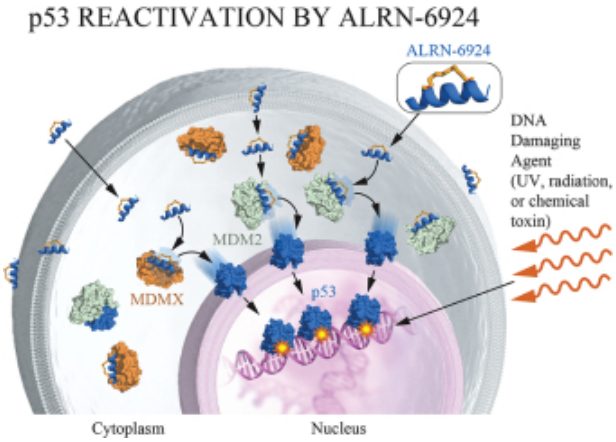
Unlike large proteins, such as monoclonal antibodies or other naturally occurring proteins, that do not penetrate cell membranes due to their size and biophysical properties, stabilized alpha helical peptides can in many circumstances penetrate cells and still maintain high affinity to their large protein surface targets. Our stapled peptides typically retain the molecular target specificity of their underlying native protein structure. As depicted below, we believe that the larger protein structure provides multiple surface contact points accessible to the stapled peptide, while the small molecule drugs are unable to bind to the larger, shallower contact points. In

addition, as has been demonstrated in recent third-party publications, the multiple surface contact points mean that the binding may be less likely to be disrupted by single point mutation.



Our Lead Product Candidate—ALRN-6924

ALRN-6924 is a stapled peptide designed to reactivate WT p53 by inhibiting both MDM2 and MDMX. We believe that ALRN-6924, by inhibiting both MDM2 and MDMX, may enable p53 to perform its natural function and, in so doing, restore the body's natural defense against its existing cancer. We are conducting an ongoing Phase 1 clinical trial of ALRN-6924 in adult patients with advanced solid tumors or lymphomas expressing WT p53 that are refractory to or intolerant of standard therapy, or for which no standard therapy exists. The figure below shows ALRN-6924 inhibiting both MDM2 and MDMX and reactivating WT p53.



We believe that, based on preclinical data and preliminary evidence of safety and clinical activity in our ongoing Phase 1 clinical trial, there is significant opportunity to develop ALRN-6924 as a mono- or combination therapy for a wide variety of solid and liquid tumors. We expect to focus our development efforts on solid and liquid tumors that commonly present as WT p53 cancers. Approximately half of all cancer patients at initial diagnosis are characterized as WT p53. Given the frequency of WT p53, depending on the line of treatment and tumor selected, potential indications may be either orphan indications or larger market opportunities, such as non-Hodgkin's lymphoma, chronic lymphocytic leukemia, malignant melanoma, sarcoma, AML, gastric cancer and estrogen receptor positive HER2 negative breast cancer.

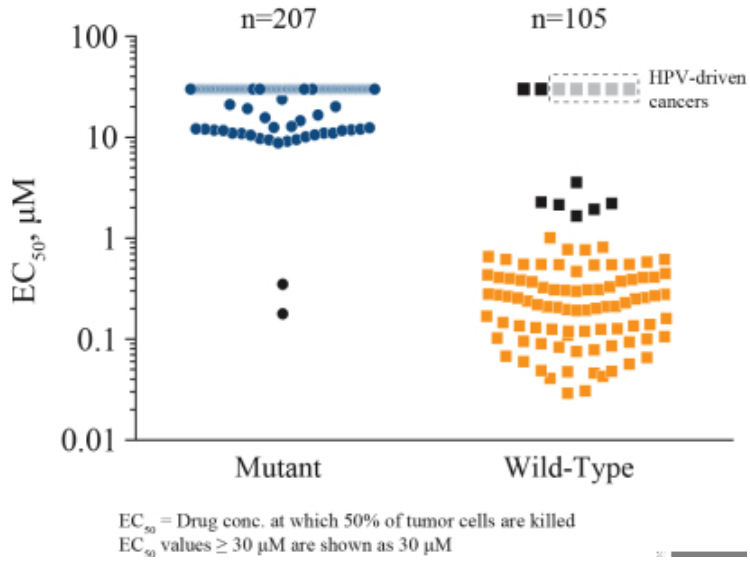
We plan to pursue a broad registration-oriented clinical development program for ALRN-6924 in multiple solid tumor and hematological cancer indications that we anticipate may provide the foundation of a registration strategy. To that end, we are conducting a Phase 1 clinical trial of ALRN-6924 to determine an MTD or OBD in adult patients with advanced solid tumors or lymphomas expressing WT p53 that are refractory to or intolerant of standard therapy, or for which no standard therapy exists. Once an MTD or OBD is determined in the Phase 1 clinical trial, we plan to conduct one or more Phase 2 clinical trials, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas. We expect that we will conduct these trials in patients with solid tumors or lymphomas that commonly present WT p53 cancers. If we see sufficient evidence of a therapeutic effect in any of our Phase 2 clinical trials, we plan to meet with regulatory authorities to discuss the possibility of an expedited clinical development and regulatory pathway for ALRN-6924, including the scope and timing of a single agent pivotal trial. As many approved drugs and drug candidates for cancer require a functioning p53 pathway, we may also conduct additional clinical trials of ALRN-6924 in combination with other anti-cancer agents. We believe the mechanism of action and safety profile of ALRN-6924 may provide the potential for its combination with conventional and novel therapies, such as targeted therapies, chemotherapy and radiotherapy. We may also explore ALRN-6924 in additional hematological cancers, such as AML.

Preclinical Studies

We conducted several *in vivo* and *in vitro* studies of ALRN-6924 that informed our approach to the design of our ongoing Phase 1 clinical trial and provided safety information needed to initiate patient selection and dosing in the trial. In these studies, ALRN-6924 bound to both MDM2 and MDMX with nanomolar affinities and demonstrated evidence of specific on-target engagement *in vitro* by gene expression profiling. In addition, ALRN-6924 demonstrated tumor growth suppression, p53-dependent cell cycle arrest, apoptosis and anti-tumor activity in an MDM2/MDMX-overexpressing xenograft cancer model with clear correlation to on-target pharmacokinetic and pharmacodynamic, or PK/PD, activity. On the basis of this preclinical safety and PK/PD data, we initiated our Phase 1 clinical trial.

In Vitro

We conducted a p53 signal activation preclinical study to determine if ALRN-6924 has a differential effect on cancer cell lines with mutant p53 compared to WT p53. In the study, we measured the effect of ALRN-6924 in 312 cell lines across a variety of different cancers to compare the effect of ALRN-6924 in cell lines with mutant p53 and cell lines with WT p53. In all but two of the 207 mutant p53 cell lines, ALRN-6924 had no discernable effect, but nearly all of the 105 WT p53 cell lines showed tumor cell death. Many WT p53 cell lines that did not show tumor cell death were derived from Human Papilloma Virus, or HPV, related cancers. We believe these HPV-derived cell lines were not responsive due to the presence of HPV-generated protein that destroys p53. By concentrating on WT p53 and responsive tumors, we believe we are better able to predict patient populations that may have a better chance of response to ALRN-6924. We used the results from this preclinical study to inform entry criteria in our ongoing Phase 1 clinical trial. The figure below shows the results from this study.

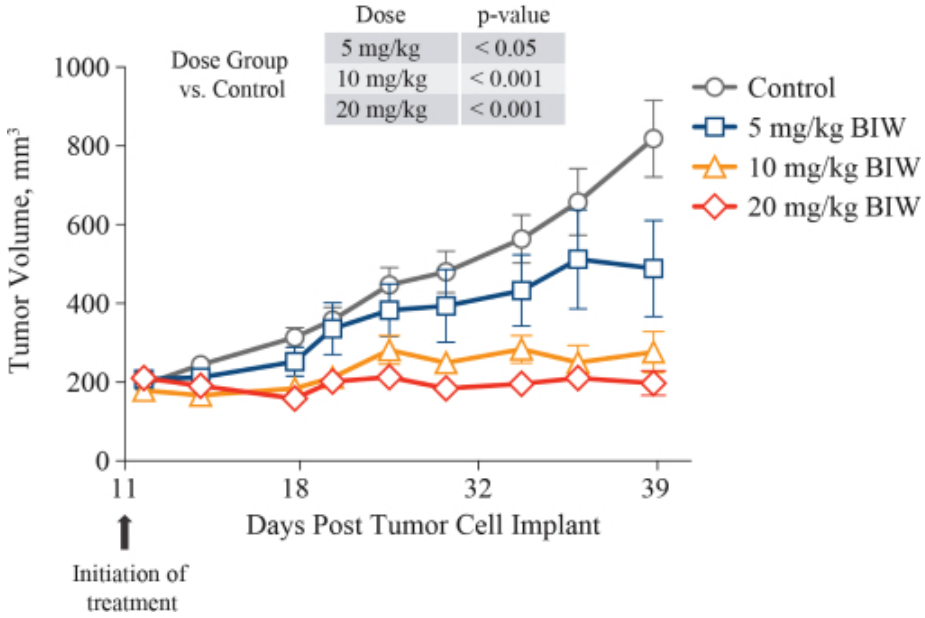


In another preclinical study, we measured the binding affinity of ALRN-6924 for MDM2 and MDMX relative to the binding affinity for MDM2 and MDMX of WT p53 and of a small molecule MDM2 inhibitor. The affinity of a drug to a receptor is the measure of how effectively that drug binds to its target and can provide insight on the potential for on-target effect and off-target toxicity. We have designed ALRN-6924 to bind to both MDM2 and MDMX with higher affinity than WT p53. As a result, ALRN-6924 displaces MDM2 and MDMX from WT p53, and thereby enables bound p53 to be released and activated. In this study, we also measured a small molecule MDM2 inhibitor's binding affinity to MDMX and we did not observe any binding to this target. The table below shows ALRN-6924's ability to bind to MDM2 and MDMX relative to WT p53 and the small molecule MDM2 inhibitor. Lower nanomolar concentrations (nM) in the table reflect a stronger binding affinity (K_d) with MDM2 or MDMX.

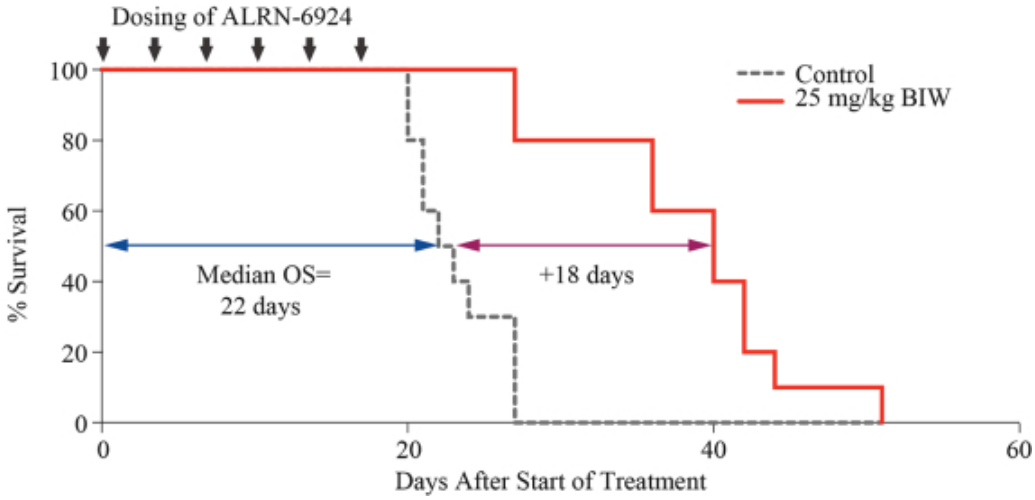
(measured in K_d, nM)	WT p53	ALRN-6924	MDM2 Inhibitor
MDM2	770	13.7	9.8
MDMX	480	8.9	> 3,000

In Vivo

In our *in vivo* preclinical studies of ALRN-6924, we have studied the effects of ALRN-6924 in both solid and liquid tumors. In the study depicted in the figure below, we evaluated the effect of ALRN-6924 administered by an intravenous, or IV, injection in an MDMX-driven MCF-7 breast cancer xenograft model in mice. In this study, we evaluated doses ranging from 1.25 mg/kg to 20 mg/kg, dosed twice weekly (BIW) over four weeks, to determine effect on tumor volume growth as measured by physical examination. ALRN-6924 showed statistically significant tumor growth inhibition at doses ranging from 5 mg/kg to 20 mg/kg 28 days after initiation of treatment. At 5, 10 and 20 mg/kg in this model, when measured against the control, we observed 55%, 84% and 102% tumor growth inhibition in each dose group, with 10%, 20% and 60% of individual mice demonstrating tumor shrinkage, respectively.



In another preclinical study, we used a highly aggressive MV(4;11) human leukemia xenograft model in mice to assess the ability of ALRN-6924 to inhibit tumor growth and improve overall survival in AML. In this study, we administered a 25 mg/kg dose of ALRN-6924 in six twice weekly doses and compared the results to mice treated with only cyclophosphamide, the control group. Mice were monitored individually for an endpoint of survival due to progression of leukemia. Because all ten mice that received the control exited the study between days 21 and 28, we believe that this study offered a sensitive assay for drug activity. Treatment with ALRN-6924 resulted in median overall survival of 40 days as compared to 22 days for untreated mice, an 82% increase for those receiving ALRN-6924. In our view, these results support our belief that ALRN-6924 may potentially have an effect in liquid tumors with WT p53. The figure below shows the results of the preclinical study.

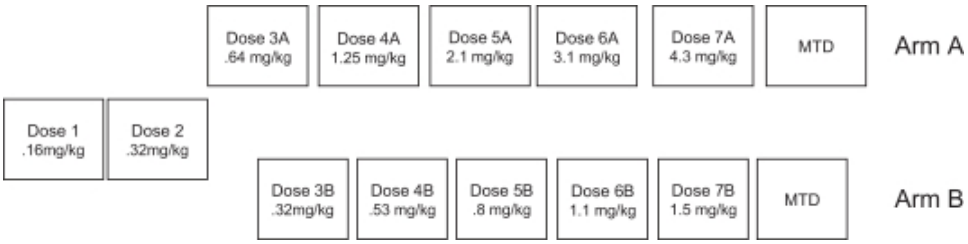


Clinical Development of ALRN-6924

Phase 1 Clinical Trial

We are conducting a Phase 1 open-label, multi-center, two-arm trial of ALRN-6924 administered by IV infusion in patients with advanced solid tumors or lymphomas expressing WT p53 that are refractory to or intolerant of standard therapy, or for which no standard therapy exists. The trial is intended to establish the MTD or OBD of ALRN-6924. The trial is also designed to evaluate the safety, tolerability and PK of ALRN-6924. Although the trial is not designed for a formal efficacy analysis, we are also assessing clinical activity or response to ALRN-6924 through the use of both PD biomarkers and imaging assessment. Treatment of patients in the trial will continue until documentation of progressive disease, unacceptable toxicity or patient or physician decision to discontinue study medication. We expect to enroll up to 50 patients in the trial. We expect to report data from this clinical trial in the first half of 2016.

The trial uses a “3+3” dose escalation design. Patients in the first two dose levels received ALRN-6924 once a week for three consecutive weeks over a 28-day cycle. Patients who are enrolled, after the first two dose levels, either receive ALRN-6924 once a week for three consecutive weeks over a 28-day cycle, as depicted by trial Arm A in the chart below, or a lower dose level twice a week for two consecutive weeks over a 21-day cycle, as depicted by trial Arm B in the chart below. We expect that Arm A, with its less frequent dosing and higher peak levels of ALRN-6924, and Arm B, with its more frequent dosing and more continuous exposure to ALRN-6924, will provide us with two different PK profiles that may yield different benefit-risk ratios and provide supporting evidence to inform the dose selection for Phase 2.



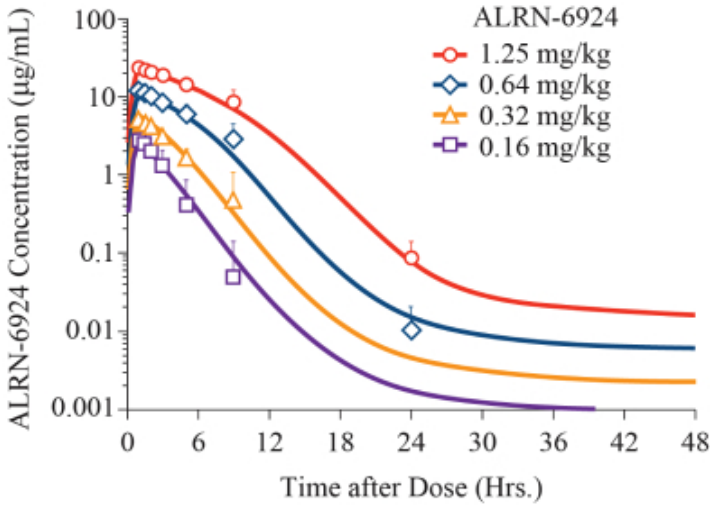
As of , 2015, we enrolled patients with solid tumors or lymphomas who have exhausted standard therapies or for whom standard therapies are not available, completed enrollment up to dose level and are enrolling patients in dose level . Starting with dose level 4, patients who have cancers with known HPV-association are excluded from enrollment, because HPV is known to destroy WT p53. Because our trial is primarily safety and tolerability focused, we started dosing at relatively low dose levels and the protocol did not require patients in the first three dose levels to have WT p53 or have cancers that are not associated with HPV.

To identify specific WT p53 patients for our trial, we currently rely upon commercially available third- party assays and employ a central laboratory to conduct next generation sequencing on archived tumor tissue samples or fresh biopsy samples from patients taken prior to enrollment. Based on the proposed mechanism of action of ALRN-6924 and our preclinical data, we believe that WT p53 is typically required for ALRN-6924 to be pharmacologically active, although we believe that there are exceptions in the form of silent mutations, which do not render p53 dysfunctional. We did not require WT p53 status for our initial three dose levels prior to enrollment, although we did establish status through testing after enrollment. Seven of the 13 patients enrolled in those dose levels who completed at least one cycle were confirmed to have WT p53 status, the status of four was unknown and two had mutated p53 status. Starting in dose level 4, WT p53 status is a mandatory eligibility criterion.

Although the trial is not designed for a formal efficacy analysis, we are assessing clinical activity or response to ALRN-6924 through the use of both PD biomarkers and imaging assessment. PD biomarkers provide us with information as to on-target activity, specific patient type response and early insight as to effect on tumor. We are assessing the effect of ALRN-6924 on potential PD biomarkers in different sources of biological samples, such as tumor biopsies, circulating tumor cells where detectable, mononuclear blood cells and blood samples. Dependent on the sample type, those PD biomarkers may include measures of MDMX, MDM2, p21, p53, apoptosis and macrophage inhibitory cytokine-1, or MIC-1. We are receiving standard imaging assessments, such as computed tomography, or CT, and positron emission tomography, or PET, scans from patients, depending on the number of cycles administered. CT-imaging will be performed at the end of cycle 2, and every two cycles thereafter in Arm A and at the end of cycle 3 and every three cycles thereafter in Arm B. We are measuring anti-tumor activity using RECIST criteria for patients with solid tumors and 2014 International Working Group, or IWG, criteria for patients with lymphomas, enabling us to objectively evaluate whether a tumor has progressed, stabilized or shrunk. In addition, anti-tumor effects may be determined by physical examination or clinically validated serum tumor markers.

Pharmacokinetic Profile

We chose to deliver ALRN-6924 systemically in an IV administration given potential advantages of avoiding metabolic impact from hepatic and gastrointestinal enzymes as well as reproducible systemic bioavailability. As shown in the figure below, we have measured drug concentration at dose levels 1 (.16 mg/kg), 2 (.32 mg/kg), 3a (.64 mg/kg), 3b (.32 mg/kg) and 4a (1.25 mg/kg). We will continue to collect data as additional patient cohorts enroll. In this trial to date, ALRN-6924 consistently produced a dose dependent increase in maximum drug serum concentration observed, or Cmax, in patients, as well as longer corresponding half-life of between eight and 10 hours. We believe that this half-life is adequate to reactivate WT p53 and initiate the regulation of gene expression.



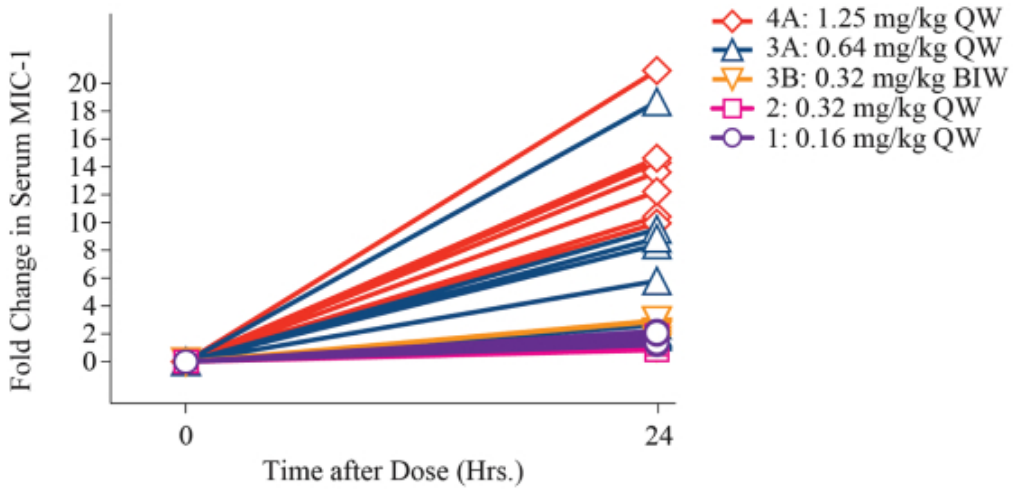
Safety Results

As of our last safety review committee meeting on August 5, 2015, ALRN-6924 has been considered by the trial's investigators to be well tolerated at all dose levels. As of such date, there have been no dose-limiting toxicities nor study-related serious adverse events. However, we have observed some study-related adverse events. The most common non-hematologic adverse events are nausea and fatigue. From a hematologic perspective, patients have experienced drug-related hematologic adverse events of mild to moderate anemia, mild thrombocytopenia and mild neutropenia. One patient at dose level 3b experienced a grade 4 neutropenia after two cycles of treatment, which the investigator reported as probably related to study medication. Investigators considered the neutropenia as an anomaly given other safety results in the trial, including the lack of neutropenia in patients receiving higher doses and possible concomitant medication that this patient commenced. The patient subsequently began to improve to a grade 3 neutropenia, but no further information is known about the patient's neutropenia because the patient died from disease progression. Our safety review committee, which meets following completion of treatment of cycle 1 for each dose level, has approved advancement of the trial to each subsequent dose level.

Biomarker Assessments

In this trial, we are using several exploratory biomarkers to confirm ALRN-6924's pharmacological or on-target biological activity, aid patient recruitment and help inform dose selection. We believe that by extensively evaluating surrogate endpoints, we can obtain a better understanding of the on-target effect, as well as support our understanding of potential future trial designs for ALRN-6924.

Under the protocol, we will receive PD biomarker data on MDMX, MDM2, p21, p53, apoptosis and MIC-1 throughout this trial. MIC-1 is a known secreted p53-regulated cytokine. Although not a validated U.S. Food and Drug Administration, or FDA, biomarker for efficacy, we believe based on published data that the expression of MIC-1 provides validation of target activity for WT p53. Third-party publications have correlated exposure to small molecule MDM2 inhibitors with higher blood concentrations of MIC-1 levels. We expect that the MIC-1 data will be the most comprehensive set of p53 specific biomarker data we collect in the trial. In our trial, we are measuring MIC-1 one hour before initial infusion and again 24 hours after initial infusion. The following table shows the MIC-1 data for all patients that have been enrolled at dose levels 1 through 4A.



Clinical Activity

Although the trial is not designed for a formal efficacy analysis, we are assessing clinical activity or response to ALRN-6924 through the use of imaging assessment. We are measuring anti-tumor activity using RECIST criteria for patients with solid tumors, as a means to objectively evaluate whether a tumor has progressed, stabilized or shrunk. Patients in Arm A, the 28-day cycle group, are measured at baseline and again after two cycles of study medication, or approximately within 56 days following initial dosing. Patients in Arm B, the 21-day cycle group, are measured at baseline and again after three cycles of study medication, or approximately within 63 days following initial dosing.

Anti-tumor activity will be ascertained using RECIST criteria. RECIST criteria were first published in February 2000 by an international collaboration, including the European Organisation for Research and Treatment of Cancer, the National Cancer Institute of the United States and the National Cancer Institute of Canada Clinical Trials Group. RECIST criteria definitions contained in the latest revision published in 2009 are as follows:

- Stable Disease, or SD: Neither sufficient shrinkage to qualify for partial response nor sufficient increase to qualify for progression, taking as reference the smallest sum diameters while on study.

- Partial Response, or PR: At least a 30% decrease in the sum of the diameters of target lesions, taking as reference the baseline sum diameters.

- Complete Response, or CR: Disappearance of all target lesions. Any pathological lymph nodes, whether target or non-target, must have reduction in short axis to less than 10 millimeters.

- Progressive Disease, or PD: At least a 20% increase in the sum of diameters of target lesions, taking as reference the smallest sum on study. This includes the baseline sum if that is the smallest on

study. In addition to the relative increase of 20%, the sum must also demonstrate an absolute increase of at least 5 mm. The appearance of one or more new lesions is also considered progression.

Next Steps

Phase 2 Clinical Trials in Solid Tumors and Lymphomas

Once a MTD or OBD is determined in our Phase 1 clinical trial, we plan to conduct one or more Phase 2 clinical trials, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas. We expect that we will conduct these trials in patients with solid tumors or lymphomas that commonly present as WT p53 cancers. We anticipate beginning at least one of these Phase 2 clinical trials in the first half of 2016. If we see sufficient evidence of a therapeutic effect in any of our Phase 2 clinical trials, we plan to meet with regulatory authorities to discuss the possibility of an expedited clinical development and regulatory pathway for ALRN-6924, including the scope and timing of a single agent pivotal trial.

Combination Trials

A standard treatment practice in oncology is the use of multiple agents in combination regimens to improve patient outcomes. Since p53 is involved in mediating cell cycle arrest and apoptosis in response to various approved anti-cancer agents, we believe that there is an opportunity to potentially amplify the anti-cancer effects of other therapeutic anti-cancer agents by combining them with ALRN-6924.

Our preclinical data and recent literature indicate that there is synergy between p53-reactivating therapy and different anti-cancer agents, such as targeted therapies, chemotherapy and radiotherapy. Therefore, we may also conduct additional clinical trials of ALRN-6924 in combination with other anti-cancer agents. We believe the mechanism of action and safety profile of ALRN-6924 may provide the potential for its combination with conventional and novel therapies. Prior to commencing these trials, we would plan to conduct preclinical studies of ALRN-6924 in combination with these other anti-cancer agents in *in vitro* studies and subsequent *in vivo* xenograft studies to evaluate activity and tolerability of individual combinations with ALRN-6924.

Some studies of this combination approach have shown the potential benefits of combination therapy. In *in vitro* testing, the combination of Zelboraf (Vemurafenib, PLX4032), a BRAF-inhibitor, and ALRN-6924 showed synergy in B-Raf-mutant melanoma cell lines A375 and Mel-Ho, but not in the BRAF-wild type melanoma cell line Mel-Juso. In published *in vitro* studies of MDM2 inhibitors, Roche's RG-7388 and Amgen's AMG-232 showed to be additive or synergistic with CD20 monoclonal antibodies (rituximab or obinutuzumab), carboplatin, cisplatin, doxorubicin and cytarabine.

Potential Clinical Development for AML

We may explore the clinical development of ALRN-6924 for the treatment of AML. Before proceeding with the clinical development of ALRN-6924 for AML, we would need to submit an investigational new drug application, or IND, to the FDA and consider the potential therapeutic benefit of ALRN-6924 for patients with AML, who represent a very sick and high risk patient population. In a preclinical study conducted by us, we used a highly aggressive MV(4;11) human leukemia xenograft model in mice to assess the ability of ALRN-6924 to inhibit tumor growth and improve overall survival in AML, comparing mice treated with ALRN-6924 to mice treated with only the control vehicle. Treatment with ALRN-6924 resulted in median overall survival of 40 days as compared to 22 days for untreated mice, an 82% increase for those receiving ALRN-6924. In addition, proof of concept of p53 reactivation in AML patients has been shown by Roche in a clinical trial of its RG-7388 small molecule MDM2 inhibitor, which yielded a 15% complete remission rate as a single agent in patients with AML.

Companion Diagnostic

We believe that it is the FDA's current view that, in the event that we decide to seek marketing approval of ALRN-6924 with a label limited to WT p53 cancer patients, we would be required to have a companion *in vitro* diagnostic approved for use with ALRN-6924. We would also expect that we would be required to obtain similar approvals from comparable foreign regulatory authorities. In such cases, we will need to contract with a third party for the supply of a commercially available diagnostic to identify patients with WT p53 status, or develop such a diagnostic ourselves, in each case requiring approval of the diagnostic by regulatory authorities. We currently rely upon commercially available third-party assays and employ a central laboratory to test both archived tumor tissue samples and fresh biopsy samples from patients taken prior to enrollment in our ALRN-6924 Phase 1 clinical trial to identify WT p53 status.

Next Generation WT p53 Reactivators

We intend to leverage the knowledge we have obtained from our ALRN-6924 development program to develop next generation p53 reactivating stapled peptides. We believe that specific changes in the chemical structures of our stapled peptides may engender our stapled peptides with varying affinities to MDM2 and MDMX, enabling better targeting of cancers that are more dependent on one p53 suppressor protein or the other. In addition to novel chemical and anti-cancer properties, our next generation p53 program may also yield new chemical entities, or NCEs, with differential PK and safety profiles relative to ALRN-6924.

Other Targets

Based on our preclinical research, along with third-party scientific publications, we believe that stapled peptides may be effective against a variety of cancer targets, as well as targets in other therapeutic areas, such as infectious disease, metabolic disease and immunology. Since our inception, we have created over 10,000 stapled peptides against multiple targets in a variety of therapeutic areas. We believe that a number of these molecules and targets warrant further study and development and could, in the future, contribute to a pipeline of novel therapeutics. Subject to our resources, it is our intention to make selective investments into some of these early research programs as part of our ongoing research. Where we believe it will be beneficial to the success of the program, we also expect to seek academic and industry partnerships to advance this work.

Manufacturing

We currently manufacture our research-scale peptides in-house. We contract with third parties for the GMP manufacture of our product candidates for certain preclinical studies and clinical trial materials, including raw materials and consumables necessary for their manufacture. We intend to continue to contract for these materials in the future, including commercial manufacture if our product candidates receive marketing approval. We do not own or operate GMP manufacturing facilities, nor do we currently plan to build our own GMP manufacturing capabilities for the production of our product candidates for clinical or commercial use. Although we rely upon contract manufacturers for the manufacture of our product candidates for IND-enabling studies and clinical trials, we have personnel with extensive manufacturing experience who oversee our contract manufacturers. In the future, we may also rely upon collaboration partners, in addition to contract manufacturers, for the manufacture of our product candidates or any products for which we obtain marketing approval.

The active pharmaceutical ingredient, or API, for ALRN-6924 is currently manufactured by a single contract manufacturer. We do not currently have arrangements in place for redundant supply of the API for ALRN-6924. We contract with a different manufacturer to conduct fill-and-finish and labeling services, as well as for the storage and distribution of ALRN-6924 to clinical sites. We believe that these third parties have sufficient capacity to meet our current demand and, in the event they fail to meet our demand, we believe that adequate alternative sources for the supply of materials for ALRN-6924 exist. We intend to identify and qualify additional manufacturers to provide the API and fill-and-finish services for ALRN-6924 prior to seeking marketing approval for ALRN-6924.

We believe that, because ALRN-6924 is a peptide, it can be manufactured through reliable and reproducible synthetic processes from readily available raw materials and then purified and packaged for clinical use. We believe that the chemistry process is amenable to scale-up and does not require unusual equipment in the manufacturing process.

We have a license agreement with Materia, Inc., pursuant to which we have agreed to purchase all of our olefin metathesis catalyst compositions, which are used in the manufacturing process to cross-link, or "staple," our API precursors into the final stapled peptides. If Materia is unable to meet our requirements for such olefin metathesis catalyst compositions in terms of amount or delivery date, then under the license agreement, we are permitted to procure such olefin metathesis catalyst compositions from a third party until such time that Materia can meet our requirements.

Manufacturing clinical products is subject to extensive regulations that impose various procedural and documentation requirements, which govern record keeping, manufacturing processes and controls, personnel, quality control and quality assurance. Our contract manufacturers are required to comply with current good manufacturing practice regulations, which are regulatory requirements for the production of pharmaceuticals that will be used in humans.

Competition

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

There are a large number of companies developing or marketing treatments for cancer and the other indications for which we may develop product candidates, including many major pharmaceutical and biotechnology companies. Many of these companies have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining marketing approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or that may be necessary for, our programs.

The key competitive factors affecting the success of all of our product candidates, if approved, are likely to be their efficacy, safety, convenience, price, and the availability of reimbursement from government and other third-party payors.

The most common methods of treating patients with cancer are surgery, radiation and drug therapy. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. Some of the currently approved drug therapies are branded and subject to patent protection and may be established as standard of care for the treatment of some of the cancers we choose to pursue. Many of these approved drugs are well-established therapies and are widely accepted by physicians, patients and third-party payors.

In addition to currently marketed therapies, there are also a number of drugs in late-stage clinical development to treat cancer and the other indications for which we may develop product candidates. These drugs in development may provide efficacy, safety, convenience and other benefits that are not provided by currently-

marketed therapies. As a result, they may provide significant competition for any of our product candidates for which we obtain marketing approval.

We have designed our lead product candidate ALRN-6924 to act as a reactivator of p53 for the treatment of various cancers. We are aware of other product candidates that are in clinical development for the treatment of various cancers through the reactivation of p53. Although there are a subset of drugs that directly target the p53 pathway, there are many cancer drugs that claim to affect the p53 pathway by upstream or complementary pathways. We are aware of selective small molecule inhibitors that are designed to target only the p53–MDM2 interaction and not MDMX in early stages of clinical development being tested by Roche, Amgen, Merck, Sanofi, Novartis and Daiichi Sankyo. Once a maximum tolerated or optimal biologic dose is determined in our Phase 1 clinical trial of ALRN-6924, we plan to conduct one or more Phase 2 clinical trials, as warranted by the clinical data, to study safety and potential clinical activity of ALRN-6924 in distinct subgroups of patients with specific solid tumors or lymphomas. We expect that ALRN-6924 will compete with both approved products and product candidates for the treatment of such cancer types, including the foregoing MDM2 inhibitors in certain indications.

Intellectual Property

We strive to protect the proprietary technologies that we believe are important to our business, including seeking and maintaining patent protection intended to cover the composition of matter of our product candidates, including ALRN-6924, their methods of use, related technology, and other inventions that are important to our business. In addition to patent protection, we rely on trade secrets and confidentiality agreements to protect our technology, know-how and other aspects our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions, and know-how related to our business, defend and enforce our patents, maintain our licenses to use intellectual property owned by third parties, preserve the confidentiality of our trade secrets, and operate without infringing the valid and enforceable patents and other proprietary rights of third parties.

A third party may hold intellectual property, including patent rights, which are important or necessary to the development or commercialization of our product candidates. If it becomes necessary for us to use patented or proprietary technology of third parties to develop or commercialize our product candidates, we may need to seek a license from such third parties. Our business could be harmed, possibly materially, if we are unable to obtain such a license on terms that are commercially reasonable, or at all.

We may seek to expand our intellectual property estate by filing patent applications directed to dosage forms, methods of treatment, and additional compounds and their derivatives. Specifically, we have sought and continue to seek patent protection in the United States and internationally for novel compositions of matter covering the compounds, the chemistries and processes for manufacturing these compounds, and the use of these compounds in a variety of therapies.

The patent positions of biopharmaceutical companies like us are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, we do not know whether any of our product candidates will be protectable or remain protected by enforceable patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties.

Because patent applications in the United States and certain other jurisdictions are maintained in secrecy for 18 months, and since publication of discoveries in the scientific or patent literature often lags behind actual

discoveries, we cannot be certain of the priority of inventions covered by pending patent applications. Moreover, we may have to participate in interference proceedings declared by the United States Patent and Trademark Office, or USPTO, to determine priority of invention or in post-grant challenge proceedings at the USPTO or at a foreign patent office, such as inter partes review and post grant review proceedings at the USPTO and opposition proceedings at the European Patent Office, that challenge priority of invention or other features of patentability. Such proceedings could result in substantial cost, even if the eventual outcome is favorable to us.

We generally file a provisional patent application with the USPTO first and then subsequently file a corresponding non-provisional patent application, which enables us to establish an earlier effective filing date in the subsequently filed non-provisional patent application. In order to benefit from the earlier effective filing date, we must file a corresponding non-provisional patent application, such as a utility application in the United States or an international application under the Patent Cooperation Treaty, or PCT, within 12 months of the date of the provisional patent application filing. Based on a PCT filing, we may file national and regional patent applications in the United States or foreign jurisdictions, such as the European Union, China, Japan, Australia, Canada, Brazil, India, Indonesia, Israel, Mexico, New Zealand, South Korea, Singapore, South Africa or the Eurasian Patent Organization. To date, we have not filed for patent protection in all national and regional jurisdictions where such protection may be available, and we may decide to abandon national and regional patent applications before a patent is granted. In addition, the patent grant proceeding for each national or regional patent application that we file is an independent proceeding. As a result, it is possible for a patent application to be granted in one jurisdiction and denied in another jurisdiction, and depending on the jurisdiction, the scope of patent protection may vary.

Patent Portfolio

As of August 31, 2015, we owned or had an exclusive license to at least 30 U.S. patents, at least 28 pending U.S. provisional or non-provisional patent applications, at least 92 foreign patents and at least 138 pending foreign applications. The claims of these owned or in-licensed patents and patent applications are directed toward various aspects of our product candidates and research programs. Specifically, the claims of these patents and patent applications include compositions of matter, methods of use, drug product formulations, methods of manufacture and methods of identifying active compounds. Such owned and in-licensed patents and patent applications, if issued, are expected to expire on various dates from 2020 through 2036, without taking into account any possible patent term adjustments or extensions. In addition, within the foregoing patent portfolio, as of August 31, 2015, we owned or had an exclusive license to at least 10 U.S. patents, at least 13 pending U.S. provisional or non-provisional patent applications, at least 37 foreign patents and at least 55 pending foreign applications that include claims covering ALRN-6924, and formulations, manufacturing processes or uses thereof. Such owned and in-licensed patents and patent applications, if issued, are expected to expire on various dates from 2020 through 2036, without taking into account any possible patent term adjustment or extensions. More specifically, such owned and in-licensed patents claiming compositions of matter covering ALRN-6924 are expected to expire on various dates from 2020 through 2033, without taking into account any possible patent term adjustments or extensions. Lastly, within the foregoing patent portfolio, as of August 31, 2015, at least nine U.S. patents, at least five pending U.S. non-provisional patent applications, at least 50 foreign patents and at least 26 foreign patent applications are licensed to us by President and Fellows of Harvard College, or Harvard, and Dana-Farber Cancer Institute, or DFCI, pursuant to our license agreement with such parties, which patents and patent applications, if issued, are expected to expire on various dates from 2020 through 2028, without taking into account any possible patent term adjustments or extensions. We also have rights to certain patents and pending patent applications throughout the world licensed on a non-exclusive basis to us by Materia and other third parties pursuant to our license agreements with such parties.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application.

In the United States, the Hatch-Waxman Act permits a patent holder to apply for patent term extension of a patent that covers an FDA-approved drug, which, if granted, can extend the patent term of such patent to compensate for the patent term lost during the FDA regulatory review process. This extension can be for up to five years beyond the original expiration date of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other non-United States jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our product candidates receive FDA approval, we expect to apply for patent term extensions on patents covering those product candidates. While we intend to seek patent term extensions to any of our patents in any jurisdiction where such extensions are available, there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

In addition to our reliance on patent protection for our inventions, product candidates and research programs, we also rely on trade secret protection for our confidential and proprietary information. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual or entity during the course of the party's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual, and which are related to our current or planned business or research and development or made during normal working hours, on our premises or using our equipment or proprietary information, are our exclusive property.

License Agreements

Harvard and Dana-Farber License Agreement

In August 2006, we entered into a license agreement with Harvard and DFCI. This agreement was amended and restated in February 2010. Pursuant to the amended and restated agreement, Harvard and DFCI granted us an exclusive worldwide license, with the right to sublicense, under certain patents and patent applications to develop, make, have made, market, use, sell, offer for sale, and import products covered by the patents and patent rights, subject to certain rights with respect to products for indications for which we are not interested in pursuing development. The licensed patents cover ALRN-6924. We also generally have the first right to enforce the licensed patents against third-party infringers.

Under the terms of the amended and restated agreement, we are obligated to use commercially reasonable efforts to develop licensed products in accordance with a development plan and to develop and commercialize licensed products. We are also required to achieve specified milestone events by specified dates. Depending on the failure, Harvard and DFCI may terminate the agreement either in its entirety or as to categories of licensed patent rights if we fail to achieve such milestone events and do not cure such failure within a specified termination notice period. Harvard and DFCI may also terminate the agreement upon our breach of our payment obligations, other material breaches by us under the agreement if we do not cure such breach within a specified period and our bankruptcy or insolvency. We may terminate the agreement upon any breach by Harvard or DFCI if not cured within a specified notice period or at any time for any reason upon written notice to Harvard and DFCI. If not earlier terminated, the agreement will remain in force on a licensed product-by-licensed product and country-by-country basis until the expiration of the last-to-expire applicable licensed patent.

As of June 30, 2015, we have paid non-refundable fees, consisting of license and maintenance fees, milestone payments and sublicense fees, to Harvard of $4.0 million. We are obligated to pay Harvard annual maintenance fees totaling $145,000, which on an annual basis are creditable against royalties due for commercial sales of licensed products. We are obligated to make additional milestone payments of up to a maximum of $7.65 million upon our achievement of certain specified clinical, regulatory and sales milestones with respect to ALRN-6924. In the future, we may be obligated to pay to Harvard up to a maximum of $7.7 million per additional licensed therapeutic product upon our achievement of certain specified clinical, regulatory and sales milestones with respect to such product with the first milestone being payable upon initiation of clinical development of the product. We may also be obligated to pay to Harvard up to a maximum of $700,000 per licensed diagnostic product upon our achievement of certain specified regulatory and sales milestones with respect to such product. We also have agreed to pay Harvard low single-digit percentage royalties on aggregate worldwide net sales of licensed products, including sales by our sublicensees, on a licensed product-by-licensed product and country-by-country basis until the expiration of the last-to-expire applicable licensed patent. Our royalty obligations are subject to specified reductions in the event that we are required to obtain additional licenses from third parties and to make payments to such third parties under such licenses. We must also pay Harvard a percentage, up to the mid-twenties, of all sublicense income received from sublicensees, less certain costs, such as research and development costs and, in the event our patent rights are licensed to the sublicensee as part of the same transaction, less the portion of sublicense income allocated to our licensed patent rights. Under specified circumstances, portions of our sublicense payments to Harvard may be creditable against royalty payments payable to Harvard for sales of a licensed product. Finally, we must also reimburse Harvard for all future patent expenses related to the prosecution and maintenance of the licensed patents and applications in-licensed from Harvard.

Materia License Agreement

In December 2006, we entered into a license agreement with Materia. Pursuant to the agreement, Materia granted us a non-exclusive worldwide license, with the right to sublicense, under certain of its patents and patent applications covering olefin metathesis catalyst compositions, to develop, make, have made, use, sell, offer for sale, import and export certain conformationally restricted peptides, which are crosslinked, or “stapled,” peptides, for the prevention, diagnosis, treatment or control of any human or animal disease, disorder or condition.

During the term of the agreement, we have agreed to purchase all of our olefin metathesis catalyst compositions from Materia at agreed prices, subject to potential cost-based increases over time. If Materia is unable or unwilling to meet our requirements for such olefin metathesis catalyst compositions in terms of amount or delivery date, then a process is provided by which we can procure such olefin metathesis catalyst compositions from a third party until such time that Materia can meet our requirements and notifies us in writing.

As of June 30, 2015, we paid non-refundable fees, consisting of an up-front technology access fee and annual maintenance payments and milestone payments, to Materia of $600,000. We are obligated to pay Materia an annual maintenance fee of $50,000. We are obligated to make additional milestone payments up to a maximum of $6.35 million upon our achievement of certain specified clinical, regulatory and sales milestones with respect to ALRN-6924. In the future, we may be obligated to pay to Materia up to a maximum of $6.4 million per additional licensed product upon our achievement of certain specified clinical, regulatory and sales milestones with respect to such licensed product. We must also pay Materia tiered royalties ranging in the low single-digit percentages on aggregate worldwide net sales of licensed products, including sales by our sublicensees, on a licensed product-by-licensed product and country-by-country basis until the expiration of the last-to-expire applicable licensed patent. Our royalty obligations are subject to specified reductions in the event that we are required to obtain additional licenses from third parties and to make payments to such third parties under such licenses.

Either party may terminate the agreement upon material breach by the other party under the agreement if the breaching party does not cure such breach within a specified notice period. We may also terminate the agreement at any time with specified prior notice to Materia.

Government Regulation and Product Approvals

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the European Union, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products. The processes for obtaining marketing approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

Review and Approval of Drugs in the United States

In the United States, the FDA approves drug products under the Federal Food, Drug, and Cosmetic Act, or FDCA, and implementing regulations. Biological products, on the other hand, are licensed by FDA under the Public Health Service Act, or PHSA. With passage of the Biologics Price Competition and Innovation Act of 2009, Congress amended the definition of "biological product" in the PHSA so as to exclude a chemically synthesized polypeptide from licensure under the PHSA. Rather, the Act provided that such products would be treated as drugs under the FDCA. Subsequently, through final guidance issued in April 2015, FDA indicated that a "chemically synthesized polypeptide" is any alpha amino acid polymer that (1) is made entirely by chemical synthesis; and (2) is less than 100 amino acids in size. Accordingly, based on this FDA guidance, we believe that our products will not be treated as biologics subject to approval of a biologics license application, or BLA, by the FDA, and rather will be treated as drug products subject to approval of a new drug application, or NDA, by the FDA pursuant to the FDCA.

The failure to comply with applicable requirements under the FDCA and other applicable laws at any time during the product development process, approval process or after approval may subject an applicant and/or sponsor to a variety of administrative or judicial sanctions, including refusal by the FDA to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters and other types of letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA and the Department of Justice or other governmental entities.

An applicant seeking approval to market and distribute a new drug product in the United States must typically undertake the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the FDA's good laboratory practice, or GLP, regulations;
- submission to the FDA of an IND, which must take effect before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCP, to establish the safety and efficacy of the proposed drug product for each proposed indication;
- preparation and submission to the FDA of an NDA requesting marketing for one or more proposed indications;

- review by an FDA advisory committee, where appropriate or if applicable;
- satisfactory completion of one or more FDA inspections of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with current Good Manufacturing Practices, or cGMP, requirements and to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity;
- satisfactory completion of FDA audits of clinical trial sites to assure compliance with GCPs and the integrity of the clinical data;
- payment of user fees and securing FDA approval of the NDA; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

Preclinical Studies

Before an applicant begins testing a compound with potential therapeutic value in humans, the drug candidate enters the preclinical testing stage. Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as *in vitro* and animal studies to assess the potential safety and activity of the drug for initial testing in humans and to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations. The results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical trials, among other things, are submitted to the FDA as part of an IND. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted.

Human Clinical Trials in Support of an NDA

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include, among other things, the requirement that all research subjects provide their informed consent in writing before their participation in any clinical trial. Clinical trials are conducted under written study protocols detailing, among other things, the inclusion and exclusion criteria, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to a proposed clinical trial and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA can place an IND on clinical hold at any point in development, and depending upon the scope of the hold, clinical trial(s) may not restart until resolution of the outstanding concerns to the FDA's satisfaction.

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

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

- *Phase 1*. The drug is initially introduced into healthy human subjects or, in certain indications such as cancer, patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness and to determine optimal dosage.

- *Phase 2*. The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.

- *Phase 3*. The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product and to provide adequate information for the labeling of the product.

Post-approval studies, or Phase 4 clinical trials, may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. In addition, IND safety reports must be submitted to the FDA for any of the following: serious and unexpected suspected adverse reactions; findings from other studies or animal or *in vitro* testing that suggest a significant risk in humans exposed to the drug; and any clinically important increase in the case of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The FDA or the sponsor or its data monitoring committee may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. The FDA will typically inspect one or more clinical sites to assure compliance with GCP and the integrity of the clinical data submitted.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final drug. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

Submission and Review of an NDA by the FDA

Assuming successful completion of required clinical testing and other requirements, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the drug product for one or more indications. Under federal law, the submission of most NDAs is additionally subject to an application user fee, and the sponsor of an approved NDA is also subject to annual product and establishment user fees. These fees are typically increased annually.

The FDA conducts a preliminary review of an NDA within 60 days of its receipt and informs the sponsor by the 74th day after the FDA's receipt of the submission to determine whether the application is sufficiently complete to permit substantive review. The FDA may request additional information rather than

accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA has agreed to specified performance goals in the review process of NDAs. Most such applications are meant to be reviewed within ten months from the filing date, and most applications for "priority review" products are meant to be reviewed within six months of the filing date. The review process and the Prescription Drug User Fee Act goal date may be extended by the FDA for three additional months to consider new information or clarification provided by the applicant to address an outstanding deficiency identified by the FDA following the original submission.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. These pre-approval inspections may cover all facilities associated with an NDA submission, including drug component manufacturing (such as active pharmaceutical ingredients), finished drug product manufacturing, and control testing laboratories. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

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

The FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Fast Track, Breakthrough Therapy and Priority Review Designations

The FDA is authorized to designate certain products for expedited review if they are intended to address an unmet medical need in the treatment of a serious or life-threatening disease or condition. These programs are fast track designation, breakthrough therapy designation and priority review designation.

Specifically, the FDA may designate a product for fast track review if it is intended, whether alone or in combination with one or more other drugs, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For fast track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a fast track product's NDA before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a fast track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of the remaining information and the sponsor must pay applicable user fees. However, the FDA's time period goal for reviewing a fast track application does not begin until the last section of the NDA is submitted. In addition, the fast track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Second, in 2012, Congress enacted the Food and Drug Administration Safety and Innovation Act, or FDASIA. This law established a new "breakthrough therapy" designation. A product may be designated as a breakthrough therapy if it is intended, either alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the features of fast track designation, as well as more intensive FDA interaction and guidance. The FDA may take certain actions with respect to breakthrough therapies, including holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff in the review process; assigning a cross-disciplinary project lead for the review team; and taking other steps to design the clinical trials in an efficient manner.

Third, the FDA may designate a product for priority review if it is a drug that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA determines, on a case- by-case basis, whether the proposed drug represents a significant improvement when compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting drug reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes, and evidence of safety and effectiveness in a new subpopulation. A priority designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten the FDA's goal for taking action on a marketing application from ten months to six months.

Accelerated Approval Pathway

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

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

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a drug, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. Thus, accelerated approval has been used extensively in the development and approval of drugs for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large trials to demonstrate a clinical or survival benefit.

The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the drug's clinical benefit.

As a result, a drug candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, would allow the FDA to withdraw the drug from the market on an expedited basis. All promotional materials for drug candidates approved under accelerated regulations are subject to prior review by the FDA.

The FDA's Decision on an NDA

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

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

Post-Approval Requirements

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

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

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in

revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

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

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

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

Abbreviated New Drug Applications for Generic Drugs

In 1984, with passage of the Hatch-Waxman Amendments to the FDCA, Congress established an abbreviated regulatory scheme allowing the FDA to approve generic drugs that are shown to contain the same active ingredients as, and to be bioequivalent to, drugs previously approved by the FDA pursuant to NDAs. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application, or ANDA, to the agency. An ANDA is a comprehensive submission that contains, among other things, data and information pertaining to the active pharmaceutical ingredient, bioequivalence, drug product formulation, specifications and stability of the generic drug, as well as analytical methods, manufacturing process validation data and quality control procedures. ANDAs are “abbreviated” because they generally do not include preclinical and clinical data to demonstrate safety and effectiveness. Instead, in support of such applications, a generic manufacturer may rely on the preclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference-listed drug, or RLD.

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

Upon approval of an ANDA, the FDA indicates whether the generic product is “therapeutically equivalent” to the RLD in its publication “Approved Drug Products with Therapeutic Equivalence Evaluations,” also referred to as the “Orange Book.” Physicians and pharmacists consider a therapeutic equivalent generic drug

to be fully substitutable for the RLD. In addition, by operation of certain state laws and numerous health insurance programs, the FDA's designation of therapeutic equivalence often results in substitution of the generic drug without the knowledge or consent of either the prescribing physician or patient.

Under the Hatch-Waxman Amendments, the FDA may not approve an ANDA until any applicable period of non-patent exclusivity for the RLD has expired. The FDCA provides a period of five years of non-patent data exclusivity for a new drug containing a new chemical entity. For the purposes of this provision, an NCE is a drug that contains no active moiety that has previously been approved by the FDA in any other NDA. An active moiety is the molecule or ion responsible for the physiological or pharmacological action of the drug substance. In cases where such NCE exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, in which case the applicant may submit its application four years following the original product approval.

The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application. This three-year exclusivity period often protects changes to a previously approved drug product, such as a new dosage form, route of administration, combination or indication. Three-year exclusivity would be available for a drug product that contains a previously approved active moiety, provided the statutory requirement for a new clinical investigation is satisfied. Unlike five-year NCE exclusivity, an award of three-year exclusivity does not block the FDA from accepting ANDAs seeking approval for generic versions of the drug as of the date of approval of the original drug product. The FDA typically makes decisions about awards of data exclusivity shortly before a product is approved.

505(b)(2) NDAs

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA pursuant to an NDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically and legally appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the previously approved reference drug. The FDA may then approve the new product candidate for all, or some, of the label indications for which the reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

Hatch-Waxman Patent Certification and the 30-Month Stay

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

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

- the required patent information has not been filed;
- the listed patent has expired;

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

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

If the ANDA or 505(b)(2) applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the ANDA or 505(b)(2) application has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days after the receipt of a Paragraph IV certification automatically prevents the FDA from approving the application until the earlier of 30 months after the receipt of the Paragraph IV notice, expiration of the patent, or a decision in the infringement case that is favorable to the applicant. The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired.

Pediatric Studies and Exclusivity

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

The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. Additional requirements and procedures relating to deferral requests and requests for extension of deferrals are contained in FDASIA. Unless otherwise required by regulation, the pediatric data requirements do not apply to products with orphan designation.

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

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, the FDA may designate a drug product as an "orphan drug" if it is intended to treat a rare disease or condition (generally meaning that it affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a drug product available in the United States for treatment of the disease or condition will be recovered from sales of the product). A company must request orphan product designation before submitting an NDA. If the request is granted, the FDA will disclose the identity of the therapeutic agent and its potential use. Orphan product designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product with orphan status receives the first FDA approval for the disease or condition for which it has such designation or for a select indication or use within the rare disease or condition for which it was designated, the product generally will be receiving orphan product exclusivity. Orphan product exclusivity means that the FDA may not approve any other applications for the same product for the same indication for seven years, except in certain limited circumstances. If a drug or drug product designated as an orphan product ultimately receives marketing approval for an indication broader than what was designated in its orphan product application, it may not be entitled to exclusivity. Orphan exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same active ingredient for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. Further, the FDA may approve more than one product for the same orphan indication or disease as long as the products contain different active ingredients. Moreover, competitors may receive approval of different products for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity.

Patent Term Restoration and Extension

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

FDA Approval and Regulation of Companion Diagnostics

We believe that it is the FDA's current view that, in the event that we decide to seek marketing approval of ALRN-6924 with a label limited to WT p53 cancer patients, we would be required to have a companion *in vitro* diagnostic approved for use with ALRN-6924. If safe and effective use of a therapeutic depends on an *in vitro* diagnostic, then the FDA generally will require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves the therapeutic product. In August 2014, the FDA issued final guidance clarifying the requirements that will apply to approval of therapeutic products and *in vitro* companion diagnostics. According to the guidance, for novel drugs, a companion diagnostic device and its corresponding therapeutic should be approved or cleared contemporaneously by the FDA for the use indicated in the therapeutic product's labeling.

If FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, FDA generally will not approve the therapeutic product or new

therapeutic product indication if the companion diagnostic device is not approved or cleared for that indication. Approval or clearance of the companion diagnostic device will ensure that the device has been adequately evaluated and has adequate performance characteristics in the intended population. The review of *in vitro* companion diagnostics in conjunction with the review of our therapeutic treatments for cancer will, therefore, likely involve coordination of review by the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health Office of In Vitro Diagnostics Device Evaluation and Safety.

Under the FDCA, *in vitro* diagnostics, including companion diagnostics, are regulated as medical devices. In the United States, the FDCA and its implementing regulations, and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution, export and import, and post-market surveillance. Unless an exemption applies, diagnostic tests require marketing clearance or approval from the FDA prior to commercial distribution. The two primary types of FDA marketing authorization applicable to a medical device are premarket notification, also called 510(k) clearance, and premarket approval, or PMA approval. The FDA has generally required *in vitro* companion diagnostics intended to select the patients who will respond to cancer treatment to obtain a PMA, for that diagnostic simultaneously with approval of the drug. We expect that any companion diagnostic developed for use with ALRN-6924 will utilize the PMA pathway.

The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, can take several years or longer. It involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee, which exceeds $250,000 for most PMAs. In addition, PMAs for certain devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, a PMA application typically requires data regarding analytical and clinical validation studies. As part of the PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with the Quality System Regulation, or QSR, which imposes elaborate testing, control, documentation and other quality assurance requirements.

PMA approval is not guaranteed, and the FDA may ultimately respond to a PMA submission with a not approvable determination based on deficiencies in the application and require additional clinical trial or other data that may be expensive and time-consuming to generate and that can substantially delay approval. If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an approvable letter requiring the applicant's agreement to specific conditions, such as changes in labeling, or specific additional information, such as submission of final labeling, in order to secure final approval of the PMA. If the FDA's evaluation of the PMA or manufacturing facilities is not favorable, the FDA will deny approval of the PMA or issue a not approvable letter. A not approvable letter will outline the deficiencies in the application and, where practical, will identify what is necessary to make the PMA approvable. The FDA may also determine that additional clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and then the data submitted in an amendment to the PMA. If the FDA concludes that the applicable criteria have been met, the FDA will issue a PMA for the approved indications, which can be more limited than those originally sought by the applicant. The PMA can include post-approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution. Once granted, PMA approval may be withdrawn by the FDA if compliance with post approval requirements, conditions of approval or other regulatory standards are not maintained or problems are identified following initial marketing.

After a device is placed on the market, it remains subject to significant regulatory requirements. Medical devices may be marketed only for the uses and indications for which they are cleared or approved. Device manufacturers must also establish registration and device listings with the FDA. A medical device

manufacturer's manufacturing processes and those of its suppliers are required to comply with the applicable portions of the QSR, which cover the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping of medical devices. Domestic facility records and manufacturing processes are subject to periodic unscheduled inspections by the FDA. The FDA also may inspect foreign facilities that export products to the U.S.

Regulation Outside the United States

Regulation and Procedures Governing Approval of Medicinal Products in the European Union

In order to market any product outside of the United States, a company must also comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of products. Whether or not it obtains FDA approval for a product, the company would need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can commence clinical trials or marketing of the product in those countries or jurisdictions. Specifically, the process governing approval of medicinal products in the European Union generally follows the same lines as in the United States and involves satisfactorily completing preclinical studies and adequate and well-controlled clinical trials to establish the safety and efficacy of the product for each proposed indication, as well as the submission to the relevant competent authorities of a marketing authorisation application, or MAA, and actual granting of a marketing authorization by these authorities before the product can be marketed and sold in the European Union.

Clinical Trial Approval. Pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on Good Clinical Practice, or GCP, a system for the approval of clinical trials in the European Union has been implemented through national legislation of the member states. Under this system, an applicant must obtain approval from the competent national authority of a European Union member state in which the clinical trial is to be conducted, or in multiple member states if the clinical trial is to be conducted in a number of member states. Furthermore, the applicant may only start a clinical trial at a specific study site after the competent ethics committee has issued a favorable opinion. The clinical trial application must be accompanied by an investigational medicinal product dossier with supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and corresponding national laws of the member states and further detailed in applicable guidance documents. In April 2014, the European Union legislator passed the New Clinical Trials Regulation (EU) No 536/2014 which is set to replace the current Clinical Trials Directive 2001/20/EC and which overhauls the current system of approvals for clinical trials in the European Union. Specifically, the new legislation, which was passed as a regulation directly applicable in all member states, aims at simplifying and streamlining the approval of clinical trials in the European Union. For instance, the New Clinical Trials Regulation provides for a streamlined application procedure via a single entry point and strictly defined deadlines for the assessment of clinical trial applications. The New Clinical Trials Regulation will become applicable no earlier than May 28, 2016.

Marketing Authorization. To obtain a marketing authorization for a product under European Union regulatory systems, an applicant must submit an MAA either under a centralized procedure administered by The European Medicines Agency, or EMA, or one of the procedures administered by competent authorities in European Union member states (decentralized procedure, national procedure or mutual recognition procedure). A marketing authorization may be granted only to an applicant established in the European Union. In the case of pediatric patients, Regulation (EC) No 1901/2006 provides that prior to obtaining a marketing authorization in the European Union, applicants have to demonstrate compliance with all measures included in an EMA-approved Paediatric Investigation Plan, or PIP, covering all subsets of the pediatric population, unless the EMA has granted (1) a product-specific waiver, (2) a class waiver or (3) a deferral for one or more of the measures included in the PIP.

The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all European Union member states. Pursuant to Regulation (EC) No 726/2004, the

centralized procedure is compulsory for specific products, including for medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products and products with a new active substance indicated for the treatment of certain diseases, including products for the treatment of cancer. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, the centralized procedure may be optional.

Under the centralized procedure, the Committee for Medicinal Products for Human Use, or the CHMP, established at the EMA is responsible for conducting the initial assessment of a product. The CHMP is also responsible for several post-authorization and maintenance activities, such as the assessment of modifications or extensions to an existing marketing authorization. Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops, when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation. If the CHMP accepts such request, the time limit of 210 days will be reduced to 150 days but it is possible that the CHMP can revert to the standard time limit for the centralized procedure if it considers that it is no longer appropriate to conduct an accelerated assessment.

Regulatory Data Protection in the European Union. In the European Union, new chemical entities approved on the basis of a complete independent data package qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity pursuant to Regulation (EC) No 726/2004, as amended, and Directive 2001/83/EC, as amended. Data exclusivity prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for a period of eight years. During an additional two-year period of market exclusivity, a generic marketing authorization application can be submitted, and the innovator's data may be referenced, but no generic medicinal product can be marketed until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. Even if a compound is considered to be a new chemical entity so that the innovator gains the prescribed period of data exclusivity, another company nevertheless could also market another version of the product if such company obtained marketing authorization based on an MAA with a complete independent data package of pharmaceutical tests, preclinical tests and clinical trials.

Periods of Authorization and Renewals. A marketing authorization shall be valid for five years in principle and the marketing authorization may be renewed after five years on the basis of a re-evaluation of the risk-benefit balance by the EMA or by the competent authority of the authorizing member state. To this end, the marketing authorization holder must provide the EMA or the competent authority with a consolidated version of the file in respect of quality, safety and efficacy, including all variations introduced since the marketing authorization was granted, at least six months before the marketing authorization ceases to be valid. Once renewed, the marketing authorization shall be valid for an unlimited period, unless the European Commission or the competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal. Any authorization which is not followed by the actual placing of the drug on the European Union market (in case of centralized procedure) or on the market of the authorizing member state within three years after authorization ceases to be valid (the so-called sunset clause).

Orphan Drug Designation and Exclusivity. Regulation (EC) No. 141/2000 and Regulation (EC) No. 847/2000 provide that a drug can be designated as an orphan drug by the European Commission if its sponsor can establish: that the product is intended for the diagnosis, prevention or treatment of (1) a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made, or (2) a life-threatening, seriously debilitating or serious and chronic condition in

the European Union and that without incentives it is unlikely that the marketing of the drug in the European Union would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the European Union or, if such method exists, the drug will be of significant benefit to those affected by that condition.

An orphan drug designation provides a number of benefits, including fee reductions and regulatory assistance, and the possibility to apply for a centralized European Union marketing authorization for an orphan drug, which leads to a ten-year period of market exclusivity. During this market exclusivity period, neither the EMA, nor the European Commission nor the member states can accept an application or grant a marketing authorization for a 'similar medicinal product.' A 'similar medicinal product' is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. The market exclusivity period for the authorized therapeutic indication may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation, for example, because the product is sufficiently profitable not to justify market exclusivity.

Regulatory Requirements after a Marketing Authorization has been Obtained. In case an authorization for a medicinal product in the European Union is obtained, the holder of the marketing authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. These include:

- Compliance with the European Union's stringent pharmacovigilance or safety reporting rules, pursuant to which post-authorization studies and additional monitoring obligations can be imposed, has to be ensured.

- The manufacturing of authorized drugs, for which a separate manufacturer's license is mandatory, must also be conducted in strict compliance with the EMA's GMP requirements and comparable requirements of other regulatory bodies in the European Union, which mandate the methods, facilities and controls used in manufacturing, processing and packing of drugs to assure their safety and identity.

- The marketing and promotion of authorized drugs, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the European Union notably under Directive 2001/83EC, as amended, and European Union member state laws.

Authorization to Market Companion Diagnostics in the European Union. In the European Economic Area, or EEA, *in vitro* medical devices are required to conform with the essential requirements of the European Union Directive on *in vitro* diagnostic medical devices (Directive No 98/79/EC, as amended). To demonstrate compliance with the essential requirements, the manufacturer must undergo a conformity assessment procedure. The conformity assessment varies according to the type of medical device and its classification. The conformity assessment of *in vitro* diagnostic medical devices can require the intervention of an accredited EEA Notified Body. If successful, the conformity assessment concludes with the drawing up by the manufacturer of an EC Declaration of Conformity entitling the manufacturer to affix the CE mark to its products and to sell them throughout the EEA.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products unless coverage is provided

and reimbursement is adequate to cover a significant portion of the cost of our products. Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Even if our product candidates are approved, sales of our products will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage, and establish adequate reimbursement levels for, such products. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable marketing approvals. Nonetheless, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover our product candidates could reduce physician utilization of our products once approved and have a material adverse effect on our sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor. Third-party reimbursement and coverage may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

The containment of healthcare costs also has become a priority of federal, state and foreign governments and the prices of drugs have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company's revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Outside the United States, ensuring adequate coverage and payment for our product candidates will face challenges. Pricing of prescription pharmaceuticals is subject to governmental control in many countries. Pricing negotiations with governmental authorities can extend well beyond the receipt of marketing approval for a product and may require us to conduct a clinical trial that compares the cost effectiveness of our product candidates or products to other available therapies. The conduct of such a clinical trial could be expensive and result in delays in our commercialization efforts.

In the European Union, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular drug candidate to currently available therapies (so called health technology assessment, or HTA) in order to obtain reimbursement or pricing approval. For example, the European Union provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions.

Recently, many countries in the European Union have increased the amount of discounts required on pharmaceuticals and these efforts could continue as countries attempt to manage healthcare expenditures, especially in light of the severe fiscal and debt crises experienced by many countries in the European Union. The downward pressure on health care costs in general, particularly prescription drugs, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various E.U. member states, and parallel trade (arbitrage between low-priced and high-priced member states), can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products, if approved in those countries.

Healthcare Law and Regulation

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with providers, consultants, third-party payors and customers are subject to broadly applicable fraud and abuse, anti-kickback, false claims laws, reporting of payments to physicians and teaching physicians and patient privacy laws and regulations and other healthcare laws and regulations that may constrain our business and/or financial arrangements. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

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

- the federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false, fictitious or fraudulent or knowingly making, using or causing to made or used a false record or statement to avoid, decrease or conceal an obligation to pay money to the federal government.

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal laws that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and their respective implementing regulations, including the Final Omnibus Rule published in January 2013, which impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal transparency requirements known as the federal Physician Payments Sunshine Act, under the Patient Protection and Affordable Care Act, as amended by the Health Care Education Reconciliation Act, or the Affordable Care Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the Centers for Medicare & Medicaid Services, or CMS, within the U.S. Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and

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

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

Healthcare Reform

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biopharmaceutical products, limiting coverage and reimbursement for drugs and other medical products, government control and other changes to the healthcare system in the United States.

By way of example, the United States and state governments continue to propose and pass legislation designed to reduce the cost of healthcare. In March 2010, the United States Congress enacted the Affordable Care Act, which, among other things, includes changes to the coverage and payment for products under government health care programs. Among the provisions of the Affordable Care Act of importance to our potential drug candidates are:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs, although this fee would not apply to sales of certain products approved exclusively for orphan indications;

- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;

- expanded manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs and revising the definition of "average manufacturer price," or AMP, for calculating and reporting Medicaid drug rebates on outpatient prescription drug prices and extending rebate liability to prescriptions for individuals enrolled in Medicare Advantage plans;

- addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected;

- expanded the types of entities eligible for the 340B drug discount program;

- established the Medicare Part D coverage gap discount program by requiring manufacturers to provide a 50% point-of-sale-discount off the negotiated price of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D;

- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;

- the Independent Payment Advisory Board, or IPAB, which has authority to recommend certain changes to the Medicare program to reduce expenditures by the program that could result in reduced payments for prescription drugs. However, the IPAB implementation has been not been clearly defined. PPACA provided that under certain circumstances, IPAB recommendations will become law unless Congress enacts legislation that will achieve the same or greater Medicare cost savings; and

- established the Center for Medicare and Medicaid Innovation within CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending. Funding has been allocated to support the mission of the Center for Medicare and Medicaid Innovation from 2011 to 2019.

Other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. For example, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2012 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2024 unless additional Congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. Such reforms could have an adverse effect on anticipated revenues from product candidates that we may successfully develop and for which we may obtain marketing approval and may affect our overall financial condition and ability to develop product candidates.

Legal Proceedings

We are not currently subject to any material legal proceedings.

Facilities

Our facilities consist of office and laboratory space of approximately 7,400 square feet in Cambridge, Massachusetts under an operating lease agreement that, as amended, expires in May 2016, with an option to renew for one year and a conditional option to renew for one year thereafter.

Employees

As of July 31, 2015, we had 14 full-time or part-time employees, including a total of six employees with M.D. and/or Ph.D. degrees. Of the workforce, eight employees are directly engaged in research and development with the rest providing administrative, business and legal support. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider the relationship with our employees to be good.

MANAGEMENT

The following table sets forth the name, age as of July 31, 2015 and position of each of our executive officers and directors.

Name	Age	Position
Executive Officers		
Joseph A. Yanchik III	51	President and Chief Executive Officer and Director
Manuel C. Aivado, M.D., Ph.D.	45	Senior Vice President, Chief Medical Officer
Evan Lippman	45	Senior Vice President, Chief Financial Officer and Chief Business Officer
Non-Employee Directors		
Scott B. Kapnick	56	Chairman of the Board of Directors
Reinhard J. Ambros, Ph.D.	59	Director
Brian M. Gallagher, Jr., Ph.D.	45	Director
Seth L. Harrison, M.D.	54	Director
John H. McArthur, Ph.D.	81	Director
Armen B. Shanafelt, Ph.D.	56	Director
Caleb Winder	43	Director

(1) Member of audit committee.
(2) Member of compensation committee.
(3) Member of nominating and corporate governance committee.

Executive Officers

Joseph A. Yanchik III has served as our President and Chief Executive Officer and as a member of our board of directors since January 2006. From June 2005 until September 2009, Mr. Yanchik served as a venture partner at Apple Tree Partners, a life sciences investment firm, and from August 2005 until August 2008, he served as chief executive officer of Tokai Pharmaceuticals, Inc., or Tokai, a biopharmaceutical company focused on prostate cancer treatment. Mr. Yanchik has served on the board of directors of Tokai since June 2005. Previously, Mr. Yanchik served as vice president of corporate development at Mendel Biotechnology, Inc., an agricultural biotechnology company, and was the founder and chief business officer of Poetic Genetics, Inc., a gene therapy company. Prior to that, Mr. Yanchik specialized in corporate and securities law at Cahill Gordon & Reindel and Venture Law Group. Mr. Yanchik received a B.B.A. from Loyola College and a J.D. from the Villanova University School of Law. We believe Mr. Yanchik is qualified to serve on our board of directors due to his service as our President and Chief Executive Officer and his extensive knowledge of our company and industry.

Manuel C. Aivado, M.D., Ph.D. has served as our Senior Vice President, Chief Medical Officer since September 2014. From March 2012 until September 2014, Dr. Aivado served as vice president of clinical development and pharmacovigilance at Taiho Oncology, Inc., a pharmaceutical company. From October 2006 until March 2012, Dr. Aivado served as senior medical director in the clinical development group at GlaxoSmithKline, Inc., a global pharmaceutical company. In addition, Dr. Aivado was an instructor in medicine at Beth Israel Deaconess Medical Center/Harvard Medical School. Prior to his industry experience, Dr. Aivado practiced clinical medicine in Germany for ten years, during which time he was awarded the Dr. Mildred Scheel cancer research scholarship award in 2002. Dr. Aivado is a German board-certified physician for internal medicine, hematology and medical oncology, and he received an M.D. and Ph.D. from the Medical School of the University of Dusseldorf, in Germany.

Evan Lippman has served as our Senior Vice President, Chief Financial Officer and Chief Business Officer since January 2015. From June 2012 until May 2014, Mr. Lippman was senior vice president at EMD

Serono, Inc., the biopharmaceutical division of Merck KGaA, a global pharmaceutical and chemical group. From November 2006 until May 2012, Mr. Lippman was executive director at AstraZeneca, a global research-based biopharmaceutical company. Prior to joining AstraZeneca, Mr. Lippman served as executive director, worldwide business development and strategic planning at Pfizer, Inc., a multinational pharmaceutical company. Mr. Lippman received a B.A. from Bucknell University, a B.B.A. from Georgia State University and an M.B.A. from Cornell University.

Non-Employee Directors

Scott B. Kapnick has served as a member of our board of directors since April 2011 and as Chairman of our board of directors since November 2013. Since July 2013, Mr. Kapnick has served as chief executive officer of Highbridge Capital Management, a global alternative investment management organization. Mr. Kapnick joined Highbridge Capital Management in 2007 to establish and grow its presence in public and private credit through the launch of Highbridge Principal Strategies. Mr. Kapnick has served as chief executive officer of Highbridge Principal Strategies since 2007. Before joining Highbridge, Mr. Kapnick spent twenty-one years at Goldman Sachs, a global investment banking, securities and investment management firm, including as co-chief executive officer of Goldman Sachs International from 2005 to 2006. Mr. Kapnick is a member of the Council on Foreign Relations. Mr. Kapnick received a B.A. from Williams College and holds a combined J.D./M.B.A. from the University of Chicago. We believe Mr. Kapnick is qualified to serve on our board of directors due to his extensive investment and financial experience.

Reinhard J. Ambros, Ph.D. has served as a member of our board of directors since June 2013. Since August 2005, Dr. Ambros has served as global head of Novartis Venture Funds, a venture fund that invests in life sciences companies. He previously served as head of group strategic planning for Novartis Corporation, a multinational pharmaceutical company, from 2001 until 2005, and as global head of business development and licensing for cardiovascular and metabolic diseases at Novartis Pharma AG. Dr. Ambros received an M.S. from the University of Regensburg, Germany, and a Ph.D. in medicinal chemistry and pharmacology from the University of Regensburg, Germany. We believe Dr. Ambros is qualified to serve on our board of directors due to his management experience in the biotechnology sector and his service on other boards of directors.

Brian M. Gallagher, Jr., Ph.D. has served as a member of our board of directors since December 2010. Since May 2010, Dr. Gallagher has served as a partner at S.R. One, Limited, the corporate venture capital arm of GlaxoSmithKline. From July 2008 until May 2010, Dr. Gallagher worked at Sirtris Pharmaceuticals, Inc., a biotechnology company that was acquired by GlaxoSmithKline in 2008. Prior to that, Dr. Gallagher was with Alantos Pharmaceuticals, Inc., a pharmaceutical company which was acquired by Amgen, Inc., a multinational biopharmaceutical company, in 2007. Dr. Gallagher received a B.S. from the University of Massachusetts and an M.S. and Ph.D. from the University of Michigan. We believe Dr. Gallagher is qualified to serve on our board of directors due to his investment and operations experience in the life sciences industry.

Seth L. Harrison, M.D. has served as a member of our board of directors since June 2006. In September 1999, Dr. Harrison founded Apple Tree, and since that time has served as Apple Tree's managing partner. In addition, Dr. Harrison served as chief executive officer of Tokai from August 2008 until September 2011. Dr. Harrison has served as a member of the board of directors of Tokai since April 2005 and as a member of the board of directors of Heartware International, Inc., a corporation that develops and manufactures miniaturized implantable heart pumps, since November 2004. From 2002 until 2010, Dr. Harrison also served as a member of the board of directors of the International Partnership for Microbicides, a Rockefeller Foundation/Gates Foundation sponsored public-private partnership engaged in the development of anti-HIV microbicides. Dr. Harrison received an A.B. from Princeton University, an M.D. and M.B.A. from Columbia University, and completed a surgery internship at the Presbyterian Hospital in the City of New York. We believe Dr. Harrison is qualified to serve on our board of directors due to his strong medical and venture capital background, his extensive experience with early-stage companies such as ours and his service on the boards of directors of a range of public and private companies.

John H. McArthur, Ph.D. has served as a member of our board of directors since April 2011. Since 1995, Dr. McArthur has served as the George F. Baker professor of business administration emeritus and dean emeritus at Harvard Business School. From 1980 until 1995, he served as dean of the faculty at Harvard Business School. Prior to that, Dr. McArthur was a member of the faculty at Harvard Business School since 1962. Since 1999, Dr. McArthur has served as a member of the board of directors of Koç Holding, A.S., a multinational industrial conglomerate. From 1995 to 2005, Dr. McArthur served as senior advisor to the president of The World Bank. Dr. McArthur is the current chair of the Asia Pacific Foundation of Canada, and formerly served as chair of Brigham and Women's Hospital. He received a B.C. from the University of British Columbia and an M.B.A. and Ph.D. from Harvard Business School. We believe Dr. McArthur is qualified to serve on our board of directors due to his extensive experience on multinational corporate boards and understanding of and expertise in business management and corporate governance.

Armen B. Shanafelt, Ph.D. has served as a member of our board of directors since November 2013. Since April 2009, he has served as a partner at Lilly Ventures, one of the venture capital arms of Eli Lilly and Company, a global pharmaceutical company. Prior to joining Lilly Ventures, Dr. Shanafelt served as the chief scientific officer of the biotechnology division at Eli Lilly and Company. Prior to joining Eli Lilly, he was a research fellow and director of research at Roche Diagnostics Corporation, a global diagnostics company, and held several leadership positions in the biotechnology division at Bayer Corporation, a multinational chemical and healthcare corporation. Dr. Shanafelt received a B.S. from Pacific Lutheran University and a Ph.D. from the University of California, Berkeley. We believe Dr. Shanafelt is qualified to serve on our board of directors due to his significant background in pharmaceutical research and development and his experience in life sciences investing.

Caleb Winder has served as a member of our board of directors since December 2014. He has served as a managing director of Excel Venture Management, or Excel, a venture capital firm that focuses on life science technologies, since March 2014, served as a director of Excel from November 2010 to February 2014, and served as vice president of Excel from January 2007 to October 2010. Prior to this, Mr. Winder was a principal at Biotechonomy, a life sciences research and investment firm, where he financed and managed several entrepreneurial ventures. Mr. Winder received a B.A. from Colby College and an M.B.A. from Babson College. We believe Mr. Winder is qualified to serve on our board of directors due to his investment experience in the life sciences sector.

Board Composition and Election of Directors

Board Composition

Our board of directors currently consists of eight members. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

Our certificate of incorporation and bylaws that will become effective as of the closing date of this offering provide that the authorized number of directors may be changed only by resolution of our board of directors. Our certificate of incorporation and bylaws will also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 75% of our shares of capital stock present in person or by proxy and entitled to vote, and that any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

In accordance with the terms of our certificate of incorporation and bylaws that will become effective as of the closing date of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- the class I directors will be , and , and their term will expire at the annual meeting of stockholders to be held in 2016;

- the class II directors will be , and , and their term will expire at the annual meeting of stockholders to be held in 2017; and
- the class III directors will be and , and their term will expire at the annual meeting of stockholders to be held in 2018.

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

We have no formal policy regarding board diversity. Our priority in selection of board members is identification of members who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business and understanding of the competitive landscape.

Director Independence

Applicable NASDAQ Stock Market, or NASDAQ, rules require a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. In addition, the NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act. Under applicable NASDAQ rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries. In order to be considered independent for purposes of Rule 10C-1, the board must consider, for each member of a compensation committee of a listed company, all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by such company to the director; and whether the director is affiliated with the company or any of its subsidiaries or affiliates.

In 2015, our board of directors undertook a review of the composition of our board of directors and its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that is an "independent director" as defined under applicable NASDAQ rules, including, in the case of all the members of our audit committee, the independence criteria set forth in Rule 10A-3 under the Exchange Act, and in the case of all the members of our compensation committee, the independence criteria set forth in Rule 10C-1 under the Exchange Act. In making such determination, our board of directors considered the relationships that each such non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining his or her independence, including the beneficial ownership of our capital stock by each non-employee director. Mr. Yanchik is not an independent director under these rules because he is our President and Chief Executive Officer.

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

Board Committees

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

Audit Committee

The members of our audit committee are , and , and is the chair of the audit committee. Effective as of the date of this prospectus, our audit committee's responsibilities will include:

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

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

Our board of directors has determined that is an "audit committee financial expert" as defined in applicable SEC rules and that each of the members of our audit committee possesses the financial sophistication required for audit committee members under NASDAQ rules. We believe that the composition of our audit committee will meet the requirements for independence under current NASDAQ and SEC rules and regulations.

Compensation Committee

The members of our compensation committee are and , and is the chair of the compensation committee. Effective as of the date of this prospectus, our compensation committee's responsibilities will include:

- reviewing and approving, or making recommendations to our board of directors with respect to, the compensation of our chief executive officer and our other executive officers;

- overseeing an evaluation of our senior executives;
- reviewing and making recommendations to our board of directors with respect to our incentive-compensation and equity-based compensation plans;
- overseeing and administering our equity-based plans;
- reviewing and making recommendations to our board of directors with respect to director compensation;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis" disclosure if and to the extent then required by SEC rules; and
- preparing the compensation committee report if and to the extent then required by SEC rules.

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

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are , and , and is the chair of the nominating and corporate governance committee. Effective as of the date of this prospectus, our nominating and corporate governance committee's responsibilities will include:

- identifying individuals qualified to become members of our board of directors;
- recommending to our board of directors the persons to be nominated for election as directors and to each of our board's committees;
- developing and recommending to our board of directors corporate governance principles; and
- overseeing an annual evaluation of our board of directors.

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

Compensation Committee Interlocks and Insider Participation

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

Code of Business Conduct and Ethics

We plan to adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, which will be effective upon the closing of this offering. Following this offering, we will post a copy of the code on the Corporate Governance section of our website. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for any officer or director, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

EXECUTIVE COMPENSATION

This section describes the material elements of compensation awarded to, earned by or paid to each of our named executive officers in 2014. We are an "emerging growth company," within the meaning of the JOBS Act, and have elected to comply with the reduced compensation disclosure requirements available to emerging growth companies under the JOBS Act. Our named executive officers for 2014 were Joseph A. Yanchik III and Manuel C. Aivado. This section also provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our named executive officers and is intended to place in perspective the data presented in the tables and narrative that follow.

Summary Compensation Table

The following table sets forth information regarding compensation awarded to, earned by or paid to our named executive officers during 2014.

Name and Principal Position	Salary ($)	Bonus ($)(1)	Option Awards ($)(2)	All Other Compensation ($)	Total ($)
Joseph A. Yanchik III(3) *President and Chief Executive Officer*	393,000	290,015(4)	697,163	216(5)	1,380,394
Manuel C. Aivado, M.D., Ph.D.(6) *Senior Vice President and Chief Medical Officer*	118,333	86,210(7)	—	18,565(8)	223,108

(1) The amounts reported in the "Bonus" column represent discretionary annual cash bonuses awarded to our named executive officers.

(2) The amounts reported in the "Option Awards" column reflect the aggregate grant date fair value of share-based compensation awarded during the year computed in accordance with the provisions of Financial Accounting Standards Board Accounting Standard Codification, or ASC, Topic 718. See Note 10 to our financial statements appearing at the end of this prospectus regarding assumptions underlying the valuation of equity awards.

(3) Mr. Yanchik also serves as a member of our board of directors but does not receive any additional compensation for his service as a director.

(4) Includes a one-time retention bonus payment to Mr. Yanchik in connection with his continued employment with us in the amount of $189,800.

(5) Consists of the cost to us of a life insurance premium paid for Mr. Yanchik.

(6) Dr. Aivado joined us as Senior Vice President and Chief Medical Officer in September 2014.

(7) Includes a one-time $50,000 transition bonus payment to Dr. Aivado in connection with the commencement of his employment with us.

(8) Consists of $13,750 in travel expenses, $4,743 in tax gross-ups for the payment of taxes and $72 for the cost to us of a life insurance premium paid for Dr. Aivado.

Narrative to Summary Compensation Table

In 2014, we paid annual base salaries of $393,000 to Mr. Yanchik and $118,333 to Dr. Aivado. We use base salaries to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. Neither of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary.

We do not have a formal performance-based bonus plan. From time to time, our board of directors has approved discretionary annual cash bonuses to our named executive officers with respect to their prior year performance. Mr. Yanchik and Dr. Aivado earned cash bonuses of $100,215 and $36,210, respectively, for services performed during 2014. Mr. Yanchik also received a one-time $189,800 bonus payment in connection with his continued employment with us. Dr. Aivado also received a one-time $50,000 transition bonus payment in connection with the commencement of his employment with us.

Although we do not have a formal policy with respect to the grant of equity incentive awards to our named executive officers, or any formal equity ownership guidelines applicable to them, we believe that equity grants provide our named executive officers with a strong link to our long-term performance, create an ownership culture and help to align the interests of our named executive officers and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention because this feature incents our named executive officers to remain in our employment during the vesting period. Accordingly, our board of directors periodically reviews the equity incentive compensation of our named executive officers and from time to time may grant equity incentive awards to them in the form of stock options. In 2014, we granted Mr. Yanchik options to purchase an aggregate of 1,950,447 shares of our common stock. These options were subject to vesting upon the achievement of specified performance criteria within specified time periods. Of such options, options to purchase 975,223 shares of our common stock terminated in 2014 in accordance with the terms of the options. In June 2015, Mr. Yanchik chose to surrender the remaining options to purchase 975,224 shares of our common stock for cancellation. In June 2015, the board granted options to purchase 3,272,600 shares of common stock to Mr. Yanchik, which are subject to service-based vesting.

Outstanding Equity Awards at Year End

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2014:

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($/share)	Option Expiration Date
Joseph A. Yanchik III	50,440(1)	—	0.13	6/25/2019
	59,611(2)	—	0.13	6/25/2019
	1,388,930(3)	—	0.13	6/25/2019
	—	975,224(4)	0.51	3/13/2024
Manuel C. Aivado, M.D., Ph.D.	—	—	—	—

(1) These options were granted on June 25, 2009 and were fully vested on the date of grant.

(2) These options were granted on June 25, 2009 and vested as to 3.8462% of the shares in equal monthly installments through September 1, 2011.

(3) These options were granted on June 25, 2009 and vested as to 2.0833% of the shares in equal monthly installments through July 1, 2013.

(4) These options were granted on March 13, 2014 and were subject to vesting upon the achievement of specified performance criteria within specified time periods. As of December 31, 2014, the performance criteria had not yet been met and therefore none of the shares subject to such options had vested. On June 18, 2015, Mr. Yanchik chose to surrender these options for cancellation.

Agreements with Our Named Executive Officers

Employment Agreements, Severance and Change in Control Agreements

Joseph A. Yanchik III

In March 2008, we entered into an employment agreement with Mr. Yanchik. The employment agreement establishes Mr. Yanchik's title, his base salary, his eligibility for an annual bonus, and his eligibility for benefits made available to employees generally and also provides for certain benefits upon termination of his employment under specified conditions. Our board of directors has determined that Mr. Yanchik is eligible to receive an annual bonus of up to 40% of his base salary. Mr. Yanchik's employment is at will.

Under the terms of the employment agreement, if Mr. Yanchik's employment is terminated by us without cause or by Mr. Yanchik for good reason, each as defined in his employment agreement, and subject to Mr. Yanchik's execution of a general release of potential claims against us, we have agreed to continue to pay his then-current base salary for a period of 12 months, premiums for continuation health coverage under COBRA for up to 12 months, a performance-based bonus pro-rated based on Mr. Yanchik's target bonus percentage and his achievement of certain milestones to be agreed upon by him and us for the calendar year in which his employment was terminated, as determined by our board in its sole discretion, and to accelerate vesting by six months of any restricted stock or stock options held by Mr. Yanchik.

In addition, if Mr. Yanchik's employment is terminated by us without cause or by Mr. Yanchik for good reason within one year following a change of control, as defined in the stock option agreement evidencing the options granted to Mr. Yanchik in June 2015, these options will accelerate in full.

Manuel C. Aivado

In July 2014, in connection with our appointment of Dr. Aivado as our Senior Vice President, Chief Medical Officer, we entered into an employment agreement with Dr. Aivado. The employment agreement establishes Dr. Aivado's title, his base salary, his eligibility for an annual bonus, and his eligibility for benefits made available to employees generally and also provides for certain benefits upon termination of his employment under specified conditions. Dr. Aivado was also entitled to receive a one-time transition bonus of $50,000, payable within thirty days of his commencement of employment, and reimbursement of up to $3,750 per month for travel and living accommodations in order to commute to and live in the Boston area. Dr. Aivado's employment is at will. In March 2015, we granted Dr. Aivado options to purchase 1,250,000 shares of our common stock, which are subject to service-based vesting.

Under the terms of the employment agreement, if Dr. Aivado's employment is terminated by us without cause or by Dr. Aivado for good reason, each as defined in his employment agreement, and subject to Dr. Aivado's execution of a general release of potential claims against us, we have agreed to continue to pay his then-current base salary for a period of 12 months and premiums for continuation health coverage under COBRA for up to 12 months.

In addition, if Dr. Aivado's employment is terminated by us without cause or by Dr. Aivado for good reason within one year following a change of control, as defined in the stock option agreement evidencing the options granted to Dr. Aivado in March 2015, these options will accelerate in full.

Other Agreements

We have also entered into employee confidentiality, inventions, non-solicitation and non-competition agreements with each of our named executive officers. Under the employee confidentiality, inventions, non-solicitation and non-competition agreements, each named executive officer has agreed (1) not to compete with us

during his employment and for a period of one year after the termination of his employment, (2) not to solicit our employees during his employment and for a period of two years after the termination of his employment, (3) to protect our confidential and proprietary information and (4) to assign to us related intellectual property developed during the course of his employment.

Evan Lippman

Mr. Lippman commenced employment as our Senior Vice President, Chief Financial Officer and Chief Business Officer on January 1, 2015. Mr. Lippman's employment agreement establishes his title, his base salary, his eligibility for an annual bonus of up to 30% of his base salary, and his eligibility for benefits made available to employees generally and also provides for certain benefits upon termination of his employment under specified conditions. Mr. Lippman's employment is at will. Pursuant to Mr. Lippman's employment agreement, in March 2015 we granted Mr. Lippman an option to purchase 1,167,664 shares of our common stock, which is subject to service-based vesting. If Mr. Lippman's employment is terminated by us without cause or by Mr. Lippman for good reason within 12 months of his commencing employment with us, then 25% of the shares subject to the option will vest immediately upon termination.

Under the terms of the employment agreement, if Mr. Lippman's employment is terminated by us without cause or by Mr. Lippman for good reason, each as defined in his employment agreement, and subject to Mr. Lippman's execution of a general release of potential claims against us, we have agreed to continue to pay his then-current base salary for a period of 12 months and premiums for continuation health coverage under COBRA for up to 12 months.

In addition, if Mr. Lippman's employment is terminated by us without cause or by Mr. Lippman for good reason within one year following a change of control, as defined in the stock option agreement evidencing the options granted to Mr. Lippman in March 2015, these options will accelerate in full.

Stock Option and Other Compensation Plans

The three equity incentive plans described in this section are our 2006 stock incentive plan, as amended to date, or the 2006 plan, our 2015 stock incentive plan, or the 2015 plan, and our 2015 employee stock purchase plan, or the 2015 ESPP. Prior to this offering, we granted awards to eligible participants under the 2006 plan. Following the closing of this offering, we expect to grant awards to eligible participants only under the 2015 plan and the 2015 ESPP.

2006 Stock Incentive Plan, as amended

The 2006 plan was first adopted by our board of directors and first approved by our stockholders in October 2006. Our 2006 plan was amended in December 2006, November 2007, March 2008, May 2009, April 2010, November 2013 and October 2014. Our employees, officers, directors, consultants and advisors are eligible to receive awards under the 2006 plan; however, incentive stock options may only be granted to employees. In accordance with the terms of the 2006 plan, our board of directors, or a committee appointed by our board, administers the 2006 plan and, subject to any limitations in the 2006 plan, selects the recipients of awards and determines:

- the number of shares of common stock covered by options and the dates upon which those options become exercisable;
- the type of options to be granted;
- the exercise prices of options;

- the duration of options; and

- the number of shares of common stock subject to any restricted stock or other stock-based awards and the terms and conditions of those awards, including the issue price, conditions for repurchase or forfeiture and repurchase price.

If our board of directors delegates authority to an executive officer to grant awards under the 2006 plan, the executive officer has the power to make awards to employees, directors, consultants and advisors, except officers or executive officers. Our board of directors will fix the terms of the awards to be granted by such executive officer, including the exercise price of such awards, and the maximum number of shares subject to awards that such executive officer may make.

In the event of a reorganization event, as defined in the 2006 plan, our board shall take any one or more of the following actions as to all or any outstanding awards on such terms as the board determines:

- provide that all outstanding awards shall be assumed, or substantially equivalent awards shall be substituted, by the acquiring or succeeding corporation or an affiliate thereof;

- upon written notice to a participant, provide that all of the participant's unexercised awards shall become exercisable in full and will terminate immediately prior to the consummation of such reorganization event, unless exercised by the participant within a specified period following the date of such notice;

- provide that all outstanding awards shall become realizable or deliverable, or restrictions applicable to an award shall lapse, in whole or in part, prior to or upon such reorganization event;

- in the event of a reorganization event pursuant to which holders of shares of our common stock will receive a cash payment for each share surrendered in the reorganization event, which we refer to as the acquisition price, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (a) the acquisition price times the number of shares of our common stock subject to the participant's awards to the extent the exercise price of such awards does not exceed the acquisition price minus (b) the aggregate exercise price of all such outstanding awards, in exchange for the termination of such options or other awards;

- in connection with a liquidation or dissolution, provide that awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof); and

- provide for any combination of the foregoing.

As of July 31, 2015, there were options to purchase an aggregate of 9,960,710 shares of common stock outstanding under the 2006 plan at a weighted average exercise price of $0.44 per share, and an aggregate of 1,415,673 shares of common stock had been issued upon the exercise of options granted under the 2006 plan. As of July 31, 2015, there were 2,467,278 additional shares of common stock authorized for future issuance under the 2006 plan. On and after the effective date of the 2015 plan described below, we will grant no further stock options or other awards under the 2006 plan.

2015 Stock Incentive Plan

We expect our board of directors to adopt, and our stockholders to approve, the 2015 plan, which will become effective immediately prior to the closing of this offering. The 2015 plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards. Upon the closing of this offering, the number of shares of our

common stock that will be reserved for issuance under the 2015 plan will be (1) ; plus (2) the number of shares (up to shares) equal to the sum of the number of shares of our common stock then available for issuance under the 2006 plan and the number of shares of our common stock subject to outstanding awards under the 2006 plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right; plus (3) an annual increase, to be added on the first day of each fiscal year, beginning with the fiscal year ending December 31, 2016 and continuing until, and including, the fiscal year ending December 31, 2025, equal to the lower of shares of our common stock, % of the number of shares of our common stock outstanding on the first day of such fiscal year and an amount determined by our board of directors.

Our employees, officers, directors, consultants and advisors will be eligible to receive awards under the 2015 plan; however, incentive stock options may only be granted to our employees.

Pursuant to the terms of the 2015 plan, our board of directors, or a committee delegated by our board of directors, administers the 2015 plan and, subject to any limitations set forth in the 2015 plan, will select the recipients of awards and determine:

- the number of shares of common stock covered by options and the dates upon which those options become exercisable;
- the type of options to be granted;
- the exercise price of options, which price must be at least equal to the fair market value of our common stock on the date of grant;
- the duration of options, which may not be in excess of ten years;
- the methods of payment of the exercise price of options; and
- the number of shares of our common stock subject to and the terms of any stock appreciation rights, awards of restricted stock, restricted stock units and other stock-based awards and the terms and conditions of such awards, including the issue price, conditions for repurchase, repurchase price and performance conditions (though the measurement price of stock appreciation rights must be at least equal to the fair market value of our common stock on the date of grant and the duration of such awards may not be in excess of ten years), if any.

If our board of directors delegates authority to an executive officer to grant awards under the 2015 plan, the executive officer will have the power to make awards to all of our employees, except executive officers. Our board of directors will fix the terms of the awards to be granted by such executive officer, including the exercise price of such awards (or a formula for establishing such price), and the maximum number of shares subject to awards that such executive officer may make.

In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of our common stock other than an ordinary cash dividend, we are required by the 2015 plan to make equitable adjustments (or make substitute awards, if applicable), in a manner determined by our board, to:

- the number and class of securities available under the 2015 plan;
- the share counting rules under the 2015 plan;

- the number and class of securities and exercise price per share of each outstanding option;
- the share and per-share provisions and measurement price of each outstanding stock appreciation right;
- the number of shares and the repurchase price per share subject to each outstanding restricted stock award or restricted stock unit award; and
- the share and per-share related provisions and purchase price, if any, of any outstanding other stock-based award.

Upon a merger or other reorganization event, as defined in our 2015 plan, our board of directors, may, on such terms as our board determines, except to the extent specifically provided otherwise in an applicable award agreement or other agreement between the participant and us, take any one or more of the following actions pursuant to the 2015 plan, as to some or all outstanding awards, other than restricted stock awards:

- provide that all outstanding awards will be assumed or substantially equivalent awards will be substituted by the successor corporation or an affiliate thereof;
- upon written notice to a participant, provide that the participant's unvested and/or unexercised options or other awards will terminate immediately prior to the consummation of such transaction unless exercised by the participant;
- provide that outstanding awards will become exercisable, realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the reorganization event;
- in the event of a reorganization event pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the reorganization event, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (1) the number of shares of our common stock subject to the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (2) the excess, if any, of the cash payment for each share surrendered in the reorganization event over the exercise, measurement or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such award;
- provide that, in connection with a liquidation or dissolution, awards convert into the right to receive liquidation proceeds, net of exercise, measurement or purchase price thereof, if applicable, and any applicable tax withholdings; or
- any combination of the foregoing.

Our board of directors is not obligated by the 2015 plan to treat all awards, all awards held by a participant, or all awards of the same type, identically.

In the case of certain restricted stock units, no assumption or substitution is permitted, and the restricted stock units will instead be settled in accordance with the terms of the applicable restricted stock unit agreement.

Upon the occurrence of a reorganization event other than a liquidation or dissolution, the repurchase and other rights under each outstanding restricted stock award will continue for the benefit of the successor company and will, unless our board of directors may otherwise determine, apply to the cash, securities or other property which our common stock is converted into or exchanged for pursuant to the reorganization event, unless our board provided for the termination or deemed satisfaction of such repurchase or other rights under the restricted

stock award agreement or any other agreement between the participant and us. Upon the occurrence of a reorganization event involving a liquidation or dissolution, all restrictions and conditions on each outstanding restricted stock award will automatically be deemed terminated or satisfied, unless otherwise provided in the agreement evidencing the restricted stock award or in any other agreement between the participant and us.

Our board of directors may at any time provide that any award under the 2015 plan shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

Except with respect to certain actions requiring stockholder approval under the Internal Revenue Code or the rules of The NASDAQ Stock Market, our board of directors may amend, modify or terminate any outstanding award under the 2015 plan, including but not limited to, substituting therefor another award of the same or a different type, changing the date of exercise or realization, and converting an incentive stock option into a nonstatutory stock option, subject to certain participant consent requirements. Unless our stockholders approve such action, the 2015 plan provides that we may not, except as otherwise permitted in connection with a change in capitalization or reorganization event:

- amend any outstanding stock option or stock appreciation right granted under the 2015 plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement price per share of such outstanding award;
- cancel any outstanding option or stock appreciation right, whether or not granted under the 2015 plan, and grant in substitution therefor new awards under the 2015 plan, other than substitute awards permitted in connection with a merger or consolidation of an entity with us or our acquisition of property or stock of another entity, covering the same or a different number of shares of our common stock and having an exercise or measurement price per share lower than the then-current exercise or measurement price per share of the cancelled award;
- cancel in exchange for a cash payment any outstanding option or stock appreciation right with an exercise or measurement price per share above the then-current fair market value of our common stock; or
- take any other action that constitutes a “repricing” within the meaning of the rules of The NASDAQ Stock Market.

No award may be granted under the 2015 plan after , 2025. Our board of directors may amend, suspend or terminate the 2015 plan at any time, except that stockholder approval will be required to comply with applicable law or stock market requirements.

2015 Employee Stock Purchase Plan

We expect our board of directors to adopt, and our stockholders to approve, the 2015 ESPP, which will become effective immediately prior to the closing of this offering. The 2015 ESPP will be administered by our board of directors or by a committee appointed by our board of directors. The 2015 ESPP initially provides participating employees with the opportunity to purchase up to an aggregate of shares of our common stock. The number of shares of our common stock reserved for issuance under the 2015 ESPP will automatically increase on the first day of each fiscal year, commencing on January 1, 2016 and ending on December 31, 2026, in an amount equal to the least of shares of our common stock, % of the total number of shares of our common stock outstanding on the first day of the applicable year, and an amount determined by our board of directors.

All of our employees or employees of any designated subsidiary, as defined in the 2015 ESPP, are eligible to participate in the 2015 ESPP, provided that:

- such person is customarily employed by us or a designated subsidiary for more than 20 hours a week and for more than five months in a calendar year;
- such person has been employed by us or by a designated subsidiary for at least six months prior to enrolling in the 2015 ESPP; and
- such person was our employee or an employee of a designated subsidiary on the first day of the applicable offering period under the 2015 ESPP.

No employee may purchase shares of our common stock under the 2015 ESPP and any of our other employee stock purchase plans in excess of $25,000 of the fair market value of our common stock, as of the date of the option grant, in any calendar year. In addition, no employee may purchase shares of our common stock under the 2015 ESPP that would result in the employee owning 5% or more of the total combined voting power or value of our stock or the stock of any of our subsidiaries.

We expect to make one or more offerings to our eligible employees to purchase stock under the 2015 ESPP beginning at such time as our board of directors may determine. Each offering will consist of a six-month offering period during which payroll deductions will be made and held for the purchase of our common stock at the end of the offering period. Our board of directors may, at its discretion, choose a different period of not more than 12 months for offerings.

On the commencement date of each offering period, each eligible employee may authorize up to a maximum of 15% of his or her compensation to be deducted by us during the offering period. Each employee who continues to be a participant in the 2015 ESPP on the last business day of the offering period will be deemed to have exercised an option to purchase from us the number of whole shares of our common stock that his or her accumulated payroll deductions on such date will pay for, not in excess of the maximum numbers set forth above. Under the terms of the 2015 ESPP, the purchase price shall be determined by our board of directors for each offering period and will be at least 85% of the applicable closing price of our common stock. If our board of directors does not make a determination of the purchase price, the purchase price will be 85% of the lesser of the closing price of our common stock on the first business day of the offering period or on the last business day of the offering period.

An employee who is not a participant on the last day of the offering period is not entitled to purchase shares under the 2015 ESPP, and the employee's accumulated payroll deductions will be refunded. An employee's rights under the 2015 ESPP terminate upon voluntary withdrawal from an offering under the 2015 ESPP at any time, or when the employee ceases employment for any reason.

We will be required to make equitable adjustments to the number and class of securities available under the 2015 ESPP, the share limitations under the 2015 ESPP, and the purchase price for an offering period under the 2015 ESPP to reflect stock splits, reverse stock splits, stock dividends, recapitalizations, combinations of shares, reclassifications of shares, spin-offs and other similar changes in capitalization or events or any dividends or distributions to holders of our common stock other than ordinary cash dividends.

In connection with a merger or other reorganization event, as defined in the 2015 ESPP, our board of directors or a committee of our board of directors may take any one or more of the following actions as to outstanding options to purchase shares of our common stock under the 2015 ESPP on such terms as our board or committee determines:

- provide that options shall be assumed, or substantially equivalent options shall be substituted, by the acquiring or succeeding corporation or an affiliate thereof;

- upon written notice to employees, provide that all outstanding options will be terminated immediately prior to the consummation of such reorganization event and that all such outstanding options will become exercisable to the extent of accumulated payroll deductions as of a date specified by our board or committee in such notice, which date shall not be less than ten days preceding the effective date of the reorganization event;

- upon written notice to employees, provide that all outstanding options will be cancelled as of a date prior to the effective date of the reorganization event and that all accumulated payroll deductions will be returned to participating employees on such date;

- in the event of a reorganization event under the terms of which holders of our common stock will receive upon consummation thereof a cash payment for each share surrendered in the reorganization event, change the last day of the offering period to be the date of the consummation of the reorganization event and make or provide for a cash payment to each employee equal to (1) the cash payment for each share surrendered in the reorganization event times the number of shares of our common stock that the employee's accumulated payroll deductions as of immediately prior to the reorganization event could purchase at the applicable purchase price, where the acquisition price is treated as the fair market value of our common stock on the last day of the applicable offering period for purposes of determining the purchase price and where the number of shares that could be purchased is subject to the applicable limitations under the 2015 ESPP minus (2) the result of multiplying such number of shares by the purchase price; and/or

- provide that, in connection with our liquidation or dissolution, options shall convert into the right to receive liquidation proceeds net of the purchase price thereof.

Our board of directors may at any time, and from time to time, amend or suspend the 2015 ESPP or any portion thereof. We will obtain stockholder approval for any amendment if such approval is required by Section 423 of the Internal Revenue Code. Further, our board of directors may not make any amendment that would cause the 2015 ESPP to fail to comply with Section 423 of the Internal Revenue Code. The 2015 ESPP may be terminated at any time by our board of directors. Upon termination, we will refund all amounts in the accounts of participating employees.

401(k) Retirement Plan

We maintain a 401(k) retirement plan that is intended to be a tax-qualified defined contribution plan under Section 401(k) of the Internal Revenue Code. In general, all of our employees are eligible to participate, beginning on the first day of the month following commencement of their employment. The 401(k) plan includes a salary deferral arrangement pursuant to which participants may elect to reduce their current compensation by up to the statutorily prescribed limit, equal to $18,000 in 2015, and have the amount of the reduction contributed to the 401(k) plan. Currently, we do not match employee contributions.

Limitations on Liability and Indemnification

As permitted by Delaware law, we expect our board of directors and stockholders to adopt provisions in our certificate of incorporation, which will become effective as of the closing date of this offering, that limit or eliminate the personal liability of our directors. Our certificate of incorporation, which will become effective as of the closing date of this offering, limits the personal liability of directors for breach of fiduciary duty to the maximum extent permitted by the General Corporation Law of the State of Delaware and provides that no director will have personal liability to us or to our stockholders for monetary damages for breach of fiduciary duty. However, these provisions do not eliminate or limit the liability of any of our directors:

- for any breach of the director's duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- for voting for or assenting to unlawful payments of dividends, stock repurchases or other distributions; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment to or repeal of these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to such amendment or repeal. If the General Corporation Law of the State of Delaware is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the General Corporation Law of the State of Delaware.

In addition, our certificate of incorporation, which will become effective as of the closing date of this offering, provides that we must indemnify our directors and officers and we must advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to very limited exceptions.

We maintain a general liability insurance policy that covers specified liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers. In addition, we expect to enter into indemnification agreements with each of our officers and directors prior to the completion of this offering. These indemnification agreements will require us, among other things, to indemnify each such director or officer for some expenses, including attorneys' fees, judgments, fines and settlement amounts, incurred by him or her in any action or proceeding arising out of his or her service as one of our directors or officers.

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

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

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from the director or officer. The director or officer may amend or terminate the plan in some circumstances. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material, nonpublic information.

Director Compensation

The following table sets forth information regarding compensation earned by our non-employee directors during 2014. No option grants were made to any non-employee director in 2014.

Name	Fees Earned or Paid in Cash ($)	Total ($)
Scott B. Kapnick	10,000	10,000
Reinhard J. Ambros, Ph.D.	—	—
Brian M. Gallagher, Jr., Ph.D.	—	—
Seth L. Harrison, M.D.	—	—
John H. McArthur, Ph.D.	10,000	10,000
Armen B. Shanafelt, Ph.D.	—	—
Caleb Winder	—	—

We currently do not have a formal non-employee director compensation policy. We pay Mr. Kapnick and Dr. McArthur $2,500 for each board of directors meeting they attend. Such amounts earned in 2014 are reflected in the table above. In 2015, we granted options to purchase 100,000 shares and 70,000 shares of common stock to Mr. Kapnick and Dr. McArthur, respectively, with an exercise price of $0.51 per share. These options vest over three years, with one-third of the shares of common stock underlying each option vesting annually.

None of our other non-employee directors receives any compensation. We reimburse our non-employee directors for reasonable travel and out-of-pocket expenses incurred in connection with attending board of directors and committee meetings. The compensation that we pay to our President and Chief Executive Officer is discussed earlier in this “Executive Compensation” section.

Our board of directors intends to approve a compensation policy for our non-employee directors that will become effective as of the closing date of this offering. This policy will be intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors’ interests with those of our stockholders.

TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2012, we have engaged in the following transactions in which the amount involved exceeded $120,000 and any of our directors, executive officers or beneficial holders of more than 5% of any class of our voting securities, or any of their affiliates, had a material interest. We believe that all of these transactions were on terms comparable to terms that could have been obtained from unrelated third parties.

Series E Preferred Stock Financing

In November 2013, we issued and sold an aggregate of 12,715,822 shares of our Series E preferred stock at a price per share of $1.179633, for an aggregate purchase price of approximately $15.0 million. The following table sets forth the number of shares of our Series E preferred stock purchased by our directors, executive officers and 5% stockholders and their affiliates and the aggregate purchase price paid for such shares.

Name	Shares of Series E Preferred Stock Purchased	Aggregate Purchase Price
Apple Tree Partners II—Annex, L.P.	3,489,740	$ 4,116,612
Novartis BioVentures Ltd.	2,644,558	3,119,608
Lilly Ventures Fund I LLC	1,907,373	2,250,000
S.R. One, Limited	1,471,551	1,735,890
Excel Medical Fund, L.P.	1,329,993	1,568,904
Roche Finance Ltd	735,775	867,944
Scott B. Kapnick	612,002	721,938
Total	12,190,992	$ 14,380,896

Series E-1 Preferred Stock Financing

In October 2014, we issued and sold an aggregate of 14,558,823 shares of our Series E-1 preferred stock at a price per share of $1.36, for an aggregate purchase price of approximately $19.8 million. The following table sets forth the number of shares of our Series E-1 preferred stock purchased by our directors, executive officers and 5% stockholders and their affiliates and the aggregate purchase price paid for such shares.

Name	Shares of Series E-1 Preferred Stock Purchased	Aggregate Purchase Price
Apple Tree Partners II—Annex, L.P.	1,816,152	$ 2,469,967
Novartis BioVentures Ltd.	1,376,297	1,871,764
Lilly Ventures Fund I LLC	992,647	1,350,000
S.R. One, Limited	765,833	1,041,533
Scott B. Kapnick	759,678	1,033,162
Excel Medical Fund, L.P.	692,164	941,343
Roche Finance Ltd	382,916	520,766
Total	6,785,687	$ 9,228,535

Collaboration Agreement with Roche

In August 2010, we entered into a collaboration with F. Hoffmann-La Roche Ltd and Hoffman-La Roche Inc., or collectively Roche, which we refer to as the Roche Agreement, to discover, develop and commercialize therapeutics based on our stapled peptide technology. Under the multi-target Roche Agreement, we received a total of $34.9 million in upfront license fees, development milestone payments and research

support funding, prior to its termination in October 2013. From January 1, 2012 through the agreement's termination in October 2013, we received $2.0 million in development milestone payments and a total of $8.5 million in research support funding.

Investor Rights Agreement

We are a party to an investor rights agreement, dated as of October 14, 2014, with holders of our preferred stock, including some of our directors and 5% stockholders and their affiliates and entities affiliated with our directors. The investor rights agreement provides these holders the right, following the completion of this offering, to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. See "Description of Capital Stock—Registration Rights" for additional information regarding these registration rights.

Employment Agreements

See the "Executive Compensation—Agreements with Our Named Executive Officers" section of this prospectus for a further discussion of these arrangements.

Indemnification Agreements

Our certificate of incorporation that will become effective as of the closing date of this offering provides that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. In addition, we plan to enter into indemnification agreements with each of our officers and directors that may be broader in scope than the specific indemnification provisions contained in the Delaware General Corporation Law. See "Executive Compensation —Limitation of Liability and Indemnification" for additional information regarding these agreements.

Policies and Procedures for Related Person Transactions

Our board of directors plans to adopt a written related person transaction policy, which will become effective as of the closing date of this offering, setting forth adopted written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds $120,000 and one of our executive officers, directors, director nominees or 5% stockholders, or their immediate family members, each of whom we refer to as a "related person," has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to our . The policy calls for the proposed related person transaction to be reviewed and approved by our audit committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the chairman of the audit committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;

- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The audit committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is in our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related-person transaction disclosure rule, our board of directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related-person transactions for purposes of this policy:

- interests arising solely from the related person's position as an executive officer of another entity, whether or not the person is also a director of such entity, that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity; (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction; (c) the amount involved in the transaction equals less than the greater of $1 million or 2% of the annual gross revenues of the other entity that is a party to the transaction; and (d) the amount involved in the transaction equals less than 2% of our annual gross revenues; and
- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of July 31, 2015 by:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock.

The column entitled "Percentage of Shares Beneficially Owned—Before Offering" is based on a total of 84,507,382 shares of our common stock outstanding as of July 31, 2015, assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 80,296,934 shares of our common stock upon the closing of this offering. The column entitled "Percentage of Shares Beneficially Owned—After Offering" is based on shares of our common stock to be outstanding after this offering, including the shares of our common stock that we are selling in this offering, but not including any additional shares issuable upon exercise of outstanding options or any exercise by the underwriters of their option to purchase additional shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days after July 31, 2015 are considered outstanding and beneficially owned by the person holding the options for the purpose of calculating the percentage ownership of that person but not for the purpose of calculating the percentage ownership of any other person. Except as otherwise noted, the persons and entities in this table have sole voting and investment power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws, where applicable. Except as otherwise set forth below, the address of the beneficial owner is c/o Aileron Therapeutics, Inc., 281 Albany Street, Cambridge, MA 02139.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Shares Beneficially Owned Before Offering	Percentage of Shares Beneficially Owned After Offering
5% Stockholders			
Entities affiliated with Apple Tree Partners(1) 47 Hulfish Street, Suite 441 Princeton, NJ 08541	23,188,388	27.4%	
Novartis BioVentures Ltd.(2) PO Box HM 2899 Hamilton HM LX Bermuda	18,008,257	21.3	
S.R. One, Limited(3) 161 Washington Street Eight Tower Bridge, Suite 500 Conshohocken, PA 19428-2077	9,019,154	10.7	
Excel Medical Fund, L.P.(4) Prudential Tower, Suite 2825 800 Boylston Street Boston, MA 02199	7,956,207	9.4	
Lilly Ventures Fund I LLC(5) 115 W. Washington Street Suite 1680—South Indianapolis, IN 46204	6,290,905	7.4	
Roche Finance Ltd(6) Grenzacherstrasse 122 4070 Basel Switzerland	4,548,037	5.4	
Named Executive Officers and Directors			
Joseph A. Yanchik III(7)	2,933,684	3.4	
Manuel C. Aivado, M.D., Ph.D.(8)	312,500	*	
Scott B. Kapnick(9)	2,019,933	2.4	
Reinhard J. Ambros, Ph.D.(2)	18,008,257	21.3	
Brian M. Gallagher, Jr., Ph.D.(3)	9,019,154	10.7	
Seth L. Harrison, M.D.(1)	23,188,388	27.4	
John H. McArthur, Ph.D.(10)	177,761	*	
Armen B. Shanafelt, Ph.D.(5)	6,290,905	7.4	
Caleb Winder	—	—	
All Executive Officers and Directors as a Group (10 persons)(11)	61,950,582	73.3	

* Represents beneficial ownership of less than 1% of our outstanding stock.

(1) Consists of (i) 2,500 shares of common stock and 17,879,996 shares of common stock underlying shares of redeemable convertible preferred stock held by Apple Tree Partners II, L.P. and (ii) 5,305,892 shares of

common stock underlying shares of redeemable convertible preferred stock held by Apple Tree Partners II—Annex, L.P. Dr. Seth L. Harrison, a member of our board of directors, is a principal of the general partner of each of Apple Tree Partners II, L.P. and Apple Tree Partners II—Annex, L.P., and Dr. Harrison disclaims beneficial ownership of the shares held by each of Apple Tree Partners II, L.P. and Apple Tree Partners II—Annex, L.P., except to the extent of his pecuniary interest therein. Dr. Harrison has sole voting and investment power over the shares held by Apple Tree Partners II, L.P. and Apple Tree Partners II—Annex, L.P.

(2) Consists of 18,008,257 shares of common stock underlying shares of redeemable convertible preferred stock held by Novartis BioVentures Ltd., a Bermuda corporation. The board of directors of Novartis BioVentures Ltd. has sole voting and investment power over such shares. None of the members of its board of directors has individual voting or investment power with respect to such shares and each disclaims beneficial ownership of such shares. Dr. Reinhard J. Ambros, a member of our board of directors, is an employee of a corporation that is affiliated with Novartis BioVentures Ltd. Dr. Ambros disclaims beneficial ownership of the shares held by Novartis BioVentures Ltd., except to the extent of his pecuniary interest arising as a result of his employment by such affiliate of Novartis BioVentures Ltd. Novartis BioVentures Ltd. is an indirectly owned subsidiary of Novartis AG.

(3) Consists of 9,019,154 shares of common stock underlying shares of redeemable convertible preferred stock held by S.R. One, Limited, an indirect wholly owned subsidiary of GlaxoSmithKline plc. Dr. Brian Gallagher, a member of our board of directors, is a partner of S.R. One, Limited and disclaims beneficial ownership of the shares held by S.R. One, Limited, except to the extent of his pecuniary interest therein.

(4) Consists of 7,956,207 shares of common stock underlying shares of redeemable convertible preferred stock held by Excel Medical Fund, L.P. Excel Medical Ventures, LLC is the general partner of Excel Medical Fund, L.P. Steven R. Gullans, Frederick R. Blume and Juan Enriquez, the Managing Directors of Excel Medical Ventures, LLC, may be deemed to share voting and dispositive power with respect to all shares held by Excel Medical Fund, L.P. Each of the individuals and entities listed above expressly disclaims beneficial ownership of the securities listed above except to the extent of any pecuniary interest therein.

(5) Consists of 6,290,905 shares of common stock underlying shares of redeemable convertible preferred stock held by Lilly Ventures Fund I LLC, or LVFI. LV Management Group, LLC, or LVMG, is the management company for LVFI and as such may be deemed to indirectly beneficially own the shares held by LVFI. Ed Torres is the sole member of LVMG and therefore may be deemed to beneficially own the shares beneficially owned by LVFI. The individual members, collectively the Members, of LVFI are Ed Torres, Dr. Steve Hall, Eli Lilly and Company, and Dr. Armen B. Shanafelt, a member of our board of directors. Ed Torres, Dr. Steve Hall and Dr. Armen B. Shanafelt share voting and dispositive power with regard to the shares directly held by LVFI. The Members disclaim beneficial ownership over such shares, except to the extent of any pecuniary interest therein.

(6) Consists of (1) 4,509,576 shares of common stock underlying shares of redeemable convertible preferred stock held by Roche Finance Ltd and (2) 38,461 shares of common stock held by Genentech, Inc. Roche Finance Ltd exercises voting and investment control over such shares.

(7) Consists of (i) 1,230,165 shares of common stock and (ii) 1,703,519 shares of common stock underlying options that are exercisable as of July 31, 2015 or will become exercisable within 60 days after such date.

(8) Consists of 312,500 shares of common stock underlying options that are exercisable as of July 31, 2015 or will become exercisable within 60 days after such date.

(9) Consists of (i) 1,842,172 shares of common stock underlying shares of preferred stock and (ii) 177,761 shares of common stock underlying options that are exercisable as of July 31, 2015 or will become exercisable within 60 days after such date.

(10) Consists of 177,761 shares of common stock underlying options that are exercisable as of July 31, 2015 or will become exercisable within 60 days after such date.

(11) Includes 2,371,541 shares of common stock underlying options that are exercisable as of July 31, 2015 or will become exercisable within 60 days after such date.

DESCRIPTION OF CAPITAL STOCK

General

Following the closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share, all of which preferred stock will be undesignated. The following description of our capital stock and provisions of our restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the certificate of incorporation and the bylaws that will become effective as of the closing date of this offering. We have filed copies of these documents as exhibits to our registration statement of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering.

Common Stock

As of July 31, 2015, we had outstanding 84,507,382 shares of common stock, assuming the automatic conversion of all outstanding shares of our preferred stock into common stock upon the closing of this offering, which were held of record by 71 stockholders.

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. An election of directors by our stockholders will be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Other matters shall be decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter, except as otherwise disclosed below. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

In the event of our liquidation or dissolution, the holders of common stock are entitled to receive proportionately all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our certificate of incorporation that will become effective as of the closing date of this offering, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Stock Options

As of July 31, 2015, options to purchase 9,960,710 shares of our common stock at a weighted average exercise price of $0.44 per share were outstanding, of which options to purchase 3,220,479 shares of our common stock were exercisable, at a weighted average exercise price of $0.27 per share.

Registration Rights

Our investor rights agreement, or the Investor Rights Agreement, provides certain holders of our preferred stock, including some of our directors and 5% stockholders and their respective affiliates and entities affiliated with our directors, the right, following the completion of this offering, to require us to register these shares under the Securities Act under specified circumstances as described below. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act.

Demand Registration Rights

Beginning 180 days after the closing of this offering, subject to specified limitations set forth in the Investor Rights Agreement, at any time the holder or holders of at least thirty percent of senior preferred registrable securities, as defined in the Investor Rights Agreement, acting together, may demand in writing that we register at least twenty percent of the outstanding registrable securities, as defined in the Investor Rights Agreement, under the Securities Act or any lesser percentage so long as the total amount of registrable shares requested to be registered has an anticipated aggregate offering price to the public of least $10.0 million. We are not obligated to file a registration statement pursuant to this demand provision on more than two occasions, subject to specified exceptions.

In addition, at any time after we become eligible to file a registration statement on Form S-3 under the Securities Act, subject to specified limitations, a holder or holders of the senior preferred registrable securities may demand in writing that we register on Form S-3 all or part of the registrable securities held by them so long as the total amount of registrable shares requested to be registered has an anticipated aggregate offering price to the public of least $1.0 million.

Incidental Registration Rights

If, at any time after the closing of this offering, we propose to file a registration statement to register any of our common stock under the Securities Act, either for our own account or for the account of any of our stockholders that are not holders of registrable securities, and on a form that would also permit the registration of registrable securities, the holders of our registrable securities are entitled to notice of registration and, subject to specified exceptions, we will be required to use our best efforts to register the registrable securities then held by them that they request that we register.

Expenses of Registration

Pursuant to the Investor Rights Agreement, we are required to pay all registration expenses, including registration fees, printing expenses, fees and disbursements of our counsel and accountants and reasonable fees and disbursements not to exceed $30,000 of one counsel representing the selling stockholders, other than any underwriting discounts and commissions, related to any demand or incidental registration.

The Investor Rights Agreement contains customary cross-indemnification provisions, pursuant to which we are obligated to indemnify the selling stockholders in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions in the registration statement attributable to them.

Anti-Takeover Effects of Delaware Law and Our Charter and Bylaws

Delaware law contains, and upon the completion of this offering our certificate of incorporation and our bylaws will contain, provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage

coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

Staggered Board; Removal of Directors

Upon the completion of this offering, our certificate of incorporation and bylaws will divide our board of directors into three classes with staggered three-year terms. In addition, a director will only be able to be removed for cause and only by the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in an annual election of directors. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, will only be able to be filled by vote of a majority of our directors then in office. The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action by Written Consent; Special Meetings

Upon the completion of this offering, our certificate of incorporation will provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Upon the completion of this offering, our certificate of incorporation and bylaws will also provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our chairman of the board, our Chief Executive Officer or our board of directors.

Advance Notice Requirements for Stockholder Proposals

Upon the completion of this offering, our bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to our board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Delaware Business Combination Statute

Upon the completion of this offering, we will be subject to Section 203 of the General Corporation Law of the State of Delaware. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Amendment of Certificate of Incorporation and Bylaws

The General Corporation Law of the State of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be,

requires a greater percentage. Effective as of the closing date of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in any annual election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our certificate of incorporation described above under "—Staggered Board; Removal of Directors" and "—Stockholder Action by Written Consent; Special Meetings."

Exclusive Forum Selection

Effective as of the closing date of this offering, our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of our company, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to our company or our stockholders, (3) any action asserting a claim against our company arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws, or (4) any action asserting a claim against our company governed by the internal affairs doctrine. Although our certificate of incorporation contains the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

Listing on The NASDAQ Global Market

We have applied to have our common stock listed on The NASDAQ Global Market under the symbol "ALRN."

Authorized but Unissued Shares

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing requirements of The NASDAQ Global Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make it more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and an active trading market for our common stock may not develop or be sustained after this offering. Future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options or in the public market after this offering, or the anticipation of these sales, could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through sales of our equity securities.

Based upon the 4,210,448 shares of our common stock that were outstanding on July 31, 2015, upon the closing of this offering, we will have outstanding shares of our common stock, after giving effect to the issuance of shares of our common stock in this offering and the conversion of all outstanding shares of our preferred stock into 80,296,934 shares of common stock upon the closing of this offering, and assuming no exercise by the underwriters of their option to purchase additional shares and no exercise of options outstanding as of July 31, 2015.

Of the shares to be outstanding immediately after the closing of this offering, we expect that the shares to be sold in this offering (assuming that the underwriters do not exercise their option to purchase additional shares), will be freely tradable without restriction or further registration under the Securities Act unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, or Rule 144, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining 84,507,382 shares of our common stock outstanding after this offering will be "restricted securities" under Rule 144, and we expect that substantially all of these restricted securities will be subject to the 180-day lock-up period under the lock-up agreements as described below. These restricted securities may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available.

Beginning 90 days after the date of this prospectus, a person who is our affiliate or who was our affiliate at any time during the preceding three months may sell any unrestricted securities, as well as restricted securities that the person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, under Rule 144. Affiliates selling restricted or unrestricted securities may sell a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and
- the average weekly trading volume of our common stock on The NASDAQ Global Market during the four calendar weeks preceding the filing of a Notice of Proposed Sale of Securities Pursuant to Rule 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Upon expiration of the 180-day lock-up period described below, approximately shares of our common stock will be eligible for sale under Rule 144, including shares eligible for resale immediately upon the closing of this offering as described above. We cannot estimate the number of shares of our common stock that our existing stockholders will elect to sell under Rule 144.

Rule 701

In general, under Rule 701 of the Securities Act, any of our employees, consultants or advisors, other than our affiliates, who purchased shares from us in connection with a qualified compensatory stock plan or other written agreement is eligible to resell these shares 90 days after the date of this prospectus in reliance on Rule 144, but without compliance with the holding period requirements of Rule 144 and without regard to the volume of such sales or the availability of public information about us. Subject to the 180-day lock-up period described below, approximately shares of our common stock will be eligible for sale in accordance with Rule 701.

Lock-Up Agreements

We, each of our executive officers and directors and the holders of our outstanding stock have agreed that, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Jefferies LLC, on behalf of the underwriters, we and they will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock;

- exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, or with respect to the filing of any registration statement in connection therewith under the Securities Act; or

- enter into any swap or any other agreement or any transaction that transfers, in whole or in part, the economic consequence of ownership of our common stock, whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Registration Rights

Subject to the lock-up agreements described above, upon the closing of this offering, the holders of an aggregate of 80,337,895 shares of our common stock will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of lock-up agreements applicable to such shares.

Stock Options

As of July 31, 2015, we had outstanding options to purchase 9,960,710 shares of our common stock, of which options to purchase 3,220,479 shares were vested and exercisable. Following this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register all of the shares of our common stock subject to outstanding options under the 2006 plan and options and other awards issuable pursuant to the 2015 plan and the 2015 ESPP. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described above and Rule 144 limitations applicable to affiliates.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of material U.S. federal income and estate tax considerations relating to ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner (other than a partnership or other entity that is treated as a partnership for U.S. federal income tax purposes) of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This discussion does not address the tax treatment of partnerships or other entities that are pass-through entities for U.S. federal income tax purposes or persons who hold their common stock through partnerships or such other pass-through entities. A partner in a partnership or other pass-through entity that will hold our common stock should consult his, her or its tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other pass-through entity, as applicable.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, final, temporary and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to non-U.S. holders described in this prospectus. There can be no assurance that the Internal Revenue Service, or the IRS, will not challenge one or more of the tax consequences described in this prospectus.

We assume in this discussion that each non-U.S. holder holds shares of our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment) for U.S. federal income tax purposes. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes, the alternative minimum tax, or the Medicare tax on net investment income. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- financial institutions;
- brokers or dealers in securities;
- tax-exempt organizations;
- pension plans;
- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment or who have elected to mark securities to market;

- insurance companies;
- controlled foreign corporations;
- passive foreign investment companies;
- non-U.S. governments; and
- certain U.S. expatriates.

THIS DISCUSSION IS FOR GENERAL INFORMATION ONLY AND IS NOT, AND IS NOT INTENDED TO BE, LEGAL OR TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, LOCAL, ESTATE AND NON-U.S. INCOME AND OTHER TAX CONSIDERATIONS OF ACQUIRING, HOLDING AND DISPOSING OF OUR COMMON STOCK.

Distributions

As discussed under "Dividend Policy" above, we do not expect to make cash dividends to holders of our common stock in the foreseeable future. If we make distributions in respect of our common stock, those distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, subject to the tax treatment described in this section. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to the holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading "Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock." Any such distributions will also be subject to the discussion below under the heading "FATCA."

Subject to the discussion below on effectively connected income, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States, and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements (generally including provision of a valid IRS Form W-8ECI (or applicable successor form) certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States). However, such U.S. effectively connected income, net of specified deductions and credits, is taxed in the hands of the non-U.S. holder at the same graduated U.S. federal income tax rates as would apply if such holder were a U.S. person (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is classified as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the United States and such holder's country of residence generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty and the specific methods available to them to satisfy these requirements.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock

Subject to the discussion below under the heading "FATCA," a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon such non-U.S. holder's sale, exchange or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder generally will be taxed on a net income basis at the graduated U.S. federal income tax rates applicable to U.S. persons, and, if the non-U.S. holder is a foreign corporation, an additional branch profits tax at a rate of 30% (or a lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence) may also apply;

- the non-U.S. holder is a non-resident alien present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence) on the net gain derived from the disposition, which may be offset by certain U.S.-source capital losses of the non-U.S. holder recognized in the taxable year of the disposition, if any; or

- we are or have been, at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter) a "U.S. real property holding corporation" unless our common stock is regularly traded on an established securities market and the non-U.S. holder held no more than 5% of our outstanding common stock, directly or indirectly, during the shorter of the five-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" (as defined in the Code and applicable regulations) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we believe that we are not currently, and we do not anticipate becoming, a "U.S. real property holding corporation" for U.S. federal income tax purposes. If we are a U.S. real property holding corporation and either our common stock is not regularly traded on an established securities market or a non-U.S. holder holds more than 5% of our outstanding common stock, directly or indirectly, during the applicable testing period, a purchaser may be required to withhold 10% of the proceeds payable to a non-U.S. holder from a sale of our common stock and such non-U.S. holder's gain on the disposition of shares of our common stock generally will be taxed in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Federal Estate Tax

Shares of our common stock that are owned or treated as owned by an individual who is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of death are considered U.S. situs assets and will be included in the individual's gross estate for U.S. federal estate tax purposes. Such shares, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax or other treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders generally will have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. Generally, a holder will comply with such procedures if it provides a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable Form W-8), or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. holder, or otherwise establishes an exemption. Dividends paid to non-U.S. holders subject to withholding of U.S. federal income tax, as described above under "Distributions," will generally be exempt from U.S. backup withholding.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or non-U.S., unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

FATCA

The Foreign Account Tax Compliance Act, or FATCA, generally imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or disposition of, our common stock if paid to a foreign entity unless (i) if the foreign entity is a "foreign financial institution," the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," the foreign entity identifies certain of its U.S. investors, or (iii) the foreign entity is otherwise exempt under FATCA.

Withholding under FATCA generally applies (1) to payments of dividends on our common stock made after June 30, 2014, and (2) to payments of gross proceeds from a sale or other disposition of our common stock made after December 31, 2016. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits of the tax. Non-U.S. holders should consult their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

The preceding discussion of material U.S. federal tax considerations is for general information only. It is not legal or tax advice. Prospective investors should consult their tax advisors regarding the particular U.S. federal, state, local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed changes in applicable laws.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Jefferies LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Jefferies LLC	
William Blair & Company, L.L.C.	
Canaccord Genuity Inc.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us. We have also agreed to reimburse the underwriters for certain of their expenses, in an amount of up to $, as set forth in the underwriting agreement.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to our employees and other parties. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We, each of our executive officers and directors and the holders of our outstanding stock have agreed not to sell or transfer any shares of common stock or securities convertible into or exchangeable or exercisable for common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Jefferies LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- otherwise dispose of or transfer any common stock;
- exercise any right with respect to the filing of a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition

Nasdaq Global Market Listing

We expect the shares to be approved for listing on The NASDAQ Global Market, subject to notice of issuance, under the symbol "ALRN."

Determination of Offering Price

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. “Naked” short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a

decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on The NASDAQ Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of shares that are the subject of the offering contemplated by this prospectus may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), per Relevant Member State, subject to obtaining the prior consent of the representatives of the underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the representatives of the underwriters and us that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will also be deemed

to have represented, warranted and agreed that the shares acquired by it in this offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to offering those shares to the public, other than their offer or resale in a Relevant Member State to "qualified investors" as so defined or in circumstances in which the prior consent of the representatives of the underwriters has been obtained to each such proposed offer or resale.

We, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purposes of the above provisions, the expression "an offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the company, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of shares has not been and will not be authorized under the

Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the

securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Non-CIS Securities may not be circulated or distributed, nor may the Non-CIS Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Non-CIS Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Non-CIS Securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby is being passed upon for us by Wilmer Cutler Pickering Hale and Dorr LLP. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP.

EXPERTS

The financial statements as of December 31, 2013 and 2014 and for each of the two years in the period ended December 31, 2014 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the company's ability to continue as a going concern as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock we are offering to sell. This prospectus, which constitutes part of the registration statement, does not include all of the information contained in the registration statement and the exhibits, schedules and amendments to the registration statement. Some items are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement and to the exhibits, schedules and amendments to the registration statement. Statements contained in this prospectus about the contents of any contract, agreement or other document filed as an exhibit are not necessarily complete, and, in each instance, we refer you to the copy of the contract, agreement or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You may read and copy the registration statement of which this prospectus is a part at the SEC's public reference room, which is located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of the registration statement by writing to the Securities and Exchange Commission and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the SEC's public reference room. In addition, the SEC maintains an Internet website, which is located at *www.sec.gov*, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may access the registration statement of which this prospectus is a part at the SEC's Internet website.

Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, and we will file reports, proxy statements and other information with the SEC. We intend to furnish our stockholders with annual reports containing financial statements certified by an independent registered public accounting firm. We also maintain a website at www.aileronrx.com. The information contained on, or that can be accessed through, our website is not a part of, and is not incorporated into, this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Aileron Therapeutics, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations and comprehensive income (loss), of redeemable convertible preferred stock and stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Aileron Therapeutics, Inc. at December 31, 2013 and 2014 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses from operations since inception, has an accumulated deficit and will require additional financing to fund future operations. These circumstances raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
September 9, 2015

AILERON THERAPEUTICS, INC.
BALANCE SHEETS

(In thousands, except share and per share data)

	December 31, 2013	December 31, 2014	June 30, 2015 (unaudited)	Pro Forma June 30, 2015 (unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 9,949	$ 6,208	$ 8,081	$ 8,081
Investments	4,124	10,012	2,477	2,477
Prepaid expenses and other current assets	300	149	250	250
Restricted cash	—	713	63	63
Total current assets	14,373	17,082	10,871	10,871
Property and equipment, net	953	582	505	505
Other assets	4	—	—	—
Restricted cash	776	63	—	—
Total assets	$ 16,106	$ 17,727	$ 11,376	$ 11,376
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)				
Current liabilities:				
Accounts payable	$ 1,796	$ 954	$ 442	$ 442
Accrued expenses and other current liabilities	2,473	1,157	1,446	1,446
Total current liabilities	4,269	2,111	1,888	1,888
Deferred rent	324	50	—	—
Total liabilities	4,593	2,161	1,888	1,888
Commitments and contingencies (Note 13)				
Redeemable convertible preferred stock (Series A, A-1, B, C-1, C-2, D, D-1, E and E-1), $0.001 par value; 80,132,774 shares authorized at December 31, 2013 and 91,681,662 shares authorized at December 31, 2014 and June 30, 2015 (unaudited); 67,416,957 shares issued and outstanding at December 31, 2013 and 81,975,780 shares issued and outstanding at December 31, 2014 and June 30, 2015 (unaudited); aggregate liquidation preference of $97,882 at December 31, 2014 and June 30, 2015 (unaudited); no shares issued and outstanding pro forma at June 30, 2015 (unaudited)	77,893	97,610	97,645	—
Stockholders' equity (deficit):				
Common stock, $0.001 par value; 93,591,864 shares authorized at December 31, 2013 and 109,000,000 shares authorized at December 31, 2014 and June 30, 2015 (unaudited); 3,638,999, 3,839,281 and 4,204,948 shares issued and outstanding at December 31, 2013 and 2014 and June 30, 2015 (unaudited), respectively; 84,501,882, shares issued and outstanding pro forma at June 30, 2015 (unaudited)	4	4	4	85
Additional paid-in capital	930	1,289	1,550	99,114
Accumulated other comprehensive income	3	4	—	—
Accumulated deficit	(67,317)	(83,341)	(89,711)	(89,711)
Total stockholders' equity (deficit)	(66,380)	(82,044)	(88,157)	9,488
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 16,106	$ 17,727	$ 11,376	$ 11,376

The accompanying notes are an integral part of these financial statements.

AILERON THERAPEUTICS, INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data)

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Revenue	$ 22,350	$ —	$ —	$ —
Operating expenses:				
Research and development	12,227	9,331	6,015	4,035
General and administrative	6,839	6,703	3,306	2,345
Total operating expenses	19,066	16,034	9,321	6,380
Income (loss) from operations	3,284	(16,034)	(9,321)	(6,380)
Interest and other income	6	10	5	10
Net income (loss)	3,290	(16,024)	(9,316)	(6,370)
Accretion of redeemable convertible preferred stock to redemption value	(80)	(43)	(19)	(35)
Net income attributable to participating securities	(3,016)	—	—	—
Net income (loss) attributable to common stockholders	$ 194	$ (16,067)	$ (9,335)	$ (6,405)
Net income (loss) per share attributable to common stockholders:				
Basic	$ 0.05	$ (4.25)	$ (2.50)	$ (1.66)
Diluted	$ 0.03	$ (4.25)	$ (2.50)	$ (1.66)
Weighted average common shares outstanding:				
Basic	3,554,673	3,779,004	3,739,300	3,861,504
Diluted	5,698,780	3,779,004	3,739,300	3,861,504
Pro forma net loss per share attributable to common stockholders—basic and diluted (unaudited)		$ (0.22)		$ (0.08)
Pro forma weighted average common shares outstanding—basic and diluted (unaudited)		72,628,316		84,158,438
Net income (loss)	$ 3,290	$ (16,024)	$ (9,316)	$ (6,370)
Other comprehensive income (loss):				
Unrealized gain (loss) on investments, net of tax of $0	3	1	—	(4)
Total other comprehensive income (loss)	3	1	—	(4)
Comprehensive income (loss)	$ 3,293	$ (16,023)	$ (9,316)	$ (6,374)

The accompanying notes are an integral part of these financial statements.

AILERON THERAPEUTICS, INC.
STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

(In thousands, except share data)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Par Value				
Balances at December 31, 2012	54,594,279	$62,838	3,455,145	$ 4	$ 837	$ —	$ (70,607)	$ (69,766)
Issuance of Series D redeemable convertible preferred stock, net of issuance costs of $8	106,856	118	—	—	—	—	—	—
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of $143	12,715,822	14,857	—	—	—	—	—	—
Exercise of stock options	—	—	183,854	—	48	—	—	48
Stock-based compensation expense	—	—	—	—	125	—	—	125
Accretion of redeemable convertible preferred stock to redemption value	—	80	—	—	(80)	—	—	(80)
Unrealized gain on investments	—	—	—	—	—	3	—	3
Net income	—	—	—	—	—	—	3,290	3,290
Balances at December 31, 2013	67,416,957	77,893	3,638,999	4	930	3	(67,317)	(66,380)
Issuance of Series E-1 redeemable convertible preferred stock, net of issuance costs of $126	14,558,823	19,674	—	—	—	—	—	—
Exercise of stock options	—	—	200,282	—	31	—	—	31
Stock-based compensation expense	—	—	—	—	371	—	—	371
Accretion of redeemable convertible preferred stock to redemption value	—	43	—	—	(43)	—	—	(43)
Unrealized gain on investments	—	—	—	—	—	1	—	1
Net loss	—	—	—	—	—	—	(16,024)	(16,024)
Balances at December 31, 2014	81,975,780	97,610	3,839,281	4	1,289	4	(83,341)	(82,044)
Exercise of stock options	—	—	365,667	—	37	—	—	37
Stock-based compensation expense	—	—	—	—	259	—	—	259
Accretion of redeemable convertible preferred stock to redemption value	—	35	—	—	(35)	—	—	(35)
Unrealized loss on investments	—	—	—	—	—	(4)	—	(4)
Net loss	—	—	—	—	—	—	(6,370)	(6,370)
Balances at June 30, 2015 (unaudited)	81,975,780	$97,645	4,204,948	$ 4	$ 1,550	$ —	$ (89,711)	$ (88,157)

The accompanying notes are an integral part of these financial statements.

AILERON THERAPEUTICS, INC.
STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Cash flows from operating activities:				
Net income (loss)	$ 3,290	$(16,024)	$ (9,316)	$(6,370)
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Depreciation and amortization expense	774	585	318	170
Stock-based compensation expense	125	371	209	259
Change in deferred rent	(379)	(273)	(203)	(50)
Loss on disposal of property and equipment	2	204	—	—
Changes in operating assets and liabilities:				
Prepaid expenses and other current assets	89	151	7	(100)
Deferred revenue	(19,170)	—	—	—
Accounts payable	767	(934)	(826)	(421)
Accrued expenses and other current liabilities	343	(1,315)	(1,184)	289
Net cash used in operating activities	(14,159)	(17,235)	(10,995)	(6,223)
Cash flows from investing activities:				
Purchases of property and equipment	(45)	(415)	—	(94)
Purchases of investments	(7,499)	(10,012)	—	(1,992)
Proceeds from sales or maturities of investments	3,378	4,125	2,622	9,523
Release of restricted cash	—	—	—	713
Net cash provided by (used in) investing activities	(4,166)	(6,302)	2,622	8,150
Cash flows from financing activities:				
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	14,975	19,765	—	(91)
Proceeds from exercise of stock options	48	31	24	37
Net cash provided by (used in) financing activities	15,023	19,796	24	(54)
Net increase (decrease) in cash and cash equivalents	(3,302)	(3,741)	(8,349)	1,873
Cash and cash equivalents at beginning of period	13,251	9,949	9,949	6,208
Cash and cash equivalents at end of period	$ 9,949	$ 6,208	$ 1,600	$ 8,081
Supplemental disclosure of non-cash financing activities:				
Accretion of redeemable convertible preferred stock to redemption value	$ 80	$ 43	$ 19	$ 35
Issuance costs for redeemable convertible preferred stock included in accounts payable	$ —	$ 91	$ —	$ —

The accompanying notes are an integral part of these financial statements.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

1. Nature of the Business and Basis of Presentation

Aileron Therapeutics, Inc. ("Aileron" or the "Company") is a clinical-stage biopharmaceutical company that is focused on developing and commercializing a novel class of therapeutics called stapled peptides. The Company's lead product candidate, ALRN-6924, targets the tumor suppressor protein p53 for the treatment of a wide variety of cancers. ALRN-6924 reactivates p53-mediated cell death by targeting both of the natural p53 suppressor proteins, MDM2 and MDMX. ALRN-6924 was in a Phase 1 clinical trial as of December 31, 2014 and June 30, 2015.

The Company was incorporated under the laws of the State of Delaware in August 2001 as Renegade Therapeutics, Inc. and commenced its principal operations in 2006. In February 2007, the Company amended its certificate of incorporation to change its name to Aileron Therapeutics, Inc.

The Company is subject to risks common to companies in the biotechnology industry, including but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, compliance with government regulations and the need to obtain additional financing. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure, and extensive compliance-reporting capabilities.

The Company's product candidates are in development. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary governmental regulatory approval or that any approved products will be commercially viable. Even if the Company's drug development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants.

The Company's financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. Through December 31, 2014 and June 30, 2015 (unaudited), the Company has funded its operations with proceeds from the sale of redeemable convertible preferred stock and, to a lesser extent, payments received in connection with a former collaboration agreement. The Company has incurred losses and negative cash flows from operations and had an accumulated deficit of $83,341 as of December 31, 2014 and $89,711 as of June 30, 2015 (unaudited). The Company expects to continue to generate losses for the foreseeable future. The Company expects that its cash, cash equivalents and investments of $16,220 as of December 31, 2014 and $10,558 as of June 30, 2015 (unaudited) will be sufficient to fund its operating expenses and capital expenditure requirements through December 31, 2015. The future viability of the Company beyond that point is dependent on its ability to raise additional capital to finance its operations. Although the Company has been successful in raising capital in the past, there is no assurance that it will be successful in obtaining such additional financing on terms acceptable to the Company, if at all. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

The Company is seeking to complete an initial public offering of its common stock. Upon the closing of a qualified public offering on specified terms, the Company's outstanding redeemable convertible preferred stock will automatically convert into shares of common stock (see Note 8).

In the event the Company does not complete an initial public offering, the Company expects to seek additional funding through private financings, debt financings, collaboration agreements, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into collaboration arrangements. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be required to delay, reduce or eliminate research and development programs or future commercialization efforts, which could adversely affect its business prospects. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the accrual of research and development expenses, revenue recognition, and the valuation of common stock and stock-based awards. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Unaudited Interim Financial Information

The accompanying balance sheet as of June 30, 2015, the statements of operations and comprehensive income (loss) and of cash flows for the six months ended June 30, 2014 and 2015, and the statement of redeemable convertible preferred stock and stockholders' deficit for the six months ended June 30, 2015 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2015 and the results of its operations and its cash flows for the six months ended June 30, 2014 and 2015. The financial data and other information disclosed in these notes related to the six months ended June 30, 2014 and 2015 are unaudited. The results for the six months ended June 30, 2015 are not necessarily indicative of results to be expected for the year ending December 31, 2015, any other interim periods, or any future year or period.

Unaudited Pro Forma Information

The accompanying unaudited pro forma balance sheet as of June 30, 2015 has been prepared to give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 80,296,934 shares of common stock as if the Company's proposed initial public offering had occurred on June 30, 2015.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

In the accompanying statements of operations and comprehensive income (loss), unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2014 and the six months ended June 30, 2015 have been prepared to give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock as if the Company's proposed initial public offering had occurred on the later of January 1, 2014 or the issuance date of the redeemable convertible preferred stock.

Cash Equivalents

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less at acquisition date to be cash equivalents. Cash equivalents, which consist of money market accounts, U.S. government agency securities, commercial paper and corporate notes, are stated at fair value.

Restricted Cash

The Company held cash of $776 as of December 31, 2013 and 2014 and $63 as of June 30, 2015 (unaudited) in a separate restricted bank account as a security deposit for the lease of the Company's facilities. As of December 31, 2013 and 2014, the Company classified $0 and $713, respectively, of these deposits as short-term restricted cash and $776 and $63, respectively, as long-term restricted cash on its balance sheet. The Company classified all of these deposits as short-term restricted cash on its balance sheet as of June 30, 2015 (unaudited).

Investments

The Company classifies its available-for-sale investments as current assets on the balance sheet if they mature within one year from the balance sheet date.

The Company classifies all of its investments as available-for-sale securities. The Company's investments are measured and reported at fair value using quoted prices in active markets for similar securities or using other inputs that are observable or can be corroborated by observable market data. Unrealized gains and losses on available-for-sale securities are reported as a separate component of other comprehensive income (loss) in stockholders' deficit. The cost of securities sold is determined on a specific identification basis, and realized gains and losses are included in other income (expense) within the statement of operations and comprehensive income (loss). If any adjustment to fair value reflects a decline in the value of the investment that the Company considers to be "other than temporary", the Company reduces the investment to fair value through a charge to the statement of operations and comprehensive income (loss). No such adjustments were necessary during the periods presented.

Concentration of Credit Risk and of Significant Suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Company has all of its cash, cash equivalents and investment balances at three accredited financial institutions, in amounts that exceed federally insured limits. The Company generally invests its excess cash in money market funds, U.S. government agency securities, commercial paper and corporate notes that are subject to minimal credit and market risk. Management has established guidelines relative to credit ratings and maturities intended to safeguard principal balances and

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

maintain liquidity. The investment portfolio is maintained in accordance with the Company's investment policy, which defines allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer.

The Company is dependent on third-party manufacturers to supply products for research and development activities of its programs, including preclinical and clinical testing. In particular, the Company relies and expects to continue to rely on a small number of manufacturers to supply it with its requirements for the active pharmaceutical ingredients and formulated drugs related to these programs. These programs could be adversely affected by a significant interruption in the supply of active pharmaceutical ingredients and formulated drugs.

Fair Value Measurements

Certain assets are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable.

- Level 1—Quoted prices in active markets for identical assets or liabilities.

- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and investments are carried at fair value, determined according to the fair value hierarchy described above (see Note 3). The carrying values of the Company's accounts payable and accrued expenses approximate their fair value due to the short-term nature of these liabilities.

Deferred Offering Costs

The Company capitalizes certain legal, professional accounting and other third-party fees that are directly associated with in-process equity financings as deferred offering costs (non-current) until such financings are consummated. After consummation of the equity financing, these costs are recorded in stockholders' equity (deficit) as a reduction of additional paid-in capital generated as a result of the offering. As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), the Company had not recorded any deferred offering costs.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is recognized using the straight-line method over the following estimated useful lives:

Laboratory equipment	5 years
Computer equipment and software	3 to 5 years
Furniture	7 years
Leasehold improvements	Shorter of 7 years or term of lease

Expenditures for repairs and maintenance of assets are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation and amortization of assets disposed of are removed from the accounts and any resulting gain or loss is included in the statements of operations and comprehensive income (loss).

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment. Long-lived assets to be held and used are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value, determined based on discounted cash flows. To date, the Company has not recorded any impairment losses on long-lived assets.

Revenue Recognition

The Company recognizes revenue when all of the following criteria have been met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller’s price to the buyer is fixed or determinable; and collectability is reasonably assured.

During the year ended December 31, 2013, all of the Company’s revenue was attributable to one collaboration and license agreement entered into in August 2010, which was terminated in October 2013 (see Note 7). This agreement was accounted for under previously applicable revenue recognition guidance for multiple-element arrangements (prior to issuance of ASU No. 2009-13, Accounting for Revenue Arrangements with Multiple Deliverables). Under that guidance, the Company recognized non-refundable upfront license payments as revenue upon receipt if the license had standalone value to the customer and the fair value of the undelivered elements could be determined. If the license was considered to have standalone value but the fair value of any of the undelivered items could not be determined, the license payments were recognized as revenue over the period of the Company’s performance for such undelivered items or services. License fees with ongoing involvement or performance obligations were recorded as deferred revenue upon receipt, and were recognized as revenue ratably over the period such performance obligations were fulfilled, beginning only after both the license period had commenced and the technology had been delivered to the customer.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

If the achievement of a milestone was considered probable at the inception of the collaboration, the related milestone payment was included with other arrangement consideration, such as upfront fees and research funding, in the Company's revenue model. Milestones that were tied to regulatory approval were not considered probable of being achieved until such approval was received. Milestones tied to counter-party performance were not included in the Company's revenue model until the performance conditions had been met.

The Company performed an assessment at the inception of the collaborative arrangement to determine if the milestones in the arrangement were deemed to be substantive milestones or non-substantive milestones. At the time of achievement of non-substantive milestones, the Company deferred revenue recognition of milestone payments received and recognized revenue over the remaining estimated period of performance on a straight-line basis, with a cumulative catch-up being recorded for the elapsed portion of the performance period.

Research and Development Costs

Research and development expenditures are expensed as incurred. Research and development expenses are comprised of salaries, stock-based compensation and benefits of employees, third-party license fees and other operational costs related to the Company's research and development activities, including allocated facility-related expenses and external costs of outside vendors engaged to conduct both preclinical studies and clinical trials.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other companies. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. This process involves reviewing open contracts and purchase orders, communicating with personnel to identify services that have been performed and estimating level of service performed and the associated costs incurred for the services for which the Company has not yet been invoiced. Significant judgment and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses.

Accounting for Stock-Based Compensation

The Company measures all stock options and other stock-based awards granted to employees and directors based on the fair value on the date of the grant and recognizes compensation expense of those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. The Company applies the straight-line method of expense recognition to all awards with only service-based conditions and applies the graded vesting method to all awards with performance conditions or both service-based and performance conditions.

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

For stock-based awards granted to non-employees, compensation expense is recognized over the period during which services are rendered by such non-employees until completed. At the end of each financial reporting period prior to the completion of the service, the fair value of these awards is remeasured using the then-current fair value of the Company's common stock and updated assumption inputs in the Black-Scholes option-pricing model. The Company classifies stock-based compensation expense in its statement of operations and comprehensive income (loss) in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

The Company recognizes compensation expense for only the portion of awards that are expected to vest. In developing a forfeiture rate estimate, the Company has considered its historical experience to estimate pre-vesting forfeitures for service-based awards. The impact of a forfeiture rate adjustment will be recognized in full in the period of adjustment, and if the actual forfeiture rate is materially different from the Company's estimate, the Company may be required to record adjustments to stock-based compensation expense in future periods.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company historically has been a private company and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or in the Company's tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

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Segment Data

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company's singular focus is on developing a novel class of therapeutics for the treatment of cancer. To date, all of the Company's revenue has been generated in the United States, and all of its tangible assets are held in the United States.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) as well as other changes in stockholders' deficit that result from transactions and economic events other than those with stockholders. The Company's only element of other comprehensive income (loss) in all periods presented was unrealized gains (losses) on available-for-sale investments.

Net Income (Loss) per Share

The Company follows the two-class method when computing net income (loss) per share as the Company has issued shares that meet the definition of participating securities. The two-class method determines net income (loss) per share for each class of common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net income (loss) attributable to common stockholders is computed by adjusting income (loss) per share attributable to common stockholders to reallocate undistributed earnings based on the potential impact of dilutive securities. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period, including potential dilutive common shares. For purpose of this calculation, outstanding options to purchase common stock and shares of redeemable convertible preferred stock are considered potential dilutive common shares.

The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but contractually does not require the holders of such stock to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard

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defines a five-step process to achieve this principle, and will require companies to use more judgment and make more estimates than under the current guidance. The Company expects that these judgments and estimates will include identifying performance obligations in the customer contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In July 2015, the FASB voted to delay the effective date of this standard such that ASU 2014-09 is effective for public entities for annual periods beginning after December 15, 2017 and for interim periods within those fiscal years. Early adoption of the standard is permitted for annual periods beginning after December 15, 2016. The Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on its financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter. The Company is currently evaluating the potential impact of the adoption of this standard, but believes its adoption will have no impact on its financial position, results of operations or cash flows as it will effect disclosure only.

In January 2015, the FASB issued ASU No. 2015-01, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. Subtopic 225-20, *Income Statement—Extraordinary and Unusual Items*, previously required that an entity separately classify, present and disclose extraordinary events and transactions. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 and may be applied prospectively or retrospectively to all prior periods presented in the financial statements. Early adoption is permitted, provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company is currently evaluating the impact that the adoption of ASU 2015-01 will have on its financial statements.

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3. Fair Value of Financial Assets

The following tables present information about the Company's assets that are measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values:

	Fair Value Measurements as of December 31, 2013 using:			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$4,102	$ —	$ —	$ 4,102
U.S. government agency securities	—	450	—	450
Corporate notes	—	2,466	—	2,466
Commercial paper	—	1,750	—	1,750
Investments:				
Commercial paper	—	4,124	—	4,124
	$4,102	$ 8,790	$ —	$12,892

	Fair Value Measurements as of December 31, 2014 using:			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	$3,252	$ —	$ —	$ 3,252
Corporate notes	—	250	—	250
Commercial paper	—	2,000	—	2,000
Investments:				
Corporate notes	—	2,763	—	2,763
Commercial paper	—	7,249	—	7,249
	$3,252	$12,262	$ —	$15,514

	Fair Value Measurements as of June 30, 2015 using:			
	Level 1	Level 2	Level 3	Total
		(unaudited)		
Cash equivalents:				
Money market funds	$5,053	$ —	$ —	$ 5,053
Corporate notes	—	1,926	—	1,926
Commercial paper	—	500	—	500
Investments:				
Corporate notes	—	727	—	727
Commercial paper	—	1,750	—	1,750
	$5,053	$ 4,903	$ —	$ 9,956

As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), the Company's cash equivalents and investments, which were invested in money market funds, U.S. government agency securities, corporate notes and commercial paper, were valued based on Level 1 and Level 2 inputs. In determining the fair value of its U.S. government agency securities, corporate notes and commercial paper at each date presented above, the Company relied on quoted prices for similar securities in active markets or using other inputs that are observable or can be

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corroborated by observable market data. The Company's cash equivalents have original maturities of less than 90 days from the date of purchase. All available-for-sale investments have contractual maturities of less than one year. During the years ended December 31, 2013 and 2014 and six months ended June 30, 2014 and 2015 (unaudited), there were no transfers between Level 1, Level 2 and Level 3.

4. Investments

As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), the fair value of available-for-sale investments by type of security was as follows:

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Investments:				
Commercial paper	$ 4,121	$ 3	$ —	$4,124
	$ 4,121	$ 3	$ —	$4,124

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Investments:				
Corporate notes	$ 2,763	$ —	$ —	$ 2,763
Commercial paper	7,245	4	—	7,249
	$ 10,008	$ 4	$ —	$10,012

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
		(unaudited)		
Investments:				
Corporate notes	$ 727	$ —	$ —	$ 727
Commercial paper	1,750	—	—	1,750
	$ 2,477	$ —	$ —	$2,477

The Company evaluates its investments with unrealized losses for other-than-temporary impairment. When assessing investments for other-than-temporary declines in value, the Company considers such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, the Company's ability and intent to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value and market conditions in general.

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5. Property and Equipment, Net

Property and equipment, net consisted of the following:

	December 31, 2013	December 31, 2014	June 30, 2015 (unaudited)
Laboratory equipment	$ 2,552	$ 1,240	$ 1,240
Leasehold improvements	1,203	477	559
Computer equipment and software	339	331	343
Furniture and fixtures	77	71	71
	4,171	2,119	2,213
Less: Accumulated depreciation and amortization	(3,218)	(1,537)	(1,708)
	$ 953	$ 582	$ 505

Depreciation and amortization expense for the years ended December 31, 2013 and 2014 was $774 and $585, respectively, and for the six months ended June 30, 2014 and 2015 (unaudited) was $318 and $170, respectively. During the years ended December 31, 2013 and 2014, assets with a cost of $196 and $2,467 were disposed of, resulting in losses of $2 and $204, respectively. No assets were disposed of during the six months ended June 30, 2014 and 2015 (unaudited).

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2013	December 31, 2014	June 30, 2015 (unaudited)
Payroll and payroll-related costs	$1,158	$ 526	$ 489
External research and development services	346	143	414
Professional fees	208	308	256
Severance	330	—	51
Other	431	180	236
	$2,473	$1,157	$ 1,446

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In June 2013, the Company terminated 15 employees and accrued $1,211 for severance and other benefits, which were paid through June 2014. In March 2015 (unaudited), the Company terminated one employee and accrued $123 for severance and other benefits, which are expected to be paid through September 2015. The following table summarizes activity in the severance accrual since January 1, 2013:

Accrued severance at January 1, 2013	$ —
Severance accrued	1,211
Payments made	(881)
Accrued severance at December 31, 2013	330
Payments made	(330)
Accrued severance at December 31, 2014	—
Severance accrued	123
Payments made	(72)
Accrued severance at June 30, 2015 (unaudited)	$ 51

7. Collaboration Agreement with Roche

In August 2010, the Company entered into a collaboration and license agreement with F. Hoffmann-La Roche Ltd and Hoffmann-La Roche, Inc. (collectively "Roche") to discover, develop and commercialize stapled peptides (the "Roche Agreement"). In 2013, the Company received notice from Roche of termination of the Roche Agreement effective October 31, 2013.

Roche is a related party as an affiliate of Roche owns shares of the Company's Series D redeemable convertible preferred stock ("Series D preferred stock") purchased as part of the Company's May 2009 and December 2012 Series D financings, Series E redeemable convertible preferred stock ("Series E preferred stock") purchased as part of the November 2013 Series E financings, and Series E-1 redeemable convertible preferred stock ("Series E-1 preferred stock") purchased as part of the October 2014 Series E-1 financings (see Note 8).

Under the terms of the agreement, Roche provided the Company guaranteed funding of at least $25,000 in technology access fees and research and development support. Through December 31, 2013, the Company had received $34,910 in total payments from Roche for an upfront payment upon signing the agreement, research and development support, and milestone payments. The Company was eligible to receive additional future payments upon the achievement of discovery, development, regulatory and commercialization milestones. The Company accounted for the deliverables, which primarily consisted of a license, research and development services, and participation on the joint steering committee, as a single unit of accounting because the license did not have standalone value to Roche and the Company did not have evidence of fair value of the undelivered elements. Revenue for the arrangement was recognized over the estimated period of when the performance obligations were performed. Because the Company could not reliably estimate the level of effort to complete its performance obligations under this arrangement, the Company recognized revenue under the arrangement using a contingency-adjusted performance model, on a straight-line basis over the period that the Company was expected to complete its performance obligations.

Related to the Roche Agreement, during the year ended December 31, 2013, the Company recognized $22,350 of revenue through the effective date of termination of the agreement, including the recognition of all previously deferred revenue. Upon termination, the Company had no remaining obligations to Roche under the collaboration agreement and obtained the rights to all intellectual property and related technologies associated with the Roche Agreement.

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8. Redeemable Convertible Preferred Stock

As of December 31, 2014 and June 30, 2015 (unaudited), the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 91,681,662 shares of $0.001 par value preferred stock.

The Company has issued Series A, Series A-1, Series B, Series C-1 and Series C-2 redeemable convertible preferred stock (collectively, the "Junior Preferred Stock") and Series D, Series D-1, Series E and Series E-1 redeemable convertible preferred stock (collectively, the "Senior Preferred Stock"), together the "Redeemable Preferred Stock". The Redeemable Preferred Stock is classified outside of stockholders' deficit because the shares contain redemption features that are not solely within the control of the Company.

In March 2013, the Company issued 106,856 shares of Series D preferred stock at a price of $1.179633 per share, resulting in proceeds of $118, net of $8 of issuance costs.

In November 2013, the Company issued 12,715,822 shares of Series E preferred stock at a price of $1.179633 per share, resulting in proceeds of $14,857, net of $143 of issuance costs.

In October 2014, the Company issued 14,558,823 shares of Series E-1 preferred stock at a price of $1.36 per share, resulting in proceeds of $19,674, net of $126 of issuance costs (the "first tranche closing"). As part of the Series E-1 preferred stock purchase agreement, the investors agreed to purchase an additional 9,705,882 shares of Series E-1 preferred stock at a price of $1.36 per share upon the Company achieving specified clinical milestones (the "second tranche closing") for an aggregate purchase price of $13,200. If the second tranche closing has not occurred prior to the closing of the Company's initial public offering of common stock, then, immediately prior to such closing, the investors will be required to purchase a number of shares of the Company's common stock equal to $13,200 divided by the price per share of common stock paid by the public in the initial public offering. As of December 31, 2014 and June 30, 2015 (unaudited), the specified milestones had not been achieved and the second tranche closing had not occurred. The Company determined that the future tranche obligations of the stock purchase agreement do not meet the definition of a freestanding financial instrument because, while separately exercisable, they were not legally detachable. Further, the Company determined that the embedded future tranche obligations did not require bifurcation for accounting purposes as they are clearly and closely related to the economic characteristics and risks of the initial preferred shares and would not qualify as a derivative on a standalone basis.

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As of each balance sheet date, Redeemable Preferred Stock consisted of the following:

	December 31, 2013				
	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A preferred stock	1,250,000	1,250,000	$ 1,250	$ 1,250	125,000
Series A-1 preferred stock	615,384	615,384	800	800	61,538
Series B preferred stock	3,706,056	3,706,056	1,506	1,506	3,706,056
Series C-1 preferred stock	5,934,050	5,934,050	6,991	7,000	5,934,050
Series C-2 preferred stock	8,689,144	8,689,144	10,244	10,250	8,689,144
Series D preferred stock	34,142,865	34,142,865	40,242	40,276	34,142,865
Series D-1 preferred stock	363,636	363,636	2,000	2,000	363,636
Series E preferred stock	25,431,639	12,715,822	14,860	15,000	12,715,822
	80,132,774	67,416,957	$77,893	$ 78,082	65,738,111

	December 31, 2014				
	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A preferred stock	1,250,000	1,250,000	$ 1,250	$ 1,250	125,000
Series A-1 preferred stock	615,384	615,384	800	800	61,538
Series B preferred stock	3,706,056	3,706,056	1,506	1,506	3,706,056
Series C-1 preferred stock	5,934,050	5,934,050	6,993	7,000	5,934,050
Series C-2 preferred stock	8,689,144	8,689,144	10,245	10,250	8,689,144
Series D preferred stock	34,142,865	34,142,865	40,249	40,276	34,142,865
Series D-1 preferred stock	363,636	363,636	2,000	2,000	363,636
Series E preferred stock	12,715,822	12,715,822	14,889	15,000	12,715,822
Series E-1 preferred stock	24,264,705	14,558,823	19,678	19,800	14,558,823
	91,681,662	81,975,780	$97,610	$ 97,882	80,296,934

	June 30, 2015 (unaudited)				
	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A preferred stock	1,250,000	1,250,000	$ 1,250	$ 1,250	125,000
Series A-1 preferred stock	615,384	615,384	800	800	61,538
Series B preferred stock	3,706,056	3,706,056	1,506	1,506	3,706,056
Series C-1 preferred stock	5,934,050	5,934,050	6,994	7,000	5,934,050
Series C-2 preferred stock	8,689,144	8,689,144	10,246	10,250	8,689,144
Series D preferred stock	34,142,865	34,142,865	40,252	40,276	34,142,865
Series D-1 preferred stock	363,636	363,636	2,000	2,000	363,636
Series E preferred stock	12,715,822	12,715,822	14,903	15,000	12,715,822
Series E-1 preferred stock	24,264,705	14,558,823	19,694	19,800	14,558,823
	91,681,662	81,975,780	$97,645	$ 97,882	80,296,934

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The holders of the Redeemable Preferred Stock have the following rights and preferences:

Voting Rights

The holders of the Redeemable Preferred Stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote and have the right to vote the number of shares equal to the number of whole shares of common stock into which such holders of Redeemable Preferred Stock could convert on the record date for determination of stockholders entitled to vote. In addition, holders of the Senior Preferred Stock, voting as a single class, are entitled to elect three directors of the Company. The holders of the Junior Preferred Stock, voting as a single class, are entitled to elect two directors of the Company.

Dividends

The holders of the Redeemable Preferred Stock, in order of preference, are entitled to receive noncumulative dividends when and if declared by the Company's board of directors. The Company may not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company unless the holders of the Redeemable Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Redeemable Preferred Stock in an amount at least equal to the greater of (i) $0.08 per share for Series A redeemable convertible preferred stock ("Series A preferred stock"), $0.104 per share for Series A-1 redeemable convertible preferred stock ("Series A-1 preferred stock"), $0.03251 per share for Series B redeemable convertible preferred stock ("Series B preferred stock"), $0.09437 per share for Series C-1 redeemable convertible preferred stock ("Series C-1 preferred stock"), $0.09437 per share for Series C-2 redeemable convertible preferred stock ("Series C-2 preferred stock"), $0.09437 per share for Series D and Series E preferred stock, $0.40 per share for Series D-1 preferred stock, and $0.1088 per share for Series E-1 preferred stock and (ii) (A) in the case of a dividend on common stock or any class or series of stock that is convertible into common stock, that dividend per share of Redeemable Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into common stock and (2) the number of shares of common stock issuable upon conversion of each share of Redeemable Preferred Stock, or (B) in the case of a dividend on any class or series that is not convertible into common stock, at a rate per share of Redeemable Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the Original Issue Price (as defined below) of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination of or other similar recapitalization affecting such shares) and (2) multiplying such fraction by an amount equal to the Original Issue Price of each series of Redeemable Preferred Stock. If the Company declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Company, the dividend payable to the holders of the Redeemable Preferred Stock shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Redeemable Preferred Stock dividend. Stockholders are not entitled to any accruing dividends. No dividends have been declared or paid during the years ended December 31, 2013 and 2014 or in the six months ended June 30, 2015 (unaudited).

The Original Issue Price per share is $1.00 for Series A, $1.30 for Series A-1, $0.4064 per share for Series B, $1.179633 per share for Series C-1, $1.179633 per share for Series C-2, $1.179633 per share for Series D, $5.50 for Series D-1, $1.179633 for Series E and $1.36 for Series E-1 preferred stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Redeemable Preferred Stock.

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Liquidation Preference

In the event of any liquidation event, voluntary or involuntary, dissolution or winding up of the Company or Deemed Liquidation Event (as defined below), the holders of the then outstanding Series E preferred stock and the Series E-1 preferred stock will be entitled to receive, prior and in preference to any distributions to the holders of the common stock and other preferred stock, $1.179633 per share and $1.36 per share, respectively, plus any dividends declared but unpaid on the Series E and Series E-1 preferred stock.

After the payment of all preferential amounts to the holders of Series E and Series E-1 preferred stock, then, to the extent available, the holders of the Series D and Series D-1 preferred stock will be paid $1.179633 per share and $5.50 per share, respectively, plus any dividends declared but unpaid on the Series D and Series D-1 preferred stock, prior and in preference to any distributions to the holders of common stock and Junior Preferred Stock.

After the payment of all preferential amounts to the holders of the Senior Preferred Stock, then, to the extent available, the holders of Series C-1 and Series C-2 preferred stock will be paid $1.179633 per share plus any dividends declared but unpaid on the Series C-1 and Series C-2 preferred stock, prior and in preference to any distributions to the holders of common stock and Series A, Series A-1 or Series B preferred stock.

After the payment of all preferential amounts to the holders of the Senior Preferred Stock and the Series C-1 and Series C-2 preferred stock, then, to the extent available, the holders of Series B preferred stock will be paid $0.4064 per share plus any dividends declared but unpaid on the Series B preferred stock, prior and in preference to any distributions to the holders of common stock and Series A or Series A-1 preferred stock.

After the payment of all preferential amounts to the holders of the Senior Preferred Stock, Series C-1, Series C-2 and Series B preferred stock, then, to the extent available, the holders of Series A and Series A-1 preferred stock will be paid $1.00 and $1.30 per share, respectively, plus any dividends declared but unpaid on the Series A and A-1 preferred stock prior and in preference to any distributions to the holders of common stock.

After payments have been made in full to the holders of the Redeemable Preferred Stock, then, to the extent available, the remaining amounts will be distributed among the holders of the shares of preferred stock and common stock, pro rata based on the number of shares held by each holder, treating for this purpose all such securities as if they had been converted to common stock immediately prior to such dissolution, liquidation or winding up of the Company.

Unless 75% of the holders of the Senior Preferred Stock, voting together as a single class, elect otherwise, a Deemed Liquidation Event shall include a merger or consolidation (other than one in which stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) or a sale, lease, transfer, exclusive license, or other disposition of substantially all of the assets of the Company.

Conversion

Each share of Redeemable Preferred Stock is convertible, at the option of the holder, at any time, and without the payment of additional consideration, or will automatically be converted into shares of common stock at the applicable conversion ratio then in effect (i) upon the closing of a firm commitment underwritten public offering at a price per share to the public, which when multiplied by the total number of shares of common stock

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then outstanding or then issuable upon conversion of outstanding Redeemable Preferred Stock immediately prior to the consummation of the offering, exceeds $150,000 and with at least $50,000 of gross proceeds to the Company or (ii) upon the vote or written consent of the holders of at least 75% of the outstanding shares of the Senior Preferred Stock, voting together as a single class. All shares that are required to be surrendered per the provisions above will be deemed to have been retired and canceled and may not be reissued as shares of preferred stock.

The conversion ratio of each series of Redeemable Preferred Stock is determined by dividing the Original Issue Price of each series of preferred stock by the Conversion Price of each series. The Conversion Price is $10.00 for Series A, $13.00 for Series A-1, $0.4064 for Series B, $1.179633 for Series C-1, Series C-2, Series D, Series D-1 and Series E, and $1.36 for Series E-1. The Conversion Price is subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization and other adjustments as set forth in the Company's certificate of incorporation, as amended and restated.

Redemption Rights

At the written election of at least 75% of the holders of the Senior Preferred Stock, voting together as a single class, the shares of Redeemable Preferred Stock outstanding are redeemable, at any time on or after November 5, 2018, in three equal annual installments commencing 60 days after receipt of the required vote, in an amount equal to the Original Issue Price per share of each series of Redeemable Preferred Stock plus all declared but unpaid dividends thereon.

9. Common Stock

As of December 31, 2014 and June 30, 2015 (unaudited), the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 109,000,000 shares of $0.001 par value common stock.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors, if any, subject to the preferential dividend rights of the Redeemable Preferred Stock. When dividends are declared on shares of common stock, the Company must declare at the same time a dividend payable to the holders of Redeemable Preferred Stock equivalent to the dividend amount they would receive if each preferred share were converted into common stock. The Company may not pay dividends to common stockholders until all dividends accrued or declared but unpaid on the Redeemable Preferred Stock have been paid in full. As of December 31, 2014 and June 30, 2015 (unaudited), no dividends had been declared.

As of December 31, 2014 and June 30, 2015 (unaudited), the Company had reserved 93,096,089 shares and 92,730,422 shares, respectively, for the conversion of the outstanding shares of Redeemable Preferred Stock (see Note 8), the exercise of outstanding stock options and the number of shares remaining available for future grant under the Company's 2006 Stock Incentive Plan (see Note 10).

10. Stock-Based Awards

2006 Stock Incentive Plan

The Company's 2006 Stock Incentive Plan, as amended, (the "2006 Plan") provides for the Company to grant incentive stock options or nonqualified stock options, restricted stock, restricted stock units and other equity awards to employees, directors and consultants of the Company. The 2006 Plan is administered by the

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board of directors or, at the discretion of the board of directors, by a committee of the board. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or its committee if so delegated.

Stock options granted under the 2006 Plan with service-based vesting conditions generally vest over four years and expire after ten years, although options have been granted with vesting terms of less than four years.

The total number of shares of common stock that may be issued under the 2006 Plan was 14,490,119 shares as of December 31, 2013. In October 2014, the Company effected an increase in the number of shares of common stock reserved for issuance under the 2006 Plan to 15,990,119 shares. The total number of shares of common stock that may be issued under the 2006 Plan was 15,990,119 shares as of December 31, 2014 and June 30, 2015 (unaudited), of which 6,344,799 shares remained available for future issuance as of December 31, 2014. As of June 30, 2015 (unaudited), 2,092,278 shares remained available for future issuance under the 2006 Plan.

Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards. In addition, shares of common stock that are tendered to the Company by a participant to exercise an award are added to the number of shares of common stock available for the grant of awards.

Generally, the exercise price for stock options granted is not less than the fair value of common shares as determined by the board of directors as of the date of grant. The Company's board of directors values the Company's common stock, taking into consideration its most recently available valuation of common stock performed by third parties as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

Stock Option Valuation

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

	Year Ended December 31, 2014	Six Months Ended June 30,	
		2014	2015
		(unaudited)	
Risk-free interest rate	2.14%	2.14%	2.01%
Expected term (in years)	6.1	6.1	6.1
Expected volatility	80.6%	80.6%	80.5%
Expected dividend yield	0%	0%	0%

The Company did not grant any stock options to employees and directors during the year ended December 31, 2013.

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Stock Options

The following table summarizes the Company's stock option activity since January 1, 2013:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2012	4,887,339	$ 0.20	7.0	$ 1,154
Granted	—	—		
Exercised	(183,854)	0.26		
Forfeited	(829,165)	0.30		
Outstanding at December 31, 2013	3,874,320	$ 0.18	5.7	$ 1,006
Granted	4,424,447	0.51		
Exercised	(200,282)	0.15		
Forfeited	(1,644,129)	0.50		
Outstanding at December 31, 2014	6,454,356	$ 0.32	5.2	$ 1,048
Granted	6,565,264	0.53		
Exercised	(365,667)	0.10		
Forfeited	(2,312,743)	0.40		
Outstanding at June 30, 2015 (unaudited)	10,341,210	$ 0.45	6.9	$ 1,036
Options exercisable at December 31, 2014	4,255,424	$ 0.23	4.2	$ 1,052
Options vested and expected to vest at December 31, 2014	5,417,947	$ 0.29	5.3	$ 1,054
Options exercisable at June 30, 2015 (unaudited)	3,133,967	$ 0.26	4.7	$ 916
Options vested and expected to vest at June 30, 2015 (unaudited)	9,980,848	$ 0.44	8.1	$ 1,067

The weighted average grant-date fair value of stock options granted during the years ended December 31, 2014 and the six months ended June 30, 2014 and 2015 (unaudited) was $0.36, $0.36 and $0.37 per share, respectively.

The aggregate fair value of stock options that vested during the year ended December 31, 2013 and 2014 was $149 and $355, respectively, and during the six months ended June 30, 2014 and 2015 (unaudited) was $195 and $70, respectively.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2013 and 2014 was $33 and $63, respectively, and during the six months ended June 30, 2014 and 2015 (unaudited) was $64 and $163 respectively.

During the six months ended June 30, 2014 (unaudited) and the year ended December 31, 2014, the Company granted to certain employees stock options for the purchase of 1,950,447 shares with exercise price of $0.51 per share that contained service-based and performance-based vesting conditions. Stock-based compensation expense associated with these performance-based stock options is recognized if the performance condition is considered probable of achievement using management's best estimate. As of December 31, 2014,

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certain performance-based milestones had not been achieved and options for the purchase of 975,223 shares had been forfeited. As of December 31, 2014, outstanding options for the purchase of 975,224 shares of common stock at an exercise price of $0.51 per share have performance-based vesting conditions that were deemed not probable of vesting; therefore, the Company had not recorded any expense for these performance-based stock options as of that date. In June 2015 (unaudited), these stock options were canceled by the board of directors.

During the years ended December 31, 2013 and 2014 and the six months ended June 30, 2014 and 2015 (unaudited), the Company did not grant any stock options to non-employees in exchange for consulting services. As of December 31, 2013 and 2014, there were outstanding unvested service-based stock options held by non-employees for the purchase of 43,333 and 7,500 shares, respectively, of common stock. As of June 30, 2015 (unaudited), there were no outstanding unvested service-based stock options held by non-employees.

Stock-Based Compensation

The Company recorded stock-based compensation expense related to stock options in the following expense categories of its statements of operations and comprehensive income (loss):

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Research and development expenses	$ 44	$ 234	$ 119	$ 180
General and administrative expenses	81	137	90	79
	$ 125	$ 371	$ 209	$ 259

As of December 31, 2014, the Company had an aggregate of $781 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 3.0 years. As of June 30, 2015 (unaudited), the Company had an aggregate of $2,473 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 3.6 years.

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11. Net Income (Loss) per Share

Basic net income (loss) per share attributable to common stockholders was calculated as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Numerator:				
Net income (loss)	$ 3,290	$ (16,024)	$ (9,316)	$ (6,370)
Accretion of redeemable convertible preferred stock to redemption value	(80)	(43)	(19)	(35)
Net income attributable to participating securities	(3,016)	—	—	—
Net income (loss) attributable to common stockholders—basic	$ 194	$ (16,067)	$ (9,335)	$ (6,405)
Denominator:				
Weighted average common shares outstanding—basic	3,554,673	3,779,004	3,739,300	3,861,504
Net income (loss) per share attributable to common stockholders—basic	$ 0.05	$ (4.25)	$ (2.50)	$ (1.66)

Diluted net income (loss) per share attributable to common stockholders was calculated as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Numerator:				
Net income (loss)	$ 3,290	$ (16,024)	$ (9,316)	$ (6,370)
Accretion of redeemable convertible preferred stock to redemption value	(80)	(43)	(19)	(35)
Net income attributable to participating securities	(3,016)	—	—	—
Net income (loss) attributable to common stockholders—diluted	$ 194	$ (16,067)	$ (9,335)	$ (6,405)
Denominator:				
Weighted average common shares outstanding—basic	3,554,673	3,779,004	3,739,300	3,861,504
Dilutive effect of potential common shares from outstanding stock options	2,144,107	—	—	—
Weighted average common shares outstanding—diluted	5,698,780	3,779,004	3,739,300	3,861,504
Net income (loss) per share attributable to common stockholders—diluted	$ 0.03	$ (4.25)	$ (2.50)	$ (1.66)

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The Company's potential dilutive securities, which include stock options and redeemable convertible preferred stock, have been excluded from the computation of diluted net income (loss) per share attributable to common stockholders whenever the effect of including them would be to increase the net income per share or to reduce the net loss per share. In periods where there is a net loss, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The following potential common shares, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net income (loss) per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Year Ended December 31,		Six Months Ended June 30,	
	2013	2014	2014	2015
			(unaudited)	
Stock options to purchase common stock	255,000	6,454,356	7,808,950	10,341,210
Redeemable convertible preferred stock (as converted to common stock)	65,738,111	80,296,934	65,738,111	80,296,934
	65,993,111	86,751,290	73,547,061	90,638,144

12. Unaudited Pro Forma Net Loss per Share

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2014 and the six months ended June 30, 2015 gives effect to adjustments arising upon the closing of a qualified initial public offering. The unaudited pro forma net loss attributable to common stockholders used in the calculation of unaudited basic and diluted pro forma net loss per share attributable to common stockholders does not include the effects of the accretion of redeemable convertible preferred stock to redemption value because the calculation assumes that the conversion of the redeemable convertible preferred stock into common stock had occurred on the later of January 1, 2014 or the issuance date of the redeemable convertible preferred stock.

The unaudited pro forma basic and diluted weighted average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2014 and the six months ended June 30, 2015 give effect to the automatic conversion upon a qualified initial public offering of all outstanding shares of redeemable convertible preferred stock as of December 31, 2014 and June 30, 2015 into 80,296,934 shares of common stock as if the conversion had occurred on the later of January 1, 2014 or the issuance date of the redeemable convertible preferred stock.

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Unaudited pro forma basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Year Ended December 31, 2014	Six Months Ended June 30, 2015
		(unaudited)
Numerator:		
Net loss attributable to common stockholders	$ (16,067)	$ (6,405)
Accretion of redeemable convertible preferred stock to redemption value	43	35
Pro forma net loss attributable to common stockholders	$ (16,024)	$ (6,370)
Denominator:		
Weighted average number of common shares outstanding	3,779,004	3,861,504
Pro forma adjustment for assumed conversion of redeemable convertible preferred stock to common stock upon the closing of the proposed initial public offering	68,849,312	80,296,934
Pro forma weighted average common shares outstanding—basic and diluted	72,628,316	84,158,438
Pro forma net loss attributable to common stockholders—basic and diluted	$ (0.22)	$ (0.08)

13. Commitments and Contingencies

Operating Leases

In February 2010, the Company entered into a five-year operating lease agreement for office and laboratory space. In connection with the lease agreement, the Company entered into a letter of credit in the amount of $776, which is presented as restricted cash in the balance sheets as of December 31, 2013 and 2014.

In June 2011, the Company amended its existing operating lease to increase the square footage of the leased space. The amended lease commenced in December 2011. As part of the amended lease agreement, the landlord agreed to fund up to $752 in improvements to the Company's facility, which was recorded as a liability and is being recognized as a reduction of rent expense over the remaining lease term.

In November 2011, the Company entered into a two-year agreement to sublet a portion of its office and laboratory space, which commenced in December 2011 and was terminated in May 2013.

In August 2014, the Company amended its operating lease to reduce the leased space. The amended lease commenced in November 2014 and expires in May 2016, with an option to renew for one year and a conditional option to renew for one year thereafter. During the year ended December 31, 2014, the Company reversed $129 of the deferred rent balance related to the vacated space. The security deposit was reduced from $776 to $63, and $713 of previously restricted cash was released to the Company in January 2015 (unaudited).

As of December 31, 2014, future minimum lease payments due under the operating lease are $380 and $145 during the years ending December 31, 2015 and 2016, respectively.

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The Company recognizes rent expense on a straight-line basis over the lease period and has recorded deferred rent for rent expense incurred but not yet paid. Rent expense under operating leases, net of sublease rental payments of $171, totaled $1,038 for the year ended December 31, 2013. Rental expense under operating leases totaled $906, $604 and $126 for the year ended December 31, 2014 and the six months ended June 30, 2014 and 2015 (unaudited), respectively.

Intellectual Property Licenses

Harvard and Dana-Farber Agreement

In August 2006, the Company entered into an exclusive license agreement with President and Fellows of Harvard College ("Harvard") and Dana-Farber Cancer Institute ("DFCI"). The agreement granted the Company an exclusive worldwide license, with the right to sublicense, under specified patents and patent applications to develop, obtain regulatory approval for and commercialize specified product candidates based on stapled peptides. Under the agreement, the Company is obligated to use commercially reasonable efforts to develop and commercialize one or more licensed products and to achieve specified milestone events by specified dates. In connection with entering into the agreement, the Company paid to Harvard an upfront license fee and issued to Harvard and DFCI shares of its common stock.

In February 2010, the agreement was amended and restated (the "Harvard agreement") under which additional patent rights were added to the scope of the license agreement and the annual license maintenance fees were increased. Under the Harvard agreement, the Company is obligated to make aggregate milestones payments to Harvard of up to $7,700 per licensed therapeutic product upon the Company's achievement of specified clinical, regulatory and sales milestones with respect to such product and up to $700 per licensed diagnostic product upon the Company's achievement of specified regulatory and sales milestones with respect to such product. In addition, the Company is obligated to pay royalties of low single-digit percentages on annual net sales of licensed products sold by the Company, its affiliates or its sublicensees. The royalties are payable on a product-by-product and country-by-country basis, and may be reduced in specified circumstances. In addition, the agreement obligates the Company to pay Harvard a percentage, up to the mid-twenties, of fees received by the Company in connection with its sublicense of the licensed products. In accordance with the terms of the agreement, the Company's sublicense payment obligations may be subject to specified reductions.

The Harvard agreement requires the Company to pay annual license maintenance fees of $145 each year. Any payments made in connection with the annual license maintenance fees will be credited against any royalties due.

The Company incurred annual license fees of $155 and $115 during the years ended December 31, 2013 and 2014, respectively, and of $115 and $145 during the six months ended June 30, 2014 and 2015 (unaudited), respectively. In addition, the Company paid Harvard aggregate milestone payments of $50 and $50 during the years ended December 31, 2013 and 2014, respectively, related to specified milestones achieved in the Phase 1 clinical trials for two of its product candidates. As of December 31, 2014 and June 30, 2015 (unaudited), no additional milestones had been achieved and no liabilities for additional milestone payments had been recorded in the Company's financial statements. Through December 31, 2014 and June 30, 2015 (unaudited), the Company had made non-refundable cash payments, consisting of license and maintenance fees, milestone payments and sublicense fees, to Harvard totaling $3,793 and $3,988, respectively.

As of December 31, 2014 and June 30, 2015 (unaudited), the Company had not developed a commercial product using the licensed technologies and no royalties under the agreement had been paid or were due. In connection with the Roche Agreement (see Note 7), the Company sublicensed the Harvard/DCFI license rights to

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Roche. During the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015 (unaudited), the Company did not incur any sublicense fees related to this arrangement.

Under the Harvard agreement, the Company is responsible for all patent expenses related to the prosecution and maintenance of the licensed patents and applications in-licensed from Harvard as well as cost reimbursement of amounts incurred by Harvard for all documented patent related expenses. The agreement will expire on a product-by-product and country-by-country basis upon the last to expire of any valid patent claim pertaining to licensed products covered under the agreement.

Materia Agreement

In December 2006, the Company entered into a license agreement (the "Materia agreement") with Materia, Inc. ("Materia") under which it was granted a non-exclusive worldwide license, with the right to sublicense, under specified patent and patent applications to utilize Materia's catalysts to develop, obtain regulatory approval for and commercialize specified peptides owned or controlled by Materia and the right to manufacture specified compositions owned or controlled by Materia.

Under the Materia agreement, the Company is obligated to make aggregate milestone payments to Materia of up to $6,400 upon the Company's achievement of specified clinical, regulatory and sales milestones with respect to each licensed product. In addition, the Company is obligated to pay tiered royalties ranging in the low single-digit percentages on annual net sales of licensed products sold by the Company or its sublicensees. The royalties are payable on a product-by-product and country-by-country basis, and may be reduced in specified circumstances.

The Materia agreement requires the Company to pay annual license fees of $50. The Company incurred annual license fees of $50 and $50 during the years ended December 31, 2013 and 2014, respectively. In addition, the Company paid Materia milestone payments of $50 and $50 during the years ended December 31, 2013 and 2014, respectively, related to the achievement of specified regulatory milestones for two of its product candidates. As of December 31, 2014 and June 30, 2015 (unaudited), no additional milestones had been achieved and no liabilities for additional milestone payments had been recorded in the Company's financial statements.

The agreement expires upon the expiration of the Company's obligation to pay royalties in each territory covered under the agreement.

Scripps Agreement

In October 2010, the Company entered into a patent license agreement (the "Scripps agreement") with The Scripps Research Institute ("Scripps") under which it was granted a license, with the right to sublicense, for the exclusive worldwide rights to utilize Scripps' "Click" chemistry for therapeutics and non-exclusive worldwide rights for diagnostics with the Company's stabilized peptide and protein technology platforms.

Under the agreement, the Company is obligated to make aggregate milestone payments to Scripps of up to $1,900 for each licensed peptide product and up to $950 for each licensed protein product upon achieving of specified clinical, regulatory and commercial milestones. In addition, the Company is obligated to pay tiered royalties ranging in the low single-digit percentages on annual net sales of licensed products sold by the Company or its sublicensees. The royalties are payable on a product-by-product and country-by-country basis. The Scripps agreement requires the Company to pay annual license fees of $50. The Company incurred annual license fees of $50 and $50 during the years ended December 31, 2013 and 2014, respectively.

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As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), no milestones had been achieved and no liabilities for milestone payments had been recorded in the Company's financial statements. As of December 31, 2014 and June 30, 2015 (unaudited), the Company had not developed a commercial product using the licensed technologies and no royalties under the agreement had been paid or were due.

The agreement expires upon expiration of the last of any patent rights covered under the agreement.

Stanford Agreement

In May 2003, the Company entered into an exclusive license agreement with the Board of Trustees of the Leland Stanford Junior University ("Stanford"), which was amended and restated with non-exclusive terms in March 2006 (the "Stanford agreement"). The Stanford agreement granted the Company a non-exclusive license under specified patents, which gave the Company the rights to make and market licensed products for public use.

Under the agreement, the Company is obligated to make aggregate milestone payments to Stanford of up to $425 per licensed product upon achieving specified milestones. In addition, the Company is obligated to pay low single-digit royalties on net sales of each product developed under the agreement as well as a $25 non-refundable annual license maintenance fee. All such milestone payments, royalties and annual license maintenance fees payable may be reduced by a credit of $473 provided by Stanford.

As of December 31, 2013 and 2014 and June 30, 2015 (unaudited), no milestones had been achieved and no liabilities for milestone payments had been recorded in the Company's financial statements. As of December 31, 2014 and June 30, 2015 (unaudited), the Company had not developed a commercial product using the licensed technologies and no royalties under the agreement had been paid or were due.

The agreement expires upon written notice provided by either party to terminate the agreement.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it had not accrued any liabilities related to such obligations in its financial statements as of December 31, 2013 or 2014 or June 30, 2015 (unaudited).

14. Income Taxes

During the year ended December 31, 2013, the Company recorded no income tax provision for the income generated in that period because the tax liability was offset by the realization of deferred tax assets. During the year ended December 31, 2014 and the six months ended June 30, 2014 and 2015 (unaudited), the Company recorded no income tax provision due to the losses incurred, including recording no deferred income tax assets for the operating losses incurred in each period, due to its uncertainty of realizing a benefit from those items.

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A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2013	2014
Federal statutory income tax rate	34.0%	(34.0)%
State taxes, net of federal benefit	5.5	(4.9)
Research and development tax credits	(16.1)	(2.0)
Permanent items	1.2	0.8
Change in deferred tax asset valuation allowance	(24.6)	40.1
Effective income tax rate	— %	— %

Net deferred tax assets as of December 31, 2013 and 2014 consisted of the following:

	December 31,	
	2013	2014
Deferred tax assets:		
Net operating loss carryforwards	$ 14,627	$ 25,746
Research and development tax credit carryforwards	1,659	1,946
Capitalized research and development expenses	10,879	6,338
Accrued expenses and reserves	712	345
Total deferred tax assets	27,877	34,375
Deferred tax liabilities:		
Depreciation and amortization	(13)	(82)
Total deferred tax liabilities	(13)	(82)
Valuation allowance	(27,864)	(34,293)
Net deferred tax assets	$ —	$ —

As of December 31, 2014, the Company had net operating loss carryforwards for federal and state purposes of $65,842 and $63,481, respectively, which begin to expire in 2029 and 2030, respectively. As of December 31, 2014, the Company also had available research and development tax credit carryforwards for federal and state income tax purposes of $1,329 and $928, respectively, which begin to expire in 2025 and 2024, respectively. During the six months ended June 30, 2015 (unaudited), gross deferred tax assets increased by approximately $2,500 due to the operating loss incurred by the Company during that period. Utilization of the net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net

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operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being presented as an uncertain tax position.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets. Management has considered the Company's cumulative net losses and its lack of commercialization of any products or generation of any revenue from product sales since inception and has concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation allowance has been established against the net deferred tax assets as of December 31, 2013 and 2014 and June 30, 2015 (unaudited). Management reevaluates the positive and negative evidence at each reporting period.

The decrease in the valuation allowance for deferred tax assets during the year ended December 31, 2013 related to the reversal of temporary differences for deferred revenue and capitalized research and development expenses, partially offset by an increase in net operating loss carryforwards. The increase in the valuation allowance for deferred tax assets during the year ended December 31, 2014 related primarily to an increase in net operating loss carryforwards, partially offset by the reversal of temporary differences for capitalized research and development expenses. Changes in the valuation allowance were as follows:

	Year Ended December 31,	
	2013	2014
Valuation allowance at beginning of year	$(28,640)	$(27,864)
Decreases recorded as a benefit to income tax provision	776	—
Increases recorded to income tax provision	—	(6,429)
Valuation allowance at end of year	$(27,864)	$(34,293)

The Company has not recorded any amounts for unrecognized tax benefits as of December 31, 2013 and 2014 or June 30, 2015 (unaudited).

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business the Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company's tax years are still open under statute from 2011 to the present. Earlier years may be examined to the extent that tax credit or net operating loss carryforwards are used in future periods. The Company's policy is to record interest and penalties related to income taxes as part of its income tax provision. As of December 31, 2013 and 2014, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statements of operations and comprehensive loss.

15. 401(k) Plan

The Company has a 401(k) plan available for participating employees who meet certain eligibility requirements. Eligible employees may defer a portion of their salary as defined by the plan. Company

AILERON THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS

(Amounts in thousands, except per share and per share data)

contributions to the plan may be made at the discretion of the Company's board of directors. The Company has not elected to make any employer contributions for the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015 (unaudited).

16. Related Party Transactions

Roche is a related party as an affiliate of Roche owns shares of the Company's Series D, Series E and Series E-1 preferred stock and is a principal stockholder (see Note 7). The Roche Agreement was terminated effective October 31, 2013. During the year ended December 31, 2013, the Company recognized revenue of $22,350 related to the Roche Agreement and received cash payments from Roche of $3,200 recorded as revenue and cash payments of $282 recorded as reductions of research and development expense for reimbursement of third-party costs. As of December 31, 2013, no amounts were due to or due from Roche.

17. Subsequent Events

For its financial statements as of December 31, 2014 and for the year then ended, the Company evaluated subsequent events through September 9, 2015, the date on which those financial statements were available to be issued.

18. Subsequent Events (unaudited)

For its interim financial statements as of June 30, 2015 and for the six months then ended, the Company evaluated subsequent events through September 9, 2015, the date on which those financial statements were available to be issued.

Through and including , 2015, (the 25th day after the date of this prospectus), all dealers effecting transactions in the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Shares

Common Stock

PROSPECTUS

BofA Merrill Lynch

Jefferies

William Blair

Canaccord Genuity

, 2015

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses to be incurred in connection with the offering described in this Registration Statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimates except the Securities and Exchange Commission's registration fee, the Financial Industry Regulatory Authority, Inc. filing fee and the NASDAQ listing fee.

	Amount
Securities and Exchange Commission registration fee	$ *
Financial Industry Regulatory Authority, Inc. filing fee	*
NASDAQ listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous fees and expenses	*
Total expenses	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of its directors for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Upon completion of this offering, our certificate of incorporation will provide that none of our directors shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she is or is threatened to be made a party by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon the completion of this offering, our certificate of incorporation will provide that we will indemnify each person who was or is a party or is threatened to be made a party or is involved in any threatened,

pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our certificate of incorporation that will be effective as of the closing date of this offering also provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, our director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If we do not assume the defense, expenses must be advanced to an Indemnitee under certain circumstances.

We plan to enter into indemnification agreements with each of our executive officers and directors. In general, these agreements provide that we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as a director or executive officer of our company or in connection with their service at our request for another corporation or entity. The indemnification agreements also provide for procedures that will apply in the event that a director or executive officer makes a claim for indemnification and establish certain presumptions that are favorable to the director or executive officer.

We maintain a general liability insurance policy that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

The underwriting agreement we will enter into in connection with the offering of common stock being registered hereby provides that the underwriters will indemnify, under certain conditions, our directors and officers (as well as certain other persons) against certain liabilities arising in connection with such offering.

Insofar as the forgoing provisions permit indemnification of directors, executive officers, or persons controlling us for liability arising under the Securities Act of 1933, as amended, or the Securities Act, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding shares of our common stock and shares of our preferred stock issued, and stock options granted, by us within the past three years that were not registered under the Securities Act. Included is the consideration, if any, we received for such shares and options and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

(a) Issuance of Shares of Preferred Stock.

In November 2013, we issued and sold an aggregate of 12,715,822 shares of our Series E preferred stock at a purchase price per share of $1.179633 for an aggregate purchase price of approximately $15,000,000. All outstanding shares of Series E preferred stock will automatically convert into an aggregate of 12,715,822 shares of common stock upon completion of this offering.

In October 2014, we issued and sold an aggregate of 14,558,823 shares of our Series E-1 preferred stock at a purchase price per share of $1.36 for an aggregate purchase price of approximately $19,800,000. All outstanding shares of Series E-1 preferred stock will automatically convert into an aggregate of 14,558,823 shares of common stock upon completion of this offering.

No underwriters were involved in the foregoing issuances of securities. The securities described in this section (a) of Item 15 were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. The recipients of securities in the transactions described above represented that they were accredited investors and were acquiring the securities for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and that they could bear the risks of the investment and could hold the securities for an indefinite period of time and appropriate legends were affixed to the instruments representing such securities issued in such transactions.

(b) Stock Option Grants and Option Exercises.

Between September 9, 2012 and September 9, 2015, we granted options to purchase an aggregate of 10,989,711 shares of common stock, with exercise prices ranging from $0.51 to $0.55 per share, to employees, directors, consultants and advisors pursuant to our 2006 stock incentive plan, as amended. Between September 9, 2012 and September 9, 2015, we issued an aggregate of 755,303 shares of common stock upon the exercise of options for aggregate consideration of $118,645.

No underwriters were involved in the foregoing issuances of securities. The issuances of stock options and the shares of our common stock issued upon the exercise of the options described in this paragraph (b) of Item 15 were issued pursuant to written compensatory plans or arrangements with our employees, directors, consultants and advisors, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

All of the securities described in paragraphs (a) and (b) of this Item 15 are deemed restricted securities for purposes of the Securities Act. All of the certificates representing such securities included appropriate legends setting forth that the securities have not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

The exhibits to the registration statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

(b) Financial Statement Schedules.

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or the related notes.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, Commonwealth of Massachusetts, on this day of , 2015.

AILERON THERAPEUTICS, INC.

By: _____
Joseph A. Yanchik III
President and Chief Executive Officer

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Joseph A. Yanchik III and Evan Lippman and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and any subsequent registration statements pursuant to Rule 462 of the Securities Act and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorney-in-fact or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ Joseph A. Yanchik III	President, Chief Executive Officer and Director (principal executive officer)	, 2015
_____ Evan Lippman	Senior Vice President, Chief Financial Officer and Chief Business Officer (principal financial and principal accounting officer)	, 2015
_____ Scott B. Kapnick	Chairman of the Board of Directors	, 2015
_____ Reinhard J. Ambros, Ph.D.	Director	, 2015
_____ Brian M. Gallagher, Jr., Ph.D.	Director	, 2015
_____ Seth L. Harrison, M.D.	Director	, 2015

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Signature	Title	Date
John H. McArthur, Ph.D.	Director	, 2015
Armen B. Shanafelt, Ph.D.	Director	, 2015
Caleb Winder	Director	, 2015

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1	Ninth Amended and Restated Certificate of Incorporation of the Registrant
3.2	Bylaws of the Registrant
3.3*	Form of Restated Certificate of Incorporation of the Registrant (to be effective upon the closing of this offering)
3.4*	Form of Amended and Restated Bylaws of the Registrant (to be effective upon the closing of this offering)
4.1*	Specimen stock certificate evidencing the shares of common stock
4.2	Investor Rights Agreement, dated as of October 14, 2014, among the Registrant and the other parties thereto
5.1*	Opinion of Wilmer Cutler Pickering Hale and Dorr LLP
10.1	2006 Stock Incentive Plan, as amended
10.2	Form of Incentive Stock Option Agreement under 2006 Stock Incentive Plan
10.3	Form of Nonstatutory Stock Option Agreement under 2006 Stock Incentive Plan
10.4*	2015 Stock Incentive Plan
10.5*	Form of Incentive Stock Option Agreement under 2015 Stock Incentive Plan
10.6*	Form of Nonstatutory Stock Option Agreement under 2015 Stock Incentive Plan
10.7*	2015 Employee Stock Purchase Plan
10.8*	Form of Director and Officer Indemnification Agreement
10.9+	License Agreement, dated as of December 31, 2006, by and between the Registrant and Materia, Inc.
10.10+	Amended and Restated License Agreement, dated as of February 19, 2010, by and among the Registrant, President and Fellows of Harvard College and Dana-Farber Cancer Institute, Inc.
10.11	Lease Agreement, dated as of February 12, 2010, as amended on May 24, 2010, June 17, 2011 and August 25, 2014, between the Registrant and Massachusetts Institute of Technology
10.12	Employment Agreement, dated as of March 1, 2008, between the Registrant and Joseph A. Yanchik III, as amended on December 31, 2008
10.13	Employment Agreement, dated as of July 23, 2014, between the Registrant and Manuel Aivado
10.14	Employment Agreement, dated as of December 18, 2014, between the Registrant and Evan Lippman
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm
23.2*	Consent of Wilmer Cutler Pickering Hale and Dorr LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page)

* To be filed by amendment.

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

Exhibit 3.1

NINTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
AILERON THERAPEUTICS, INC.

Aileron Therapeutics, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

DOES HEREBY CERTIFY:

1. That the present name of the Corporation is Aileron Therapeutics, Inc., a Delaware corporation.

2 That the name under which the Corporation was originally incorporated is Renegade Therapeutics Inc., and the date of filing of the Corporation's original certificate of incorporation with the Delaware Secretary of State was August 6, 2001. The Corporation's certificate of incorporation was amended and restated with the Delaware Secretary of State on December 18, 2001, September 15, 2003, October 17, 2006, December 22, 2006, November 21, 2007, May 29, 2009, April 4, 2011 and November 5, 2013.

3. That the Board of Directors duly adopted resolutions proposing to amend and restate the Eighth Amended and Restated Certificate of Incorporation, as amended to date, of the Corporation, declaring said amendment and restatement to be advisable and in the best interests of the Corporation and its stockholders, and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed Ninth Amended and Restated Certificate of Incorporation is as follows:

RESOLVED, that the Eighth Amended and Restated Certificate of Incorporation of the Corporation be amended and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Aileron Therapeutics, Inc.

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 109,000,000 shares of Common Stock, $0.001 par value per share ("Common Stock"), and (ii) 91,681,662 shares of Preferred Stock, $0.01 par value per share ("Preferred Stock"), of which 1,250,000 shares have been designated as Series A Convertible Preferred Stock ("Series A Preferred Stock"), 615,384 shares have been designated as Series A-1 Convertible Preferred Stock ("Series A-1 Preferred Stock"), 3,706,056 shares have been

designated as Series B Convertible Preferred Stock ("Series B Preferred Stock"), 5,934,050 shares have been designated as Series C-1 Convertible Preferred Stock ("Series C-1 Preferred Stock"), 8,689,144 shares have been designated as Series C-2 Convertible Preferred Stock ("Series C-2 Preferred Stock", and collectively with the Series C-1 Preferred Stock, the "Series C Preferred Stock"), 34,142,865 shares have been designated as Series D Convertible Preferred Stock ("Series D Preferred Stock"), 363,636 shares have been designated as Series D-1 Convertible Preferred Stock ("Series D-1 Preferred Stock"), 12,715,822 shares have been designated as Series E Convertible Preferred Stock ("Series E Preferred Stock") and 24,264,705 shares have been designated as Series E-1 Convertible Preferred Stock (the "Series E-1 Preferred Stock") collectively with the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series E Preferred Stock, the "Preferred Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. AUTHORIZATION OF PREFERRED STOCK

Preferred Stock may be issued from time to time in one or more series, each of such series to consist of such number of shares and to have such terms, rights, powers and preferences, and the qualifications and limitations with respect thereto, as stated or expressed herein.

C. PREFERRED STOCK

Unless otherwise indicated, references to "Sections" or "Subsections" in this Part C of this Article Fourth refer to sections and subsections of Part C of this Article Fourth.

1. Dividends.

1.1 The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation):

1.1.1 the holders of the Series E Preferred Stock then outstanding shall first receive, simultaneously with the holders of Series E-1 Preferred Stock, a dividend on each outstanding share of Series E Preferred Stock in an amount at least equal to the greater of (i) $0.09437 per share of Series E Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock) per year, compounded annually, from and after the date of the issuance of such share of Series E Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series E Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series E Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series E Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series E Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series E Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series E Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series E Preferred Stock shall not be entitled to any accruing dividends; and

1.1.2 the holders of the Series E-1 Preferred Stock then outstanding shall first receive, simultaneously with the holders of Series E Preferred Stock, a dividend on each outstanding share of Series E-1 Preferred Stock in an amount at least equal to the greater of (i) $0.1088 per share of Series E-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E-1 Preferred Stock) per year, compounded annually, from and after the date of the issuance of such share of Series E-1 Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series E-1 Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series E-1 Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series E-1 Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the

original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series E-1 Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series E-1 Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series E-1 Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series E-1 Preferred Stock shall not be entitled to any accruing dividends.

1.2 The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock and dividends on shares of Series E Preferred Stock and Series E-1 Preferred Stock pursuant to Subsection 1.1 above) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation):

1.2.1 the holders of the Series D Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series D Preferred Stock, when and if declared by the Board of Directors out of funds legally available therefor, in an amount at least equal to the greater of (i) $0.09437 per share of Series D Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock) per year, compounded annually, from and after the date of the issuance of such share of Series D Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series D Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series D Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series D Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series D Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series D Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series D Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series D Preferred Stock shall not be entitled to any accruing dividends; and

1.2.2 the holders of the Series D-1 Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series D-1 Preferred Stock, when and if declared by the Board of Directors out of funds legally available

therefor, in an amount at least equal to the greater of (i) $0.40 per share of Series D-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D-1 Preferred Stock) per year, compounded annually, from and after the date of the issuance of such share of Series D-1 Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series D-1 Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series D-1 Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series D-1 Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series D-1 Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series D-1 Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series D-1 Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series D-1 Preferred Stock shall not be entitled to any accruing dividends.

1.3 The holders of the Series C Preferred Stock shall be entitled to receive, out of any funds legally available therefor, when and if declared by the Board of Directors, dividends at an annual rate equal to $0.09437 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock and taking into account the date of issuance of each such share). The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock and dividends on shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock pursuant to Subsections 1.1 and 1.2 above) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Series C Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series C Preferred Stock, when and if declared by the Board of Directors out of funds legally available therefor, in an amount at least equal to the greater of (i) $0.09437 per share of Series C Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock) per year, compounded annually, from and after the date of the issuance of such share of Series C Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series C Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series C Preferred Stock, in each case calculated on the

record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series C Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series C Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series C Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series C Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series C Preferred Stock shall not be entitled to any accruing dividends.

1.4 The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock and dividends on shares of Series E-1 Preferred Stock, Series E Preferred Stock, Series D-1 Preferred Stock, Series D Preferred Stock and Series C Preferred Stock pursuant to Subsections 1.1, 1.2 and 1.3 above) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Series B Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series B Preferred Stock in an amount at least equal to the greater of (i) $0.03251 per share of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock) per year, compounded annually, from and after the date of the issuance of any shares of Series B Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series B Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series B Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series B Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series B Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series B Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series B Preferred Stock shall not be entitled to any accruing dividends;

1.5 The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock and dividends on shares of Series E-1 Preferred Stock, Series E Preferred Stock, Series D-1 Preferred Stock, Series D Preferred Stock, Series C Preferred Stock and Series B Preferred Stock pursuant to Subsections 1.1, 1.2, 1.3 and 1.4 above) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation):

1.5.1 the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to the greater of (i) $0.08 per share of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) per year, compounded annually, from and after the date of the issuance of any shares of Series A Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series A Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series A Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series A Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series A Preferred Stock shall not be entitled to any accruing dividends; and

1.5.2 the holders of the Series A-1 Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A-1 Preferred Stock in an amount at least equal to the greater of (i) $0.104 per share of Series A-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock) per year, compounded annually, from and after the date of the issuance of any shares of Series A-1 Preferred Stock (to the extent not previously paid) and (ii) (A) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A-1 Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of Series A-1 Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a

dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A-1 Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (2) multiplying such fraction by an amount equal to the Series A-1 Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series A-1 Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series A-1 Preferred Stock dividend. The foregoing dividend shall not be cumulative and holders of Series A-1 Preferred Stock shall not be entitled to any accruing dividends.

1.6 The "Series E-1 Original Issue Price" shall mean $1.36 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E-1 Preferred Stock. The "Series E Original Issue Price" shall mean $1.179633 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. The "Series D Original Issue Price" shall mean $1.179633 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock. The "Series D-1 Original Issue Price" shall mean $5.50 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D-1 Preferred Stock. The "Series C Original Issue Price" shall mean $1.179633 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock. The "Series B Original Issue Price" shall mean $0.4064 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. The "Series A Original Issue Price" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock. The "Series A-1 Original Issue Price" shall mean $1.30 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Series E Preferred Stock and Series E-1 Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series E Preferred Stock and Series E-1 Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock, Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock by reason of their ownership thereof, (i) an amount per share of Series E Preferred Stock equal to the Series E Original Issue Price, plus any dividends declared but unpaid on the Series E

Preferred Stock, and (ii) an amount per share of Series E-1 Preferred Stock equal to the Series E-1 Original Issue Price, plus any dividends declared but unpaid on the Series E-1 Preferred Stock, as the case may be. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series E Preferred Stock and Series E-1 Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series E Preferred Stock and Series E-1 Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series E Preferred Stock and Series E-1 Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Preferential Payments to Holders of Series D Preferred Stock and Series D-1 Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series D Preferred Stock and Series D-1 Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock and Series E-1 Preferred Stock, but before any payment shall be made to the holders of Common Stock, Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series C Preferred Stock by reason of their ownership thereof, (i) an amount per share of Series D Preferred Stock equal to the Series D Original Issue Price, plus any dividends declared but unpaid on the Series D Preferred Stock, and (ii) an amount per share of Series D-1 Preferred Stock equal to the Series D-1 Original Issue Price, plus any dividends declared but unpaid on the Series D-1 Preferred Stock, as the case may be. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series D Preferred Stock and Series D-1 Preferred Stock the full amount to which they shall be entitled under this Subsection 2.2, the holders of shares of Series D Preferred Stock and Series D-1 Preferred Stock shall share ratably (after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock and Series E-1 Preferred Stock) in any distribution of the assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series D Preferred Stock and Series D-1 Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.3 Preferential Payments to Holders of Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series C Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock, but before any payment shall be made to the holders of Common Stock, Series A Preferred Stock, Series A-1 Preferred Stock or Series B Preferred Stock by reason of their ownership thereof, an amount per share equal to the Series C Original Issue Price, plus any dividends declared but unpaid on the Series C Preferred Stock. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series C Preferred Stock the full amount to

which they shall be entitled under this Subsection 2.3, the holders of shares of Series C Preferred Stock shall share ratably (after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock) in any distribution of the assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series C Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.4 Preferential Payments to Holders of Series B Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock, but before any payment shall be made to the holders of Common Stock, Series A Preferred Stock or Series A-1 Preferred Stock by reason of their ownership thereof, an amount per share equal to the Series B Original Issue Price, plus any dividends declared but unpaid on the Series B Preferred Stock. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they shall be entitled under this Subsection 2.4, the holders of shares of Series B Preferred Stock shall share ratably (after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock) in any distribution of the assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series B Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.5 Preferential Payments to Holders of Series A Preferred Stock and Series A-1 Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock and Series A-1 Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series C Preferred Stock and Series B Preferred Stock, but before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, (i) an amount per share of Series A Preferred Stock equal to the Series A Original Issue Price, plus any dividends declared but unpaid on the Series A Preferred Stock and (ii) an amount per share of Series A-1 Preferred Stock equal to the Series A-1 Original Issue Price, plus any dividends declared but unpaid on the Series A-1 Preferred Stock. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock and Series A-1 Preferred Stock the full amount to which they shall be entitled under this Subsection 2.5, the holders of shares of Series A Preferred Stock and Series A-1 Preferred Stock shall share ratably (after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series C

Preferred Stock and Series B Preferred Stock) in any distribution of the assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares held of Series A Preferred Stock and Series A-1 Preferred Stock by them upon such distribution if all amounts payable on or with respect to such shares of Series A Preferred Stock and Series A-1 Preferred Stock were paid in full.

2.6 Distribution of Remaining Assets.

2.6.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of the shares of Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of the Certificate of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation.

2.6.2 The aggregate amount that a holder of a share of (i) Series A Preferred Stock is entitled to receive under Subsections 2.5 and 2.6 is hereinafter referred to as the "Series A Liquidation Amount," (ii) Series A-1 Preferred Stock is entitled to receive under Subsections 2.5 and 2.6 is hereinafter referred to as the "Series A-1 Liquidation Amount," (iii) Series B Preferred Stock is entitled to receive under Subsections 2.4 and 2.6 is hereinafter referred to as the "Series B Liquidation Amount," (iv) Series C Preferred Stock is entitled to receive under Subsections 2.3 and 2.6 is hereinafter referred to as the "Series C Liquidation Amount," (v) Series D Preferred Stock is entitled to receive under Subsections 2.2 and 2.6 is hereinafter referred to as the "Series D Liquidation Amount," (vi) Series D-1 Preferred Stock is entitled to receive under Subsections 2.2 and 2.6 is hereinafter referred to as the "Series D-1 Liquidation Amount," (vii) Series E Preferred Stock is entitled to receive under Subsections 2.1 and 2.6 is hereinafter referred to as the "Series E Liquidation Amount," and (viii) Series E-1 Preferred Stock is entitled to receive under Subsections 2.1 and 2.6 is hereinafter referred to as the "Series E-1 Liquidation Amount."

2.7 Deemed Liquidation Events.

2.7.1 Definition. Each of the following events shall be considered a "Deemed Liquidation Event":

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock

that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Subsection 2.7.1, all shares of Common Stock issuable upon exercise of Options (as defined below) outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged); or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.7.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.7.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "Merger Agreement") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.7.1(a)(ii) or 2.7.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (ii) if the holders of shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock representing at least seventy-five percent (75%) of the combined voting power of the then outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, voting together as a single class in accordance with Subsection 3.1, so request in a written instrument delivered to the Corporation not later than 120 days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders (the "Available Proceeds"), to the extent

legally available therefor, on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock at a price per share equal to the Series A Liquidation Amount, Series A-1 Liquidation Amount, Series B Liquidation Amount, Series C Liquidation Amount, Series D Liquidation Amount, Series D-1 Liquidation Amount, Series E Liquidation Amount and Series E-1 Liquidation Amount, as applicable. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence:

(i) if the Available Proceeds are not sufficient to redeem all outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock, the Corporation shall redeem, prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series D-1 Preferred Stock, a pro rata portion of each holder's shares of Series E Preferred Stock and Series E-1 Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series E Preferred Stock and Series E-1 Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(ii) if the Available Proceeds are not sufficient (after redemption of all the shares of Series E Preferred Stock and Series E-1 Preferred Stock) to redeem all outstanding shares of Series D Preferred Stock and Series D-1 Preferred Stock, the Corporation shall (after the redemption of the Series E Preferred Stock and Series E-1 Preferred Stock as provided in clause A above) redeem, prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, a pro rata portion of each holder's shares of Series D Preferred Stock and Series D-1 Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series D Preferred Stock and Series D-1 Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(iii) if the Available Proceeds are not sufficient (after redemption of all the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock) to redeem all outstanding shares of Series C Preferred

Stock, the Corporation shall (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock as provided in clauses A and B above) redeem, prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock or Series B Preferred Stock, a pro rata portion of each holder's shares of Series C Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series C Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(iv) if the Available Proceeds are not sufficient (after redemption of all the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock) to redeem all outstanding shares of Series B Preferred Stock, the Corporation (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock as provided in clauses A, B and C above) shall redeem prior to any redemption of any Series A Preferred Stock or Series A-1 Preferred Stock a pro rata portion of each holder's shares of Series B Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; and

(v) if the Available Proceeds are not sufficient (after redemption of all the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series C Preferred Stock and Series B Preferred Stock) to redeem all outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock, the Corporation (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series C Preferred Stock and Series B Preferred Stock as provided in clauses A, B, C and D above) shall redeem a pro rata portion of each holder's shares of Series A Preferred Stock and Series A-1 Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor.

The provisions of Subsections 2.7.2 through 2.7.4 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock pursuant to this Subsection 2.7.2(b). Prior to the distribution or redemption provided for in this Subsection 2.7.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.7.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.7.4 Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Subsection 2.7.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, the Merger Agreement shall provide that (a) the portion of such consideration that is placed in escrow shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration payable to each stockholder (such that each stockholder has the same percentage of the total consideration payable to it placed into escrow) and (b) the portion of such consideration that is not placed in escrow shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 as if the total consideration payable to the stockholders of the Corporation, without deduction for the escrowed amount, were being paid to the stockholders of the Corporation.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, respectively, shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as applicable, held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors.

3.2.1 The holders of record of the shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, exclusively and voting together as a single class in accordance with Subsection 3.1, shall be entitled to elect three (3) directors of the Corporation (the "Senior Preferred Directors"). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, exclusively and voting together as a single class in accordance with Subsection 3.1, given either at a special meeting of the holders of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock duly called for that purpose or pursuant to a written consent of the holders of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock. If the holders of shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to the first sentence of this Subsection 3.2.1, then any directorship not so filled shall remain vacant until such time as the holders of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock or any remaining Senior Preferred Director elects a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the holders of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock or by any remaining Senior Preferred Directors.

3.2.2 The holders of record of the shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Series C Preferred Stock (collectively, the "Junior Preferred Stock"), exclusively and voting together as a single class in accordance with Subsection 3.1, shall be entitled to elect two (2) directors of the Corporation (the "Junior Preferred Directors", and with the Senior Preferred Directors, the "Investor Directors"). Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the Junior Preferred Stock, given either at a special meeting of the holders of the Junior Preferred Stock duly called for that purpose or pursuant to a written consent of the holders of the Junior Preferred Stock. If the holders of shares of Junior Preferred Stock fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to the first sentence of this Subsection 3.2.2, then any directorship not so filled shall remain vacant until such time as the holders of the Junior Preferred Stock or any remaining Junior Preferred Director elects a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the holders of the Junior Preferred Stock or by any remaining Junior Preferred Directors.

3.2.3 The holders of record of the shares of Preferred Stock and Common Stock (collectively, the "Capital Stock"), exclusively and voting together as a single class in accordance with Subsection 3.1, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing such directors, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Capital Stock shall constitute a quorum for the purpose of electing such director. A vacancy in any directorship filled by the holders of the Capital Stock shall be filled only by vote or written consent in lieu of a meeting of the holders of the Capital Stock or by any remaining director or directors elected by the holders of the Capital Stock pursuant to this Subsection 3.2.3.

3.3 Series A Preferred Stock Protective Provisions. At any time when at least 125,000 shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

3.3.1 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences or rights of the Series A Preferred Stock (it being understood that the creation or authorization of a class or series of stock that is senior to, pari passu with or junior to any other class or series of stock shall not be deemed to materially and adversely affect the powers, preferences or rights of the Series A Preferred Stock); or

3.3.2 increase or decrease the total number of authorized shares of Series A Preferred Stock.

3.4 Series A-1 Preferred Stock Protective Provisions. At any time when at least 100,000 shares of Series A-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

3.4.1 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences or rights of the Series A-1 Preferred Stock (it being understood that the creation or authorization of a class or series of stock that is senior to, pari passu with or junior to any other class or series of stock shall not be deemed to materially and adversely affect the powers, preferences or rights of the Series A-1 Preferred Stock); or

3.4.2 increase or decrease the total number of authorized shares of Series A-1 Preferred Stock.

3.5 Series B Preferred Stock Protective Provisions. At any time when at least 370,000 shares of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

3.5.1 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences or rights of the Series B Preferred Stock (it being understood that the creation or authorization of a class or series of stock that is senior to, pari passu with or junior to any other class or series of stock shall not be deemed to materially and adversely affect the powers, preferences or rights of the Series B Preferred Stock); or

3.5.2 increase or decrease the total number of authorized shares of Series B Preferred Stock.

3.6 Series C Preferred Stock Protective Provisions. At any time when at least 593,405 shares of Series C Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least sixty percent (60%) of the then outstanding shares of Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class:

3.6.1 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences or rights of the Series C-1 Preferred Stock or Series C-2 Preferred Stock (it being understood that the creation or authorization of a class or series of stock that is senior to, pari passu with or junior to any other class or series of stock shall not be deemed to materially and adversely affect the powers, preferences or rights of the Series C-1 Preferred Stock or Series C-2 Preferred Stock); or

3.6.2 increase or decrease the total number of authorized shares of Series C-1 Preferred Stock or Series C-2 Preferred Stock.

3.7 Series D Preferred Stock and Series D-1 Preferred Stock Protective Provisions. At any time when at least twenty percent (20%) of the shares of Series D Preferred Stock and Series D-1 Preferred Stock ever issued (taken together as a single class) (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock or Series D-1 Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment,

merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least fifty-six percent (56%) of the combined voting power of the then outstanding shares of Series D Preferred Stock and Series D-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) together as a single class in accordance with Subsection 3.1:

3.7.1 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the powers, preferences or rights of the Series D Preferred Stock or Series D-1 Preferred Stock (it being understood that the creation or authorization of a class or series of stock that is senior to, pari passu with or junior to any other class or series of stock shall not be deemed to materially and adversely affect the powers, preferences or rights of the Series D Preferred Stock or Series D-1 Preferred Stock); or

3.7.2 increase or decrease the total number of authorized shares of Series D Preferred Stock or Series D-1 Preferred Stock.

3.8 Series E Preferred Stock and Series E-1 Preferred Stock Protective Provisions. At any time when at least twenty percent (20%) of the shares of Series E Preferred Stock and Series E-1 Preferred Stock ever issued (taken together as a single class) (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock or Series E-1 Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) together as a single class in accordance with Subsection 3.1:

3.8.1 materially and adversely alter or change the rights, preferences or privileges of the Series E Preferred Stock or Series E-1 Preferred Stock;

3.8.2 increase or decrease the total number of authorized shares of Series E Preferred Stock or Series E-1 Preferred Stock;

3.8.3 create any new class or series of capital stock having rights, preferences or privileges senior to or pari passu with the Series E Preferred Stock or Series E-1 Preferred Stock;

3.8.4 unless approved by a majority of the Board of Directors, including at least four of the Investor Directors (or if there are four or fewer Investor Directors on the Board, including at least a majority of the remaining Investor Directors) (the “Requisite Directors”), effect a Deemed Liquidation Event;

3.8.5 liquidate, dissolve or wind-up the business and affairs of the Corporation or consent to do any of the foregoing;

3.8.6 unless approved by a majority of the Board of Directors, including the Requisite Directors, purchase, license, lease or acquire (whether by asset purchase, stock purchase, merger, business combination or otherwise) any other business or division or any material rights or assets of another entity, in each case outside of the ordinary course of business, or cause any of its subsidiaries to do any of the foregoing;

3.8.7 unless approved by a majority of the Board of Directors, including the Requisite Directors, sell, license, lease or otherwise dispose of (whether by asset sale stock sale, merger, business combination, license, partnership, joint venture, collaboration or otherwise) any business or division of the Corporation or any of its subsidiaries or any material rights, assets, clinical programs or intellectual property, or cause any of its subsidiaries to do any of the foregoing;

3.8.8 unless approved by a majority of the Board of Directors, including the Requisite Directors, make any capital expenditure that is in excess of $300,000 if such expenditure was not included in a budget approved by the Board of Directors;

3.8.9 amend or waive any provision of the Certificate of Incorporation or Bylaws;

3.8.10 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of the Series-A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such services pursuant to the terms of any stock option or restricted stock agreement;

3.8.11 decrease or increase the authorized size of the Board of Directors;

3.8.12 unless approved by the Board of Directors, including the Requisite Directors, incur indebtedness, including guaranties, letters of credit and capital leases by the Corporation, in excess of $300,000 in the aggregate in excess of any Board approved or budgeted amount, or enter into a material amendment to any instrument, document or agreement evidencing such indebtedness;

3.8.13 unless approved by the Board of Directors, including the Requisite Directors, acquire the stock or all or a substantial portion of the assets of any other entity that is not a wholly-owned subsidiary of the Corporation for aggregate consideration that exceeds $300,000;

3.8.14 unless approved by the Board of Directors, including the Requisite Directors, adopt or amend any equity incentive plan; or

3.8.15 unless approved by the Board of Directors, including the Requisite Directors, engage in, or cause any of its subsidiaries to engage in, in any material transactions with Affiliates (other than, with respect to the Corporation, with any of its wholly-owned subsidiaries, and with respect to subsidiaries of the Corporation, with the Corporation).

"Affiliate" means, with respect to a particular person or entity, persons or entities controlling, controlled by or under common control with that person or entity, as well as any officers, directors and majority-owned entities of that person or entity and of its other Affiliates. The term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or other ownership interest, by contract or otherwise.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

4.1 Right to Convert.

4.1.1 Conversion Ratio.

(a) Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series A Conversion Price" shall be equal to $10.00. Such Series A Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(b) Each share of Series A-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series A-1 Original Issue Price by the Series A-1 Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series A-1 Conversion Price" shall be equal to $13.00. Such Series A-1 Conversion Price, and the rate at which shares of Series A-1 Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(c) Each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series B Conversion Price" shall be equal to $0.4064. Such Series B Conversion Price, and the rate at which shares of Series B Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(d) Each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series C Original Issue Price by the Series C Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series C Conversion Price" shall be equal to $1.179633. Such initial Series C Conversion Price, and the rate at which shares of Series C Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(e) Each share of Series D Preferred Stock and Series D-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series D Original Issue Price by the Series D Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series D Conversion Price" shall be equal to $1.179633. Such initial Series D Conversion Price, and the rate at which shares of Series D Preferred Stock and Series D-1 Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(f) Each share of Series E Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series E Original Issue Price by the Series E Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series E Conversion Price" shall be equal to $1.179633. Such initial Series E Conversion Price, and the rate at which shares of Series E Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

(g) Each share of Series E-1 Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series E-1 Original Issue Price by the Series E-1 Conversion Price (as defined below) in effect at the time of conversion. As of October 14, 2014, the "Series E-1 Conversion Price" shall be equal to $1.36. Such initial Series E-1 Conversion Price, and the rate at which shares of Series E-1 Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination or Suspension of Conversion Rights. In the event of a notice of redemption of any shares of Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the

Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock. In the event of written notice to holders of Preferred Stock under Section 5.3.1(b) or Section 5.3.2, the Conversion Rights shall be suspended and may not be exercised for a period beginning on the date of such notice and ending on the earlier of (a) the date forty-five (45) days after the date of such notice and (b) the day after the Special Mandatory Conversion Time.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "Conversion Time"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, issue and deliver to such holder of Preferred Stock, or to such holder's nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, and cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and payment of any declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when any Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action that would cause an adjustment reducing the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, below the then par value of the shares of Common Stock issuable upon conversion of such series of Preferred Stock, the Corporation will take any corporate action that may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, respectively.

4.3.3 Effect of Conversion. All shares of Preferred Stock that shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of the applicable series of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price shall be made for any declared but unpaid dividends on the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "Series E-1 Original Issue Date" shall mean the date on which the first share of Series E-1 Preferred Stock was issued.

(c) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3, deemed to be issued) by the Corporation after the Series E-1 Original Issue Date, other than the following shares of Common Stock, and shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (collectively "Exempted Securities"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on any shares of Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to the Corporation's 2006 Stock Incentive Plan;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock offered to the public pursuant to a Qualified Public Offering (as defined in Section 5.1); or

(vi) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Requisite Directors.

4.4.2 No Adjustment of Conversion Price. No adjustment in the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as the case may be, shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if (i) with respect to the Series A Conversion Price, Series A-1 Conversion Price or Series B Conversion Price, the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, or Series B Preferred Stock, as applicable, (ii) with respect to the Series C Conversion Price, the Corporation receives written notice from the holders of at least sixty percent (60%) of the then outstanding shares of Series C Preferred Stock, (iii) with respect to the Series D Conversion Price, the Corporation receives written notice from the holders of at least fifty-six percent (56%) of the combined voting power of the then outstanding shares of Series D Preferred Stock and Series D-1 Preferred Stock, voting together as a single class in accordance with Subsection 3.1, and (iv) with respect to the Series E Conversion Price or the Series E-1 Conversion Price, the Corporation receives written notice from the holders of at least seventy-five percent (75%) of the combined voting power of the then outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, voting together as single class in accordance with Subsection 3.1, in each case agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock, provided, however, that in the event of an issuance or deemed issuance of Additional Shares of Common Stock for a consideration per share less than the Series E-1 Conversion Price but greater than the Series E Conversion Price, then, in addition to the notice provided for in clause (iv), written notice from the holders of a majority of the then outstanding shares of Series E-1 Preferred Stock, voting as a separate class in accordance with Subsection 3.1, shall be required to agree that no adjustment shall be made to the Series E-1 Conversion Price as a result of such issuance or deemed issuance.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series E-1 Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities that are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained

therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as the case may be, pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of:

(i) increasing the Series A Conversion Price to an amount that exceeds the lower of (A) the Series A Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series A Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date,

(ii) increasing the Series A-1 Conversion Price to an amount that exceeds the lower of (A) the Series A-1 Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series A-1 Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date,

(iii) increasing the Series B Conversion Price to an amount that exceeds the lower of (A) the Series B Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series B Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date,

(iv) increasing the Series C Conversion Price to an amount that exceeds the lower of (A) the Series C Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series C Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date,

(v) increasing the Series D Conversion Price to an amount that exceeds the lower of (A) the Series D Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series D Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date,

(vi) increasing the Series E Conversion Price to an amount that exceeds the lower of (A) the Series E Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series E Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date, or

(vii) increasing the Series E-1 Conversion Price to an amount that exceeds the lower of (A) the Series E-1 Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (B) the Series E-1 Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities that are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as the case may be, pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, then in effect, or because such Option or Convertible Security was issued before the Series E-1 Original Issue Date), are revised after the Series E-1 Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) that resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as applicable, shall be readjusted to such Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as so adjusted, as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as the case may be, provided for in this Subsection 4.4.3 shall be effected at the time of such

issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as applicable, that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Series A Conversion Price, Series A-1 Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series E-1 Conversion Price Upon Issuance of Additional Shares of Common Stock.

(a) In the event the Corporation shall at any time after the Series E-1 Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series E Conversion Price in effect immediately prior to such issue, then each applicable Conversion Price other than the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C)$$

For purposes of the foregoing formula in this Subsection 4.4.4(a), the following definitions shall apply:

(i) "CP_2" shall mean the applicable Conversion Price in effect immediately after such issue of Additional Shares of Common Stock;

(ii) "CP_1" shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(iii) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common

Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(iv) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to the Series E Conversion Price (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by the Series E Conversion Price); and

(v) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(b) In the event the Corporation shall at any time after the Series E-1 Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as the case may be, in effect immediately prior to such issue, then the Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C)$$

For purposes of the foregoing formula in this Subsection 4.4.4(b), the following definitions shall apply:

(i) "CP_2" shall mean the Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, in effect immediately after such issue of Additional Shares of Common Stock;

(ii) "CP_1" shall mean the Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, in effect immediately prior to such issue of Additional Shares of Common Stock;

(iii) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon conversion of the Preferred Stock immediately prior to such issue);

(iv) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as applicable (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as applicable); and

(v) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration that covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price, the Series A-l Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or Series E-1 Conversion Price, as the case may be, pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than 90 days from the first such issuance to the final such issuance, then, upon the final such issuance, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price, as applicable, shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series E-1 Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of each such series shall be increased in proportion

to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series E-1 Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series E-1 Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price, the Series A-I Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price, respectively, then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if' such distribution is not fully made on the date fixed therefor, the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price, respectively, shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as the case may be,

simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, respectively, had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series E-1 Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as the case may be, shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, respectively, had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.5, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as the case may be) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable, shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property that a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable, immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as

applicable, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, respectively.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series E-1 Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable, a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable, is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price, the Series A-1 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price, as applicable, then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property that then would be received upon the conversion of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of any series of Preferred Stock) fix the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger; transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock, Series A-1 Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series D-1 Preferred Stock, the Series E Preferred Stock, the Series E-1 Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, (i) at a price per share to the public, which when multiplied by the total number of shares of Common Stock then outstanding or then issuable upon conversion of outstanding Preferred Stock immediately prior to the consummation of the offering, exceeds $150,000,000 and (ii) which results in at least $50,000,000 of gross proceeds (before deductions of underwriters commissions and expenses) to the Corporation (a “Qualified Public Offering”) or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of shares of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock representing at least seventy-five percent (75%) of the combined voting power of the outstanding shares of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, voting together as a single class in accordance with Subsection 3.1 (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “Mandatory Conversion Time”), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender his, her or its

certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer; in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates for such shares at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

5.3 Special Mandatory Conversion. In the event that:

5.3.1 (a) pursuant to and in accordance with Section 2.3 of the Series E-1 Convertible Preferred Stock Purchase Agreement, dated October 14, 2014, among the Corporation and the purchasers of Series E-1 Preferred Stock named therein (the "Purchase Agreement"), the Corporation issues and sells shares of its capital stock at the Second Tranche Closing (as defined in the Purchase Agreement) (the "Mandatory Second Tranche Offering");

(b) the Milestone shall have been achieved or waived by the Milestone Waiver (as defined in the Purchase Agreement) or the Second Tranche Closing occurs immediately prior to the closing of an IPO (as defined in the Purchase Agreement) and the Corporation shall have delivered a written notice to each Purchaser (as defined in the Purchase Agreement): (i) stating that the Corporation will be issuing and selling additional shares of its capital stock in a Mandatory Second Tranche Offering and (ii) indicating the number of shares of its capital stock that such Purchaser is obligated to purchase at such Mandatory Second Tranche Offering pursuant to the Purchase Agreement (the "Allocated Shares"); and

(c) such Purchaser does not purchase at least his, her or its Allocated Shares at such Mandatory Second Tranche Offering (such Purchaser being referred to herein as a "Non-Participating Purchaser"), or

5.3.2 any holder of at least 500,000 shares of Series E Preferred Stock (a "Subject Holder") does not participate in the Series E-1 Financing (as defined below) by (i) purchasing in the Initial Closing or the Special Closing of such Series E-1 Financing (as such terms are defined in the Purchase Agreement) and within the time period specified by the Corporation (provided that, the Corporation has sent to each Subject Holder at least ten (10) days advance written notice of, and the opportunity to purchase at least its Pro Rata Amount (as defined below) of, the Series E-1 Financing) at least such Subject Holder's Pro Rata Amount and (ii) agreeing to purchase at the Second Tranche Closing a number of shares of Series E-1 Preferred Stock equal to at least two-thirds of such Subject Holder's Pro Rata Amount or one share more than or one share less than such number (such Subject Holder also being referred to herein as a "Non-Participating Purchaser"),

then, upon the closing of the Mandatory Second Tranche Offering in the case of Subsection 5.3.1 or the date 30 days after the First Tranche Closing (as defined in the Purchase Agreement) in the case of Subsection 5.3.2 (each a "Special Mandatory Conversion Time"), all shares of Preferred Stock held by such Non-Participating Purchaser shall automatically and without further action on the part of the Corporation or such Non-Participating Purchaser be converted into the number of shares of Common Stock into which such shares of Preferred Stock are then convertible by using a Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable, that is equal to (i) 10 multiplied by (ii) the then-existing Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series E-1 Conversion Price, as applicable (a "Special Mandatory Conversion"). Each Non-Participating Purchaser shall surrender his, her or its certificate or certificates for all such shares of Preferred Stock (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer; in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to this Subsection 5.3, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Special Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates for such shares at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.3. As soon as practicable after the Special Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly. Notwithstanding anything contained herein, any amendment to the terms of this Subsection 5.3 shall require the consent of all holders of the then outstanding Series E-1 Preferred Stock.

5.3.3 For the purposes of Subsection 5.3.2, the following definitions shall apply:

(a) "Series E-1 Financing" shall mean the sale of shares of Series E-1 Preferred Stock pursuant to the Purchase Agreement; and

(b) "Pro Rata Amount" shall mean, with respect to any Subject Holder, the number of shares of Series E-1 Preferred Stock set forth opposite such Subject Holder's name on Schedule 1.2(b) to the Purchase Agreement.

6. Redemption.

6.1 Redemption.

6.1.1 Shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock shall be redeemed by the Corporation out of funds lawfully available therefor at a price equal to the Series A Original Issue Price, Series A-1 Original Issue Price, Series B Original Issue Price, Series C Original Issue Price, Series D Original Issue Price, Series D-1 Original Issue Price, Series E Original Issue Price and Series E-1 Original Issue Price, as applicable, per share, plus any dividends declared but unpaid thereon (the "Preferred Redemption Price"), in three annual installments commencing 60 days after receipt of a written notice by the Corporation at any time on or after November 5, 2018, from the holders of shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock representing at least seventy-five percent (75%) of the combined voting power of the outstanding shares of the Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, voting together as a single class in accordance with Subsection 3.1, which notice requests redemption of all shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock (the date of each such installment being referred to as a "Redemption Date").

6.1.2 On each Redemption Date, the Corporation shall redeem, on a pro rata basis in accordance with the number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as the case may be, owned by each holder, that number of outstanding shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, as applicable, determined by dividing (i) the total number of shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock or Series E-1 Preferred Stock, as applicable, outstanding immediately prior to such Redemption Date by (ii) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies). Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence:

(a) if the Corporation does not have sufficient funds legally available to redeem on any Redemption Date all shares of Series E Preferred Stock and Series E-1 Preferred Stock to be redeemed on such Redemption Date, the Corporation shall redeem, prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock Series D Preferred Stock or Series D-1 Preferred Stock, on such Redemption Date, a pro rata portion of each holder's shares of Series E Preferred Stock and Series E-1 Preferred Stock to the fullest extent of such funds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Series E Preferred Stock and Series E-1 Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(b) if the Corporation does not have sufficient funds legally available to redeem on any Redemption Date (after redemption of the shares of Series E Preferred Stock and Series E-1 Preferred Stock to be redeemed on such Redemption Date) all shares of Series D Preferred Stock and Series D-1 Preferred Stock to be redeemed on such Redemption Date, the Corporation (after the redemption of the Series E Preferred Stock and Series E-1 Preferred Stock as provided in clause A above) shall redeem prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series C Preferred Stock on such Redemption Date a pro rata portion of each holder's shares of Series D Preferred Stock and Series D-1 Preferred Stock to the fullest extent of such funds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(c) if the Corporation does not have sufficient funds legally available to redeem on any Redemption Date (after redemption of the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock to be redeemed on such Redemption Date) all shares of Series C Preferred Stock to be redeemed on such Redemption Date, the Corporation (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock and Series D-1 Preferred Stock as provided in clauses A and B above) shall redeem prior to any redemption of any Series A Preferred Stock, Series A-1 Preferred Stock or Series B Preferred Stock on such Redemption Date a pro rata portion of each holder's shares of Series C Preferred Stock to the fullest extent of such funds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor;

(d) if the Corporation does not have sufficient funds legally available to redeem on any Redemption Date (after redemption of the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock to be redeemed on such Redemption Date) all shares of Series B Preferred Stock to be redeemed on such Redemption Date, the Corporation (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock and Series C Preferred Stock as provided in clauses A, B and C above) shall redeem a pro rata portion of each holder's shares of Series B Preferred Stock to the fullest extent of such funds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor; and

(e) if the Corporation does not have sufficient funds legally available to redeem on any Redemption Date (after redemption of the shares of Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series C Preferred Stock and Series B Preferred Stock to be redeemed on such Redemption Date) all shares of Series A Preferred Stock and Series A-1 Preferred Stock to be redeemed on such Redemption Date, the Corporation (after the redemption of the Series E Preferred Stock, Series E-1 Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, C Preferred Stock and Series B Preferred Stock as provided in clauses A, B, C and D above) shall redeem a pro rata portion of each holder's shares of Series A Preferred Stock and Series A-1 Preferred Stock to the fullest extent of such funds, based on the respective amounts that would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor.

6.2 Redemption Notice. Written notice of the mandatory redemption (the "Redemption Notice") shall be sent to each holder of record of Preferred Stock not less than 40 days prior to each Redemption Date. Each Redemption Notice shall state:

(a) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(b) the Redemption Date and the Redemption Price for shares of each series of Preferred Stock to be redeemed;

(c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(d) that the holder is to surrender to the Corporation, in the manner and at the place designated, such holder's certificate or certificates representing the shares of Preferred Stock to be redeemed.

6.3 Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised such holder's right to convert such shares as provided in Section 4, shall surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation

against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Preferred Stock shall promptly be issued to such holder .

6.4 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

8. Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding. Any of the rights, powers, preferences and other terms of the Series A-1 Preferred Stock set forth herein may be waived on behalf of all holders of Series A-1 Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A-1 Preferred Stock then outstanding. Any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series B Preferred Stock then outstanding. Any of the rights, powers, preferences and other terms of the Series C-1 Preferred Stock or the Series C-2 Preferred Stock set forth herein may be waived on behalf of all holders of such series of Series C Preferred Stock by the affirmative written consent or vote of the holders of at least sixty percent (60%) of the shares of such series of Series C Preferred Stock then outstanding. Any of the rights, powers, preferences and other terms of the Series D Preferred Stock or the Series D-1 Preferred Stock set forth herein may be waived on behalf of all holders of Series D Preferred Stock and Series D-1 Preferred Stock by the affirmative written consent or vote of the holders of at least fifty-six percent (56%) of the combined voting power of the shares of Series D Preferred Stock and Series D-1 Preferred Stock then outstanding, voting together as a single class in accordance with Subsection 3.1. Any of the rights, powers, preferences and other terms of the Series E Preferred Stock and Series E-1 Preferred Stock set forth herein may be waived on behalf of all holders of Series E Preferred Stock and Series E-1 Preferred Stock by the affirmative

written consent or vote of the holders of at least seventy-five percent (75%) of the combined voting power of the shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock then outstanding, voting together as a single class in accordance with Subsection 3.1. Any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the holders of shares of Preferred Stock representing at least a majority of the combined voting power of the outstanding Preferred Stock.

9. Preemptive Rights. The holders of Preferred Stock shall be entitled to the preemptive rights provided for in Section 3 of the Stockholders' Agreement on, and subject to, the terms set forth therein to the extent that such holder is a party to the Stockholders' Agreement and entitled to such preemptive rights thereunder.

10. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

B. Election of directors need not be by written ballot.

C. The Board of Directors is expressly authorized to adopt, amend, alter or repeal the By-Laws of the Corporation.

SIXTH: Except to the extent that the General Corporation Law of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

SEVENTH: The Corporation shall provide indemnification as follows:

1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit

plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or' on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner that Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under the Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) that the Court of Chancery of Delaware shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding any other provisions of this Article, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article SEVENTH, or in defense of any claim, issue or matter therein, or' on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith.

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel

reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnitee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnitee under this Article SEVENTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advance of Expenses. Subject to the provisions of Section 6 of this Article SEVENTH, in the event of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article, any expenses (including attorneys' fees) incurred by or on behalf of an Indemnitee in defending an action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article; and further provided that no such advancement of expenses shall be made under this Article SEVENTH if it is determined (in the manner described in Section 6) that (i) Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe his or her conduct was unlawful Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

6. Procedure for Indemnification. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article SEVENTH, an Indemnitee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, unless (i) the Corporation has assumed the defense pursuant to Section 4 of this Article SEVENTH (and none of the circumstances

described in Section 4 of this Article SEVENTH that would nonetheless entitle the Indemnitee to indemnification for the fees and expenses of separate counsel have occurred) or (ii) the Corporation determines within such 60-day period that Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 5 of this Article SEVENTH, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article shall be enforceable by Indemnitee in any court of competent jurisdiction. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article SEVENTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

8. Limitations. Notwithstanding anything to the contrary in this Article, except as set forth in Section 7 of this Article SEVENTH, the Corporation shall not indemnify an Indemnitee pursuant to this Article SEVENTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation.

Notwithstanding anything to the contrary in this Article, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article or of the relevant provisions of the General Corporation Law of Delaware or any other applicable laws shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

10. Corporate Opportunity. Pursuant to Section 122(17) of the General Corporation Law of Delaware, the Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee or consultant of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in connection with such Covered Person's capacity as a director of the Corporation.

11. Other Rights. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article.

12. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which Indemnitee is entitled.

13. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of Delaware.

14. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

15. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

EIGHTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Ninth Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Ninth Amended and Restated Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

* * *

4: That this Ninth Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the General Corporation Law.

5: That this Ninth Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Section 242 and 245 of the General Corporation Law.

[*Signature page follows*]

IN WITNESS WHEREOF, this Ninth Amended and Restated Certificate of Amendment has been executed by a duly authorized officer of the Corporation on this 14th day of October 2014.

By: /s/ Joseph A. Yanchik III
Joseph A. Yanchik III
President

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

AILERON THERAPEUTICS, INC.

Incorporated under the Laws of the

State of Delaware

Adopted as of August 6, 2001

Amended and Restated as of
October 21, 2010

TABLE OF CONTENTS

BYLAWS

OF AILERON THERAPEUTICS, INC.

(a Delaware corporation)

ARTICLE I

OFFICES

The registered office of the Corporation in State of Delaware shall be located in the City of Wilmington, County of New Castle. The Corporation may establish or discontinue, from time to time, such other offices within or without the State of Delaware as may be deemed proper for the conduct of the Corporation's business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. All meetings of stockholders shall be held at such place or places, within or without the State of Delaware, as may from time to time be fixed by the Board of Directors, or as shall be specified in the respective notices, or waivers of notice, thereof.

Section 2. Annual Meeting. The annual meeting of stockholders for the election of Directors and the transaction of other business shall be held on such date and at such place as may be designated by the Board of Directors. At each annual meeting the stockholders entitled to vote shall elect a Board of Directors and may transact such other proper business as may come before the meeting.

Section 3. Special Meetings. A special meeting of the stockholders, or of any class thereof entitled to vote, for any purpose or purposes, may be called at any time by the Chairman of the Board, if any, or the President or by order of the Board of Directors and shall be called by the Secretary upon the written request of stockholders holding of record at least 50% of the outstanding shares of stock of the Corporation entitled to vote at such meeting. Such written request shall state the purpose or purposes for which such meeting is to be called.

Section 4. Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than ten days or more than sixty days before the date on which the meeting is to be held to each stockholder of record entitled to vote thereat. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the Delaware General Corporation Law) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, date and time of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present at, and vote on, such meeting. The notice of a

special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be directed to another address, in which case such notice shall be directed to him at the address designated in such request. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the Delaware General Corporation Law.

Section 5. List of Stockholders. It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of the stock ledger to prepare and make, at least ten days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in his name. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting, (i) during ordinary business hours, at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, (ii) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided in the notice of the meeting, or, (iii) if no place or electronic network is specified in the notice of the meeting, during ordinary business hours, at the place where the meeting is to be held. The list shall be kept and produced at the time and place of the meeting during the whole time thereof and subject to the inspection of any stockholder who may be present. The original or duplicate ledger shall be the only evidence as to who are the stockholders entitled to examine such list or the books of the Corporation or to vote in person, by remote communication or by proxy at such meeting.

Section 6. Quorum. At each meeting of the stockholders, the holders of record of a majority of the issued and outstanding stock of the Corporation entitled to vote at such meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by law, the Articles of Incorporation or these Bylaws. In the absence of a quorum, any officer entitled to preside at, or act as Secretary of, such meeting shall have the power to adjourn the meeting from time to time until a quorum shall be constituted.

Section 7. Voting. Every stockholder of record who is entitled to vote shall at every meeting of the stockholders be entitled to one vote for each share of stock held by him on the record date; except, however, that shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held by the Corporation, shall neither be entitled to vote nor counted for quorum purposes. Nothing in this Section shall be construed as limiting the right of the Corporation to vote its own stock held by it in a fiduciary capacity. At all meetings of the stockholders, a quorum being present, all matters other than the election of directors shall be decided by majority vote of the shares of stock entitled to vote held by stockholders present or represented by proxy, except as otherwise required by law or the Articles of Incorporation. Unless demanded by a stockholder of the Corporation present or represented by proxy at any meeting of the stockholders and entitled to vote thereat or so directed by the chairman of the

meeting or required by law, the vote thereat on any question need not be by written ballot. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy, if there be such a proxy, and shall state the number of shares voted by him and the number of votes to which each share is entitled. If authorized by the Board of Directors, a ballot shall be deemed written and signed for the purposes of this section if electronically transmitted by a stockholder or proxyholder present by means of remote communication, or persons authorized to act for such stockholder or proxyholder, provided that any such electronic transmission sets forth or is delivered with information from which the corporation can determine (A) that the electronic transmission was transmitted by the stockholder or proxyholder, or by a person or persons authorized to act for the stockholder or proxyholder, and (B) that such stockholder or proxyholder or authorized person or persons transmitted such electronic transmission on the date of the meeting.

Section 8. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action without a meeting may authorize another person or persons to act for him by a proxy executed or transmitted in a manner permitted by the Delaware General Corporation Law by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the Corporation. No proxy shall be valid after the expiration of three years from the date thereof unless the proxy provides for a longer period.

Section 9. Action Without a Meeting.

(a) Taking of Action by Consent. Any action required to be taken at any annual or special meeting of stockholders or any action which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Electronic Transmission of Consents. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be in writing, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (A) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (B) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's

registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which the proceedings of meetings of stockholders are recorded if, and to the extent and in the manner provided by resolution of the Board of Directors. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

(c) Notice of Taking of Corporate Action. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in the manner contemplated by this Section 9 of Article II and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Section 2. Election and Term. Except as otherwise provided by law, Directors shall be elected at the annual meeting of stockholders and shall hold office until the next annual meeting of stockholders and until their successors are elected and qualify, or until they sooner die, resign or are removed. At each annual meeting of stockholders, at which a quorum is present, the persons receiving a plurality of the votes cast shall be the Directors. Acceptance of the office of Director may be expressed orally, in writing, or by electronic transmission, and attendance at the organization meeting shall constitute such acceptance.

Section 3. Number. The number of Directors shall be such number as shall be determined from time to time by the Board of Directors and initially shall be one.

Section 4. Quorum and Manner of Acting. Unless otherwise provided by law, the presence of 50% of the whole Board of Directors shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. At all meetings of Directors, a quorum being present, all matters shall be decided by the affirmative vote of a majority of the Directors present, except as otherwise required by law. The Board of Directors may hold its meetings at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine or as shall be specified in the respective notices, or waivers of notice, thereof.

Section 5. Organization Meeting. Immediately after each annual meeting of stockholders for the election of Directors the Board of Directors shall meet at the place of the annual meeting of stockholders for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. If such meeting is held at any other time or place, notice thereof must be given as hereinafter provided for special meetings of the Board of Directors, subject to the execution of a waiver of the notice thereof signed by, or the attendance at such meeting of, all Directors who may not have received such notice.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held at such place, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors. After there has been such determination, and notice thereof has been once given to each member of the Board of Directors as hereinafter provided for special meetings, regular meetings may be held without further notice being given.

Section 7. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, if any, the President or by a majority of the Directors. Notice shall be duly given to each Director (a) in person or by telephone at least 24 hours in advance of the meeting, (b) by sending written notice by reputable overnight courier, telecopy, facsimile or electronic transmission, or delivering written notice by hand, to such Director's last known business, home or electronic transmission address at least 48 hours in advance of the meeting or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. Each such notice shall state the time and place of the meeting and, as may be required, the purposes thereof. Unless limited by law, the Articles of Incorporation, these Bylaws or the terms of the notice thereof, any and all business may be transacted at any meeting without the notice thereof having specifically identified the matters to be acted upon.

Section 8. Removal of Directors. Any Director or the entire Board of Directors may be removed, with or without cause, at any time, by action of the holders of record of the majority of the issued and outstanding stock of the Corporation (a) present or represented by proxy at a meeting of holders of such stock and entitled to vote thereon or (b) by a consent in the manner contemplated in Section 9 of Article II, and the vacancy or vacancies in the Board of Directors caused by any such removal may be filled by action of such a majority at such meeting or at any subsequent meeting or by consent.

Section 9. Resignations. Any Director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board, if any, the President, the Vice President or the Secretary of the Corporation. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Vacancies. Any newly created directorships and vacancies occurring in the Board by reason of death, resignation, retirement, disqualification or removal, with or without cause, may be filled by the action of the holders of record of the majority of the issued and outstanding stock of the Corporation (a) present or represented by proxy at a meeting of holders

of such stock and entitled to vote thereon or (b) by a consent in the manner contemplated in Section 9 of Article II. The Director so chosen, whether selected to fill a vacancy or elected to a new directorship, shall hold office until the next meeting of stockholders at which the election of Directors is in the regular order of business, and until his successor has been elected and qualifies, or until he sooner dies, resigns or is removed.

Section 11. Compensation of Directors. Directors, as such, shall not receive any stated salary for their services, but, by resolution of the Board, a specific sum fixed by the Board plus expenses may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any Director from serving the Corporation or any parent or subsidiary corporation thereof in any other capacity and receiving compensation therefor.

Section 12. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing or by electronic transmission and the written consents and electronic transmissions are filed with the minutes or the proceedings of the Board or committee.

Section 13. Meetings by Conference Communications Equipment. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 14. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. Principal Officers. The Board of Directors shall elect a President, a Secretary and a Treasurer, and may in addition elect a Chairman of the Board, one or more Vice Presidents and such other officers as it deems fit; the President, the Secretary, the Treasurer, the Chairman of the Board (if any) and the Vice Presidents (if any) being the principal officers of the Corporation. One person may hold, and perform the duties of, any two or more of said offices.

Section 2. Election and Term of Office. The principal officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting thereof. Each such officer shall hold office until his successor shall have been elected and shall qualify, or until his earlier death, resignation or removal.

Section 3. Other Officers. In addition, the Board may elect, or the Chairman of the Board, if any, or the President may appoint, such other officers as they deem fit. Any such other officers chosen by the Board of Directors shall be subordinate officers and shall hold office for such period, have such authority and perform such duties as the Board of Directors, the Chairman of the Board, if any, or the President may from time to time determine.

Section 4. Removal. Any officer may be removed, either with or without cause, at any time, by resolution adopted by the Board of Directors at any regular meeting of the Board, or at any special meeting of the Board called for that purpose, at which a quorum is present.

Section 5. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board, if any, the President, the Secretary or the Board of Directors. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled for the unexpired portion of the term in the manner prescribed in these Bylaws for election or appointment to such office for such term.

Section 7. Chairman of the Board. The Chairman of the Board of Directors, if one be elected, shall preside if present at all meetings of the Board of Directors, and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. President. The President shall be the chief executive officer of the Corporation and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation. He shall preside at all meetings of the stockholders if present thereat, and in the absence or non-election of the Chairman of the Board of Directors, at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business of the Corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages, and other contracts on behalf of the Corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer.

Section 9. Vice President. Each Vice President, if such be elected, shall have such powers and shall perform such duties as shall be assigned to him by the President or the Board of Directors.

Section 10. Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Corporation. He shall exhibit at all reasonable times his books of account and records to any of the Directors of the Corporation upon application during business hours at the office of the Corporation where such books and records shall be kept; when requested by the Board of Directors, he shall render a statement of the condition of the finances of the Corporation at any meeting of the Board or at the annual meeting of stockholders; he shall receive, and give receipt for, moneys due and payable to the Corporation from any source whatsoever; in general, he shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chairman of the Board of Directors, the President or the Board of Directors. The Treasurer shall give such bond, if any, for the faithful discharge of his duties as the Board of Directors may require.

Section 11. Secretary. The Secretary, if present, shall act as secretary at all meetings of the Board of Directors and of the stockholders and keep the minutes thereof in a book or books to be provided for that purpose; he shall see that all notices required to be given by the Corporation are duly given and served; he shall have charge of the stock records of the Corporation; he shall see that all reports, statements and other documents required by law are properly kept and filed; and in general he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

Section 12. Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors, and the salaries of any other officers may be fixed by the President.

ARTICLE V

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Indemnification. The corporation shall, to the maximum extent permitted by applicable law, have power to indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the corporation and shall likewise have power to advance to each such agent expenses incurred in defending any such proceeding to the maximum extent permitted by such law. For purposes of this Article V, an “agent” of the corporation includes any person who is or was a director or officer of the corporation or was a director or officer of a corporation which was a predecessor corporation of the corporation.

Section 2. Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of these Bylaws, to the extent that an agent indemnified under Section 1 herein, has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith.

Section 3. Determination of Right to Indemnification. Unless otherwise ordered by a court, any indemnification under Section 1 herein shall be paid by the corporation unless a determination is made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the Stockholders, that indemnification of an agent entitled to indemnification under Section 1 herein, is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 herein.

Section 4. Advance Payment of Costs, Charges and Expenses. To the full extent permitted by law, the corporation shall, upon request, pay costs, charges and expenses (including attorneys' fees) incurred by an agent entitled to indemnification pursuant to Section 1 herein, in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by an agent in his capacity as an agent (and not in any other capacity in which service was or is rendered by such person while an agent) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the agent to repay all amounts so advanced in the event that it shall ultimately by determined that such agent is not entitled to be indemnified by the corporation as authorized in these Bylaws.

Section 5. Other Right; Continuation of Right to Indemnification. The indemnification and advancement of expenses provided by these Bylaws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any law (present or future, common or statutory), bylaw, agreement, vote of Stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the corporation, and shall continue as to a person who has ceased to serve in the capacity making him eligible for indemnification, and shall inure to the benefit of the estate, heirs, executors and administrators of such person; all rights to indemnification under these Bylaws shall be deemed to be a contract between the corporation and each agent indemnified hereunder who serves or served in such capacity at any time while these Bylaws as well as the relevant provisions of the Delaware General Corporation Law or any other applicable laws are or were in effect; any repeal or modification thereof shall not in any way diminish any rights to indemnification of such agent or the obligations of the corporation arising hereunder.

Section 6. Savings Clause. If Sections 1 through 5 of these Bylaws or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each agent entitled to indemnification, as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in

settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of these Bylaws that shall not have been invalidated and to the full extent permitted by applicable law. To the full extent permitted by law, the corporation may enter into and perform agreements with persons, including, without limitation, present and former officers, directors and employees of the corporation and of companies acquired by or merged with the corporation, obligating the corporation, among other things, to provide indemnification and advancement of costs, charges and expenses to such persons in addition to any indemnification or advancement which may be available to such person under Sections 1 through 5 of this Article V.

Section 7. Insurance. The Board of Directors may cause the corporation to purchase and maintain insurance on behalf of any agent, against any liability asserted against such agent and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such agent.

ARTICLE VI

SHARES AND THEIR TRANSFER

Section 1. Certificate for Stock. Every stockholder of the Corporation shall be entitled to a certificate or certificates, to be in such form as the Board of Directors shall prescribe, certifying the number of shares of the capital stock of the Corporation owned by him. No certificate shall be issued for partly paid shares.

Section 2. Stock Certificate Signature. The certificates for such stock shall be numbered in the order in which they shall be issued and shall be signed by the Chairman of the Board, if any, or the President or any Vice President and by the Secretary or an Assistant Secretary or the Treasurer of the Corporation, and its seal shall be affixed thereto. If such certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar other than the Corporation or its employee, the signatures of such officers of the Corporation may be facsimiles. In case any officer of the Corporation who has signed, or whose facsimile signature has been placed upon, any such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

Section 3. Stock Ledger. A record shall be kept by the Secretary or by any other officer, employee or agent designated by the Board of Directors of the name of each person, firm or corporation holding capital stock of the Corporation, the number of shares represented by, and the respective dates of, each certificate for such capital stock, and in case of cancellation of any such certificate, the respective dates of cancellation.

Section 4. Cancellation. Every certificate surrendered to the Corporation for exchange or registration of transfer shall be canceled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so canceled, except, subject to Section 7 of this Article VI, in cases provided for by applicable law.

Section 5. Registrations of Transfers of Stock. Registrations of transfers of shares of the capital stock of the Corporation shall be made on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation or with a transfer clerk or a transfer agent appointed as in Section 6 of this Article VI provided, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation; provided, however, that whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

Section 6. Regulations. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with the Articles of Incorporation or these Bylaws, concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation. It may appoint, or authorize any principal officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

Section 7. Lost, Stolen, Destroyed or Mutilated Certificates. Before any certificates for stock of the Corporation shall be issued in exchange for certificates which shall become mutilated or shall be lost, stolen or destroyed, proper evidence of such loss, theft, mutilation or destruction shall be procured for the Board of Directors, if it so requires.

Section 8. Record Dates. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a date as a record date for any such determination of stockholders. Such record date shall not be more than sixty or less than ten days before the date of such meeting, or more than sixty days prior to any other action.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 1. Corporate Seal. The Board of Directors shall provide a corporate seal, which shall be in such form as the Board of Directors may decide. The Secretary shall be the custodian of the seal. The Board of Directors may authorize a duplicate seal to be kept and used by any other officer.

Section 2. Voting of Stocks Owned by the Corporation. The Board of Directors may authorize any person on behalf of the Corporation to attend, vote and grant proxies to be used at any meeting of stockholders of any corporation (except the Corporation) in which the Corporation may hold stock.

Section 3. Dividends. Subject to the provisions of the Articles of Incorporation, the Board of Directors may, out of funds legally available therefor, at any regular or special meeting declare dividends upon the capital stock of the Corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the Board of Directors shall deem conducive to the interests of the Corporation.

Section 4. Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before, at or after the time stated in such notice, shall be deemed equivalent to such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VIII

AMENDMENTS

These Bylaws of the Corporation may be altered, amended or repealed by the Board of Directors at any regular or special meeting of the Board of Directors or by the affirmative vote of the holders of record of a majority of the issued and outstanding stock of the Corporation (i) present or represented by proxy at a meeting of holders of such stock and entitled to vote thereon or (ii) by a consent in the manner contemplated in Section 9 of Article II, provided, however, that notice of the proposed alteration, amendment or repeal is contained in the notice of such meeting. Bylaws, whether made or altered by the stockholders or by the Board of Directors, shall be subject to alteration or repeal by the stockholders as in this Article VIII above provided.

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Exhibit 4.2

SIXTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

SIXTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT, dated as of October 14, 2014 (this "Agreement"), among AILERON THERAPEUTICS, INC., a Delaware corporation (the "Issuer"), and the investors in the Issuer named in Schedule I hereto (collectively, the "Investors"), amending and restating the Fifth Amended and Restated Investor Rights Agreement, dated as of November 5, 2013 (the "Fifth Amended and Restated Investor Rights Agreement"), among the Issuer and the Investors.

WHEREAS, the Issuer and certain of the Investors (the "Series E-1 Investors") have entered into a Series E-1 Convertible Preferred Stock Purchase Agreement, dated as of the date hereof (the "Preferred Stock Purchase Agreement"), pursuant to which the Series E-1 Investors have agreed to purchase from the Issuer up to an aggregate of 24,264,705 shares of Series E-1 Convertible Preferred Stock, $0.01 par value per share (the "Series E-1 Preferred Stock"), of the Issuer;

WHEREAS, the Issuer and the Investors previously entered into the Fifth Amended and Restated Investor Rights Agreement and the Issuer and the Investors desire to amend and restate the Fifth Amended and Restated Investor Rights Agreement in order to take into account the issuance of the Series E-1 Preferred Stock, such amendment being a condition precedent to the execution, delivery and performance of the Preferred Stock Purchase Agreement;

WHEREAS, the execution of this Agreement is a condition to the closing of the transactions contemplated by the Preferred Stock Purchase Agreement;

WHEREAS, as an inducement to the Series E-1 Investors to consummate the transactions contemplated by the Preferred Stock Purchase Agreement, the Issuer has agreed to enter into this Agreement; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms have the following respective meanings:

"Additional Shares" means shares of Common Stock (i) acquired by the Investors or (ii) issued or issuable to the Investors upon conversion or exercise of any security of the Issuer other than by conversion of the Preferred Shares, provided that (a) in the case of clause (i) such shares of Common Stock are, at the time of their acquisition, "restricted securities" as such term is defined in Rule 144 or otherwise subject to the restrictions on resale of Rule 144 and (b) in the case of clause (ii), such security is a "restricted security" at the time of acquisition or is otherwise subject to restrictions on resale under Rule 144.

"Affiliate" means, with respect to any Person, any other Person Controlling, Controlled by or under common Control with that Person, as well as any officers, directors and majority-owned entities of that Person and of its other Affiliates. Any director, member of management or other employee of the Issuer or any of its Subsidiaries who would not otherwise be an Affiliate of an Investor shall not be deemed to be an Affiliate of such Investor.

"Agreement" shall have the meaning given it in the first paragraph of this Agreement.

"Board" means the Board of Directors of the Issuer.

"Common Stock" means the Common Stock, $0.001 par value, of the Issuer.

"Company Sale" means a Deemed Liquidation Event (as such term is defined in the Issuer's Eighth Amended and Restated Certificate of Incorporation, as it may be amended or restated from time to time (the "Certificate of Incorporation")).

"Competitor" means an operating entity whose business is the research, development, manufacture, commercialization or marketing of pharmaceutical products.

"Confidential Information" means any information that is labeled as confidential, proprietary or secret that an Investor obtains from the Issuer pursuant to financial statements, reports and other materials provided by the Issuer to such Investor pursuant to this Agreement or pursuant to visitation or inspection rights granted hereunder.

"Control" means (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other ownership interest, by contract or otherwise.

"Conversion Shares" means the shares of Common Stock issued or issuable upon conversion of the Preferred Shares.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder that shall be in effect at the time. Any reference to a particular section thereof shall include a reference to the corresponding section, if any, of any such successor federal statute, and the rules and regulations thereunder.

"FINRA" means the Financial Industry Regulatory Authority.

"GAAP" means United States generally accepted accounting principles.

"Holder" means any holder of Registrable Securities or Preferred Shares, including a Holder that has received Registrable Securities pursuant to Section 4.3.

"Investor" shall have the meaning given it in the first paragraph of this Agreement.

"Issuer" shall have the meaning given it in the first paragraph of this Agreement.

"Material Adverse Effect" means any material adverse effect on the business, assets, properties or financial condition of the Issuer.

"Person" means any natural person, firm, partnership, association, corporation, company, trust, business trust, governmental entity or other entity.

"Preferred Shares" mean any shares of Series A Preferred Stock, Series A-l Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock.

"Preferred Stock Purchase Agreement" shall have the meaning given it in the first recital hereof.

"Prospectus" means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

"Qualified Public Offering" means a Qualified Public Offering as such term is defined in Section 5.1. of the Certificate of Incorporation.

"Registrable Securities" means (a) the Shares, (b) the Additional Shares, (c) any securities issued or issuable with respect to any Shares or Additional Shares referred to in the foregoing clauses (a) and (b), (i) upon any conversion or exchange thereof, (ii) by way of stock dividend or other distribution, stock split or reverse stock split, or (iii) in connection with a combination of shares, recapitalization, merger, consolidation, exchange offer or other reorganization. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (A) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (B) such securities shall have been distributed to a third party in reliance upon Rule 144, (C) subject to the provisions of Section 4.1(b)(ii), such securities shall have been otherwise transferred, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Issuer and subsequent disposition of such securities shall not require registration or qualification of such securities under the Securities Act or any similar state law then in force, (D) such securities shall have been acquired by the Issuer, (E) at such time, following a Qualified Public Offering, as such securities become eligible for sale by the Holder thereof pursuant to Rule 144(b)(i) under the Securities Act, or (F) upon any transfer in any manner to a person or entity that is not entitled, pursuant to Section 4.3, to the rights under this Agreement. In determining the number of Registrable Securities outstanding at any time or whether the Holders of the requisite number of Registrable Securities have taken any action hereunder and in calculating the number of Registrable Securities for all purposes under this Agreement, (i) the Preferred Shares shall be deemed to have been converted at the then existing conversion price and (ii) such calculation shall include the number of shares of Common Stock then deliverable upon conversion of the Preferred Shares.

"Registration Expenses" means all fees and expenses incident to the performance of or compliance with the provisions of Section 2 of this Agreement, whether or not any registration statement is filed or becomes effective, including, without limitation, all (i) registration and filing fees (including, without limitation, (A) fees with respect to filings required to be made with FINRA in connection with an underwritten offering, (B) fees and expenses of compliance with state securities or blue sky laws (including, without limitation, fees and disbursements of counsel for the underwriter or underwriters in connection with blue sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as provided in Section 2.3(e)), and (C) fees and other expenses associated with the listing of the Shares and any Additional Shares on a registered national securities exchange), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing Prospectuses), (iii) fees and disbursements of all independent registered public accounting firms referred to in Section 2.3 (including, without limitation, the reasonable expenses of any special audit and "cold comfort" letters required by or incident to such performance), (iv) the fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Rule 2720 of the National Association of Securities Dealers Rules of Conduct incorporated into the rules of FINRA, (v) fees and expenses of all attorneys, advisers, appraisers and other persons retained by the Issuer or any Subsidiary of the Issuer, (vi) the expenses relating to printing and distributing all registration statements, underwriting agreements, securities sales agreements, indentures and any other documents necessary in order to comply with this Agreement and (vii) the reasonable out-of-pocket expenses of the Holders of the Registrable Securities being registered in such registration incurred in connection therewith including, without limitation, the reasonable fees and disbursements (not to exceed $30,000) of not more than one counsel chosen by the

Holders of a majority of the then-outstanding Registrable Securities to be included in such Registration Statement; provided, however, that if a registration under Section 2.1 is withdrawn at the request of the Investors requesting such registration (other than, prior to the end of the applicable period specified in Section 2.3(b), as a result of information concerning a Material Adverse Effect on the business or financial condition of the Issuer that is made known to the Investors after the date on which such registration was requested and if the requesting Investors elect not to have such registration counted as a registration requested under Section 2.1) the Investors shall pay the Registration Expenses of such registration pro rata in accordance with the number of their Registrable Securities that would otherwise have been included in such registration. "Registration Expenses" shall not include any underwriting discounts or commissions or any transfer taxes payable in respect of the sale of Registrable Securities by the Holders thereof.

"Registration Statement" means any registration statement of the Issuer that covers any of the Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such registration statement, including post-effective amendments, in each case including the Prospectus, and all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Requisite Directors" shall have the meaning set forth in the Stockholders' Agreement.

"Requisite Holders" means the Requisite Investors (as defined in the Stockholders' Agreement).

"Rule 144" means Rule 144 (or any successor provision) under the Securities Act.

"Rule 145" means Rule 145 (or any successor provision) under the Securities Act.

"SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act or the Exchange Act.

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder that shall be in effect at the time. Any reference to a particular section thereof shall include a reference to the corresponding section, if any, of any such successor federal statute, and the rules and regulations thereunder.

"Senior Preferred Registrable Securities" means shares of Common Stock issued or issuable upon conversion of the Series E-1 Preferred Stock, Series E Preferred Stock, the Series D-1 Preferred Stock and the Series D Preferred Stock that are Registrable Securities.

"Series A Preferred Stock" means the Series A Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series A-l Preferred Stock" means the Series A-1 Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series B Preferred Stock" means the Series B Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series C Preferred Stock" means the Series C-1 Convertible Preferred Stock, $0.01 par value, of the Issuer and the Series C-2 Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series D Preferred Stock" means the Series D Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series D-1 Preferred Stock" means the Series D-1 Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series E Preferred Stock" means the Series E Convertible Preferred Stock, $0.01 par value, of the Issuer.

"Series E-1 Preferred Stock" has the meaning given to it in the first recital hereof.

"Shares" means the Conversion Shares.

"Special Registration" means the registration of shares of equity securities and/or options or other rights in respect thereof to be offered solely to directors, members of management, employees, consultants or sales agents, distributors or similar representatives of the Issuer or its direct or indirect Subsidiaries, solely on Form S-8 or Form S-4 or any successor form.

"Stockholders Agreement" means the Sixth Amended and Restated Stockholders Agreement dated as of the date hereof, by and among the Issuer and the Stockholders named therein, as may be amended from time to time.

"Subsidiary" means, with respect to any Person, any other Person, a majority of the outstanding voting stock or other equity interests of which is owned, directly or indirectly, by that Person.

"underwritten registration" or "underwritten offering" means a registration in which securities of the Issuer (including Registrable Securities) are sold to an underwriter for re-offering to the public.

2. Registration.

2.1 Demand Registration.

(a) Requests. Subject to the provisions of Section 2.7, at any time or from time to time after the earlier to occur of (i) November 5, 2017 or (ii) 180 days following the effective date of the initial Qualified Public Offering of the Common Stock, a Holder or the Holders holding at least thirty percent (30%) of the Senior Preferred Registrable Securities shall have the right to make written requests that the Issuer effect a registration under the Securities Act with respect to at least 20% of the outstanding Registrable Securities, or any lesser percentage of the outstanding Registrable Securities if the reasonably anticipated aggregate offering price to the public would equal or exceed $10,000,000. Such requests shall specify the intended method of disposition thereof by such Holder, including whether the registration requested is for an underwritten offering. The Issuer shall not be required to effect a registration pursuant to this Section 2.l(a) on more than two occasions during the term of this Agreement *provided*, however, that if the Issuer is not entitled to use Commission Form S-3 due to the Issuer's failure to comply with its filing obligations under the Exchange Act, the Holders shall be entitled to additional S-1 Registrations under Section 2.1(a) notwithstanding the foregoing limitation; except that in no event shall the Issuer be required to effect any registration on more than one occasion during any 12-month period. Nothing in this Agreement shall prevent any Holder from making a request under Section 2.1(a) or 2.1(b) prior to converting the Preferred Shares. The Issuer shall not be required to file any Registration Statement pursuant to this Section 2.1(a) if within 30 days of any request to register Registrable Securities pursuant to this Section 2.1(a), the Issuer furnishes to the requesting Holder or Holders a certificate signed by the President of the Issuer stating that the Issuer has a good faith intent to engage in a firmly underwritten public offering within 90 days of such request, such right to delay a request to be exercised by the Issuer not more than once in any twelve-month period.

(b) Form S-3 Registration. If at any time the Issuer is eligible to file a Registration Statement under the Securities Act on Form S-3 (or any successor short form registration statement), a Holder or Holders of the Senior Preferred Registrable Securities shall have the right to make written requests that the Issuer effect a registration under the Securities Act on Form S-3 of all or part of the Registrable Securities of the Holder making such request, which requests shall specify the intended method of disposition thereof by such Holder, including whether (i) the registration requested is for an underwritten offering and (ii) the Registration Statement covering such Registrable Securities shall provide for the sale by the Holder thereof of the Registrable Securities from time to time on a delayed or a continuous basis under Rule 415 under the Securities Act. The Issuer shall not be required to file any such Registration Statement (i) if the reasonably anticipated aggregate price to the public of the offering would not exceed $1,000,000 or (ii) if within 30 days of any request to register Registrable Securities pursuant to this Section 2.1(b), the Issuer furnishes to the requesting Holder or Holders a certificate signed by the President of the Issuer stating that the Issuer has a good faith intent to engage in a firmly underwritten public offering within 90 days of such request, such right to delay a request to be exercised by the Issuer not more than once in any twelve-month period. No requested registration under this Section 2.l(b) shall constitute a “demand” registration for purposes of Section 2.1(a). So long as the provisions and requirements of this Section 2.1(b) are satisfied and subject to the other provisions of this Agreement, there shall be no limit on the number of times a Holder or Holders may make a written request that the Issuer effect a registration hereunder except that the Issuer shall not be required to effect a registration pursuant to this Section 2.l(b) on more than two (2) occasions during any 12-month period.

(c) Obligation to Effect Registration. Within 20 days after receipt by the Issuer of any request for registration pursuant to Section 2.1(a) or 2.1(b), the Issuer shall promptly give written notice of such requested registration to all Holders, and thereupon will use its best efforts to effect the registration under the Securities Act of:

(i) the Registrable Securities that the Issuer has been so requested to register pursuant to Section 2.1(a) or 2.1(b), and

(ii) all other Registrable Securities that the Issuer has been requested to register by the Holders thereof by written request given to the Issuer within 10 days after the Issuer has given such written notice (which request shall specify the intended method of disposition of such Registrable Securities), all to the extent required to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered.

(d) Effective Registration Statement. A registration requested pursuant to Section 2.1(a) or 2.1(b) shall not be deemed to have been effected unless the Registration Statement for such registration is declared effective by the SEC and remains effective for the period specified in Section 2.3(b). Notwithstanding the preceding sentence, a registration requested pursuant to Section 2.1(a) or 2.1(b) that does not become effective after the Issuer has filed a Registration Statement with respect thereto by reason of the refusal to proceed of the Holders of Senior Preferred Registrable Securities requesting the registration, or by reason of a request by the Holders of at least a majority of the Senior Preferred Registrable Securities for which registration is being requested that such registration be withdrawn, shall be deemed to have been effected by the Issuer at the request of such Holders.

(e) Pro Rata Allocation. If the Holders of at least a majority of the Senior Preferred Registrable Securities for which registration is being requested pursuant to Section 2.1(a) or 2.1(b) determine, based on consultation with the managing underwriters or, in an offering that is not underwritten, with an investment banker, that the number of securities to be sold in any such offering should be limited due to market conditions or otherwise, Holders of Registrable Securities proposing to sell their securities in such registration shall be entitled to include in such registration:

(i) first, all Senior Preferred Registrable Securities requested to be included by the Holders, allocated pro rata based on the number of Senior Preferred Registrable Securities as to which registration was requested by such Holders;

(ii) second, to the extent that the number of shares registered pursuant to clause (i) above is less than the number of securities to be sold in such offering, the remaining Registrable Securities requested to be included by the Holders, pro rata based on the number of such Registrable Securities as to which registration was requested by such Holders.

(f) Inclusion of Other Securities in Demand Registration.

(i) The Issuer may, subject to the remainder of this Section 2.l(f), elect to include in any Registration Statement made pursuant to Section 2.1(a) or 2.1(b), authorized but unissued shares of Common Stock, or shares of Common Stock held as treasury stock, provided, however that in the event that (i) such Registration Statement was made pursuant to Section 2.1(a), (ii) the Issuer elects to include such shares of Common Stock in such Registration Statement, and (iii) the number of shares requested to be registered under Section 2.1(a) is reduced pursuant to Section 2.1(f)(ii), then the registration made with regard to such Registration Statement will not be deemed to be one of the two allowable registration requests permitted to be made pursuant to Section 2.1(a).

(ii) If any Registration Statement made pursuant to Section 2.1(a) or 2.1(b) involves an underwritten offering and the managing underwriter of such offering (or, in connection with an offering that is not underwritten, an investment banker) shall advise the Issuer that the number of securities requested to be included in such registration exceeds the largest number that can be sold in an orderly manner in such offering within a price range acceptable to the selling Holders, the Issuer shall include in such registration:

(A) first, all shares of Common Stock requested to be included in such registration by the selling Holders subject to Section 2.1(e);

(B) second, to the extent that the number of securities to be registered pursuant to clause (A) above is less than the largest number that can be sold in an orderly manner in such offering within a price range acceptable to the selling Holders, securities that the Issuer proposes to register; and

(C) third, to the extent that the number of shares registered pursuant to clauses (A) and (B) above is less than the largest number that can be sold in an orderly manner in such offering within a price range acceptable to the selling Holders, the securities requested to be included by any other holders.

The securities to be included in any such registration pursuant to clause (C) shall be allocated on a pro rata basis among all holders requesting that securities be included in such registration pursuant to such clause on the basis of the number of securities requested to be included by such holders.

2.2 Piggyback Registration. If the Issuer at any time proposes to register any Common Stock under the Securities Act (other than pursuant to a Registration Statement relating solely to the sale of securities on Form S-4 with respect to any merger, consolidation or acquisition, pursuant to Section 2.1 or pursuant to a Special Registration), whether or not for sale for its own account, and the registration form to be used may be used for the registration of Registrable Securities, it shall give prompt written notice to all Holders of its intention to do so and, upon the written request of any Holder given to the Issuer within 10 days after the Issuer has given any such notice (which request shall specify the Registrable Securities intended to be disposed of by such Holder and the intended method of disposition thereof), the Issuer will use its best efforts to effect the registration under the Securities Act of all Registrable Securities that the Issuer has been so requested to register by the Holders thereof, to the extent required to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered, provided that:

(a) if, at any time after giving written notice of its intention to register any Common Stock and prior to the effective date of the Registration Statement filed in connection with such registration, the Issuer shall determine for any reason not to register such Common Stock, the Issuer may, at its election, give written notice of such determination to each Holder that was previously notified of such registration and, thereupon, shall not register any Registrable Securities in connection with such registration (but shall nevertheless pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Holders to request that a registration be effected under Section 2.1; and

(b) if the Issuer shall be advised in writing by the managing underwriters (or, in connection with an offering that is not underwritten, by an investment banker) that due to marketing factors, the number of securities requested to be included in such registration exceeds the number of such securities that can be sold in such offering in an orderly manner within a price range that is acceptable to the Issuer, the Issuer shall include in such registration:

(i) first, all shares of Common Stock that the Issuer proposes to register for its own account or the account of the holder or holders initially requesting or demanding such registration;

(ii) second, to the extent that the number of shares registered pursuant to clause (i) above is less than the largest number that can be sold in an orderly manner in such offering within a price range acceptable to the Issuer, the Registrable Securities requested to be included by the Holders, subject to Section 2.1(e);

(iii) third, to the extent that the number of shares registered pursuant to clauses (i) and (ii) above is less than the largest number that can be sold in an orderly manner in such offering within a price range acceptable to the Issuer, the securities requested to be included by any other holders,

and the Issuer shall so provide in any registration agreement hereinafter entered into with respect to any of its securities.

The securities to be included in any such registration pursuant to clause (ii) or (iii) shall be allocated on a pro rata basis among all holders requesting that securities be included in such registration pursuant to such clause on the basis of the number of securities requested to be included by such holders (in the case of clause (ii), subject to Section 2.1(e)).

Subject to Section 2.5, no registration effected under this Section 2.2 shall relieve the Issuer from its obligation to effect registrations upon request under Section 2.1. Nothing in this Agreement shall prevent any Holder from making a request under this Section 2.2 prior to converting the Preferred Shares.

2.3 Registration Procedures. If and whenever the Issuer is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 2.1 and 2.2, the Issuer shall:

(a) prepare and file with the SEC, as soon as practicable, a Registration Statement with respect to such securities, make all required filings with FINRA and use its best efforts to cause such Registration Statement to become effective at the earliest possible date;

(b) prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith and such other documents as may be necessary to keep such Registration Statement effective until the earlier of (i) 30 days after the effective date of such Registration Statement (360 days in the case of a shelf registration pursuant to Section 2.1(b)) or (ii) the consummation of the disposition by the Holders of all the Registrable Securities covered by such Registration Statement and otherwise comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement;

(c) furnish to counsel (if any) selected by the Holders of a majority of the Registrable Securities covered by such Registration Statement and to counsel for the underwriters in any underwritten offering copies of all documents proposed to be filed with the SEC in connection with such registration a reasonable time prior to the proposed filing thereof and give reasonable consideration in good faith to any comments of such Holders, counsel and underwriters;

(d) furnish to each seller of Registrable Securities, without charge, such reasonable number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case, including all exhibits (including exhibits incorporated by reference), financial statements, schedules and all documents incorporated therein, deemed to be incorporated therein by reference or filed therewith, except that the Issuer shall not be obligated to furnish any seller of securities with more than two copies of such exhibits and documents), such number of copies of the Prospectus included in such Registration Statement (including each preliminary prospectus and any summary prospectus) in conformity with the requirements of the Securities Act, and such other documents, as such seller may reasonably request in order to facilitate the disposition of the securities owned by such seller;

(e) use its best efforts to register or qualify and cooperate with the Holders of Registrable Securities, the underwriters and their respective counsels in connection with the registration or qualification (or exemption from such registration or qualification) of the securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each seller shall request; provided, that where Registrable Securities are offered other than through an underwritten offering, the Issuer agrees to cause its counsel to perform blue sky investigations and file registrations and qualifications required to be filed pursuant to this Section 2.3(e)); keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be effective hereunder and do any and all other acts and things that may be necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such seller; provided, however, that the Issuer shall not be required in connection with this paragraph (e) to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or to amend its Certificate of Incorporation or By-laws in a manner that the Board determines is inadvisable;

(f) (i) notify each Holder of Registrable Securities subject to such Registration Statement if such Registration Statement, at the time it or any amendment thereto became effective, (x) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading upon discovery by the

Issuer of such material misstatement or omission or (y) upon discovery by the Issuer of the happening of any event as a result of which the Issuer believes there would be such a material misstatement or omission, and, as promptly as practicable, prepare and file with the SEC a post-effective amendment to such Registration Statement and use best efforts to cause such post-effective amendment to become effective such that such Registration Statement, as so amended, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) notify each Holder of Registrable Securities subject to such Registration Statement, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, if the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading upon discovery by the Issuer of such material misstatement or omission or upon discovery by the Issuer of the happening of any event as a result of which the Issuer believes there would be such a material misstatement or omission, and, as promptly as is practicable, prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and each such Holder of Registrable Securities shall immediately discontinue any sales of Registrable Securities pursuant to such Registration Statement until such Holder of Registrable Securities has received copies of a supplemented or amended Prospectus or until such Holder of Registrable Securities is advised in writing by the Issuer that the then current Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus;

(g) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement of the Issuer complying with the provisions of Section 1l(a) of the Securities Act and Rule 158 promulgated under the Securities Act (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to an underwriter or to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to an underwriter or to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Issuer after the effective date of the relevant Registration Statement, which statements shall cover said 12-month periods;

(h) promptly notify each Holder of any Registrable Securities covered by such Registration Statement, their counsel and the underwriters (i) when such Registration Statement, or any post-effective amendment to such Registration Statement, shall have become effective, or any amendment of or supplement to the Prospectus used in connection therewith shall have been filed, (ii) of any request by the SEC to amend such Registration Statement or to amend or supplement such Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation or threatening of any proceedings for any of such purposes, (iv) of the suspension of the qualification of such securities for offering or sale in any jurisdiction, or of the institution of any proceedings for any of such purposes and (v) if at any time when a Prospectus is to be required by the Securities Act to be delivered in connection with the sale of the Registrable Securities, the representations and warranties of the Issuer contained in any agreement (including the underwriting agreement contemplated in Section 2.4(b) below), to the knowledge of the Issuer, cease to be true and correct in any material respect;

(i) use its best efforts to prevent the issuance of any order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Securities covered thereby for sale in any jurisdiction, and, if any such order is issued, to use its best efforts to obtain the withdrawal of any such order at the earliest possible moment;

(j) prior to the effective date of the Registration Statement, (i) provide the registrar or transfer agent for the Common Stock or such other Registrable Securities with printed certificates for such securities in a form eligible for deposit with DTC and (ii) provide a CUSIP number for such securities;

(k) have the right, if the Board, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because (x) it would materially interfere with any material financing, acquisition, corporation reorganization, merger, or other transaction involving the Issuer or any of its Subsidiaries or (y) it would require the disclosure of material nonpublic information, which disclosure would have a Material Adverse Effect (each a "Valid Business Reason"), (i) to postpone filing a Registration Statement until such Valid Business Reason no longer exists, but in no event for more than 60 days, and (ii) to cause any Registration Statement that has already been filed to be withdrawn and its effectiveness terminated or to postpone amending or supplementing such Registration Statement until such Valid Business Reason no longer exists, but in no event for more than 60 days (the "Postponement Period"); provided, however, that in no event shall the Issuer be permitted to postpone or withdraw a Registration Statement under this subsection (k) or otherwise more than once in any 180 day period;

(l) participate in marketing any Registrable Securities in connection with the registration of such securities under this Agreement (including, but not limited to, making available reasonably necessary personnel and participating in a road show) as would be customary for public offerings of this nature; and

(m) may, by furnishing to the requesting Holder or Holders a certificate signed by the President of the Issuer stating that, in the good faith judgment of the Board, circumstances exist (other than the circumstances set forth in subparagraph (k) but including the Issuer's good faith intent to engage in a firmly underwritten public offering), such that it would be detrimental to the Issuer and its investors for a registration requested pursuant to Section 2.1 to be effected at such time, direct that such request be delayed for a period not in excess of 90 days from the receipt of the request, such right to delay a request to be exercised by the Issuer not more than once in any twelve-month period (and not during the 180 day period commencing upon the expiration of any Postponement Period).

The Issuer may require each Holder of any Registrable Securities as to which any registration is being effected to furnish to the Issuer such information regarding such Holder and the distribution of such securities as the Issuer may from time to time reasonably request in writing and as shall be required by law in connection therewith. Each such Holder agrees to furnish promptly to the Issuer all information required to be disclosed in order to make the information previously furnished to the Issuer by such Holder not materially misleading.

By the acquisition of Registrable Securities, each Holder shall be deemed to have agreed that upon receipt of any notice from the Issuer pursuant to Section 2.3(f) or (k), such Holder will promptly discontinue such Holder's disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Holder shall have received, in the case of clause (i) of Section 2.3(f), notice from the Issuer that such Registration Statement has been amended, as contemplated by Section 2.3(f); in the case of clause (ii) of Section 2.3(f), copies of the supplemented or amended Prospectus contemplated by Section 2.3(f); or, in the case of Section 2.3(k), until the time period specified

has elapsed or such Holder has received notice from the Issuer that the Postponement Period has been terminated. If so directed by the Issuer, each Holder will deliver to the Issuer (at the Issuer's expense) all copies, other than permanent file copies, in such Holder's possession of the Prospectus covering such Registrable Securities at the time of receipt of such notice. In the event that the Issuer shall give any such notice, the period mentioned in Section 2.3(b) shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when the Issuer shall have sent to the Holder copies of the supplemented or amended Prospectus contemplated by Section 2.3(f).

2.4 Underwritten Offerings. The provisions of this Section 2.4 do not establish registration rights in addition to those set forth in Sections 2.1, 2.2 and 2.3, but instead set forth procedures applicable, in addition to those set forth in Sections 2.1 through 2.3, to any registration that is an underwritten offering.

(a) Underwritten Offerings Exclusive. Whenever a registration requested pursuant to Section 2.1 or 2.2 is for an underwritten offering, only securities that are to be distributed by the underwriters may be included in the registration.

(b) Underwriting Agreement. If requested by the underwriters for any underwritten offering by Holders pursuant to a registration requested under Section 2.1, the Issuer shall enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Issuer and to the underwriters and to contain such representations and warranties by the Issuer and such other terms and provisions as are customarily contained in agreements of this type, including, but not limited to, indemnities to the effect and to the extent provided in Section 2.8, provisions for the delivery of officers' certificates, opinions of counsel and accountants' "cold comfort" letters, and lock-up arrangements. The Holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement.

(c) Selection of Underwriters. Whenever a registration is for an underwritten offering, the Issuer shall have the right to select one or more underwriters to administer the offering; provided that the lead underwriter shall be an underwriter of nationally recognized standing.

2.5 Lock-Up Agreements. If and whenever the Issuer proposes to register any of its equity securities under the Securities Act in an initial public offering, each of the Holders, (i) if required by the managing underwriter, and (ii) so long as all stockholders holding 5% or more of the total outstanding shares of Common Stock and Preferred Shares of the Issuer on a fully-diluted basis and all officers and directors of the Issuer are also restricted in their ability to transfer securities of the Issuer by terms at least as restrictive as those contained in this Section 2.5, agrees by acquisition of such Registrable Securities not to effect (other than pursuant to such registration) any public sale or distribution, including, but not limited to, any sale pursuant to Rule 144, of any Registrable Securities, any other equity securities of the Issuer or any securities convertible into or exchangeable or exercisable for any equity securities of the Issuer during the time periods specified by the managing underwriter (not to exceed 180 days), to the extent timely notified in writing by the Issuer or the managing underwriter. Each holder hereby agrees to enter into a customary agreement with the managing underwriter for the initial public offering to the effect set forth in the preceding sentence. If and whenever the Issuer is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 2.1 or 2.2, the Issuer, if required by the managing underwriter in an underwritten offering, shall not effect (other than pursuant to such registration or a Special Registration) any public sale or distribution of any other equity securities of the Issuer or any securities convertible into or exchangeable or exercisable for any equity securities of the Issuer during the 10 days prior to, and for 90 days (or 180 days in the case of an initial public offering) after, the effective date of such registration, to the extent timely notified in writing by the managing underwriter. In addition, in such circumstances, the

Issuer shall use its best efforts to cause its directors and officers and all holders of 5% or more of its equity securities (other than the Holders) not to effect (other than pursuant to such registration) any public sale or distribution, including, but not limited to, any sale pursuant to Rule 144, of any equity securities of the Issuer or any securities convertible into or exchangeable or exercisable for any equity securities of the Issuer during the 10 days prior to, and for 90 days (or 180 days in the case of an initial public offering) after, the effective date of such registration, to the extent timely notified in writing by the managing underwriter.

2.6 Preparation; Reasonable Investigation. In connection with the preparation and filing of each Registration Statement registering Registrable Securities under the Securities Act, the Issuer shall give the Holders of such Registrable Securities so to be registered and their underwriters or placement agents, if any, and their respective counsel and accountants, the opportunity to participate in the preparation of such Registration Statement, each Prospectus included therein or filed with the SEC, and each amendment thereof or supplement thereto, and shall, upon reasonable advance notice and during normal business hours, give one representative of the Investors such access to all pertinent financial, corporate and other documents and properties of the Issuer and its Subsidiaries, and such opportunities to discuss the business of the Issuer with its officers, directors, employees and the independent registered public accounting firm that has issued audit reports on its financial statements as shall be reasonably necessary, in the opinion of such Holders' and such underwriters' or placement agents' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

2.7 Other Registrations. If and whenever the Issuer is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 2.1 or 2.2, and if such registration shall not have been withdrawn or abandoned, the Issuer shall not be obligated to and shall not file any Registration Statement with respect to any of its securities (including Registrable Securities) under the Securities Act (other than a Special Registration), whether of its own accord or at the request or demand of any holder or holders of such securities, until a period of 180 days shall have elapsed from the effective date of such previous registration, provided that the Issuer shall not be prohibited from filing a registration statement by virtue of this Section 2.7 more than once in a 360 day period.

2.8 Indemnification.

(a) Indemnification by the Issuer. In the event of any registration of any Registrable Securities under the Securities Act pursuant to Section 2.1 or 2.2, the Issuer shall indemnify and hold harmless the seller of such securities, its directors, officers, and employees, each other person who participates as an underwriter, broker or dealer in the offering or sale of such securities and each other person, if any, who controls such seller or any such participating person within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which such seller or any such director, officer, employee, participating person or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any Prospectus or preliminary prospectus included therein, or any amendment or supplement thereto, or (ii) any omission or alleged omission to state a material fact required to be stated in any such Registration Statement, Prospectus, preliminary prospectus, amendment or supplement or necessary to make the statements therein not misleading; and the Issuer shall reimburse such seller and each such director, officer, employee, participating person and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding as such expenses are incurred; provided that the Issuer shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or omission made in any such Registration Statement, Prospectus, preliminary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Issuer by such seller or participating person expressly for use in the preparation thereof.

(b) Indemnification by the Seller. In the event of any registration of any Registrable Securities under the Securities Act pursuant to Section 2.1 or 2.2, each of the prospective sellers of such securities, severally and not jointly, will indemnify and hold harmless the Issuer, each director of the Issuer, each officer of the Issuer who shall sign such Registration Statement, each other person who participates as an underwriter, broker or dealer in the offering or sale of such securities and each other person, if any, who controls the Issuer or such other participating person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which the Issuer or any such director, officer, participating person or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any Prospectus or preliminary prospectus included therein, or any amendment or supplement thereto, or any omission or alleged omission to state a material fact with respect to such seller required to be stated in any such Registration Statement, Prospectus, preliminary prospectus, amendment or supplement or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon and in conformity with written information furnished to the Issuer by such seller expressly for use in the preparation of any such Registration Statement, Prospectus, preliminary prospectus, amendment or supplement; provided that the liability of each such seller shall be in proportion to and limited to the net amount received by such seller (after deducting any underwriting discount and expenses) from the sale of Registrable Securities pursuant to such Registration Statement.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraphs of this Section 2.8, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party hereunder, give prompt written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided therein shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.8 unless the failure to provide prompt written notice shall cause actual prejudice to the indemnifying party. In case any such action is brought against an indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to retain counsel reasonably satisfactory to such indemnified party to defend against such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel and the payment of such fees by the indemnifying party, or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (iii) the indemnifying party has not retained counsel to defend such proceeding, in which case (under any of such clauses (i), (ii) or (iii)) it is understood that (x) the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties and (y) such firm shall be designated in writing by the Holders of a majority of the Registrable Securities included in such Registration Statement in the case of parties indemnified pursuant to Section 2.8(a) and by the Issuer in the case of parties indemnified pursuant to Section 2.8(b). No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of such indemnified party, which consent shall not be

unreasonably withheld, consent to entry of any judgment or enter into any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity was sought hereunder by such indemnified party unless such judgment or settlement includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Other Indemnification. Indemnification similar to that specified in the preceding paragraphs of this Section 2.8 (with appropriate modifications) shall be given by the Issuer and each seller of Registrable Securities with respect to any required registration or other qualification of such Registrable Securities under any federal or state law or regulation of governmental authority other than the Securities Act.

(e) Other Remedies. If for any reason the foregoing indemnity is unavailable, or is insufficient to hold harmless an indemnified party, other than by reason of the exceptions provided therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Holders of Registrable Securities covered by the Registration Statement in question and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuer and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.8 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph of this Section 2.8 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 1l(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. No party shall be liable for contribution under this Section 2.8(e) except to the extent and under such circumstances as such party would have been liable to indemnify under this Section 2.8 if such indemnification were enforceable under applicable law.

(f) Officers and Directors. As used in this Section 2.8, the terms "officers" and "directors" shall include the partners of Holders that are partnerships and the members of Holders that are limited liability companies.

2.9 Expenses. The Issuer shall pay all Registration Expenses in connection with each registration of Registrable Securities pursuant to this Section 2. All other expenses shall be borne by the Holders participating in such registration.

2.10 Termination. All of the Issuer's obligations to register Registrable Securities under Sections 2.1 and 2.2 shall terminate upon the earliest of (a) five years after the closing of an initial public offering, (b) the date on which no Holder holds any Registrable Securities or (c) a Company Sale.

3. Covenants of the Issuer. The Issuer shall comply with the covenants set forth in Sections 3.1 through 3.13:

3.1 Financial Statements. The Issuer shall maintain a system of accounts in accordance with GAAP applied on a consistent basis, keep full and complete financial records, and, so long as the Issuer has not effected a Qualified Public Offering, furnish to each Holder that owns shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock that are convertible, in the aggregate, into at least 400,000 shares of Common Stock (subject to adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (a "Major Holder") the following reports:

(a) within 120 days after the end of each fiscal year, an audited balance sheet of the Issuer as at the end of such year, together with related audited statements of operations and cash flows of the Issuer for such year, examined and reported upon by the Issuer's independent public accountants reasonably satisfactory to the Major Holders, prepared in accordance with GAAP and certified by Chief Financial Officer of the Issuer, together with comparisons of actual results versus the Issuer's budget for such year;

(b) within 45 days after the end of each fiscal quarter, unaudited balance sheets and statements of operations and cash flows of the Issuer, such balance sheets to be as of the end of such quarter and such statements of operations and cash flows to be both for the year- to-date period as of the end of such quarter and for the quarter, prepared in accordance with GAAP and certified by the Chief Financial Officer of the Issuer, together with comparisons of actual results versus the results for comparable periods in the preceding fiscal year and versus the Issuer's budget through such period;

(c) within 30 days after the end of each month, unaudited balance sheets and statements of operations and cash flows of the Issuer, such balance sheets to be as of the end of such month and such statements of operations and cash flows to be both for the year- to-date period as of the end of such month and for the month, prepared in accordance with GAAP and certified by the Chief Financial Officer of the Issuer, together with comparisons of actual results versus the results for comparable periods in the preceding fiscal year and versus the Issuer's budget through such period;

(d) within 30 days after the end of each fiscal year, the Issuer's annual budget for the following fiscal year, as approved by the Board; and

(e) such other information as the Major Holders may reasonably request in connection with any of the transactions entered into or proposed to be entered into by the Issuer that are not in the ordinary course of the Issuer's business.

3.2 Directors' Indemnification. The Certificate of Incorporation or By-laws of the Issuer shall at all times provide for indemnification of the directors and limitations on the liability of the directors to the fullest extent permitted under applicable state law.

3.3 Inspection. The Issuer shall, upon reasonable prior notice to the Issuer and during normal business hours, permit one authorized representative of any Major Holder to visit and inspect any of the properties of the Issuer, including its books of account, and to discuss its affairs, finances and accounts with its officers and independent accountants, all at reasonable times and at such Major Holder's expense; provided, that no action requested under this Section 3.3 shall unreasonably interfere with the normal business operations of the Issuer.

3.4 Stock Incentive Plans. The Issuer shall not, without the approval of a majority of the Board, including the Requisite Directors, (a) create or amend any stock option plan or similar stock option, equity participation or bonus arrangement or (b) allocate any capital stock or any securities convertible into or evidencing the right to purchase shares of capital stock to employees, directors or consultants of the Issuer.

3.5 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Issuer, any Confidential Information, unless such Confidential Information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.5 by such Investor), (b) is or has been independently developed or conceived by the Investors without use of the Issuer's Confidential Information or (c) is or has been made known or disclosed to the Issuer by a third party without a breach of any obligation of confidentiality such third party may have to the Issuer; provided, however, that a Investor may disclose Confidential Information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Issuer, (ii) to any prospective purchaser of any Shares from such Investor as long as such prospective purchaser agrees to be bound by the provisions of this Section 3.5, (iii) to any Affiliate of such Investor, provided that such party is obligated not to disclose, divulge or use any Confidential Information to the same extent as the Investors, or (iv) as may otherwise be required by law, provided that the Investor takes reasonable steps to minimize the extent of any such required disclosure. Notwithstanding the foregoing, such information shall not be deemed confidential for the purpose of enforcing this Agreement.

3.6 Confidentiality and Inventions Agreements. The Issuer hereby covenants and agrees that (a) each employee and officer hired by the Issuer shall sign a Confidentiality and Inventions Agreement substantially in the form attached to the Preferred Stock Purchase Agreement as "Exhibit G" prior to the commencement of such person's employment with the Issuer and (b) each consultant engaged by the Issuer shall agree in writing to be bound by nondisclosure and assignment of inventions terms consistent with nondisclosure and assignment of inventions terms previously approved by the Board.

3.7 Limitations on Subsequent Registration Rights. The Issuer hereby covenants and agrees that it shall not, without the prior written consent of Holders of at least a majority of the Senior Preferred Registrable Securities then outstanding, including the Requisite Holders, enter into any agreement with any holder or prospective holder of any securities of the Issuer that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of Holders that are included or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder.

3.8 Key Man Insurance. Subject to the approval of the Board, including the Requisite Directors, the Issuer will use its best efforts to obtain and maintain in full force and effect term life insurance in the amount of $2 million dollars on the life of Joseph Yanchik, naming the Issuer as beneficiary.

3.9 Indemnification. The Issuer shall enter into and use its best efforts to at all times maintain indemnification agreements substantially in the form attached as Exhibit A hereto with each of its directors to indemnify such directors to the maximum extent permissible under applicable law.

3.10 Stock Vesting. Unless otherwise approved by the Board, including the Requisite Directors, all stock options and other stock equivalents that (i) are issued after the date of this Agreement to employees, directors and consultants shall vest no sooner than ratably over four years and (ii) constitute the first grant of stock options or other stock equivalents to a particular employee shall be subject to vesting that is no more favorable to the employee than the following: (a) twelve and one-half percent (12.5%) of such stock shall vest at the end of the first six months following the earlier of the date of issuance or such person's services commencement date with the Issuer, and (b) eighty-seven and one-half percent (87.5%) of such stock shall vest monthly over the remaining forty-two (42) months.

3.11 Assignment of Right of First Refusal. In the event the Issuer elects not to exercise any right of first refusal or right of first offer the Issuer may have on a proposed transfer of any of the Issuer's outstanding capital stock pursuant to the Issuer's charter documents, by contract or otherwise, the Issuer shall assign such right of first refusal or right of first offer to each Major Holder to the extent it may do so and to the extent that the Major Holders do not otherwise have rights of first refusal or rights of first offer with respect to such transfer. In the event of such assignment, each Major Holder shall have a right to purchase its *pro rata* portion of the capital stock proposed to be transferred. Each Major Holder's pro rata portion shall be equal to the product obtained by multiplying (i) the aggregate number of shares proposed to be transferred by (ii) a fraction, the numerator of which is the number of shares of Registrable Securities held by such Major Holder at the time of the proposed transfer and the denominator of which is the total number of Registrable Securities owned by all Major Holders at the time of such proposed transfer.

3.12 Protective Provisions. At any time when at least twenty percent (20%) of the shares of Series E Preferred Stock and Series E-1 Preferred Stock ever issued (taken together as a single class) (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock or the Series E-1 Preferred Stock) are outstanding, the Issuer shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock, including the Requisite Holders:

(a) materially and adversely alter or change the rights, preferences or privileges of the Series E Preferred Stock or Series E-1 Preferred Stock;

(b) increase or decrease the total number of authorized shares of Series E-1 Preferred Stock;

(c) create any new class or series of capital stock having rights, preferences or privileges senior to or pari passu with the Series E Preferred Stock or Series E-1 Preferred Stock;

(d) unless approved by a majority of the Board of Directors, including the Requisite Directors, effect a Deemed Liquidation Event;

(e) liquidate, dissolve or wind-up the business and affairs of the Issuer or consent to do any of the foregoing;

(f) unless approved by a majority of the Board of Directors, including the Requisite Directors, purchase, license, lease or acquire (whether by asset purchase, stock purchase, merger, business combination or otherwise) any other business or division or any material rights or assets of another entity, in each case outside of the ordinary course of business, or cause any of its subsidiaries to do any of the foregoing;

(g) unless approved by a majority of the Board of Directors, including the Requisite Directors, sell, license, lease or otherwise dispose of (whether by asset sale stock sale, merger, business combination, license, partnership, joint venture, collaboration or otherwise) any business or division of the Issuer or any of its subsidiaries or any material rights, assets, clinical programs or intellectual property, or cause any of its subsidiaries to do any of the foregoing;

(h) unless approved by a majority of the Board of Directors, including the Requisite Directors, make any capital expenditure that is in excess of $300,000 if such expenditure was not included in a budget approved by the Board of Directors;

(i) amend or waive any provision of the Certificate of Incorporation or Bylaws;

(j) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Issuer other than (i) redemptions of the Series-A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Issuer or any subsidiary in connection with the cessation of such services pursuant to the terms of any stock option or restricted stock agreement;

(k) decrease or increase the authorized size of the Board of Directors;

(l) unless approved by the Board of Directors, including the Requisite Directors, incur indebtedness, including guaranties, letters of credit and capital leases by the Issuer, in excess of $300,000 in the aggregate in excess of any Board approved or budgeted amount, or enter into a material amendment to any instrument, document or agreement evidencing such indebtedness;

(m) unless approved by the Board of Directors, including the Requisite Directors, acquire the stock or all or a substantial portion of the assets of any other entity that is not a wholly-owned subsidiary of the Issuer for aggregate consideration that exceeds $300,000;

(n) unless approved by the Board of Directors, including the Requisite Directors, adopt or amend any equity incentive plan; or

(o) unless approved by the Board of Directors, including the Requisite Directors, engage in, or cause any of its subsidiaries to engage in, in any material transactions with Affiliates (other than, with respect to the Issuer, with any of its wholly-owned subsidiaries, and with respect to subsidiaries of the Issuer, with the Issuer).

3.13 Standard of Conduct. The Issuer acknowledges receipt of the "Prevention of Corruption—Third Party Guidelines" provided to the Issuer by S.R. One (the "Guidelines"). The Issuer agrees that it shall use commercially reasonable efforts to ensure that it and any of its subsidiaries operate its and their business in accordance with the Guidelines and shall notify the Board of Directors if it becomes aware of any activities or proposed activities to be conducted by itself or any of its subsidiaries that may be contrary in any material respect to the principles set forth in the Guidelines.

3.14 Termination. All of the Issuer's obligations under Sections 3.1 through 3.12 shall terminate upon the earliest of (a) the closing of a Qualified Public Offering (as defined in the Certificate of Incorporation), (b) the date on which no Holder holds any Registrable Securities or (c) a Company Sale.

4. Miscellaneous.

4.1 Rule 144; Legended Securities; etc.

(a) After the earliest of (i) the closing of the sale of securities of the Issuer pursuant to a Registration Statement, (ii) the registration by the Issuer of a class of securities under Section 12 of the Exchange Act, or (iii) the issuance by the Issuer of an offering circular pursuant to Regulation A under the Securities Act, the Issuer agrees to:

(i) make and keep current public information about the Issuer available, as those terms are understood and defined in Rule 144;

(ii) use its best efforts to file with the SEC in a timely manner all reports and other documents required of the Issuer under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(iii) furnish to any holder of Registrable Securities upon request (i) a written statement by the Issuer as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Issuer, and (iii) such other reports and documents of the Issuer as such holder may reasonably request to avail itself of any similar rule or regulation of the SEC allowing it to sell any such securities without registration.

(b) The Issuer shall issue new certificates for Registrable Securities without a legend restricting further transfer if (i) such securities have been sold to the public pursuant to an effective Registration Statement under the Securities Act (other than Form S-8 if the Holder of such Registrable Securities is an Affiliate) or Rule 144, or (ii) (x) such issuance is otherwise permitted under the Securities Act, (y) the Holder of such shares has delivered to the Issuer an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Issuer, to such effect and (z) the Holder of such shares expressly requests the issuance of such certificates in writing.

4.2 Entire Agreement; Amendments and Waivers. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understanding among them, including the Fifth Amended and Restated Investor Rights Agreement as to such subject matter. This Agreement may be amended, modified, changed, discharged, waived or terminated, and the Issuer may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Issuer shall have obtained the written consent to such amendment, modification, change, discharge, waiver, termination, action or omission to act, of holders of at least a majority of the combined voting power of the then outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock on or prior to a Qualified Public Offering, including the Requisite Holders, and the holders of at least a majority of the Senior Preferred Registrable Securities after the Qualified Public Offering. Notwithstanding the foregoing, (i) a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders may be given by Holders of at least a majority of the Senior Preferred Registrable Securities being sold by such Holders pursuant to such Registration Statement and (ii) this Agreement may not be amended, modified, changed, waived, discharged or terminated and the observance of any term hereunder may not be waived with respect to any Holder without the written consent of such Holder if such amendment, modification, waiver, discharge or termination uniquely applies to such Holder; provided, however, that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party or parties granting such waiver in any other respect or at any other time.

4.3 Successors, Assigns and Transferees.

(a) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors, assigns and transferees. Any Holder may assign its rights applicable to the shares transferred hereunder to:

(i) if such Holder is a natural person, the spouse or lineal descendants of such Holder, or to a trust for the benefit of any of the foregoing;

(ii) successors, assigns and transferees of such Holder by merger or consolidation or otherwise by operation of law;

(iii) any transferee who acquires at least 30% of the Registrable Securities owned by a transferring Holder immediately after the end of the period following the First Tranche Closing (as defined in the Preferred Stock Purchase Agreement); or

(iv) any partner, retired partner, member, former member, stockholder or other Affiliate of a Holder;

provided, however, that rights under Section 3.1 and Section 3.3 of this Agreement may not be transferred by a Holder to an entity that is a Competitor without the prior consent of the Issuer and provided further that a transfer to a subsidiary or Affiliate of Eli Lilly & Company, GlaxoSmithKline, Roche Holding Ltd. or Novartis AG that does not engage in the development, manufacture, commercialization or marketing of pharmaceutical products shall not be deemed a transfer to a Competitor for purposes of this Section 4.3.

(b) In addition, such assignment is conditioned upon: (i) such Investor or other Holder agreeing in writing with the transferee or assignee to assign such rights, and the Issuer receiving written notice from the assigning party at the time of such assignment stating the name and address of the assignee and identifying the capital stock of the Issuer as to which the rights in question are being assigned; and (ii) the transferee or assignee agreeing in writing to be bound by all of the terms and conditions of this Agreement.

4.4 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by facsimile transmission, by courier service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as set forth below:

(1) if to the Issuer, to it at:

Aileron Therapeutics, Inc.
281 Albany Street
Cambridge, MA 02139
Facsimile: (617) 995-2410
Attention: President

with a copy to:

WilmerHale
60 State Street
Boston, MA 02109
Facsimile: (617) 526-5000
Attention: Stuart M. Falber, Esq.

(2) if to any Holder, to it at the address set forth next to its name on Schedule I, with a copy to: Cooley LLP, 11951 Freedom Drive, Reston, VA 20190, Attention: Christian Plaza, Esq.

or, in any case, at such other address or facsimile number as shall have been furnished in writing by such party to all of the other parties hereto. Any party may give any notice or other communication in connection herewith using any other means (including, but not limited to, messenger service, telex or ordinary mail), but no such notice or other communication shall be deemed to have been duly given unless and until it is actually received by the individual for whom it is intended.

4.5 No Inconsistent Agreements. The Issuer shall not hereafter enter into any agreement, or amend any existing agreement, with respect to its securities if such agreement would be inconsistent with the rights granted to the Holders by this Agreement.

4.6 Enforcement of Agreement,

(a) The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

(b) The prevailing party in any judicial action shall be entitled to receive from the other party reimbursement for the prevailing party's reasonable attorneys' fees and disbursements, and court costs.

4.7 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

4.8 Headings. Headings of this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

4.9 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts (and may be delivered by facsimile), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties hereto.

4.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to its rules of conflict of laws.

4.11 No Third Party Beneficiaries. Except as provided in Section 2.8, nothing in this Agreement shall confer any rights upon any person or entity other than the parties hereto, each such party's respective successors and permitted assigns.

4.12 Effectiveness. This Agreement shall become effective when executed by (i) the Issuer and (ii) holders of at least sixty percent (60%) of the outstanding shares of Series D Preferred Stock, Series D-1 Preferred Stock and Series E Preferred Stock, including the Requisite Holders (as such term was defined in the Fifth Amended and Restated Investor Rights Agreement), upon which time the Fifth Amended and Restated Investor Rights Agreement shall be amended and restated in its entirety to read as set forth herein and this Agreement shall be binding upon each of the parties to the Fifth Amended and Restated Investor Rights Agreement (and any successor, assignee or transferee of any such party), notwithstanding any failure by any such party to sign a counterpart signature page hereto.

4.13 Additional Purchasers. Persons or entities that, after the date hereof, purchase Shares pursuant to the Preferred Stock Purchase Agreement may, with the prior approval of the Issuer (but without the need for approval by any other party to this Agreement), become parties to this Agreement by executing and delivering a Financing Signature Page (as defined in the Preferred Stock Purchase Agreement), whereupon they shall be deemed "Investors" for all purposes of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the undersigned has executed this Sixth Amended and Restated Investor Rights Agreement or caused this Sixth Amended and Restated Investor Rights Agreement to be executed on its behalf as of the date first written above.

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik
Joseph A. Yanchik
President

INVESTORS:

Counterpart signature pages attached.

Exhibit 10.1

AILERON THERAPEUTICS, INC.

2006 STOCK INCENTIVE PLAN

(as most recently amended on October 14, 2014)

1. Purpose

The purpose of this 2006 Stock Incentive Plan (the "Plan") of Aileron Therapeutics, Inc. a Delaware corporation (the "Company"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to align their interests with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "Board").

2. Eligibility

All of the Company's employees, officers, directors, consultants and advisors are eligible to receive options, restricted stock, restricted stock units and other stock-based awards (each, an "Award") under the Plan. Each person who receives an Award under the Plan is deemed a "Participant".

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Awards to employees or officers of the Company or any of its present or future subsidiary corporations and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of the Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to Awards that the officers may grant; provided further, however, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act).

4. Stock Available for Awards. Subject to adjustment under Section 8, Awards may be made under the Plan for up to 15,990,119 shares of common stock, 0.001 par value per share, of the Company (the "Common Stock"). If any Award expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or results in any Common Stock not being issued, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock tendered to the Company by a Participant to exercise an Award shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares. At no time while there is any Option (as defined below) outstanding and held by a Participant who was a resident of the State of California on the date of grant of such Option, shall the total number of shares of Common Stock issuable upon exercise of all outstanding options and the total number of shares provided for under any stock bonus or similar plan of the Company exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of the California Code of Regulations (the "California Regulations"), based on the shares of the Company which are outstanding at the time the calculation is made.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option which is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "Nonstatutory Stock Option".

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall only be granted to employees of Aileron Therapeutics, Inc., any of Aileron Therapeutics, Inc.'s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or for any action taken by the Board pursuant to Section 9(f), including without limitation the conversion of an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify such exercise price in the applicable option agreement.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

(e) Exercise of Option. Options may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board together with payment in full as specified in Section 5(f) for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company following exercise either as soon as practicable or, subject to such conditions as the Board shall specify, on a deferred basis (with the Company's obligation to be evidenced by an instrument providing for future delivery of the deferred shares at the time or times specified by the Board).

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as the Board may otherwise provide in an option agreement, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) when the Common Stock is registered under the Exchange Act, by delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the Board ("Fair Market Value"), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent permitted by applicable law and by the Board, by (i) delivery of a promissory note of the Participant to the Company on terms determined by the Board, or (ii) payment of such other lawful consideration as the Board may determine; or

(5) by any combination of the above permitted forms of payment.

(g) Substitute Options. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Options in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Options may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Options contained in the other sections of this Section 5 or in Section 2. Substitute Options shall not count against the overall share limit set forth in Section 4(a), except as may be required by reason of Section 422 and related provisions of the Code.

(h) Repricing of Options. The Board may, without stockholder approval, amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option. The Board may also, without stockholder approval, cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option.

6. Restricted Stock; Restricted Stock Units

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("Restricted Stock"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. Instead of granting Awards for Restricted Stock, the Board may grant Awards entitling the recipient to receive shares of Common Stock to be delivered at the time such shares of Common Stock vest ("Restricted Stock Units") (Restricted Stock and Restricted Stock Units are each referred to herein as a "Restricted Stock Award").

(b) Terms and Conditions. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for repurchase (or forfeiture) and the issue price, if any.

(c) Stock Certificates. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

7. Other Stock-Based Awards

Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("Other Stock Unit Awards"), including without limitation stock appreciation rights and Awards entitling recipients to receive shares of Common Stock to be delivered in the future. Such Other Stock Unit Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock Unit Awards may be paid in shares of Common Stock or cash, as the Board shall determine. Subject to the provisions of the Plan, the Board shall determine the conditions of each Other Stock Unit Award, including any purchase price applicable thereto.

8. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the number and class of securities and exercise price per share of each outstanding Option, (iii) the repurchase price per share subject to each outstanding Restricted Stock Award, and (iv) the terms of each other outstanding Award shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent determined by the Board.

(b) Reorganization Events

(1) Definition. A "Reorganization Event" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any exchange of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock Awards. In connection with a Reorganization Event, the Board shall take any one or more of the following actions as to all or any outstanding Awards on such terms as the Board determines: (i) provide that Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that the Participant's unexercised Options or other unexercised Awards shall become exercisable in full and will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become realizable or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), make or provide for a cash payment to a Participant equal to (A) the Acquisition Price times the number of shares of Common Stock subject to the Participant's Options or other Awards (to the extent the exercise price does not exceed the Acquisition Price) minus (B) the aggregate exercise price of all such outstanding Options or other Awards, in exchange for the termination of such Options or other Awards, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof) and (vi) any combination of the foregoing.

For purposes of clause (i) above, an Option shall be considered assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent value (as determined by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

To the extent all or any portion of an Option becomes exercisable solely as a result of clause (ii) above, the Board may provide that upon exercise of such Option the Participant shall receive shares subject to a right of repurchase by the Company or its successor at the Option exercise price; such repurchase right (x) shall lapse at the same rate as the Option would have become exercisable under its terms and (y) shall not apply to any shares subject to the Option that were exercisable under its terms without regard to clause (ii) above.

(3) Consequences of a Reorganization Event on Restricted Stock Awards. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company under each outstanding Restricted Stock Award shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Common Stock subject to such Restricted Stock Award. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock Awards then outstanding shall automatically be deemed terminated or satisfied.

9. General Provisions Applicable to Awards

(a) Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. Each Participant shall pay to the Company, or make provision satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with an Award to such Participant. Except as the Board may otherwise provide in an Award, for so long as the Common Stock is registered under the Exchange Act, Participants may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; provided, however, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(f) Amendment of Award. The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

10. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to such Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of 10 years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

(e) Authorization of Sub-Plans. The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to this Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or

(ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Code Section 409A. No Award shall provide for deferral of compensation that does not comply with Section 409A of the Code, unless the Board, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code.

(g) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than such state.

Exhibit 10.2

AILERON THERAPEUTICS, INC.

Incentive Stock Option Agreement
Granted Under 2006 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), on , 200[ ] (the "Grant Date") to [ ], an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2006 Stock Incentive Plan (the "Plan"), a total of [ ] shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at an exercise price of $[ ] per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on the tenth anniversary of the Grant Date (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") as to % of the original number of Shares on the [first] anniversary of the Grant Date and as to an additional % of the original number of Shares at the end of each successive [three month] period following the first anniversary of the Grant Date until the [fourth] anniversary of the Grant Date.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee or officer of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment is terminated by the Company for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination of employment. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his or her employment by the Company for Cause, and the effective date of such employment termination is subsequent to the date of delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination of employment (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate upon the effective date of such termination of employment). If the Participant is party to an employment or severance agreement with the Company that contains a definition of "cause" for termination of employment, "Cause" shall have the meaning ascribed to such term in such agreement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company, which determination shall be conclusive. The Participant shall be considered to have been discharged for Cause if the Company determines, within 30 days after the Participant's resignation, that discharge for cause was warranted.

(f) Stockholders Agreement. As a condition to the exercise of this option, in whole or in part, the Participant, prior to such exercise of this option, shall execute and deliver or shall have executed and delivered to the Company the counterpart signature page attached hereto as Exhibit A to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended from time to time (the "Stockholders Agreement"), among the Company

and the Stockholders (as defined therein) agreeing to become a party to the Stockholders Agreement and be bound by the terms thereof; provided that if the Participant has previously executed and delivered the Stockholders Agreement, the Participant need only reaffirm his obligations thereunder; and provided further that the Participant shall not be obligated to execute and deliver the Stockholders Agreement in the event that it has expired or been terminated.

4. Company Right of First Refusal.

(a) Notice of Proposed Transfer. If the Participant proposes to sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively, "transfer") any Shares acquired upon exercise of this option, then the Participant shall first give written notice of the proposed transfer (the "Transfer Notice") to the Company. The Transfer Notice shall name the proposed transferee and state the number of such Shares the Participant proposes to transfer (the "Offered Shares"), the price per share and all other material terms and conditions of the transfer.

(b) Company Right to Purchase. For 30 days following delivery to the Company of such Transfer Notice, the Company shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice. In the event the Company elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Participant within such 30-day period. Within 10 days after delivery to the Participant of such notice, the Participant shall tender to the Company at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Company, duly endorsed in blank by the Participant or with duly endorsed stock powers attached thereto, all in form suitable for transfer of the Offered Shares to the Company. Promptly following receipt of such certificate or certificates, the Company shall deliver or mail to the Participant a check in payment of the purchase price for the Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Company may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice; and provided further that any delay in making such payment shall not invalidate the Company's exercise of its option to purchase the Offered Shares.

(c) Shares Not Purchased By Company. If the Company does not elect to acquire any of the Offered Shares, the Participant may, within the 90-day period following the expiration of the option granted to the Company under subsection (b) above, transfer the Offered Shares which the Company has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the Transfer Notice. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 4 shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(d) Consequences of Non-Delivery. After the time at which the Offered Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Offered Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Offered Shares, but shall, insofar as permitted by law, treat the Company as the owner of such Offered Shares.

(e) Exempt Transactions. The following transactions shall be exempt from the provisions of this Section 4:

(1) a transfer of Shares to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives"), or to a trust established solely for the benefit of the Participant and/or Approved Relatives;

(2) any transfer pursuant to an effective registration statement filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); and

(3) the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation);

provided, however, that in the case of a transfer pursuant to clause (1) above, such Shares shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(f) Assignment of Company Right. The Company may assign its rights to purchase Offered Shares in any particular transaction under this Section 4 to one or more persons or entities.

(g) Termination. The provisions of this Section 4 shall terminate upon the earlier of the following events:

(1) the closing of the sale of shares of Common Stock in an underwritten public offering pursuant to an effective registration statement filed by the Company under the Securities Act; or

(2) the sale of all or substantially all of the capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(h) No Obligation to Recognize Invalid Transfer. The Company shall not be required (1) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Section 4, or (2) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

(i) Stockholders Agreement. Notwithstanding the foregoing, in the event that and for so long as the Shares are subject to a right of first refusal in favor of the Company under the terms of the Stockholders Agreement, paragraphs (a) through (f) of this Section 4 shall be of no force or effect.

5. Agreement in Connection with Public Offering.

The Participant agrees, in connection with the initial underwritten public offering of the Company's securities pursuant to a registration statement under the Securities Act, (i) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock held by the Participant (other than those shares included in the offering) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for a period of 180 days from the effective date of such registration statement, and (ii) to execute any agreement necessary to effect clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering.

6. Tax Matters.

(a) Withholding. No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

(b) Disqualifying Disposition. If the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

7. Nontransferability of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

8. Delivery of Shares; Compliance with Securities Laws, Etc.

(a) General. The Company shall, upon payment of the option price for the number of Shares purchased and paid for, make prompt delivery of such Shares to the Participant, provided that if any law or regulation requires the Company to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to complete such action.

(b) Listing, Qualification, Etc. This option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Shares subject hereto upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public

information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares hereunder, this option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, disclosure or satisfaction of such other condition shall have been effected or obtained on terms acceptable to the Board of Directors. Nothing herein shall be deemed to require the Company to apply for, effect or obtain such listing, registration, qualification, or disclosure, or to satisfy such other condition.

(c) Legends on Stock Certificates. All stock certificates representing Shares issued to the Participant upon exercise of this option shall have affixed thereto legends substantially in the following forms, in addition to any other legends required by applicable state law:

> "The shares of stock represented by this certificate are subject to restrictions on transfer set forth in a certain Option Agreement between the corporation and the registered owner of these shares (or his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."
>
> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

9. Investment Representations.

The Participant represents, warrants and covenants as follows:

(a) Any Shares purchased upon exercise of this option shall be acquired by Participant's account for investment only, and not with a view to, or for sale in connection with, any distribution of such Shares in violation of the Securities Act, or any rule or regulation under the Securities Act.

(b) The Participant has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Participant has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in his investment in the Company and to make an informed investment decision with respect to such purchase.

(d) The Participant is able to bear the economic risk of holding Common Stock acquired pursuant to the exercise of this option for an indefinite period.

(e) The Participant understands that (i) the Common Stock acquired pursuant to the exercise of this option have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act, (ii) such Common Stock cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register any Common Stock acquired pursuant to the exercise of this option under the Securities Act.

By making payment upon exercise of this option, the Participant shall be deemed to have reaffirmed, as of the date of such payment, the representations made in this Section 9.

10. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AILERON THERAPEUTICS, INC.

By: _____

Name: _____
Title: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2006 Stock Incentive Plan.

PARTICIPANT:

_____

Address: _____

_____

Exhibit A

AILERON THERAPEUTICS, INC.

Sixth Amended and Restated Stockholders Agreement

Counterpart Signature Page

The undersigned has received and reviewed the Sixth Amended and Restated Stockholders Agreement dated as of October 14, 2014 among Aileron Therapeutics, Inc. and certain stockholders of Aileron Therapeutics, Inc. (the "Stockholders Agreement").

The undersigned hereby agrees to be bound by the terms and conditions of the Stockholders Agreement as a "Common Stockholder" thereunder.

Executed, in counterpart, as of the date set forth below.

_____

Printed or Typed Name

_____

Signature

Date: _____, 20__

If signing on behalf of an entity, please indicate title below:

Title: _____

Exhibit 10.3

AILERON THERAPEUTICS, INC.

Nonstatutory Stock Option Agreement
Granted Under 2006 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), on , 200[ ] (the "Grant Date") to [ ], an [employee], [consultant], [director] of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2006 Stock Incentive Plan (the "Plan"), a total of [ ] shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at an exercise price of $[ ] per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on [ ] (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") as to % of the original number of Shares on the [first] anniversary of the Grant Date and as to an additional % of the original number of Shares at the end of each successive [three month] period following the first anniversary of the Grant Date until the [fourth] anniversary of the Grant Date.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company or any other entity the employees, officers, directors, consultants, or advisors of which are eligible to receive option grants under the Plan (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment or other relationship with the Company is terminated by the Company for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination of employment or other relationship. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his or her employment or other relationship by the Company for Cause, and the effective date of such employment or other termination is subsequent to the date of the delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment or other relationship shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination of employment or other relationship (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate immediately upon the effective date of such termination of employment or other relationship). If the Participant is party to an employment, consulting or severance agreement with the Company that contains a definition of "cause" for termination of employment or other relationship, "Cause" shall have the meaning ascribed to such term in such agreement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company, which determination shall be conclusive. The Participant shall be considered to have been discharged for "Cause" if the Company determines, within 30 days after the Participant's resignation, that discharge for cause was warranted.

(f) Stockholders Agreement. As a condition to the exercise of this option, in whole or in part, the Participant, prior to such exercise of this option, shall execute and deliver or shall have executed and delivered to the Company the counterpart signature page attached hereto as Exhibit A to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended from time to time (the "Stockholders Agreement"), among the Company and the Stockholders (as defined therein) agreeing to become a party to the Stockholders Agreement and be bound by the terms thereof; provided that if the Participant has previously executed and delivered the Stockholders Agreement, the Participant need only reaffirm his obligations thereunder; and provided further that the Participant shall not be obligated to execute and deliver the Stockholders Agreement in the event that it has expired or been terminated.

4. Company Right of First Refusal.

(a) Notice of Proposed Transfer. If the Participant proposes to sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively, "transfer") any Shares acquired upon exercise of this option, then the Participant shall first give written notice of the proposed transfer (the "Transfer Notice") to the Company. The Transfer Notice shall name the proposed transferee and state the number of such Shares the Participant proposes to transfer (the "Offered Shares"), the price per share and all other material terms and conditions of the transfer.

(b) Company Right to Purchase. For 30 days following delivery to the Company of such Transfer Notice, the Company shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice. In the event the Company elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Participant within such 30-day period. Within 10 days after delivery to the Participant of such notice, the Participant shall tender to the Company at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Company, duly endorsed in blank by the Participant or with duly endorsed stock powers attached thereto, all in form suitable for transfer of the Offered Shares to the Company. Promptly following receipt of such certificate or certificates, the Company shall deliver or mail to the Participant a check in payment of the purchase price for the Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Company may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice; and provided further that any delay in making such payment shall not invalidate the Company's exercise of its option to purchase the Offered Shares.

(c) Shares Not Purchased By Company. If the Company does not elect to acquire any of the Offered Shares, the Participant may, within the 90-day period following the expiration of the option granted to the Company under subsection (b) above, transfer the Offered Shares which the Company has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the Transfer Notice. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 4 shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(d) Consequences of Non-Delivery. After the time at which the Offered Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Offered Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Offered Shares, but shall, insofar as permitted by law, treat the Company as the owner of such Offered Shares.

(e) Exempt Transactions. The following transactions shall be exempt from the provisions of this Section 4:

(1) a transfer of Shares to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives"), or to a trust established solely for the benefit of the Participant and/or Approved Relatives;

(2) any transfer pursuant to an effective registration statement filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); and

(3) the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation);

provided, however, that in the case of a transfer pursuant to clause (1) above, such Shares shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(f) Assignment of Company Right. The Company may assign its rights to purchase Offered Shares in any particular transaction under this Section 4 to one or more persons or entities.

(g) Termination. The provisions of this Section 4 shall terminate upon the earlier of the following events:

(1) the closing of the sale of shares of Common Stock in an underwritten public offering pursuant to an effective registration statement filed by the Company under the Securities Act; or

(2) the sale of all or substantially all of the capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(h) No Obligation to Recognize Invalid Transfer. The Company shall not be required (1) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Section 4, or (2) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

(i) Stockholders Agreement. Notwithstanding the foregoing, in the event that and for so long as the Shares are subject to a right of first refusal in favor of the Company under the terms of the Stockholders Agreement, paragraphs (a) through (f) of this Section 4 shall be of no force or effect.

5. Agreement in Connection with Public Offering.

The Participant agrees, in connection with the initial underwritten public offering of the Company's securities pursuant to a registration statement under the Securities Act, (i) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock held by the Participant (other than those shares included in the offering) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for a period of 180 days from the effective date of such registration statement, and (ii) to execute any agreement necessary to effect clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering.

6. Withholding.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

7. Nontransferability of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

8. Delivery of Shares; Compliance with Securities Laws, Etc.

(a) General. The Company shall, upon payment of the option price for the number of Shares purchased and paid for, make prompt delivery of such Shares to the Participant, provided that if any law or regulation requires the Company to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to complete such action.

(b) Listing, Qualification, Etc. This option shall be subject to the requirement that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Shares subject hereto upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in

connection with, the issuance or purchase of shares hereunder, this option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, disclosure or satisfaction of such other condition shall have been effected or obtained on terms acceptable to the Board of Directors. Nothing herein shall be deemed to require the Company to apply for, effect or obtain such listing, registration, qualification, or disclosure, or to satisfy such other condition.

(c) Legends on Stock Certificates. All stock certificates representing Shares issued to the Participant upon exercise of this option shall have affixed thereto legends substantially in the following forms, in addition to any other legends required by applicable state law:

> "The shares of stock represented by this certificate are subject to restrictions on transfer set forth in a certain Option Agreement between the corporation and the registered owner of these shares (or his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."
>
> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

9. Investment Representations.

The Participant represents, warrants and covenants as follows:

(a) Any Shares purchased upon exercise of this option shall be acquired by Participant's account for investment only, and not with a view to, or for sale in connection with, any distribution of such Shares in violation of the Securities Act, or any rule or regulation under the Securities Act.

(b) The Participant has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Participant has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in his investment in the Company and to make an informed investment decision with respect to such purchase.

(d) The Participant is able to bear the economic risk of holding Common Stock acquired pursuant to the exercise of this option for an indefinite period.

(e) The Participant understands that (i) the Common Stock acquired pursuant to the exercise of this option have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act, (ii) such Common Stock cannot be sold, transferred or otherwise disposed of unless they are subsequently registered

under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register any Common Stock acquired pursuant to the exercise of this option under the Securities Act.

By making payment upon exercise of this option, the Participant shall be deemed to have reaffirmed, as of the date of such payment, the representations made in this Section 9.

10. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AILERON THERAPEUTICS, INC.

By: _____

Name: _____
Title: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2006 Stock Incentive Plan.

PARTICIPANT:

_____

Address: _____

_____

Exhibit A

AILERON THERAPEUTICS, INC.

Sixth Amended and Restated Stockholders Agreement

Counterpart Signature Page

The undersigned has received and reviewed the Sixth Amended and Restated Stockholders Agreement dated as of October 14, 2014 among Aileron Therapeutics, Inc. and certain stockholders of Aileron Therapeutics, Inc. (the "Stockholders Agreement").

The undersigned hereby agrees to be bound by the terms and conditions of the Third Amended and Restated Stockholders Agreement as a "Common Stockholder" thereunder.

Executed, in counterpart, as of the date set forth below.

_____

Printed or Typed Name

_____

Signature

Date: _____, 20__

If signing on behalf of an entity, please indicate title below:

Title: _____

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

LICENSE AGREEMENT

This License Agreement ("**Agreement**") is made this 31st day of December, 2006 (the "**Effective Date**"), by and between Materia, Inc., a Delaware corporation, with a principal place of business at 60 North San Gabriel Boulevard, Pasadena, California 91107, USA ("**Materia**"), and Renegade Therapeutics, Inc., with a principal place of business at One Broadway, 14th Floor, Cambridge, Massachusetts, 02142 ("**Renegade**").

Recitals

WHEREAS, Materia owns and has other rights in Materia Technology (as defined below) relating to compositions and uses of certain Catalysts (as defined below) and desires to enable pharmaceutical researchers such as Renegade to carry out research and development, manufacturing, and commercialization related to pharmaceutically active products using the Catalysts and the Materia Technology; and

WHEREAS, by this Agreement, Renegade desires to obtain a license to the Catalysts and the Materia Technology, all as more specifically set forth herein in accordance with all of the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
DEFINITIONS

The following capitalized terms used in this Agreement shall have the respective meanings ascribed to them below in this Article unless otherwise expressly defined in this Agreement:

1.1 "**Affiliate**" shall mean, with respect to a party to this Agreement, any person or entity which now or in the future is directly or indirectly controlling or controlled by or in common control with such party, where "control" is defined as the ownership of at least fifty percent (50%) of the equity or beneficial interests of such entity, or the right to vote for or appoint a majority of the board of directors or other governing body of such entity.

1.2 "**Catalysts**" shall mean those olefin metathesis catalyst compositions owned or controlled by Materia during the License Term as further described in the Materia Patent Rights.

1.3 "**Confidential Information**" shall have the meaning given to this term in Article 6.1.

1.4 "**Field**" shall mean the prevention, diagnosis, treatment or control of any human or animal disease, disorder or condition.

1.5 "**Field Inventions**" shall mean all inventions, improvements and/or discoveries, patentable or unpatentable, which are conceived and/or made by Renegade during the License Term that relate primarily to the Field, and which either (a) use or incorporate any Materia Catalyst

or Materia Patent Right or (b) are dominated by the claims of the Materia Patent Rights. By way of example, Field Inventions would include pharmaceutically active compositions, or specific processes to make pharmaceutically active compositions.

1.6 "**Know-How**" shall mean all confidential information and data owned or controlled by Materia and disclosed to Renegade pursuant to this Agreement, including, without limitation, instructions, processes, procedures, formulas, drawings, technical and non-technical data, biological materials, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data.

1.7 "**License Term**" shall have the meaning given to this term in Article 7.1.

1.8 "**Materia Patent Rights**" shall mean issued patents owned or controlled by Materia during the License Term that claim Catalysts and/or olefin metathesis processes utilizing Catalysts, including any and all corresponding domestic or foreign equivalents within the Territory, continuations, divisionals, continuations-in-part, re-issues, and substitution applications related to the foregoing. Materia Patent Rights as of the Effective Date are set forth on Exhibit A. Materia Patent Rights expressly excludes any specific compositions or products which are not Catalysts that have been developed or will be developed by Materia.

1.9 "**Materia Technology**" shall mean the Materia Patent Rights and the Know-How related thereto but expressly excludes compositions or products which are not Catalysts and which are now or will become owned or controlled by Materia.

1.10 "**Net Sales**" shall mean the gross amount billed for the sale of Products covered by a Valid Claim to a Third Party, less (a) applicable taxes (e.g. sales, excise, or use taxes) incurred to the extent stated on the invoice as a separate item; (b) separately stated charges for transportation or customs clearance; (c) credits for defective or returned royalty bearing Products, to the extent actually allowed; and (d) discounts, rebates, refunds, marketing allowance or other promotional fees identified on the invoice. Transfer of a Product to a Sublicensee for sale by the Sublicensee shall not be considered a sale. In the case of such a transfer, the Net Sales price shall be based on the gross billing price of the Product by the Sublicensee as invoiced to its customer, less items (a) through (d) above. In the case of any other arms length sale or other disposal for value other than exclusively for money, such as barter or counter trade, Net Sales shall be calculated as above on the fair market value of the consideration received. In the case of any sale or other disposal for value that is not an arms length transaction, Net Sales shall be calculated at the fair market value of the Product as sold in the relevant country of sale or disposal. Product provided at or below cost for bona fide clinical trials, evaluation, research or development purposes shall not be considered a sale or other disposal for value for purposes of this definition.

1.11 "**Product**" shall mean a conformationally-restricted peptide made using ring-closing metathesis.

1.12 "**Renegade Patent Rights**" shall mean patents and patent applications owned by Renegade during the License Term claiming any Field Inventions or Technology Inventions, including any and all corresponding domestic or foreign equivalents within the Territory, continuations, divisionals, continuations-in-part, re-issues, and substitution applications related to

the foregoing. Renegade Patent Rights expressly excludes any specific compositions, or uses thereof, that are not Catalysts, as well as any methods or processes that do not utilize olefin metathesis, that have been developed or will be developed by Renegade.

1.13 "**Sublicensee**" shall mean any Third Party licensed by Renegade pursuant to Section 2.2 to make or sell any Product.

1.14 "**Technology Inventions**" shall mean all inventions, improvements, and/or discoveries patentable or unpatentable, which are conceived and/or made by Renegade during the License Term that relate primarily and generally to the Materia Patent Rights and not the Field, and which either (a) use or incorporate any Materia Catalyst or Materia Patent Right or (b) are dominated by the claims of the Materia Patent Rights. By way of example, Technology Inventions would include generic processes to make a wide variety of compositions.

1.15 "**Territory**" shall mean worldwide.

1.16 "**Third Party**" shall mean any entity other than (a) Materia and any of its Affiliates and successors in interest and assigns or (b) Renegade and any of its Affiliates and successors in interest and assigns.

1.17 "**United States Dollar**" and "**USD**" will mean the lawful currency of the United States of America.

1.18 "**Universities**" shall mean those entities, including Boston College and the California Institute of Technology, that have licensed certain rights identified on Exhibit A, or that in the future may license such rights to Materia, that are sublicensed hereunder to Renegade.

1.19 "**Valid Claim**" shall mean a claim contained in an issued and unexpired patent included within the Materia Patent Rights which has not been held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been rendered unenforceable through abandonment, reissue, disclaimer or otherwise, and which has not been lost through an interference proceeding.

ARTICLE II
LICENSE GRANT AND LIMITATIONS

2.1 License. Upon payment of the Technology Access Fee set forth in Article 3.1, and upon the terms and conditions set forth herein, Materia hereby grants to Renegade and Renegade hereby accepts, a non-exclusive license, with the right to authorize and grant sublicenses, under Materia Technology to develop, make, have made, use, sell, offer for sale, import and export Products in the Territory and in the Field. The foregoing license specifically excludes the manufacture of Catalysts.

2.2 Sublicenses. Renegade shall provide Materia copies of all agreements (with royalty and other economic terms redacted) with Sublicensees ("Sublicense Agreements") within [**] days after execution of such Sublicense Agreements. Such Sublicense Agreements shall only convey the rights to Product(s) that are covered by patent or other intellectual property rights

owned or controlled by Renegade, and expressly excludes any naked sublicense of Materia Technology (i.e., the sublicensing of the right to develop Product(s) not covered by Renegade intellectual property rights). Renegade shall remain responsible for all acts and omissions by any Sublicensee as if they were acts or omissions of Renegade. In the event that this Agreement is terminated, each Sublicense Agreement shall survive, provided that (i) Materia received a copy of the Sublicense Agreement as provided above, (ii) the Sublicensee is not in breach of its obligations under such Sublicense Agreement as of the date of such termination, and (iii) the Sublicensee agrees to be bound by all the obligations of Renegade set forth herein.

2.3 Rights Sublicensed from Universities. In the event of the termination of a license agreement between a University and Materia under which Materia obtained certain rights in the Materia Patent Rights ("University Agreement"), the rights and obligations of Renegade under this Agreement derived from the rights granted Materia under such University Agreement shall remain in effect, and Materia shall undertake the obligations set forth in Section 8.3(vii) to ensure the same. Renegade will assume no obligations of Materia under the University Agreements other than Renegade's obligations to Materia under this Agreement as modified in accordance with this Section 2.3. Notwithstanding the foregoing, Renegade acknowledges that certain of the University Agreements may condition the survival of sublicenses granted by Materia thereunder upon a sublicensee's obligation to use commercially reasonable efforts to commercialize the Materia Technology licensed under such University Agreements. Further, Renegade acknowledges that a University shall not assume any obligations under this Agreement beyond the scope of its obligations to Materia under its respective University Agreement, and without limiting the foregoing, such University shall not assume any supply obligations of Materia under this Agreement.

2.4 No Implied License. Except for the license expressly set forth in this Article 2, Materia retains all right, title and interest in and to the Materia Technology.

2.5 Acknowledgement. Except for those rights expressly granted herein, Renegade acknowledges and agrees that it has no other rights under the Materia Technology.

ARTICLE III
LICENSE FEES

3.1 Technology Access Fee. In consideration for the technology access rights provided to Renegade hereunder, within [**] days of the Effective Date, Renegade shall pay Materia the sum of [**] dollars ($[**] USD) (the "**Technology Access Fee**") Failure to pay the Technology Access Fee within such [**] day period will result in the immediate termination of the Agreement. In addition, Renegade shall pay $50,000 to Materia on each anniversary of the Effective Date of the Agreement ("Renewal Fee"). Such payments shall be non-refundable.

3.2 Milestone Payments. Renegade shall make the following payments to Materia in respect of each Product that achieves a Milestone set forth below; provided, that no Milestone shall be owing for any Product as to which there is no Valid Claim in the applicable country covering the use, manufacture, sale or importation of such Product at the time of achieving such Milestone. If one or more Products having the same active pharmaceutical ingredient are substituted by

Renegade for another Product for the same indication in the Field, then the milestone payments shall be made only for the first Product to achieve such milestones.

Milestone	Payment
Acceptance of IND/CTx by Regulatory Authority	$50,000
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
First time annual sales of a Product reach $[**]	[**]
First time annual sales of a Product reach $[**]	[**]

3.3 Royalties. Renegade shall make royalty payments to Materia on the Net Sales of Products by Renegade and its Sublicensees for each calendar year until the expiration of the last-to-expire patent containing a Valid Claim covering the use, manufacture, sale or importation of such Product on a country-by-country basis. Additionally, in the event that (a) a Product sold by Renegade or its Sublicensees is not covered at the time of sale by a Valid Claim in the country in which it is sold, (b) there is a pending published patent application comprising the Materia Patent Rights that contains a patent claim covering the use, manufacture, sale or importation of such Product in that country ("Published Claim"), and (c) that Published Claim subsequently issues and becomes a Valid Claim ("Secondary Valid Claim", and the issued Secondary Valid Claim is "substantially identical" to the Published Claim at the time of publication (as provided in U.S.C. 35 Section 154(d)), then Renegade and its Sublicensees shall, on a country-by-country basis, make (a) retroactive royalty payments on the Net Sales of Products covered by such Secondary Valid Claims in that country, and (b) retroactive Milestone payments (as provided in Section 3.2) for Products covered by such Secondary Valid Claims, in each case as to those Net Sales and Milestones for such Product that were achieved on or after the first publication date of the Secondary Valid Claim, and to the solely to the extent such royalty payments or Milestone payments were not previously paid with respect to such Products. The percentage royalty rate will be calculated based on the total Net Sales by Renegade and its Sublicensees made in each calendar year. The royalty rate applied shall be in accordance with the following schedule.

Annual Net Sales Volume in Territory Per Product	Rate
Up to $[**]	[**]
Greater than $[**] to $[**]	[**]
Greater than $[**] to $[**]	[**]
Greater than $[**]	[**]

3.4 Anti-stacking. Renegade shall be responsible for the payment of any additional payments payable to Third Parties; *provided however*, that Renegade shall be entitled to credit against the royalties otherwise due to Materia up to [**]% of the royalties paid by Renegade under agreements entered into with Third Parties owning or controlling patent rights, which but for such agreements would be infringed by the import, use, sale, or offer to sell Products in the Territory. In no event shall the cost of such additional Third-Party patent licenses result in royalties to

Materia being reduced by more than [**]% as a maximum deduction, i.e. the minimum royalty rates payable shall be as shown in the following schedule.

Annual Net Sales Volume in Territory Per Product	Rate
Up to $[**]	[**]
Greater than $[**] to $[**]	[**]
Greater than $[**] to $[**]	[**]
Greater than $[**]	[**]

3.5 United States Dollars. All payments due hereunder will be considered to have been made in Pasadena, California, and will be made in United States Dollars. Renegade will make all such payments according to the payment instructions specified in Article 3.6. No deductions will be made from the amounts due hereunder due to currency conversion fees. For purposes of determining the amount of royalties due from Renegade, the amount of Net Sales in any foreign currency shall be computed by converting such amount into United States Dollars at the prevailing commercial rate of exchange for purchasing dollars with such foreign currency as reported in *The Wall Street Journal* on the last business day of the calendar quarter to which a royalty payment relates.

3.6 Payment Instructions. Payment hereunder shall be made to Materia, Inc. in immediately available funds delivered by wire transfer to Materia's account, ABA No. [**], Account No. [**] at [**], USA (customer service telephone number [**]. Payments for Catalysts shall be due [**] days after receipt of invoice.

3.7 Payment Dates and Reports. The royalty payments shall be paid by Renegade and Sublicensees on Net Sales within [**] days after the end of each calendar year in which such Net Sales are made and royalties are owed hereunder. Such payments shall be accompanied by a report showing, for each country in which Products are sold, (i) the number of Products sold by Renegade and/or its Sublicesensees, (ii) the gross price charged by Renegade and/or it Sublicensees, (iii) the calculation of Net Sales of each Product sold by Renegade and/or its Sublicensees, including a listing of applicable deductions, (iv) the applicable royalty rate for such Product and (v) a calculation of the total royalty payment due for such calendar year. At Materia's request, Renegade shall provide to Materia an officer's certificate certifying that such reports are true and accurate.

3.8 Withholding Taxes. Any tax which Renegade is required to pay or withhold with respect to royalty payments to be made to Materia under this Agreement shall be deducted from the amount otherwise due; provided, that, in regard to any such deduction, Renegade shall give Materia such assistance as may reasonably be necessary to enable or assist Materia to claim exemption therefrom or a reduction thereof and shall upon request provide documentation from time to time as to confirm the payment of the tax.

3.9 Records. Renegade and its Sublicensees shall keep for [**] years from the date of each payment of royalties complete and accurate records of sales by Renegade and its Sublicensees of each Product, in sufficient detail to allow the accruing royalties to be determined accurately. Materia shall have the right for a period of [**] years after receiving any report or statement with respect to royalties due and payable to appoint at its expense an independent

certified public accountant reasonably acceptable to Renegade (and any Sublicensee that will be audited) to inspect the relevant records of Renegade and its Sublicensees to verify such report or statement. Prior to any such review, the accountant shall execute a confidentiality agreement reasonably acceptable to Renegade and any Sublicensee that will be audited. Renegade and its Sublicensees shall each make its records available for inspection by such independent certified public accountant during regular business hours at such place or places where such records are customarily kept, upon reasonable notice from Materia, solely to verify the accuracy of the reports and payments. Such inspection right shall not be exercised more than [**] nor more than [**] with respect to sales of any Product in any given period. The accountant shall agree to hold in strict confidence all information concerning royalty payments and reports, and all information learned in the course of any audit or inspection, and shall only reveal to Materia the amount of any underpayment or overpayment of royalties. The results of each inspection, if any, shall be binding on both parties. Materia shall pay for such inspections, except that in the event there is any underpayment of royalties by Renegade for the period audited shown by such inspection of more than [**] percent ([**]%) of the amount paid, Renegade shall pay for such inspection. Materia shall only be entitled to audit a particular royalty period [**].

3.10 Overdue Royalties. Royalties not paid within the time period set forth in Section 3.7 shall bear interest at a rate of [**] percent ([**]%) per month from the due date until paid in full. In the event that Materia disputes the amount of royalties payable for any calendar year, Materia shall provide written notice of such dispute to Renegade and within [**] days after receipt of such notice, the parties shall submit the dispute for resolution pursuant to Section 10.16. Failure to pay any accrued royalties and interest within [**] days after a resolution in favor of Materia shall constitute a breach of this Agreement.

ARTICLE IV
CATALYST SUPPLY; TECHNICAL SUPPORT AND QUALITY CONTROL

4.1 Catalyst Supply. During the License Term, Materia shall supply Renegade with Catalysts at the prices set forth in Exhibit B. Renegade shall purchase all of its Catalyst requirements from Materia, unless Materia is unable or unwilling to deliver such Catalysts to Renegade as follows: (a) for Orders of [**] or less: the entire Order by [**] days after the required delivery date and (b) for Orders of more than [**] but not more than [**]: at least [**] of the Order by [**] days after the required delivery date and the remaining portion of the Order by [**] days after the original delivery date. Each such occurrence shall be deemed an “Interruption of Supply”. In the event of an Interruption of Supply, Renegade shall be free to procure such Catalysts from Third Parties until such time as Materia can reasonably demonstrate that it has solved the cause of such Interruption of Supply and so notifies Renegade in writing. Shipping terms are FCA (Incoterms 2000) Renegade’s designated carrier at Materia’s plant. The prices set forth in Exhibit B are subject to change [**] or as otherwise required due to unexpected changes in Materia’s raw material or other costs. Notwithstanding the foregoing, Materia agrees to provide Catalysts under this Section 4.1 at prices no higher than its standard prices, and on its then-standard terms and conditions.

4.2 Forecast and Lead Times. On a quarterly basis, Renegade shall provide Materia with non-binding rolling [**] month forecasts of the quantities of Catalysts Renegade reasonably and in good faith believes it will require during such period. With respect to the Catalysts listed

on Exhibit B (the "**Listed Catalysts**"), Renegade shall provide Materia with purchase orders of the quantities of Listed Catalysts Renegade desires to purchase (the "**Order**"). Each Order shall be placed in advance of the required delivery date (the "**Lead Time**") for specified as follows, and shall be binding upon Renegade and Materia upon Materia's acknowledgement of such Order:

[**]	[**] Days
[**]	[**] Days
[**]	[**] Days.

Lead Times for Catalysts not listed on Exhibit B shall be determined on a case-by-case basis. In the event of a conflict between the terms of any Order and the terms of this Agreement, the terms of this Agreement shall control.

4.3 Commercial Supply Agreement. In the event that Renegade desires (or notifies Materia that any Sublicensee desires) to enter into a commercial supply agreement for any Catalysts for the manufacture of Products for clinical development or commercial sale purposes, Materia shall negotiate in good faith the terms and conditions of a separate supply agreement with such party for the supply of Catalysts on commercially reasonable terms ("**Commercial Supply Agreement**"). Such terms shall include lead times, forecasts, pricing and price increases, most favored customer pricing (as set forth below), priority of allocation (as set forth below), and the ability to make or have made Catalysts (as set forth below):

(a) Most Favored Customer Pricing. In the event that Materia supplies Catalysts to any Third Party, for use in the Field, at prices lower than those offered for such Catalysts to Renegade under the Commercial Supply Agreement for comparable purchase volumes, during comparable time periods and at comparable specifications, Materia will promptly notify Renegade in writing of such lower pricing, and the Commercial Supply Agreement shall be deemed to be amended effective immediately as of the date of such lower Catalyst pricing, and Materia shall adjust all prices to such lower prices for all future Renegade orders and all outstanding orders not yet shipped. At Renegade's request, Materia shall provide to Renegade an officer's certificate certifying its compliance with the foregoing.

(b) Priority of Allocation. Materia agrees to give Renegade priority in allocation in the event of any Catalyst scarcity in the proportion of the Catalyst quantities ordered in Renegade's purchase orders for scarce Catalysts to the total quantities ordered in all of Materia's customers' purchase orders for such Catalysts as of the date of Renegade's purchase order.

(c) Catalyst Supply. In the event Materia is unable or unwilling to meet the volume or lead times for Catalysts set forth in the Commercial Supply Agreement, Materia shall grant to Renegade a license under the Materia Patent Rights to make and have made such Catalysts solely for the purpose of Renegade's and its Sublicensees' exercise of the license rights under Section 2.1, provided that Renegade and its Sublicensees shall not have the right to sell such Catalysts to Third Parties (other than Renegade's provision of such Catalysts to its Sublicensees solely for their exercise of their sublicense rights under Section 2.2) ("**Catalyst Supply License**"). The Catalyst Supply License shall be granted upon the execution of the Commercial Supply Agreement, but shall not be exercisable until and unless Materia is unable or unwilling to meet the volume or lead times for Catalysts set forth in the Commercial Supply Agreement. Such Catalyst

Supply License shall be in effect only until such time as Materia can reasonably demonstrate its ability to deliver such Catalysts to Renegade on the volume and lead times set forth in the Commercial Supply Agreement and so notifies Renegade in writing.

4.4 Acknowledgement. Renegade acknowledges and agrees that Catalysts offered hereunder may be developmental in nature, may not be listed on the EPA's TSCA inventory, and may comprise materials whose chemical, physical, and toxicological properties have not been fully determined.

4.5 Technical Support. During the term of this Agreement, Materia shall (a) provide Renegade with reasonable amounts of telephone or e-mail technical support by Materia personnel regarding the Materia Technology, (b) invite Renegade to attend, at its own expense, but free of charge, an annual Materia Technology update meeting at Materia's offices, and (c) send a Materia technical representative to each Renegade site for [**] to present technology updates and/or otherwise provide technical support.

ARTICLE V
INTELLECTUAL PROPERTY

5.1 Patent Prosecution. Materia retains all rights to control the preparation, filing, prosecution and maintenance (including conducting interferences, re-examinations, reissues, oppositions and requests for patent term extensions) with respect to the Materia Patent Rights, in the United States and such other countries where Materia deems patent protection would be beneficial or appropriate at its sole expense. Nothing contained in this Agreement, however, shall be construed as an obligation upon Materia to prepare, file, prosecute, or maintain any patent, patent application, or any other intellectual property right.

5.2 Enforcement. Materia and Renegade each agree to notify the other of any material infringement of the Materia Patent Rights in the Field that infringe the rights granted to Renegade in Section 2.1 ("Renegade Product Rights") of which it becomes aware (provided that neither party shall have any affirmative duty to undertake any investigation to learn of any infringement), and shall confer to discuss in good faith an appropriate course of action to enforce the Renegade Product Rights. Materia shall have the sole right (but not the obligation) to enforce the Renegade Product Rights, or to defend any declaratory judgment action with respect thereto, at its expense, and any recovery by Materia received as a result of any such claim, suit or proceeding shall be retained by Materia; provided, however, that if Materia does bring such action, Renegade at its option may elect to join in any such action at Renegade's expense, and the parties shall agree on a reasonable allocation of any damages recovered pursuant to such action to reflect any lost sales or other injury to Renegade arising from the infringement of the Renegade Product Rights. Materia agrees that if it grants any license to an alleged infringer of the Renegade Product Rights (a "**Settlement License**") on financial terms that, in their totality, are more favorable than those set forth in Article III of this Agreement, then Materia shall promptly notify Renegade of such financial terms. Upon written notice from Renegade, this Agreement shall be deemed amended by substituting the same financial terms set forth in the Settlement License for those set forth in Article III of this Agreement. For purposes of clarity, any cross-license in which Materia obtains, and sublicenses to Renegade, a royalty-free license under all of an alleged infringer's patents to make, use, sell, offer for sale and import Products shall not be a Settlement License. Nothing

contained in this Agreement shall be construed as an obligation upon Materia to institute any suit or action or to defend any suit or action regarding infringement or validity of the Materia Patent Rights or any other intellectual property right.

5.3 Renegade Inventions. Renegade retains full ownership of the Renegade Patent Rights. At Renegade's sole cost and discretion, Renegade may file patent applications and obtain patents comprising the Renegade Patent Rights in the United States or any country throughout the world in which it deems appropriate to protect its inventions, except that such Renegade Patent Rights shall be subject to the following terms.

(a) Field Inventions. Renegade retains full ownership of the Field Inventions.

(b) Technology Inventions. Subject to the license granted to Materia in this Section 5.3(b), Renegade retains full ownership of the Technology Inventions. In consideration of the rights granted herein and subject to the terms and conditions of this Agreement, Renegade hereby grants to Materia, and Materia hereby accepts, an irrevocable (except in the event of a termination of this Agreement by Renegade for a breach by Materia), worldwide, fully paid-up, royalty-free, sub-licensable, non-exclusive license under the Renegade Patent Rights to make, have made, sell, offer to sell, export, import, and use any and all Technology Inventions for any uses outside of the Field. Nothing in this Agreement shall constitute any obligation on Renegade to make any disclosure of Technology Inventions to Materia or any Materia sublicensee. Notwithstanding the foregoing, in the event that Renegade elects to file a patent application on a Technology Invention, Renegade shall provide Materia with notice of such filing within [**] days after the publication date of such filing.

(c) Patent Prosecution. Renegade retains all rights to control the preparation, filing, prosecution and maintenance (including conducting interferences, re-examinations, reissues, oppositions and requests for patent term extensions) with respect to the Renegade Patent Rights, in the United States and such other countries where Renegade deems patent protection would be beneficial or appropriate at its sole expense. Nothing contained in this Agreement, however, shall be construed as an obligation upon Renegade to prepare, file, prosecute, or maintain any patent, patent application, or any other intellectual property right.

(d) Enforcement. Renegade shall have the right (but not the obligation) to enforce the Renegade Patent Rights, or to defend any declaratory judgment action with respect thereto, at its expense. Any recovery by Renegade received as a result of any such claim, suit or proceeding shall be retained by Renegade. Nothing contained in this Agreement shall be construed as an obligation upon Renegade to institute any suit or action or to defend any suit or action regarding infringement or validity of the Renegade Patent Rights or any other intellectual property right.

ARTICLE VI
CONFIDENTIALITY

6.1 Confidential Information. The parties acknowledge that it may be necessary for one party to disclose to the other party certain confidential or proprietary information in connection with the performance of this Agreement (the "**Confidential Information**"). Such

Confidential Information includes: (i) the technical information of a party (including any information relating to product plans, designs, product names, research, development, Know-How, and other information of a proprietary or confidential nature) which is disclosed hereunder and designated by the disclosing party as "confidential" or "proprietary" or which, if disclosed orally, is identified as confidential at the time of the disclosure and confirmed in a writing delivered to the receiving party within [**] days of the date of disclosure; and (ii) the terms and conditions of this Agreement.

6.2 Exclusions. Confidential Information shall not include information that: (i) is now in the public domain or which becomes generally available to the public through no fault of, or facilitating action by, the receiving party; (ii) is already known to, or in the possession of, the receiving party prior to disclosure by the disclosing party as can be demonstrated by documentary evidence; (iii) is disclosed on a non-confidential basis from a Third Party having the right to make such a disclosure; or (iv) is independently developed by the receiving party without the use of or reference to the disclosing party's Confidential Information, as can be demonstrated by documentary evidence.

6.3 Confidentiality Obligations. Each party agrees to take all measures reasonably required in order to maintain the confidentiality of all Confidential Information in its possession or control, which will in no event be less than the measures used to maintain the confidentiality of its own information of equal importance from the date of disclosure until [**] years after the termination or expiration of this Agreement. It is understood and agreed that a receiving party may only use Confidential Information received from a disclosing party solely as permitted under this Agreement, or otherwise as mutually agreed upon by the parties in writing. The receiving party will not disclose the Confidential Information of the disclosing party to any Third Party, except that the receiving party may disclose the Confidential Information of the disclosing party to its employees, consultants, existing and prospective Sublicensees and agents who have a need-to-know to use the Confidential Information as permitted under this Agreement and who have entered into a written agreement with the receiving party containing provisions at least as protective of the disclosing party's Confidential Information as those set forth herein.

6.4 Permitted Disclosures. Notwithstanding the foregoing, Confidential Information may be disclosed under the following circumstances:

(a) The parties may disclose Confidential Information of the other party in the course of complying with applicable governmental regulations or submitting information to tax or other governmental authorities, provided that if a party is required to make any such disclosure of the other party's Confidential Information, to the extent it may legally do so, it will give reasonable advance notice to the other party of such disclosure in order to allow the other party an opportunity to secure confidential treatment of its Confidential Information prior to its disclosure;

(b) Each party may disclose the existence of this Agreement, a summary of the rights granted hereunder and certain terms and conditions of the Agreement as follows:

(i) any reasonably relevant portions of the Agreement may be disclosed to actual Sublicensees as well as to actual and potential investors attorneys, financial advisors, accountants, employees, and contractors who are bound by written agreements with the receiving party containing provisions at least as protective of the disclosing party's Confidential Information as those set forth herein;

(ii) the royalty rates set forth in the Agreement and any reasonably relevant non-economic portions of the Agreement may be disclosed to potential Sublicensees who are bound by written agreements with the receiving party containing provisions at least as protective of the disclosing party's Confidential Information as those set forth herein.

(c) Either party may disclose the terms and conditions of this Agreement to the Universities.

6.5 Injunctive Relief. The receiving party acknowledges that the disclosure of the disclosing party's Confidential Information may cause substantial and irreparable harm to the disclosing party that cannot be remedied by the payment of damages alone. Accordingly, the parties agree that a disclosing party may be entitled to seek preliminary and permanent injunctive relief and other equitable relief for any material breach of this Article VI.

ARTICLE VII
TERM AND TERMINATION

7.1 Term. The Agreement shall remain in effect until the expiration of Renegade's obligation to pay royalties in the Territory (the "**License Term**"), unless earlier terminated under Article 7.2 of this Agreement. Upon any expiration of this Agreement, Renegade's license under Materia Know-how shall become irrevocable, perpetual and royalty-free.

7.2 Termination for Cause. Except for any failure to pay the Technology Access Fee as set forth in Section 3.1, if either party breaches any material provision of this Agreement, the other party may give written notice to the breaching party. If the default is not cured within [**] days of the date of such notice, the non-defaulting party shall have the right to terminate this Agreement, unless on or before such date the party in default is diligently undertaking substantive and progressive efforts to cure such breach and such breach is in fact cured as soon as reasonably possible, but no later than [**] days after the expiration of such [**] day period. In the event that either party should dispute in good faith the existence of an alleged material breach under this Section 7.2, such dispute shall be resolved pursuant to Section 10.16, provided that, such dispute resolution process must be initiated within the initial [**] day cure period, and further provided that, in the event of such disputed material breach, the initial [**] day cure period shall be tolled and thereafter shall not commence until the existence of such material breach is finally determined in accordance with Section 10.16. Additionally and subject to the foregoing, in the event that Materia materially breaches the Agreement and fails to cure such default within the cure period (a "Materia Breach"), (a) Renegade shall be entitled to terminate the Catalyst Supply portion of this Agreement (Sections 4.1), (b) Materia hereby grants to Renegade a royalty-bearing license (which royalties shall be limited to the pass-through royalties that Materia would owe under the applicable University Agreements from Renegade's exercise of its rights herein) under the Materia Patent Rights, exercisable only in the event of such Materia Breach, to make and have made any Catalysts solely for the purpose of Renegade's and its Sublicensees' exercise of the license rights under Section 2.1, provided that Renegade and its Sublicensees shall not have the right to sell such Catalysts to Third Parties (other than Renegade's provision of such Catalysts to its Sublicensees

solely for their exercise of their sublicense rights under Section 2.2), and (c) Renegade's license grant under Section 2.1 shall continue, provided that, Renegade continues to pay the annual Renewal Fee. Failure to pay such Renewal Fee shall be a material breach by Renegade and Materia may terminate the license pursuant to this Article 7.2.

7.3 Termination by Renegade for Convenience. Renegade may terminate this Agreement at any time, with or without cause, upon at least sixty (60) days' prior written notice to Materia.

7.4 Effect of Breach or Termination. Upon any termination of this Agreement by Materia pursuant to Section 7.2, all licenses and sublicenses granted by Materia to Renegade hereunder shall immediately terminate. Termination of this Agreement for any reason shall not release any party hereto from any liability which, at the time of such termination, has already accrued to such party or which is attributable to a period prior to such termination, nor shall it preclude either party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement.

7.5 Survival. All indemnification obligations set forth in this Agreement, and all terms and provisions hereof intended to be observed and performed by the parties after the termination hereof shall survive such termination and continue thereafter in full force and effect, subject to applicable statute of limitations. Upon any termination, Sections 2.2, 2.4, 2.5, 3.9, Article V, Article VI, Sections 7.2, 7.4, 7.5, Article IX, and Article X shall survive such termination.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

8.1 Representations by Materia. Materia represents and warrants to Renegade that Materia has the right and authority to enter into this Agreement and to perform its other obligations herein. Materia hereby represents, warrants and covenants that, (i) as of the Effective Date, Materia has the right to grant the licenses granted to Renegade hereunder; (ii) as of the Effective Date, Materia has not granted, and shall not during the term of this Agreement grant, any right, license, covenant, consent or privilege to any Third Party or Affiliate with respect to the Materia Technology or otherwise undertake any action which would conflict in any respect with the rights granted to Renegade set forth in this Agreement; (iii) except as indicated in Exhibit A, no Third Party has made any claim or allegation to Materia, and Materia is not aware of any claim by a Third Party or Affiliate, that such Third Party or Affiliate has any right or interest in or to the Materia Technology or that any of the Materia Patent Rights are invalid or unenforceable; and (iv) except as indicated in Exhibit A, to the best of its knowledge the Materia Patent Rights are valid and enforceable, and have not been misused.

8.2 Representations by Renegade. Renegade represents and warrants to Materia that (i) Renegade has the right and authority to enter into this Agreement and to perform its other obligations herein and (ii) during the License Term Renegade shall not disassemble, decompile, reengineer, reverse engineer, translate or otherwise attempt to replicate any Catalyst compositions covered by any Valid Claim.

8.3 Representations regarding University Agreements. Materia represents and warrants that:

(i) none of the University Agreements has, as of the Effective Date, been terminated by either Materia or the respective University;

(ii) Materia has not, as of the Effective Date, received nor given notice of termination for breach of a University Agreement;

(iii) Materia is not currently in default or breach of any University Agreement;

(iv) Materia will use commercially reasonable efforts to maintain the University Agreements and the exclusive and nonexclusive licenses granted to Materia therein in full force and effect, which shall include, without limitation, (a) complying with its obligations to pay the royalties and other amounts owed each University pursuant to a University Agreement, and complying with all due diligence and commercialization obligations and milestones set forth in the University Agreements, (b) refraining from entering into any modification of or amendment to any University Agreement that would adversely affect the rights under the Materia Patent Rights granted Renegade hereunder, (c) not knowingly taking any action or making any omission which will cause a University to have the right to terminate a University Agreement pursuant to its terms, and (d) taking no action to terminate any University Agreement;

(v) Materia will notify Renegade in the event it becomes aware of any claim by a University Materia has breached a University Agreement, or that a University desires to terminate a University Agreement;

(vi) Materia has the right under the University Agreements to grant to Renegade the rights and licenses granted herein; and

(vii) should any University Agreement be terminated or rendered non-exclusive by a University, Materia shall take all steps necessary to preserve Renegade’s sublicense rights under that University Agreement (including executing any required assignments or other documents).

8.4 WARRANTY DISCLAIMER. EXCEPT AS EXPRESSLY SET FORTH HEREIN, MATERIA EXPRESSLY DISCLAIMS ANY WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE MATERIA TECHNOLOGY OR THE MATERIA CONFIDENTIAL INFORMATION AND OTHER MATTERS CONTEMPLATED BY THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF TECHNOLOGY, PATENTED OR UNPATENTED, AND NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATERIA DOES NOT WARRANT OR GUARANTEE THE OUTCOME OF ANY RESEARCH ACTIVITY OF RENEGADE BASED ON THE MATERIA TECHNOLOGY, AND MATERIA SHALL HAVE NO OBLIGATION TO PROVIDE ANY SUPPORT OR TECHNICAL ASSISTANCE UNDER THIS AGREEMENT

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN. ALL MATERIA TECHNOLOGY IS LICENSED HEREUNDER ON AN "AS IS" BASIS AND EXCEPT AS EXPRESSLY SET FORTH HEREIN, TO THE FULLEST EXTENT PERMITTED BY LAW, MATERIA WILL HAVE NO LIABILITY FOR ANY LOSS OR DAMAGE RELATING TO OR RESULTING FROM THE MANUFACTURE, USE, SALE OR IMPORTATION OF ANY PRODUCTS BY OR ON BEHALF OF RENEGADE OR ANY SUBLICENSEE.

ARTICLE IX
DAMAGES, INDEMNIFICATION, AND LIMITATION OF LIABILITY

9.1 Responsibilities of Renegade. Renegade assumes all responsibility for, and hereby agrees to use its reasonable efforts to ensure, the safe use of the Catalysts and the Materia Technology by its employees, agents, contractors, and subcontractors including, but not limited to, compliance and/or qualification with respect to all safety laws, regulations, and agency approvals and compliance with all safety instructions provided by Materia. Renegade acknowledges that its research is experimental in nature and that Materia cannot know or anticipate Renegade's intended uses of the Materia Technology and that Renegade's use or misuse of the Materia Technology could result in property damage and/or bodily injury, including death.

9.2 Indemnity.

(a) Of Materia by Renegade. Renegade shall defend, indemnify and hold harmless the Universities, their officers, employees and agents and Materia and Materia's directors, officers, employees, and Affiliates (and such Affiliates' directors, officers, and employees) from and against any liability, losses, damages, claims, costs and expenses (including reasonable fees of attorneys and other professionals and court costs) claimed by a Third Party arising from a product liability, bodily-injury, or property damage claim, or any other action or cause of action by any Third Party arising from (i) Renegade's research activities utilizing Materia Technology, or (ii) Renegade's (or its Affiliates' or Sublicensees") activities related to making, using or selling Products, or otherwise practicing its Field Inventions or Technology Inventions, including, but not limited to, claims of infringement or inducement of infringement by a Third Party (but not including claims of infringement or inducement of infringement by a Third Party relating to a patent, trade secret, copyright or trademark expressly licensed herein), or (iii) Renegades' breach of any of its representations and warranties under Article VIII of this Agreement, in each case except to the extent caused by the gross negligence or willful misconduct of Materia, or Materia's breach of this Agreement.

(b) Of Renegade by Materia. Materia shall defend, indemnify and hold harmless Renegade and its Sublicensees, and their respective directors, officers, employees, and Affiliates (and such Affiliates' owners, directors, officers, and employees) from and against any liability, losses, damages, claims, costs and expenses (including reasonable fees of attorneys and other professionals and court costs) claimed by a Third Party arising from (i) Materia's breach of any of its representations and warranties under Article VIII of this Agreement, or (ii) Materia's activities related to making, using or selling products, or otherwise practicing Technology Inventions, including, but not limited to, claims of infringement or inducement of infringement by a Third Party, in each case except to the extent caused by the gross negligence or willful misconduct of Renegade, or Renegade's breach of this Agreement.

9.3 Procedure. Each party's indemnification obligations shall be subject to the following: A party (the "**Indemnitee**") that intends to claim indemnification under this Article IX will (a) promptly notify the other party (the "**Indemnitor**") in writing of any loss, claim, damage, liability or action in respect of which the Indemnitee intends to claim indemnification (each, a "Claim"), and (b) the Indemnitor will have the sole right to participate in, assume the defense thereof and settle any such Claim, and (c) the Indemnitee, its employees and agents will cooperate fully with the Indemnitor and its legal representatives in the investigation of any action, claim or liability covered by this indemnification and provide full information with respect thereto. An Indemnitee will have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the Indemnitor, if representation of the Indemnitee by the counsel retained by the Indemnitor would be inappropriate due to actual conflict of interests between the Indemnitee and any other party represented by the counsel in the proceeding, as mutually agreed upon by the parties in their reasonable discretion. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any the action, if prejudicial to its ability to defend the action, will relieve the Indemnitor of any liability to the Indemnitee under this Article IX to the extent Indemnitor is prejudiced thereby.

9.4 LIMITATION ON LIABILITY. EXCEPT FOR THE PARTIES INDEMNITY OBLIGATIONS SET FORTH HEREIN, AND EXCEPT FOR A BREACH OF ARTICLE VI, IN NO EVENT WILL THE UNIVERSITIES OR EITHER PARTY OR ANY OF ITS AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR OTHER REPRESENTATIVES BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOSS OF PROFITS, BUSINESS INTERRUPTION, LOSS OF GOODWILL, OR OTHERWISE, ARISING FROM OR RELATING TO THIS AGREEMENT, EVEN IF SUCH PARTY IS EXPRESSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATIONS SHALL APPLY TO THE MAXIMUM EXTENT PERMITTED BY LAW, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

9.5 Insurance. Prior to such time as Renegade begins human clinical trials of Products, Renegade shall at its sole expense, procure and maintain policies of comprehensive general liability insurance (or have a program of self-insurance) in amounts not less than $[**] per incident and $[**] in annual aggregate. Such comprehensive general liability insurance shall provide: (a) product liability coverage; and (b) broad form contractual liability coverage for Renegade's indemnification of those indemnified under Section 9.2. In the event the aforesaid product liability coverage does not provide for occurrence liability, Renegade shall maintain such comprehensive general liability insurance for a reasonable period of not less than [**] years after it has ceased commercial distribution or use of any Product. In the event that Renegade ceases to have a program of self-insurance, Renegade shall procure and maintain policies of comprehensive general liability insurance as set forth above and provide documentation of such change in coverage to Materia within fifteen days after such change. Thereafter, Renegade shall provide Materia with at least [**] days advance notice of any cancellation or material adverse change in policies of comprehensive general liability insurance provided for above. If Renegade does not obtain replacement insurance providing comparable coverage within [**] days of such cancellation, non-renewal or material adverse change, then Renegade shall be deemed to be in breach of a material provision of this Agreement under Section 7.2, unless Renegade at such time has reinstated a program of self-insurance.

ARTICLE X
GENERAL PROVISIONS

10.1 Entire Agreement. This Agreement, together with all the schedules hereto, constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all previous proposals or agreements, oral or written, and all negotiations, conversations or discussions heretofore had between the parties related to the subject matter of this Agreement.

10.2 Governing Law. This Agreement will be deemed to have been entered into and governed by and construed in accordance with the laws of the United States and the State of California, without reference to principles of conflicts of law.

10.3 Jurisdiction. Any action or proceeding brought by any party against another party arising out of or related to this Agreement will be brought in a state or federal court of competent jurisdiction located in Los Angeles, California and each party hereby irrevocably consents to the jurisdiction and venue of these courts.

10.4 Waiver, Discharge, etc. This Agreement may not be changed or modified in any manner, except by an instrument in writing signed on behalf of each of the parties to this Agreement by their duly authorized representatives. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part of it or the right of either party after any such failure to enforce each and every such provision. No waiver of any breach of or right under this Agreement shall be held to be a waiver of any other or subsequent breach or exercise of such right.

10.5 Execution in Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile, all of which shall be considered one and the same agreement, and which shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other party.

10.6 Titles and Headings. The titles and headings to the Articles herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.7 Benefit. Except as expressly stated nothing in this Agreement is intended to confer on any person other than the parties to this Agreement or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

10.8 Notices. All notices required or permitted under this Agreement will be in writing and will be deemed given when: (a) delivered personally; (b) sent by confirmed telex or facsimile; (c) five (5) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) business day after deposit with a commercial overnight carrier specifying next day delivery, with written verification of receipt. All

communications will be sent to the respective addresses set forth below or to such other address as may be designated by a party by giving written notice to the other party pursuant to this Article 10.8.

If to Renegade:	Renegade Therapeutics, Inc. One Broadway, 14th Floor Cambridge, MA 02142 Attn: Chief Executive Officer FAX: [**]
If to Materia:	Materia, Inc. 60 North San Gabriel Boulevard Pasadena, California 91107 Attn: President FAX: [**]
with a copy to:	Nixon Peabody LLP Gas Company Tower 555 West Fifth Street, 46th Floor Los Angeles, CA 90013 Attn: Richard M. Jones, Esq. FAX: [**]

10.9 Severability. If any provision of this Agreement is held invalid by a court of competent jurisdiction, the remaining provisions shall nonetheless be enforceable according to their terms. Further, if any provision is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended

10.10 Publicity. Neither party will use the name of the other party in any public statements or advertising involving the subject matter of this Agreement without the prior written approval of the other party.

10.11 Assignment. The Agreement may not be assigned without the prior written consent of the other party, but no consent will be required for any assignment to an Affiliate, or in connection with any merger, acquisition, reorganization or transfer of all or substantially all of the stock, assets or business of a party to which the Agreement relates.

10.12 Relationship of the Parties. Each party is an independent contractor with respect to the other, and is not an agent, partner, joint venture, or employer of the other. Neither party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, that will be binding on the other party.

10.13 Construction. This is an agreement between parties who are experienced in sophisticated and complex matters similar to the license transaction contemplated by this Agreement and is entered into by both parties in reliance upon the economic and legal bargains contained herein and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared this Agreement or the relative bargaining powers of the parties. Materia and Renegade were each represented by legal counsel competent in advising them of their obligations and liabilities hereunder.

10.14 No Third Party Beneficiaries. Except as set forth in Article IX, no Third Party including any employee of any party to this Agreement, shall be a Third Party beneficiary of this Agreement or have or acquire any rights by reason of this Agreement.

10.15 Bankruptcy. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be, deemed to be, for purposes of Section 365(n) of the Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 (35A) of the Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code.

10.16 Dispute Resolution. (a) Any controversy, claim or dispute (a "Dispute") arising out of or in connection with, or relating to, this Agreement, its validity, interpretation, performance, or termination shall be submitted to and finally settled by arbitration by a panel of three (3) arbitrators conducted in accordance with the Arbitration Rules of the American Arbitration Association in effect at the time of arbitration except as modified by mutual agreement of the parties. Each party shall designate one arbitrator; the third arbitrator shall be designated by the two arbitrators designated by the parties. Any such arbitration shall take place in Chicago, Illinois. Such arbitration shall be conducted in the English language. Except as required by law, the subject matter, proceedings, evidence, and award in any arbitration shall be treated as Confidential Information of each party subject to the provisions of Article 6.

(b) For purposes only of enforcing the agreement to arbitrate set forth in this Section, enforcing any arbitration award, or obtaining interim relief necessary to protect the parties pending arbitration, each party shall have the right to seek injunctive relief in any state or federal court having jurisdiction.

(***Remainder of page intentionally left blank***)

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed in the manner appropriate to each, to be effective on the Effective Date given above.

RENEGADE THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
Name: Joseph A. Yanchik III
Title: President

Date: 12/22/2006

MATERIA, INC.

By: /s/ Mark S. Trimmer
Name: Mark S. Trimmer
Title: Executive VP

Date: 12/22/2006

EXHIBIT A

MATERIA PATENT RIGHTS
(LAST UPDATED SEPTEMBER 30, 2006)

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of four pages were omitted. [**].

Materia Patents and Patent Applications:

[**]

Exhibit B

CATALYST PRICING
(EFFECTIVE THROUGH 12/31/2007)

Catalyst	Order Quantity	Price/g (USD)

[**]

Other Catalysts can be purchased from Materia at a cost of $[**] (minimum [**] purchase quantity of each Catalyst).

EXHIBIT C

UNIVERSITY AGREEMENTS SPECIFIED IN SECTION 2.3

CALTECH - MATERIA LICENSE AGREEMENT

THIS AGREEMENT is effective as of the day of , 2001 (the "Effective Date"), between **CALIFORNIA INSTITUTE OF TECHNOLOGY**, 1200 East California Boulevard, Pasadena, California 91125 ("Caltech") and Materia, Inc., having a principal place of business at 2531 Nina Street, Pasadena, CA 91107 ("Licensee").

WHEREAS, Caltech has been engaged in basic research in the field of olefin metathesis chemistry catalyzed by well-defined metal complexes; and

WHEREAS, this Caltech research led to the United States patents, patent applications and other inventions listed in Exhibit A, in addition to patents that were donated to Caltech and are also listed in Exhibit A, all of which are owned by Caltech; and

WHEREAS, Caltech has granted certain rights to third parties designated in Exhibit A and described in Exhibit B; and

WHEREAS, Caltech has granted Licensee four Option Agreements ([**], which are appended as Exhibit C) effective April 7, 2000 to acquire a license to Inventions, Licensed Patents and Technology; and

WHEREAS, Licensee is desirous of obtaining, and Caltech wishes to grant to Licensee, an exclusive license to the Licensed Patent Rights (as listed in Exhibit A and defined in Paragraph 1.5) and Improvements thereof in the Field (as defined in Paragraphs 1.2 and 1.11) and a nonexclusive license to the Technology (as defined in Paragraph 1.7).

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 "**Licensed Product**" means any product, device, service or system in the Field which is covered by, or is made by a process covered by, any Valid Claim of any Licensed Patent Rights or a patent claiming an Improvement, or which utilizes the Technology in material part.

1.2 "**Field**" means all fields of use; including but not limited to, olefin metathesis technology, including compositions of matter and methods of preparation of olefin metathesis catalyst complexes and their use to effect a wide variety of olefin metathesis chemistries including, but not limited to, ring-opening metathesis polymerization (ROMP), ring-closing metathesis (RCM), metathesis depolymerization, cross-metathesis, acyclic diene metathesis polymerization (ADMET), and metathesis coupling, all of which are useful for the preparation of chemical and material products including, but not limited to, resins, polymers, functional polymers, telechelic polymers, segmented polymers, block copolymers, substituted polymers, and oligomers, adhesives, pheromone chemicals, pharmaceutical intermediates, flavor and fragrance chemicals, fine chemicals, specialty intermediates, performance chemicals, etc.; except as reserved by Caltech and limited by third party licenses granted to U. S. Government, [**]. Limitations to the Grant and Field of this License Agreement are delineated by a listing of the grant, field and term of third party licenses in Exhibit B.

1.3 "**Deductible Expenses**" means the following items of expense incurred in connection with sales of Licensed Products to the extent paid or allowed by Licensee or an Affiliate and included in accordance with generally accepted accounting principals (GAAP) in the gross sales price billed: (i) sales, use or turnover taxes; (ii) excise, value added or other taxes, custom duties or consular fees; (iii) transportation, freight, and handling charges, and insurance on shipments to customers; (iv) trade, cash or quantity discounts or rebates to the extent actually granted (including Medicaid and other government-mandated rebates); (v) agent fees or commissions; (vi) rebates, refunds, and credits for any rejected or returned Licensed Products or because of retroactive price reductions, rebates or chargebacks; and (vii) uncollected accounts receivable attributable to sales of Licensed Products.

1.4 "**Affiliate**" means any corporation, limited liability company or other legal entity directly or indirectly controlled by Licensee or its successors or assigns, or any successor or assign of such an entity. For the purpose of this Agreement, "control" shall mean the direct or indirect ownership of at least fifty-one percent (51%) of the outstanding shares on a fully diluted basis or other voting rights of the subject entity to elect directors, or if not meeting the preceding, any entity owned or controlled by or owning or controlling at the maximum control or ownership right permitted in the country where such entity exists.

1.5 "**Licensed Patent Rights**" means (a) rights under all domestic and foreign patents and patent applications listed in Exhibit A attached hereto, and all patents and patent applications that describe and claim inventions set forth in the invention disclosures listed in Exhibit A; any patents which issue on the applications listed in Exhibit A or any applications that claim inventions set forth in the invention disclosures set forth on Exhibit A; all reissues, reexaminations, renewals, extensions, divisionals, continuations, and continuations-in-part of the foregoing patents and patent applications; and any foreign counterparts and any other forms of protection directed to the inventions covered by the patents or patent applications and invention disclosures listed in Exhibit A, and (b) all patent applications hereafter filed and owned by Caltech which claim an Improvement, together with any and all patents that issue therefrom, and all related divisionals, continuations, continuations-in-part, reissues, renewals, extensions or additions to any such patents and patent applications.

1.6 "**Caltech Technology**" means the Licensed Patent Rights, Improvements and the Technology.

1.7 "**Technology**" means all proprietary information, know-how, procedures, methods, prototypes, designs, technical data and reports owned by Caltech that are necessary or useful in the development of Licensed Products and which relate to the Licensed Products, but which are not the subject of the Licensed Patent Rights. Subject to the foregoing, inventions which (i) are the subject of applications for patents listed in Exhibit A or applications that claim Improvements, or applications which claim priority from such applications, and (ii) are not claimed in an issued patent included in the Licensed Patent Rights shall be considered to be Technology.

1.8 "**Net Revenues**" means the combined amount received by Licensee and Affiliates from the sale to unrelated third parties of Licensed Products, less Deductible Expenses.

1.9 "**Valid Claim**" means (a) an issued claim of an issued patent within the Licensed Patent Rights or a patent claiming an Improvement thereof, which has not (i) expired or been canceled, (ii) been declared invalid by an unreversed and unappealable decision of a court or other appropriate body of competent jurisdiction, (iii) been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise, and/or (iv) been abandoned in accordance with or as permitted by the terms of this Agreement or by mutual written agreement; or (b) a claim included in a pending patent application within the Licensed Patent Rights that is being actively prosecuted in accordance with this Agreement and which has not been (i) canceled, (ii) withdrawn from consideration, (iii) finally determined to be unallowable by the applicable governmental authority (and from which no appeal is or can be taken), and/or (iv) abandoned in accordance with or as permitted by the terms of this Agreement or by mutual written consent.

1.10 "**Sublicensee**" shall mean, with respect to a particular Licensed Product, a third party to whom Licensee has granted a license or sublicense under the Caltech Technology to develop, make, have made, use and sell such Licensed Product.

1.11 "**Improvements**" [**].

1.12 "**Confidential Information**" shall mean technical, business, or other information provided to one party by the other party under Article 10 of this Agreement, that is in written form and that is marked as Confidential Information.

ARTICLE 2

PATENT LICENSE GRANT

2.1 Caltech hereby grants to Licensee the following licenses:

(a) an exclusive, royalty-bearing license under Licensed Patent Rights, as listed in Exhibit A, and Improvements thereof, to research, develop, make, have made, import, have imported, use, have used, sell, have sold, offer for sale, have offered for sale, and otherwise exploit Licensed Products in the Field throughout the world; and

(b) a nonexclusive, royalty-bearing worldwide license to the Technology to make, have made, import, have imported, use, have used, sell, have sold, offer for sale, have offered for sale, and otherwise exploit Licensed Products in the Field throughout the world.

2.2 These licenses are subject to: (a) the reservation of Caltech's right to make, have made, and use Licensed Products for noncommercial educational and research purposes, but not for sale or other distribution to third parties; and (b) the rights of the U.S. Government under Title 35, United States Code, Section 200 et seq., including but not limited to the grant to the U.S. Government of a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced any invention conceived or first actually reduced to practice in the performance of work for or on behalf of the U.S. Government throughout the world. These licenses are not transferable by Licensee except as provided in Paragraph 16.4, but Licensee shall have the right to grant nonexclusive or exclusive sublicenses hereunder, provided that:

(a) Licensee shall include all its sublicensing income in Licensee's reports to Caltech, as provided in Paragraph 9.2, and Licensee shall pay royalties thereon to Caltech pursuant to Paragraph 4.1; and

(b) Licensee shall furnish Caltech within [**] days of the execution thereof, a true and complete copy of each sublicense and any changes or additions thereto; and

(c) Licensee may grant sublicenses of no greater scope than the license granted under Section 2.1; and

(d) Each sublicense granted by Licensee shall include provisions similar in all material respects to those of Articles 6, 12, 15, 16 and Section 2.2.

The license grants shall continue for the term of this Agreement as set forth in Article 12; provided, however, that if this Agreement expires pursuant to the first sentence of Paragraph 12.1, Licensee shall retain a nonexclusive, perpetual, royalty-free, worldwide license, with the right to sublicense, under the Caltech Technology, to research, develop, make, use, sell, offer for sale and import Licensed Product

2.4 Licensee shall have the right to acquire all additional rights from license grants by Caltech to any third party under Licensed Patent Rights, that either lapse, terminate, are reduced to non-exclusive, or that are further reduced in their grant, field or territory; and Licensee shall assume a share of patent costs, as well as other fees and royalties, on proportionate basis to such costs, fees and royalties paid by any third party under the additional rights granted to Licensee.

ARTICLE 3

FINANCING

Licensee hereby certifies that it has closed on a round of equity financing in the amount of XXXXXXXXXXXXXXXXXXXXX on August 3, 2000, and is organized as a Delaware C Corporation.

ARTICLE 4

ROYALTIES

4.1 Licensee shall pay Caltech XXXXXXXXXXX of the royalties or other license revenues that Licensee receives from Sublicensees, other than to Affiliates, for the sale of Licensed Products in the Field or the conduct of services which are Licensed Products (as defined herein). Such royalties or other revenues specifically shall not include payments made by a Sublicensee (i) in consideration of equity or debt securities of Licensee; (ii) to support research or development activities to be undertaken by Licensee; (iii) upon the achievement by Licensee or Sublicensee of specified milestones or benchmarks relating to the development of Licensed Products; (iv) in connection with pilot studies; (v) with respect to performance based milestones;

(vi) in consideration for the license or sublicense of any intellectual property other than Caltech Technology; (vii) with respect to products other than Licensed Products, or (viii) as reimbursement for patent or other expenses.

4.2 In any country where the sale or use of Licensed Products is covered by a patent or patent application within the Licensed Patent Rights, if Licensed Products are sold by or for Licensee or Affiliate in the Field in such country, Licensee shall pay Caltech XXXXXXXXXXXXX of Net Revenues from the sale of Licensed Products or for the conduct of services which are Licensed Products.

4.3 In any country where the sale or use of Licensed Products is not covered by a patent or patent application within the Licensed Patent Rights but the use or sale of such Licensed Product utilizes the Technology in material part, Licensed Products are sold by or for Licensee or Affiliate in the Field or used to provide services to third parties, Licensee shall pay Caltech XXX XXXXXXXXXXXXX of Net Revenues from the sale of Licensed Products or for the conduct of such services for a period of XXXXXXXXXXX from the first commercial sale of a Licensed Product in such country.

4.4 In the event that Licensed Products are sold in combination with one or more other products or services which are not Licensed Products, Net Revenues for such combination products will be calculated on a country-by-country basis by multiplying actual net sales of such combination products by the fraction A/(A+B) where A is the average invoice price during the period of the Licensed Product when sold separately, and B is the average invoice price of any other product(s) or services in the combination when sold separately by Licensee or Affiliate. If the products or services in the combination that are not Licensed Products are not sold separately by Licensee or Affiliate, Net Revenues shall be calculated by multiplying actual net sales of such combination products by the fraction A/C where A is the average invoice price of the Licensed Product when sold separately and C is the average invoice price of the combination product. If neither the Licensed Product nor the combination product is sold separately by Licensee or Affiliate, Net Revenues shall be calculated as above except that A shall be the total manufacturing cost of Licensed Product and C shall be the total manufacturing cost of the combination.

4.5 If, in any [**] period commencing on the second anniversary of the Effective Date or any subsequent anniversary thereof, Licensee does not pay a minimum of XXXXXXXXXXXXXXXXXXX in royalties under Paragraphs 4.1, 4.2 or 4.3, or pay an additional royalty equal to the difference between XXXXXXXXXXXXXXXXXXXX and any lower amount paid under Paragraphs 4.1, 4.2 or 4.3, then Licensor shall have the right to terminate this Agreement, provided, however, that Licensee may, at its election, pay to Licensor from any other revenues the XXXXXXXXXXXXXXXXXXX minimum annual royalty and in such event Licensor may not terminate this Agreement.

4.6 If Licensee or Affiliate is required to make any payment (including, but not limited to, royalties or other license fees) to one or more third parties to obtain a license or similar right in the absence of which it could not legally make, import, use, sell, or offer for sale Licensed Products in any country, and Licensee provides Caltech with reasonably satisfactory evidence of such third-party payments, such third-party payments shall be fully creditable against royalties owed to Caltech hereunder, provided that in no one year shall such expenses be credited against more than XXXXXXXXXXXXXXXX of royalty payments to Caltech. Any greater amount of such expenses may be carried over and credited against royalties owed in future years.

4.7 For the purpose of determining royalties payable under this Agreement, any royalties or other revenues Licensee receives from Sublicensees in currencies other than U.S. dollars and any Net Revenues denominated in currencies other than U.S. dollars shall be converted into U.S. dollars according to Licensee's reasonable standard internal conversion procedures, including Licensee's standard internal rates and conversion schedule.

4.8 Any sublicenses granted by Licensee, including, without limitation, any nonexclusive sublicenses, shall remain in effect and be assigned to Caltech in the event this license terminates pursuant to Article 12; provided, the financial obligations of each Sublicensee to Caltech shall be limited to the amounts Licensee shall be obligated to pay to Caltech for the activities of such Sublicensee pursuant to this Agreement. In such event and subject to the preceding sentence, Caltech shall assume all the rights and obligations of Licensee.

4.9 No more than one royalty payment shall be due with respect to a sale of a particular Licensed Product. No multiple royalties shall be payable because any Licensed Product, or its

manufacture, sale or use is covered by more than one Valid Claim in a given country. No royalty shall be payable under this Article 4 with respect to Licensed Products distributed for use in research and/or development or as promotional samples or otherwise distributed without charge to third parties.

4.10 Royalties due under this Article 4 shall be payable on a country-by-country and Licensed Product-by-Licensed Product basis until the expiration of the last-to-expire issued Valid Claim covering such Licensed Product in such country, or if no such patent has previously issued in a country, until the XXXXXX anniversary of the first commercial sale of Licensed Product in such country.

4.11 Notwithstanding the provisions of this Article 4, no royalty shall be payable to Licensor with respect to any sales of Licensed Products to the U.S. Government on sales made solely to permit the U.S. Government to practice or have practiced or sue on its behalf any invention or process covered by Caltech Technology.

ARTICLE 5

LICENSEE EQUITY INTEREST

5.1 Licensee agrees to issue to Caltech, in consideration of Licensee's receipt of the intangible property rights granted under this Agreement, XXXXXXXXXXXXXXXXXXXXX XXXXXXXXXX shares of Licensee's common stock, pursuant to the terms of Licensee's stock restriction and cosale agreement.

5.2 Caltech agrees that, in the event of any underwritten or public offering of securities of Licensee or Affiliate, Caltech shall comply with and agree to any reasonable restriction on the transfer of equity interest, or any part thereof, imposed by an underwriter, and shall perform all acts and sign all necessary documents required with respect thereto. The provisions of this Paragraph 5.2 shall survive termination of this Agreement.

ARTICLE 6

DUE DILIGENCE

6.1 Licensee shall have discretion over the commercialization of Licensed Products. However, Licensee agrees to use commercially reasonable efforts to introduce commercial Licensed Product(s) in the United States as soon as practical, consistent with sound and reasonable business practices and judgments. Licensee shall be deemed to have satisfied its obligations under this Paragraph if Licensee has an ongoing and active research program or marketing program, as appropriate, directed toward production and use of one or more Licensed Products. Any efforts of Licensee's Sublicensees shall be considered efforts of Licensee for the sole purpose of determining Licensee's compliance with its obligation under this Paragraph.

6.2 After the first year from the Effective Date, Caltech shall have the right, no more often than once each year, to require Licensee to report to Caltech in writing on its progress in introducing commercial Licensed Product(s) in the United States.

6.3 If Licensee is not fulfilling its obligations under Paragraph 6.1 with respect to the Field and Caltech so notifies Licensee in writing, Caltech and Licensee shall negotiate in good faith any additional efforts to be taken by Licensee. If the parties do not reach agreement within [**] days, the parties shall submit the issue to arbitration as provided in Article 14 to determine whether any additional efforts shall be required of Licensee. If subsequent to the conclusion of such arbitration proceedings Licensee then fails to make any required efforts, and does not remedy that failure within [**] days after further written notice to Licensee, Caltech may convert the license granted in Paragraph 2.1 to a nonexclusive license in any part of the Field in which Licensee is not fulfilling its obligations under Paragraph 6.1, and the royalties payable under this Agreement shall be reduced by XXXXXXXXXXX for Licensed Products in the Field sold under such a nonexclusive license.

ARTICLE 7

INFRINGEMENT BY THIRD PARTY

7.1 Licensee shall at its expense, have the first right but not the obligation to protect the Licensed Patent Rights from infringement and prosecute infringers when, in its sole judgment, such action may be reasonably necessary, proper and justified. Notwithstanding the foregoing, Licensee shall have the right to sublicense any alleged infringer pursuant to Paragraph 2.1.

7.2 If Caltech shall have supplied Licensee with evidence of infringement of Licensed Patent Rights or patents claiming an Improvement by a third party, Caltech may by notice request Licensee to take steps to enforce the Licensed Patent Rights. If Caltech does so, and Licensee does not, within three (3) months of the receipt of such notice, either (i) cause the infringement to terminate or (ii) initiate a legal action against the infringer, Caltech may, upon notice to and approval of Licensee, initiate an action against the infringer at Caltech's expense, either in Licensee's name or in Caltech's name if so required by law. Caltech shall have sole control of the action.

7.3 If a declaratory judgment action alleging invalidity, unenforceability or noninfringement of any of the Licensed Patent Rights or patents claiming an Improvement is brought against Licensee and/or Caltech, Licensee may elect to have sole control of the action, and if Licensee so elects it shall bear all the costs of the action.

7.4 In the event one party shall institute or carry on a legal action pursuant to Paragraphs 7.1, 7.2 or 7.3, the other party shall fully cooperate with and supply all assistance reasonably requested by the party instituting or carrying on such action, including by using commercially reasonable efforts to have its employees testify when requested and to make available relevant records, papers, information, samples, specimens, and the like. A party controlling an action pursuant to Paragraphs 7.1, 7.2 or 7.3 shall bear the reasonable expenses incurred by said other party in providing such assistance and cooperation as is requested pursuant to this Paragraph. A party instituting or carrying on such an action shall keep the other party informed of the progress of such action, and said other party shall be entitled to be represented by counsel in connection with such action at its own expense. To the extent not reimbursed by Caltech, Licensee's reasonable and customary expenses for such action (including attorneys' fees and expert fees) shall be fully creditable against royalties owed to Caltech hereunder, provided that in no one year shall such expenses to be credited against more than [**] of royalty payments to Caltech. Any remaining expenses may be carried over and credited against royalties owed in future years.

7.5 The party controlling any action referred to in this Article 7 shall have the right to settle any claims, but only upon terms and conditions that are reasonably acceptable to the other party hereto. Should either party elect to abandon such an action other than pursuant to a settlement with the alleged infringer that is reasonably acceptable to the other party, the party controlling the action shall give timely notice to the other party who, if it so desires, may continue the action; provided, however, that the sharing of expenses and any recovery in such suit shall be as agreed upon between the parties.

7.6 Any amounts paid to a party by third parties as the result of such an action (such as in satisfaction of a judgment or pursuant to a settlement) shall first be applied to reimbursement of the unreimbursed expenses (including attorneys' fees and expert fees) incurred by each party and then to the payment to Caltech of any royalties against which were credited expenses of the action in accordance with Paragraph 7.4. Any remainder shall be divided between the parties as follows:

(a) To the extent the amount recovered reflects lost profits, Licensee shall retain the remainder, less the amount of any royalties that would have been due Caltech on sales of Licensed Product lost by Licensee as a result of the infringement had Licensee made such sales, provided that Licensee shall in any event retain at least XXXXXXXXXXXXXXXX of the remainder; and (ii) Caltech shall receive an amount equal to the royalties it would have received if such sales had been made by Licensee, provided such amount shall in no event exceed XXXX XXXXXXXXX of the remainder; or

(b) To the extent the amount recovered does not reflect lost profits, XXXXXX XXXXXXXX shall be paid to the party initiating the action and XXXXXXXXXXX to the other party.

7.7 If an infringement or infringements by third parties of Licensed Patent Rights is on a scale that significantly affects sales of Licensed Products, and neither Caltech nor Licensee elect to bring an infringement suit against the infringers, the royalties hereunder payable by Licensee pursuant to Article 4 shall be reduced by XXXXXXXXXXXXXXXXXXX of the sums otherwise payable if Licensee presents information to Caltech that such infringer has refused to enter into a royalty-bearing, sublicensing agreement with Licensee on terms reasonably acceptable to Licensee.

7.8 The allowed reductions set forth in Paragraph 7.7 and Paragraph 4.6 shall not exceed, in the aggregate, XXXXXXXXXXXXX of the sums otherwise payable during any year.

ARTICLE 8

BENEFITS OF LITIGATION,

EXPIRATION OR ABANDONMENT

8.1 General. In a case where one or more patents or particular claims thereof within the Licensed Patent Rights expire, or are abandoned, or are declared invalid or unenforceable or otherwise construed by a court of last resort or by a lower court from whose decree no appeal is taken, or certiorari is not granted within the period allowed therefor, then the effect thereof hereunder shall be:

(a) that such patents or particular claims shall, as of the date of expiration or abandonment or final decision as the case may be, cease to be included within the Licensed Patent Rights for the purpose of this Agreement; and

(b) that such construction so placed upon the Licensed Patent Rights by the court shall be followed from and after the date of entry of the decision, and royalties shall thereafter be payable by Licensee only in accordance with such construction; and

(c) in the event that Licensee challenges the validity of Licensed Patent Rights, Licensee may not cease paying royalties as of the date that the validity of the claims in issue are challenged, but rather may cease paying royalties as to those claims only after a final adjudication of invalidity of those claims.

8.2 Adjustment. In the event that any of the contingencies provided for in Paragraph 8.1 occurs, Caltech agrees to renegotiate in good faith with Licensee a reasonable royalty rate under the remaining Licensed Patent Rights which are unexpired and in effect and under which Licensee desires to retain a License.

ARTICLE 9

RECORDS, REPORTS AND PAYMENTS

9.1 Licensee shall keep records and books of account in respect of all Licensed Products made and sold by Licensee or its Affiliates under this Agreement and of royalties or other revenues Licensee receives from Sublicensees other than Affiliates for the sale of Licensed Products. Caltech shall have the right, during business hours, no more often than annually, to examine, or to have its designated auditors examine, such records and books. Licensee shall keep the same for at least [**] years after it pays Caltech the royalties due for such Licensed Products and require its Affiliates to do the same. Caltech shall not disclose to any third party any confidential information learned through an examination of such records and books, nor shall Caltech use any such information for any purpose other than determining and enforcing its rights under this Agreement.

9.2 Following the first commercial sale of a Licensed Product, on or before the last day of each February, May, August and November for so long as royalties are payable under this Agreement, Licensee shall render to Caltech a report in writing, setting forth Net Revenues and the number of units of Licensed Products sold during the preceding calendar quarter by Licensee and its Affiliates, and the royalties or other revenues Licensee received from Sublicensees other than Affiliates during the preceding calendar quarter for the sale of Licensed Products. Each such report shall also set forth an explanation of the calculation of the royalties payable hereunder and be accompanied by payment of the royalties shown by said report to be due Caltech. Notwithstanding the foregoing, if (i) Caltech materially breaches this Agreement, (ii) Licensee gives Caltech written notice of the breach, and (iii) Caltech has not cured the breach by the time a payment is due under this Paragraph, then Licensee may make the required payment into an interest bearing escrow account to be released when the breach is cured, less any damages that may be payable to Licensee by virtue of Caltech's breach.

ARTICLE 10

CONFIDENTIALITY

10.1 Dr. Robert H. Grubbs shall provide to Licensee copies of any proposed presentation or publication or abstract which is an Improvement to Caltech Technology prior to the

submission of such documents. Proposed publications and abstracts shall be supplied at least [**] days in advance of submission to a journal, editor, or third party. In addition, if Dr. Grubbs submits a copy of the proposed publication to Licensee less than [**] days prior to submission for publication, then Licensee can request Caltech to file, at Caltech's expense, a provisional patent application enabling the technology disclosed in the proposed publication at the United States Patent and Trademark Office, and shall provide Licensee with evidence of the filing of such provisional patent application. Licensee may request reasonable changes and/or deletions be made in any proposed publication. Dr. Grubbs will consider such changes but retains the sole right to determine whether such changes or deletions will be made; but Dr. Grubbs agrees that he will honor Licensee's reasonable requests to remove any confidential information of Licensee included in any such public disclosure. If Licensee believes that the subject matter to be disclosed or published warrants patent protection, it will identify the subject matter requiring protection and notify Caltech. Caltech agrees to use commercially reasonable efforts to cooperate in the filing of a U.S. patent application as provided in Paragraph 11.4 thereon prior to any date that would result in preventing the obtaining of valid patent rights throughout the world when Licensee so identifies subject matter requiring patent protection from a review of the planned publication.

10.2 All reports provided to Caltech pursuant to this Agreement shall be Confidential Information of Licensee and shall not be disclosed to any third party without the prior written consent of Licensee.

10.3 Except as expressly provided herein, each party agrees not to disclose any terms of this Agreement to any third party without the consent of the other party; provided, however, that disclosures may be made as required by securities or other applicable laws, or to actual or prospective investors or corporate partners, or to a party's Directors, accountants, attorneys and other professional advisors.

ARTICLE 11

PAYMENT OF PATENT COSTS

11.1 Starting XXXXXXXXXXXXXXXX from the Effective Date, Licensee shall, in connection with the preparation, filing, and prosecution, issuance and maintenance of the Licensed Patent Rights both in the United States and foreign jurisdictions:

(a) pay its proportional share, with respect to the cumulative share of third party licensees, of all reasonable attorney fees for services performed to

obtain the issuance of the Licensed Patent Rights, and all patent and government fees for services performed after the issuance of Licensed Patent Rights, and

(b) pay its proportional share, with respect to the cumulative share of third party licensees, of all Patent and Trademark Office maintenance fees; and

(c) such proportional share shall be established by a mutual determination of the parties with respect to the relative value of Licensed Patent Rights with respect to other third party rights; except that

(d) Licensee's share shall not be greater than XXXXXXXXXXXXXXXX of patent costs for shared rights in any jurisdiction.

11.2 XXXXXXXXXXXX of the amounts expended by Licensee in connection with U.S. patent costs shall be creditable against earned royalties due Caltech; XXXXXXXXXXXX XXXXXX of patent expenses paid by Licensee in conjunction with foreign patent costs shall be creditable against earned royalties due Caltech in the respective territory covered by the patent or patents that are foreign filed.

11.3 Payment shall be made to Caltech within thirty (30) days following receipt by Licensee from Caltech of (i) an invoice covering such fees (including copies of invoices for legal fees describing the legal services performed in reasonable detail) and (ii) reasonably satisfactory evidence that such fees were paid. To the extent that Licensee terminates this Agreement pursuant to Paragraph 12.3 with respect to any patent application or patent, Licensee shall have no further liability under Paragraph 11.1 for fees relating to applications or patents affected by the termination.

11.4 Licensee shall have the right to apply for, prosecute and maintain during the term of this Agreement, the Licensed Patent Rights. Caltech shall provide Licensee with timely disclosures regarding Improvements and potential Improvements developed in the laboratory of Dr. Robert H. Grubbs at Caltech. The application filings, prosecution, maintenance and payment

of all fees and expenses, including legal fees, relating to such Licensed Patent Rights shall be the responsibility of Licensee, provided that Licensee shall pay for all reasonable fees and expenses, including reasonable legal fees, incurred in such application filings, prosecution and maintenance. Caltech shall provide Licensee with all information necessary or useful for the filing and prosecution of such Licensed Patent Rights and shall cooperate fully with Licensee so that Licensee may establish and maintain such rights. Patent attorneys chosen by Licensee shall handle all patent filings and prosecutions, on behalf of Caltech, provided, however, Caltech and Dr. Grubbs shall be entitled to review and comment upon and approve all actions undertaken in the prosecution of all patents and applications. Caltech and Dr. Grubbs shall provide any comments or approvals hereunder promptly. In the event Licensee declines to apply for, prosecute or maintain any Licensed Patent Rights, Caltech shall have the right to pursue the same at Caltech's expense and Licensee shall have no rights under Caltech's interest therein. If Licensee decides not to apply for, prosecute or maintain any Licensed Patent Rights, Licensee shall give sufficient and timely notice to Caltech so as to permit Caltech to apply for, prosecute and maintain such Licensed Patent Rights. In such event, Licensee shall provide Caltech with all information necessary or useful for the filing and prosecution of such Licensed Patent Rights and shall cooperate fully with Caltech so that Caltech may establish and maintain such rights.

ARTICLE 12

TERMINATION

12.1 The term of this Agreement shall commence upon the Effective Date and expire upon the date of expiration of all royalty obligations in all countries as provided in Paragraph. Caltech shall have the right to terminate this Agreement prior to the date it would otherwise expire, pursuant to this Paragraph 12.1, if Licensee fails to make any payment due hereunder and if Licensee continues to fail to make the payment, either to Caltech directly or by placing any disputed amount into an interest bearing escrow account to be released when the dispute is resolved, for a period of [**] days after receiving notice from Caltech specifying Licensee's failure. Upon any such termination, (i) Licensee and Affiliates shall have [**] months to complete the manufacture of any Licensed Products that then are work in progress and to sell their inventory of Licensed Products, provided Licensee pays the applicable royalties in accordance with Paragraph 9.2, and (ii) Caltech shall accept an assignment by Licensee of any sublicenses granted by Licensee to entities other than Affiliates, and any sublicense so assigned shall remain in full force and effect.

12.2 If either party materially breaches this Agreement, the other party may elect to give the breaching party written notice describing the alleged breach. If the breaching party has not cured such breach within [**] days after receipt of such notice, the notifying party will be entitled, in addition to any other rights it may have under this Agreement, to terminate this Agreement effective immediately; provided, however, that if either party receives notification from the other of a material breach and if the party alleged to be in default notifies the other party in writing within [**] days of receipt of such default notice that it disputes the asserted default, the matter will be submitted to arbitration as provided in Article 14 of this Agreement. In such event, the nonbreaching party shall not have the right to terminate this Agreement until it has been determined in such arbitration proceeding that the other party materially breached this Agreement, and the breaching party fails to cure such breach within [**] days after the conclusion of such arbitration proceeding.

12.3 Licensee shall have the right to terminate this Agreement either in its entirety or as to any jurisdiction or any part of the Licensed Patent Rights or Licensed Patents upon sixty (60) days written notice. If Licensee does so, it shall submit all required reports and make all required payments in accordance with Paragraph 9.2.

12.4 No termination of this Agreement shall relieve Licensee of the liability for payment of any royalty due for Licensed Products made prior to the effective date of such termination.

12.5 Notwithstanding anything herein to the contrary, in the event of any termination or expiration of the term of this Agreement, Licensee shall have the right to use or sell Licensed Products on hand on the date of such termination or expiration and to complete Licensed Products in the process of manufacture at the time of such termination or expiration and use or sell the same, provided that Licensee shall submit the applicable royalty report described in paragraph 9.2, along with the royalty payments required above in accordance with Article 4 for sale of such Licensed Products.

12.6 Licensee shall have the right to dispose of its existing inventory, whether completed or in the process of manufacture, for a period of [**] months after termination.

12.7 Termination of this Agreement for any reason shall not release any party hereto from any liability which, at the time of such termination, has already accrued to the other party or which is attributable to a period prior to such termination, nor preclude either party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to such termination.

12.8 Paragraphs 4.8, 4.11, 5.2, 9.2 (if Paragraph 12.2 applies), 12.2, 12.4, 12.5 and Articles 9, 10, 14, 15 and 16 of this Agreement shall survive termination of this Agreement.

ARTICLE 13

WARRANTIES AND NEGATION OF

WARRANTIES, IMPLIED LICENSES AND AGENCY

13.1 Caltech represents and warrants that it owns all right, title and interest in and to the Licensed Patent Rights, subject to this license.

13.2 Caltech represents and warrants that it has not granted any third party right or interest in any of the Licensed Patent Rights or Improvements that is inconsistent with the rights granted to Licensee herein and will not grant any third party such a right during the term of this Agreement.

13.3 Caltech represents and warrants: (i) it is the sole and exclusive owner of all right, title, and interest in the Caltech Technology; (ii) it has the right to grant the rights and licenses granted herein, and the Caltech Technology is free and clear of any lien, encumbrance, security interest, or restriction on license; and (iii) there are no threatened or pending actions, suits, investigations, claims, or proceedings in any way relating to the Caltech Technology.

13.4 Nothing in this Agreement shall be construed as:

(a) a representation or warranty of Caltech as to the validity or scope of Licensed Patent Rights or any claim thereof; or

(b) a representation or warranty that any Licensed Product is or will be free from infringement of rights of third parties; or

(c) an obligation to bring or prosecute actions or suits against third parties for infringement; or

(d) conferring by implication, estoppel or otherwise, any license or rights under any patents of Caltech other than Licensed Patent Rights, regardless of whether such other patents are dominant or subordinate to Licensed Patent Rights.

13.5 CALTECH MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ASSUMES NO RESPONSIBILITIES WHATEVER WITH RESPECT TO THE USE, SALE, OR OTHER DISPOSITION BY LICENSEE OF LICENSED PRODUCT(S).

13.6 Caltech and Licensee are independent parties in this Agreement. Accordingly, there is no agency relationship between Caltech and Licensee under this Agreement with respect to any products made or sold, or any methods used, by Licensee under this Agreement.

ARTICLE 14

ARBITRATION

14.1 Any controversy or claim arising out of or related to the parties' obligations under this Agreement, or the breach thereof, shall be settled by arbitration conducted in the State of California and, except as otherwise provided in this Paragraph 14.1, shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Discovery shall be permitted as set forth in the Federal Rules of Civil Procedure with respect to the performance by the Parties of their obligations under this Agreement and such other matters as the arbitrators may determine (it being the intent of the Parties that full discovery occur with respect to salient facts). Judgment upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

ARTICLE 15

PRODUCT LIABILITY

15.1 Licensee agrees that Caltech shall have no liability to Licensee or to any purchasers or users of Licensed Products made or sold by Licensee for any claims, demands, losses, costs, or damages suffered by Licensee, or purchasers or users of such Licensed Products, or any other party, which may result from personal injury, death, or property damage related to the manufacture, use, or sale of such Licensed Products ("Claims"). Licensee agrees to defend, indemnify, and hold harmless Caltech, its trustees, officers, agents, and employees from any such Claims, provided that (i) Licensee is notified promptly of any Claims, (ii) Licensee has the sole right to control and defend or settle any litigation within the scope of this indemnity, and (iii) all indemnified parties cooperate to the extent necessary in the defense of any Claims.

15.2 At such time as Licensee begins commercial sales of Licensed Products (other than for the purpose of obtaining regulatory approvals), Licensee shall at its sole expense, procure and maintain policies of comprehensive general liability insurance in amounts not less than XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX and naming those indemnified under Paragraph 15.1 as additional insureds. Such comprehensive general liability insurance shall provide (i) product liability coverage and (ii) broad form contractual liability coverage for Licensee's indemnification under Paragraph 15.1. In the event the aforesaid product liability coverage does not provide for occurrence liability, Licensee shall maintain such comprehensive general liability insurance for a reasonable period of not less than five (5) years after it has ceased commercial distribution or use of any Licensed Product.

15.3 Licensee shall provide Caltech with written evidence of such insurance upon request of Caltech. Licensee shall provide Caltech with notice at least [**] days prior to any cancellation, non-renewal or material change in such insurance, to the extent Licensee receives advance notice of such matters from its insurer. If Licensee does not obtain replacement insurance providing comparable coverage within [**] days following the date of such cancellation, non-renewal or material change, Caltech shall have the right to terminate this Agreement effective at the end of such [**] day period without any additional waiting period; provided that if Licensee uses reasonable efforts but is unable to obtain the required insurance at

commercially reasonable rates, Caltech shall not have the right to terminate this Agreement, and Caltech instead shall cooperate with Licensee to either grant a waiver of Licensee's obligations under this Article or assist Licensee in identifying a carrier to provide such insurance or in developing a program for self-insurance or other alternative measures. The previous Article shall survive the expiration or termination of this Agreement.

ARTICLE 16

MISCELLANEOUS

16.1 Licensee agrees that it shall not make any form of representation or statement which would constitute an express or implied endorsement by Caltech of any Licensed Product, and that it shall not authorize others to do so, without first having obtained written approval from Caltech, except as may be required by governmental law, rule or regulation. Caltech agrees, however, that Licensee may identify Caltech, or California Institute of Technology, and/or Professor Robert H. Grubbs as the inventor of the Caltech Technology in any advertising or publicity material.

16.2 Licensee agrees to mark, whenever reasonably possible, the appropriate U.S. patent number or numbers on all Licensed Products made or sold in the United States in accordance with all applicable governmental laws, rules and regulations, and to require its Sublicensees to do the same.

16.3 This Agreement sets forth the complete agreement of the parties concerning the subject matter hereof. No claimed oral agreement in respect thereto shall be considered as any part hereof. No waiver of or change in any of the terms hereof subsequent to the execution hereof claimed to have been made by any representative of either party shall have any force or effect unless in writing, signed by duly authorized representatives of the parties.

16.4 This Agreement shall be binding upon and inure to the benefit of any successor or assignee of Caltech. This Agreement is not assignable by Licensee without the prior written consent of Caltech, except that Licensee may assign this Agreement without the prior written consent of Caltech, to any Affiliate, or any successor of, or purchaser of a substantial part of the assets of, the business to which this Agreement pertains. Any permitted assignee shall succeed to all of the rights and obligations of Licensee under this Agreement.

16.5 This Agreement is subject in all respects to the laws and regulations of the United States of America, including the Export Administration Act of 1979, as amended, and any regulations thereunder.

16.6 Licensee agrees that a Licensed Product which embodies a patented invention or is produced through the use thereof for sale in the United States shall be manufactured substantially in the United States to the extent required by 35 U.S.C. Section 204.

16.7 This Agreement shall be deemed to have been entered into in California and shall be construed and enforced in accordance with California law.

16.8 Any notice or communication required or permitted to be given or made under this Agreement shall be addressed as follows:

Caltech: Office of Technology Transfer
California Institute of Technology
1200 East California Boulevard (MC 210-85)
Pasadena, CA 91125
Fax No.: [**]

Licensee: Materia Inc.
2531 Nina Street
Pasadena, CA 91107
Attn: President
Fax No: [**]

Either party may notify the other in writing of a change of address or fax number, in which event any subsequent communication relative to this Agreement shall be sent to the last said notified address or number, provided, however, that the parties shall deliver all material notices under this Agreement by registered mail or overnight delivery service. All notices and communications relating to this Agreement shall be deemed to have been given when received.

16.9 Nothing in this Agreement will impair Licensee’s right to independently acquire, license, develop for itself, or have others develop for it, intellectual property and technology performing similar functions as the Caltech Technology or to market and distribute products other than Licensed Products based on such other intellectual property and technology.

16.10 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES ARISING OUT OF THIS AGREEMENT, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY.

16.11 Licensor shall indemnify, defend and hold harmless Licensee from and against any and all losses, damages, costs and expenses (including attorneys' fees) arising out of a material breach by Licensor of its representations and warranties ("Claims"), provided that (i) Licensor is notified promptly of any Claims, (ii) Licensee has the sole right to control and defend or settle any litigation within the scope of this indemnity, and (iii) all indemnified parties cooperate to the extent necessary in the defense of any Claims. Licensee shall indemnify, defend and hold harmless Licensor, its trustees, officers, agents and employees from and against any and all losses, damages, costs and expenses (including attorneys' fees) arising out of sale of Licensed Products by Licensee, but not involving or relating to a material breach by Licensor of its representations and warranties.

16.12 Neither party shall lose any rights hereunder or be liable to the other party for damages or losses (except for payment obligations) on account of failure of performance by the defaulting party if the failure is occasioned by war, strike, fire, Act of God, earthquake, flood, lockout, embargo, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the reasonable control and not caused by the negligence or intentional conduct or misconduct of the nonperforming party, and such party has exerted all reasonable efforts to avoid or remedy such force majeure; provided, however, that in no event shall a party be required to settle any labor dispute or disturbance.

16.13 In the event that any provisions of this Agreement are determined to be invalid or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect without said provision. The parties shall in good faith negotiate a substitute clause for any provision declared invalid or unenforceable, which shall most nearly approximate the intent of the parties in entering this Agreement.

16.14 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.15 The headings of the several Paragraphs are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

16.16 Whenever provision is made in this Agreement for either party to secure the consent or approval of the other, that consent or approval shall not be unreasonably withheld or delayed, and whenever in this Agreement provisions are made for one party to object to or disapprove a matter, such objection or disapproval shall not be unreasonably exercised.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed:

Date: 4/24/01

CALIFORNIA INSTITUTE OF TECHNOLOGY (Caltech)

By: /s/ Lawrence Gilbert
Name: Lawrence Gilbert
Title: Director, Office of Technology Transfer

Date: 4/24/01

LICENSEE

By: /s/ Michael A. Giardello
Name: Michael A. Giardello, Ph.D.
Title: President and CEO

Exhibit A

Licensed Patent Rights

Caltech I.D. #	Appln Serial #/ Issued Patent #	Date	Title

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of seven pages were omitted. [**].

Exhibit B

In addition to rights reserved by Caltech and those granted to U.S. Government under Paragraph 2.2 of this Agreement, the exclusive rights of the Licensee to Licensed Patent Rights, Technology and Improvements listed in Exhibit A are subject to the third-party rights of [**]. These third-party rights are summarized in Exhibits B.1, B.2, B.3, B.4 and B.5.

Exhibit B.1

Licensee:	[**]
Effective Date:	[**]
Grant:	[**]
Field:	[**]
Territory:	[**]
Term:	[**]
Licensed Patent Rights:	[**]

Exhibit B.2

Licensee:	[**]
Effective Date:	[**]
Licensed Product:	[**]
Grant:	[**]
Field:	[**]
Territory:	[**]
Term:	[**]
Licensed Patent Rights:	[**]

Exhibit B.3

Licensee:	[**]
Effective Date:	[**]
Licensed Product:	[**]
Grant:	[**]
Territory:	[**]
Term:	[**]
Licensed Patent Rights:	[**]

Exhibit B.4

Licensee:	[**]
Effective Date:	[**]
Licensed Products:	[**]
Grant:	[**]
Field:	[**]
Territory:	[**]
Term:	[**]
Licensed Patent Rights:	[**]

Exhibit B.5

Licensee:	[**]
Effective Date:	[**]
Licensed Products:	[**]
Grant:	[**]
Field:	[**]
Territory:	[**]
Term:	[**]
Licensed Patent Rights:	[**]

AMENDMENT TO LICENSE AGREEMENT

This Amendment is effective as of the 6th day of May, 2002 (the "Effective Date"), between California Institute of Technology, 1200 E. California Blvd., Pasadena, CA 91125 ("Caltech") and Materia, Inc., having a principal place of business at 2532 Nina Street, Pasadena, CA 91107 ("Materia").

Whereas, Caltech and Materia entered into a License Agreement on or about April 24, 2001 (the "License Agreement") regarding, *inter alia*, U.S. Patents No. [**]; and

Now, therefore, the parties agree as follows:

In addition to the rights granted, Caltech grants to Materia a non-exclusive right to make, have made and sell licensed products under U.S. Patent No. [**].

This Agreement may be executed in counterparts by each of the parties, such counterparts being as effective as a single document.

In Witness Whereof, the parties have caused this Agreement to be executed:

California institute of Technology

By: /s/ Lawrence Gilbert
Larry Gilbert
Director, Office of Technology Transfer

Materia. Inc.

By: /s/ Mark Trimmer
Mark Trimmer,
Executive Vice President

LICENSE AGREEMENT

BETWEEN

BOSTON COLLEGE

AND

MATERIA, Inc.

THIS AGREEMENT dated July 11, 2003 (the "Effective Date") is made between:

BOSTON COLLEGE whose administrative offices are at LCOB 550, 140 Commonwealth Avenue, Chestnut Hill, MA 02167-3807, USA ("BC") and Materia, Inc. a Delaware corporation with a principal place of business at 60 North San Gabriel Boulevard, Pasadena, CA 91107, USA ("MATERIA").

1. SUBJECT MATTER

This Agreement relates to the following-(collectively "the Technology"):

The pending U.S. Patent Application No. [**] entitled "[**]" filed [**] and all derived US and foreign patent applications including substitutions, divisions, continuations, and continuations-in-part applications of such applications and any patents issuing on any of the preceding, including without limitation, reissues, reexaminations, or extensions or confirmations, registrations, revalidations, or additions and, to the extent that BC is legally and contractually able, patents ("Improvements") for inventions developed in the laboratory of Dr. Amir Hoveyda at BC that are dominated by the patents subject to this Agreement (collectively the "PATENT RIGHTS").

2. EXCLUSIVE LICENSING

BC grants to MATERIA an exclusive license, with the right to sub-license, under the PATENT RIGHTS to use the Technology, world-wide in the production, sale, leasing and other commercial exploitation of products in all fields of use ("the Products"), an expression which shall be taken to mean and include any products entirely or partially produced by means of or with the use of the Technology, or covered by the PATENT RIGHTS filed to protect the Technology. BC reserves the right to retain a non-exclusive license to the foregoing, with the right to grant sub-licenses, for research purposes only. The rights of the United States of America as set forth under Public Laws 96-517 and 98-620 are specifically reserved.

3. UNDERTAKING BY BC

3.1 BC will not share the Technology in the fields of use covered by this Agreement with any third parties, except for purposes related to a non-exclusive license for research purposes as defined in clause 2 above.

3.2 BC grants to MATERIA the right to grant an exclusive license (subject to the exceptions defined in clause 2) to a sub-licensee.

4. UNDERTAKINGS BY MATERIA

4.1 Payment of Patent Expenses. Materia shall be responsible for all direct expenses incurred by BC and associated with the drafting, filing and prosecution for US and PCT applications that are subject to this Agreement. BC shall invoice MATERIA for such expenses and within [**] days after BC invoices MATERIA, MATERIA shall reimburse BC for [**] (including [**]) incurred by BC during the term of this Agreement in connection with obtaining or maintaining the PATENT RIGHTS.

MATERIA may elect to have BC file foreign patent applications corresponding to the PATENT RIGHTS in such countries as MATERIA may select by written notice, and such foreign filings shall be added to PATENT RIGHTS and shall be included in the definition of PATENT RIGHTS. MATERIA shall reimburse BC for [**] (including [**]) incurred by BC during the term of this Agreement in connection with obtaining or maintaining such foreign PATENT RIGHTS.

BC will manage the prosecution of the PATENT RIGHTS and will be solely responsible for the content of patent applications related thereto, however BC shall permit MATERIA to submit input into the preparation and prosecution and BC shall give full consideration to such input.

To the extent that MATERIA terminates this Agreement pursuant to Paragraph 7.4 with respect to any patent application or patent, MATERIA shall have no further liability under this paragraph 4.1 for fees relating to applications or patents affected by the termination and such patents and patent applications shall be removed from the PATENT RIGHTS.

4.2 MATERIA is free to grant sub-licenses to make, use and sell the Products and may disclose to sub-licensees such of the Technology as is necessary for the exercise of the rights sub-licensed under appropriate provisions of confidentiality. Immediately following the grant of each sub-license and sub-sub-license,

MATERIA will forward to BC in writing a note of the name and address of the sub-licensee or sub-sub-licensee, a description of the technology sub-licensed and its intended applications, and confirmation of the duration of the sub-license or sub-sub-license. By controlling the wording of its contracts with sub-licensees, MATERIA will ensure that obligations and conditions matching those recorded in this Agreement, and sufficient to protect the security of the Technology, the intellectual property rights in the Technology, and the interests of BC are imposed on every sub-licensee and sub-sub-licensee; and that in no circumstances do the terms of any sub-license or sub-sub license in force from time to time conflict with the terms of this Agreement.

4.3 MATERIA will be responsible for the design and construction of the Products and BC shall have no responsibility or liability in that respect.

4.4 MATERIA will ensure that the Products and the packages associated with them are marked suitably with any relevant patent or patent application numbers to satisfy the laws of each of the countries in which the Products are sold or supplied and in which they are covered by the claims of any patent or patent application, to the intent that BC shall not suffer any loss of damages in any infringement action.

5. INFRINGEMENT

5.1 In the event that either party becomes aware of any infringement of any patent contained within the PATENT RIGHTS, it shall promptly notify the other party in writing of the infringement and provide all available information regarding the identity of the infringer and the nature of the infringing activity, including the identity of any products being sold by the infringer, and the uses for which the infringing products, or products of an infringing process, are being sold. MATERIA shall have the right to bring an action at the expense of MATERIA and in the name of MATERIA or both MATERIA and BC, against the infringer(s).

5.2 If MATERIA fails to bring suit against an infringer within [**] days after either party has provided written notice to the other under paragraph 5.1 hereof identifying such infringer, then BC shall be entitled to bring an action at the expense of BC against the alleged infringer in the name of BC or both BC and MATERIA.

5.3 In any action brought by a party hereto under either of paragraphs 5.1 or 5.2 hereof, the party bringing the action shall be entitled to retain any damages, costs, attorneys' fees or other compensation awarded to it by the court in such action; provided, however, that if the party bringing the action obtains a recovery in damages, increased damages, punitive damages, costs, expenses, attorneys' fees or other matters of value which exceeds the sum of its reasonable attorneys' fees, costs and expenses in prosecution of the action, it shall pay over to the other party [**] of the total amount of such excess. The party not bringing such action agrees to fully co-operate with the party bringing any such action, including the provision of documents, testimony and other evidence relevant to issues in the cause. In any action brought by either party under paragraph 5.1 or 5.2 hereof, the other party shall be entitled to be represented by its own counsel at its own expense. In the event of a joint BC/MATERIA action being taken and succeeding, any damages granted to BC/MATERIA shall be equally apportioned by BC and MATERIA after reduction of the costs of each party in bringing such successful action.

5.4 In any action brought solely by MATERIA under paragraph 5.1 hereof and wherein judgment in such action is rendered in favor of MATERIA, MATERIA may offset [REDACTED] of the legal costs to MATERIA that are not recoverable from such infringement suits against that portion of royalties due to BC which exceed the Minimum Royalties due in the year the legal costs are incurred up to a maximum of [REDACTED] of total royalties due to BC in the year the legal costs are incurred.

6. FEES and ROYALTIES

6.1 MATERIA agrees to pay BC the following fees:

Issue Fee. Materia shall pay to BC a nonrefundable issue fee of US [REDACTED] dollars [REDACTED] within [**] days of the Effective Date.

Minimum Annual Payments. MATERIA agrees to pay to BC the following non-refundable payments; each such payment to be creditable against the Payments that are due under Section 6.2, below, with respect to the period beginning on the due date of that payment and ending with the day before the due date of the next following payment:

Due Date	Payment Amount
January 1, 2004	[REDACTED]
January 1, 2005	[REDACTED]
January 1, 2006 and each January 1 thereafter	

6.2 MATERIA agrees to make the following royalty payments ("Payments") to BC on each Product:

Earned Royalties

MATERIA shall pay to BC tiered based royalties on cumulative sales made by MATERIA and or its Affiliates of Products covered by one or more valid claims of the PATENT RIGHTS with this royalty rate on the Net Sales (as defined below in Paragraph 6.4) thereof:

[REDACTED] of Net Sales

[REDACTED] of Net Sales

[REDACTED] of Net Sales.

If the Products sold by MATERIA are covered by a claim in a pending patent application but not an issued patent contained within the PATENT RIGHTS, then MATERIA shall pay a discounted royalty to BC during the Provisional Rights Period (as defined in Section 12 below). Such discounted royalty rate shall be [REDACTED] of the applicable royalty rate listed above.

Sub-licensee Royalties and Income

MATERIA shall pay BC [REDACTED] of the Sub-licensee Revenues (as defined in Section 12) that it receives from its sub-licensees. Such Sublicensee Revenues specifically shall not include payments made by a sub-licensee (i) in consideration of equity or debt securities of MATERIA; (ii) to support research or development activities to be undertaken by MATERIA; (iii) upon the achievement by MATERIA or sublicensee of specified milestones or benchmarks relating to the

development of Products; (iv) with respect to performance based milestones; (v) in consideration for the license or sublicense of any intellectual property other than the PATENT RIGHTS; (vi) with respect to products other than Products, or (vii) as reimbursement for patent or other expenses. However, if MATERIA should accept research and development payments in exchange for the transfer of Products for commercial use by a sub-licensee, those Products shall be subject to a royalty payment by MATERIA to BC in an amount equal to a royalty that would be due for an arms length transaction involving the same Products.

If the Sub-licensee Revenues received by MATERIA are covered by a claim in a pending patent application but not an issued patent contained within the PATENT RIGHTS, then MATERIA shall pay to BC [REDACTED] of such Sub-licensee Revenues during the Provisional Rights Period.

Offset for Third Party Royalties

If MATERIA must pay royalties to one or more third parties ("Third Party Payments") for intellectual property related to the sale or other utilization of Products, the Payments paid to BC shall be reduced by an amount equal to [REDACTED] of Third Party Payments, prior to the application of like offsets to third parties for such Payments, up to a maximum of [REDACTED] offset of Payments to BC for such Third Party Payments that MATERIA is required to pay, in order to deliver products and services covered by both BC patents and third party patents.

Treatment of Combination Products

In the event that Products are sold or sub-licensed in combination with one or more other products or services which are not Products, Payments for such combination products will be calculated on a country-by-country basis by multiplying the value of such combination products by the fraction A/(A+B) where A is the average invoice price during the period of the Product when sold separately, and B is the average invoice price of any other product(s) or services in the combination when sold separately by MATERIA or an Affiliate. If the products or services in the combination that are not Products are not sold separately by MATERIA or an Affiliate, Payments shall be calculated by multiplying the value of such

combination products by the fraction A/C where A is the average invoice price of the Product when sold separately and C is the average invoice price of the combination product. If neither the Product nor the combination product is sold separately by MATERIA or an Affiliate, Payments shall be calculated as above except that A shall be the total manufacturing cost of Product and C shall be the total manufacturing cost of the combination.

6.3 MATERIA shall provide BC within [**] days after the close of each calendar quarter with;

a) A royalty report for each Product marketed and for each Product brought into use by or within the groups of MATERIA. Each report shall state the Net Sales and provide a calculation of the royalties due, and shall be accompanied by payment to BC of the royalties due. The first such royalty report shall be due within [**] days of the Effective Date and shall cover the period beginning on August 8, 2002 and ending on the day immediately prior to the Effective Date.

b) A sub-license income report for each sub-license granted by MATERIA. Each report shall state the income received from the sub-licensee and provide a calculation of the royalties due to BC, and shall be accompanied by payment to BC of the royalties due.

6.4 In the case of a Product which is marketed, the term "**Net Sales**" shall mean the combined amount received by MATERIA and its Affiliates from the sale to unrelated third parties of Products, less the following deductible expenses incurred in connection with sales of Products to the extent paid or allowed by MATERIA or an Affiliate and included in accordance with generally accepted accounting principals (GAAP) in the gross sales price billed: (i) sales, use or turnover taxes; (ii) excise, value added or other taxes, custom duties or consular fees; (iii) transportation, freight, and handling charges, and insurance on shipments to customers; (iv) trade, cash or quantity discounts or rebates to the extent actually granted (including Medicaid and other government-mandated rebates); (v) agent fees or commissions; and (vi) rebates, refunds, and credits for any rejected or returned Products or because of retroactive price reductions, rebates or chargebacks.

6.5 For the purpose of calculating royalties under this clause, a Product shall be regarded as sold or leased by MATERIA when invoiced, or if not invoiced, when shipped or delivered by MATERIA. If a Product marketed by MATERIA is re-marketed by an Affiliate, the royalty on each such Product so re-marketed shall be calculated on the highest of the prices at which it is marketed and re-marketed: provided, however, that in no event shall royalty be paid more than once on each Product.

6.6 All payments provided for under this clause shall be made to BC in US Dollars without any deductions. Any exchange of currency made to calculate sales for the purpose of this clause shall be determined as at the last business day of each quarter, using the average of the average daily buying and selling rates quoted by the *Wall Street Journal* during that quarter.

6.7 In the event that full payments of any amount due from MATERIA to BC under this Agreement is not made by any of the dates stipulated, MATERIA shall be liable to pay interest on the amount unpaid at the rate of [**] per cent ([**]%) from the date when payment was due until the date of the actual payment.

6.8 MATERIA and MATERIA's sub-licensees and sub-sub-licensees shall keep accounts of all Products, used and marketed and will permit BC or its agents to audit such accounts solely for the purpose of determining the accuracy of the royalty reports and payments. MATERIA's obligation and that of MATERIA's sub-licensees and sub-sub-licensees concerning audit of their accounts shall terminate as to any report [**] years after the date of that report.

7. DURATION AND TERMINATION

7.1 This Agreement shall take effect on the Effective Date and (subject to the remaining sub-clauses of this clause) shall continue in force for fifteen (15) years or until the expiry of such patents as may be granted directed to the Technology, whichever shall be later.

7.2 If either party commits a material breach of any of the provisions of this Agreement, and the breach is not remedied (where remediable) within the period allowed by notice given by the other party in writing calling on the party in breach to effect such remedy (such period being not less than [**] days), the other party may by further written notice terminate this Agreement immediately.

7.3 MATERIA will use all reasonable efforts to develop and exploit the Technology, in order to maximize the financial return for both parties. Within [**] days after the end of each calendar year, MATERIA shall provide BC with a report detailing the progress made and steps taken during the calendar year in:

7.3.1 taking legal action against any misappropriation or infringement of the Technology of which MATERIA becomes or is made aware:

7.3.2 developing the Technology in order to facilitate its commercial exploitation; and

7.3.3 promoting and marketing products.

Any failure by MATERIA or BC to provide a report as required under clause 6.3 or 7.3 during the [**]-day period shall be regarded as a material breach of the provisions of this Agreement, for the purpose of clause 7.2. Furthermore, if either party, on reasonable and demonstrable grounds, concludes from any such report that the progress made and steps taken by the other party are insufficient or inadequate; that party may initiate good faith discussions between the Chief Executive Officer of MATERIA and the Director, Office for Research Compliance and Intellectual Property Management of BC to determine a plan to rectify the

insufficient or inadequate progress. In the event that they are unable to reach agreement, the initiating party may terminate this Agreement by serving notice on the other party, the notice to expire not less than [**] days after the termination of discussions.

7.4 MATERIA may terminate this Agreement, either in its entirety or as to any jurisdiction or any part of the PATENT RIGHTS, by [**] days' written notice at any time, provided that MATERIA can and does bring all sub-licenses and sub-sub-licensees to an end on the same date, including by the transfer of any such sublicense(s) to BC under terms acceptable to BC. Furthermore, any such termination shall not absolve MATERIA of its obligation to accrue and pay royalties and provide reports under the provisions of clause 6 of this Agreement.

7.5 If MATERIA takes steps to terminate its existence or is required to do so for any reason or takes such steps to reorganize its efforts and priorities in such a way as BC may determine to jeopardize BC's interests, then BC shall have the right to terminate this Agreement by serving written notice on MATERIA. Such notice may terminate this Agreement either immediately or at the end of such period as BC shall select.

7.6 Clauses 6.7, 6.8, 7.6, 8, 10, and 11 shall survive the termination or expiration of this Agreement, for whatever reason.

8. LIABILITY

8.1 To the extent that MATERIA engages in any activity permitted under this Agreement, MATERIA indemnifies and holds harmless BC from and against any and all claims, liability, expenses, damages and costs due to injury to persons or damage to property arising or resulting from the manufacture, use or sale of any Product, or the practice of any process that is made, used or practiced using information provided by BC to MATERIA pursuant to this Agreement.

8.2 MATERIA shall defend, indemnify and hold BC harmless from and against all suits, claims, judgments and costs of any kind and character whatsoever instituted, made or recovered against BC by any person or persons on the ground that the

manufacture, use or sale of any Product by or on behalf of MATERIA or any sublicensees of MATERIA under this Agreement constitutes an infringement of a patent of any country, or the breach, misuse, violation or infringement of any trade secret, confidential information, or other proprietary right. BC shall give MATERIA prompt notice in writing of the institution of any such suit and of each threat of suit or claim against BC, and BC further agrees that MATERIA shall have full authority to defend such suit and that BC will provide to MATERIA information and reasonable assistance to enable MATERIA to do so. At it sole election and at its own expense, BC may be represented by its own counsel in any action to which this clause applies.

8.3 WARRANTY AND DAMAGES DISCLAIMERS. BC represents and warrants: (i) it is the sole and exclusive owner of all right, title, and interest in the Technology; (ii) it has the right to grant the rights and licenses granted herein, and the Technology is free and clear of any lien, encumbrance, security interest, or restriction on license; (iii) there are no threatened or pending actions, suits, investigations, claims, or proceedings in any way relating to the Technology, and (iv) inventorship of the PATENT RIGHTS has been determined according to the patent laws applicable to any patent or patent application contained therein. BC MAKES NO OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND CONCERNING THE PATENT RIGHTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, VALIDITY OF PATENT RIGHTS CLAIMS, WHETHER ISSUED OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE.

IN NO EVENT SHALL BC, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER BC SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY OF THE FOREGOING.

8.4 BC makes no representation or warranty that advice given to MATERIA pursuant to this Agreement by any employee, student, agent or appointee of BC or the use of any information which they or BC provide in connection with this agreement, will not result in infringement of third-party rights.

8.5 MATERIA undertakes to make no claim against any employee, student, agent or appointee of BC, being a claim which seeks to enforce against any of them any liability whatsoever in connection with this Agreement or the subject-matter.

8.6 The liability of either party for any breach of this Agreement, or arising in any other way out of the subject-matter of this Agreement, will not extend to any incidental or consequential damages or losses including (without limitation) loss of profits.

8.7 In any event, the maximum liability of BC to MATERIA under or otherwise in connection with this Agreement or its subject-matter shall not exceed the return of all monies paid by MATERIA under this Agreement.

8.8 If any sub-clause of this clause 8 is held to be invalid or unenforceable under any applicable statute or rule of law, then it shall be deemed to be omitted, and if as a result any party becomes liable for loss or damage which would otherwise have been excluded then such liability shall be subject to the remaining sub-clauses of this clause 8.

9. FORCE MAJEURE

If the performance by either party of any of its obligations under this Agreement (other than an obligation to make payment) shall be prevented by circumstances beyond its reasonable control, then such party shall be excused from performance of that obligation for the duration of the relevant event.

10. NOTICES

BC's representatives for the purpose of receiving payments and notices shall until further notice be:

The Director, Office for Research Compliance and Intellectual Property Management
Boston College
LCOB 550
140 Commonwealth Avenue
Chestnut Hill
MA 02167-3807
USA
Facsimile: [**]

MATERIA's representative for the purpose of receiving notices shall until further notice be:

Materia, Inc.
60 North San Gabriel Boulevard
Pasadena, CA 91107
Attention: President
Facsimile: [**]

All notices shall be in writing sent by certified mail, courier or facsimile transmission.

11. GENERAL

11.1 Clause headings are inserted in this Agreement for convenience only, and they shall not be taken into account in the interpretation of this Agreement.

11.2 Neither party shall use the name of the other or the other's employees in any form of publicity, advertising or promotion without the prior written approval of the other.

11.3 Both parties shall be free to publicize the existence of this Agreement. Both parties undertake not to publicize the details of this Agreement except:

- ? where required by governmental authority; or
- ? where required to investors according to stock exchange rules; or
- ? where the parties have agreed a mutually acceptable scope of a particular disclosure in advance.

11.4 This Agreement is personal to MATERIA and no rights or obligations may be assigned by MATERIA without the prior written consent of BC.

11.5 Nothing in this Agreement shall create, imply or evidence any partnership or joint venture between BC and MATERIA or the relationship between them of principal and agent.

11.6 This Agreement constitutes the entire agreement between the parties with regard to the Technology. Specifically, but without limitation, this Agreement does not impose or imply any obligation on BC to conduct development work; any arrangements for such work shall be the subject of a separate agreement between the parties. Any variation of this Agreement shall be in writing and signed by authorized signatories for both parties.

11.7 This Agreement shall be governed by the laws of the Commonwealth of Massachusetts shall have exclusive jurisdiction to deal with any dispute which may arise of or in connection with this Agreement.

11.8 If any one or more clauses of sub-clauses of this Agreement would result in this Agreement being prohibited pursuant to Article 85(1) of the Treaty of Rome, then it or they shall be deemed to be omitted and the Agreement shall be subject to termination at the option of either party.

12. DEFINITIONS

The following terms as used herein shall have the meanings set forth below:

"**Affiliate**" shall mean, with respect to a party to the Agreement, any entity directly or indirectly controlling or controlled by or in common control with such party, where "control" is defined as the ownership of at least fifty percent (50%) of the equity or beneficial interests of such entity, or the right to vote for or appoint a majority of the board of directors or other governing body of such entity.

"**Provisional Rights Period**" shall mean the period beginning on the date of publication of a United States patent application under 35 U.S.C. 122(b) or of an international patent application filed under the treaty defined in 35 U.S.C. 351(a) designating the United States under Article 21(2)(a) of such treaty and ending on the date the patent is issued or the patent application is abandoned or receives a final rejection from the USPTO.

"**Sub-licensee Revenues**" shall mean fees, payments, royalties or other license revenues that MATERIA receives from sub-licensees, other than Affiliates, for the sale of Products or the conduct of services which are related to Products covered by one or more valid claims of the PATENT RIGHTS

"**USPTO**" shall mean the United States Patent and Trademark Office.

"**WIPO**" shall mean the World Intellectual Property Organization.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives and delivered in duplicate originals as of the Effective Date.

BC		MATERIA	
By:	/s/ Stephen Erickson	By:	/s/ Mark S. Trimmer
Name:	Stephen Erickson	Name:	Mark S. Trimmer
Title:	Director Compliance and Intellectual Property Mgt. Boston College	Title:	Executive Vice President
Date:	7/11/03	Date:	7/17/03

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

AMENDED AND RESTATED LICENSE AGREEMENT

This Amended and Restated License Agreement (this "Agreement") is entered into as of the 19th day of February, 2010 (the "Effective Date"), for the purpose of amending and replacing the License Agreement dated August 2, 2006 (the "Original Agreement"), by and among: Aileron Therapeutics, Inc. (formerly Renegade Therapeutics, Inc.), a Delaware corporation, having a principal place of business at 840 Memorial Drive, 2nd Floor, Cambridge, MA 02142 ("Licensee"); President and Fellows of Harvard College, Holyoke Center, Suite 727, 1350 Massachusetts Ave., Cambridge, MA ("Harvard"); and Dana-Farber Cancer Institute, Inc., 44 Binney Street, Boston, MA ("DFCI"). Harvard and DFCI shall be referred to together as "Licensors".

WHEREAS, Licensors and Licensee entered into the Original Agreement, pursuant to which Licensors granted Licensee a license under the Original Patent Rights (as defined below), all in accordance with the terms and conditions of the Original Agreement; and

WHEREAS, Licensee wishes to license from Licensors certain additional patent rights related to the Original Patent Rights; and

WHEREAS, Licensors desire to have products based on these additional patent rights and the Original Patent Rights developed and commercialized to benefit the public and are willing to grant licenses under the additional patent rights and Original Patent Rights; and

WHEREAS, Licensee has represented to Licensors that it will use diligent efforts (as set forth below) to develop, obtain regulatory approval for and commercialize products based on these additional patent rights, as well as products based on the Original Patent Rights; and

WHEREAS, the parties wish to add these additional patent rights to the scope of the licenses, and make several other changes to the terms of, the Original Agreement by reforming, restating and replacing the Original Agreement with this Agreement, such that the terms of this Agreement shall be deemed to apply from and after the Effective Date.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

Whenever used in this Agreement with an initial capital letter, the terms defined in this Section 1 and elsewhere in this Agreement, whether used in the singular or the plural, shall have the meanings specified herein.

1.1. "Affiliate" shall mean, with respect to any person, organization or entity, any other person, organization or entity controlling, controlled by or under common control with, such first person, organization or entity. For purposes of this definition only, "control" of another person, organization or entity shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the activities, management or policies of such person, organization or entity, whether through the ownership of voting securities, by contract or otherwise. Without limiting the foregoing, control shall be presumed to exist when a person, organization or entity (i) owns or directly controls fifty percent (50%) or more of the outstanding voting stock or other ownership

interest of the other organization or entity, or (ii) possesses, directly or indirectly the power to elect or appoint fifty percent (50%) or more of the members of the governing body of the organization or other entity. The parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence.

1.2. "[**] Patent Rights" shall mean, in each case to the extent owned and controlled by DFCI: (a) the patent applications and patents listed in Exhibit 1.2 (including any PCT and/or U.S. utility applications claiming priority to any such provisional applications that are filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); and (f) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (e).

1.3. "Calendar Quarter" shall mean the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31, for so long as this Agreement is in effect.

1.4. "Clinical Trial" shall mean a Phase I Clinical Trial, Phase II Clinical Trial or Phase III Clinical Trial.

1.5. "Combination Product" shall mean a Licensed Product which incorporates (a) one or more Covered Peptides and (b) at least one other Independent Active Ingredient.

1.6. "Covered Peptide" shall mean any peptide (including poly-peptides) the production, making, use, sale or importation of which falls within the scope of a Valid Claim.

1.7. "**Development Milestones**" shall mean:

(a) "General Development Milestone" which shall mean the development milestone set forth in Section A of Exhibit 1.7 hereto for the development of a Licensed Product.

(b) "[**] Development Milestones" which shall mean the development milestones set forth in the table in Section D of Exhibit 1.7 hereto for the development of a Licensed Product that is covered by a Valid Claim of the [**] Patent Rights;

(c) "[**] Development Milestone" which shall mean the development milestone set forth in Section B of Exhibit 1.7 hereto for the development of a Licensed Product that is covered by a Valid Claim of the Licensors Patent Rights;

(d) "[**] Development Milestones" which shall mean the development milestones set forth in the table in Section D of Exhibit 1.7 hereto for the development of a Licensed Product that is covered by a Valid Claim of the [**] Patent Rights;

(e) "p53 Development Milestones" which shall mean the development milestones set forth in the table in Section D of Exhibit 1.7 hereto for the development of a Licensed Product that is covered by a Valid Claim of the p53 Patent Rights; and

(f) "[**] Development Milestones" which shall mean the development milestones set forth in Section C of Exhibit 1.7 hereto for the development of a Licensed Product that is covered by a Valid Claim of the [**] Poly Peptide Patent Rights.

For clarity, for purposes of evaluating whether a particular Development Milestone has been met by a particular Licensed Product the applicable Valid Claim(s) shall be as existing in the U.S. patent application or patent (i.e., as then prosecuted or issued) as of the date the occurrence of the activity giving rise to the accomplishment of the Development Milestone.

1.8. "Development Plan" shall mean the plan for the development of Licensed Products attached hereto as Exhibit 1.8, as such plan may be amended from time to time pursuant to Sections 5.2.

1.9. "DFCI Inventions" shall mean any inventions or discoveries made or developed solely by Dr. Loren Walensky in the performance of services for Licensee with respect to stabilized peptides, including without limitation methods of making, the composition of, and new uses for, stabilized peptides.

1.10. "DFCI Patent Rights" shall mean any U.S. or foreign patents or patent applications that claim DFCI Inventions, but only with respect to those claims that claim the subject matter of such DFCI Inventions.

1.11. "FDA" shall mean the United States Food and Drug Administration.

1.12. "Field" shall mean all applications, except any use as a research tool.

1.13. "First Commercial Sale" shall mean the first sale of a Licensed Product by Licensee, an Affiliate of Licensee or a Sublicensee to an unaffiliated third party after Regulatory Approval has been achieved in the country in which such Licensed Product is sold. Sales for purposes of testing the Licensed Product and samples purposes shall not be deemed First Commercial Sale.

1.14. "Harvard Inventions" shall mean any inventions or discoveries made or developed solely by Dr. Greg Verdine in the performance of services for Licensee with respect to stabilized peptides, including without limitation methods of making, the composition of, and new uses for, stabilized peptides.

1.15. "Harvard Patent Rights" shall mean, in each case to the extent owned and controlled by Harvard; (a) the patent applications and patents listed in Exhibit 1.15 (including any PCT and/or U.S. utility applications claiming priority to any such provisional applications that are

filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); (f) any U.S. or foreign patents or patent applications that claim Harvard Inventions, but only with respect to those claims that claim the subject matter of such Harvard Inventions; and (g) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (f).

1.16. "IND" shall mean an investigational new drug application, clinical study application, clinical trial exemption or similar application or submission for approval to conduct human clinical investigations filed with a Regulatory Agency in any country.

1.17. "Independent Active Ingredient" shall mean any compound or substance other than a Covered Peptide which (a) is contained in a product and (b) when administered to a patient independently of any other active ingredient has a therapeutic clinical effect.

1.18. "Initiation" or "Initiate" shall mean, with respect to a Clinical Trial, the administration of the first dose to a patient in such Clinical Trial.

1.19. "Joint Inventions" shall mean all inventions and discoveries made jointly by (a) one or more employees (or others on behalf) of Licensee, and (b) Dr. Greg Verdine and/or Dr. Loren Walensky in the performance of services for Licensee, with respect to stabilized peptides, including without limitation methods of making, the composition of, and new uses for, stabilized peptides.

1.20. "Joint Patent Rights" shall mean any patent or patent application that claims Joint Inventions.

1.21. "Licensed Patent Rights" shall mean, individually and collectively, the Original Patent Rights, the [**] Patent Rights, the [**] Patent Rights, the p53 Patent Rights and the [**] Poly Peptide Patent Rights.

1.22. "Licensed Product" shall mean any [**] Product or [**] Product.

1.23. "Licensors Inventions" shall mean all inventions and discoveries (excluding any Joint Inventions) made jointly by Dr. Verdine and Dr. Loren Walensky in the performance of services for Licensee with respect to stabilized peptides, including without limitation methods of making, the composition of, and new uses for, stabilized Peptides.

1.24. "Licensors Patent Rights" shall mean, in each case to the extent owned and controlled by Licensors, as applicable: (a) the patent applications and patents listed in Exhibit 1.24 (including any PCT and/or U.S. utility applications claiming priority to any such provisional

applications that are filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); (f) any U.S. or foreign patents or patent applications that claim Licensors Inventions, but only with respect to those claims that claim the subject matter of such Licensors Inventions; and (g) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (f).

1.25. "Net Sales" shall mean the gross amount billed or invoiced or received (whichever occurs first) by or on behalf of Licensee, its Affiliates and Sublicensees (in each case, the "Invoicing Entity") on sales, leases or other transfers of Licensed Products (whether made before or after the First Commercial Sale of the Product), less the following to the extent applicable to Licensed Products sold, leased or transferred: (a) customary trade, quantity, or cash discounts to the extent actually allowed and taken; (b) amounts repaid or credited by reason of rejection or return and uncollectible portions of billed or invoiced amounts; (c) refunds, chargebacks and allowances actually given that effectively reduce the net selling price; (d) rebates paid or credited to any governmental agency (or branch thereof) or to any third party payor, administrator or contractee; (e) discounts mandated by wholesalers, or granted to meet the requirements of, applicable state, provincial or federal law, including required retroactive price reductions; and (f) any sales, value added or similar taxes, custom duties or other similar governmental charges levied on the production, sale, transportation, delivery, or use of a Licensed Product which is paid by or on behalf of Licensee or such Invoicing Entity; provided that:

(i) In any transfers of Licensed Products between an Invoicing Entity and an Affiliate of such Invoicing Entity not for the purpose of resale by such Affiliate (i.e., where such Affiliate is the end user of such Licensed Products for commercial purposes), Net Sales shall be equal to the fair market value of the Licensed Products so transferred, assuming an arm's length transaction made in the ordinary course of business; and

(ii) In the event that an Invoicing Entity receives non-monetary consideration for any Licensed Products or in the case of transactions not at arm's length with a non-Affiliate of Invoicing Entity, Net Sales shall be calculated based on the fair market value of such consideration or transaction, assuming an arm's length transaction made in the ordinary course of business.

Sales of Licensed Products by an Invoicing Entity to an Affiliate of such Invoicing Entity, for resale by such Affiliate, shall not be deemed Net Sales and Net Sales shall be determined based on the total amount invoiced or billed by such Affiliate on resale to an independent third party purchaser.

With respect to sales of Combination Products, Net Sales shall be calculated as follows:

(A) If the Covered Peptide(s) and all other Independent Active Ingredient(s) included in such Combination Product are available separately (i.e. without any other active ingredients) in the country of sale, then Net Sales for purposes of royalty payments will be calculated by multiplying the Net Sales of the Combination Product by the fraction [**] where [**] is the gross invoice price of the Covered Peptide(s) in the Combination Product during the royalty period in question, and [**] is the gross invoice price for all other Independent Active Ingredient(s) in the Combination Product during the royalty period in question.

(B) Otherwise, the parties shall negotiate, in good faith, other means of calculating Net Sales with respect to such Combination Product.

1.26. "[**] Patent Rights" shall mean, in each case to the extent owned and controlled by Licensors: (a) the patent applications and patents listed in Exhibit 1.26 (including any PCX and/or U.S. utility applications claiming priority to any such provisional applications that are filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); and (f) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (e).

1.27. "Original Patent Rights" shall mean the Harvard Patent Rights, the Licensors Patent Rights, the DFCI Patent Rights and the Joint Patent Rights.

1.28. "p53 Patent Rights" shall mean, in each case to the extent owned and controlled by Licensors; (a) the patent applications and patents listed in Exhibit 1.28 (including any PCT and/or U.S. utility applications claiming priority to any such provisional applications that are filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); and (f) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (e).

1.29. "Phase I Clinical Trial" shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(a).

1.30. "Phase II Clinical Trial" shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(b).

1.31. "Phase III Clinical Trial" shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(c).

1.32. "Regulatory Agency" shall mean the FDA or equivalent agency or government body of another country.

1.33. "Regulatory Approval" shall mean approval by the relevant Regulatory Agency permitting commercial sale of a Licensed Product in a particular country.

1.34. "[**] Poly Peptide Patent Rights" shall mean, in each case to the extent owned and controlled by Harvard: (a) the patent applications and patents listed in Exhibit 1.34 (including any PCT and/or U.S. utility applications claiming priority to any such provisional applications that are filed on or before the one year conversion date thereof); (b) any patent or patent application that claims priority to and is a divisional, continuation, reissue, renewal, reexamination, substitution or extension of at least one of the patents or patent applications identified in (a); (c) any patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions thereof; (d) any claim of a continuation-in-part application or patent, which claim is entitled to the priority date of, and covers subject matter described in, at least one of the patents or patent applications identified in (a), (b) or (c); (e) any foreign counterpart (including PCTs) of any patent or patent application identified in (a), (b) or (c) or of the claims identified in (d); and (f) any supplementary protection certificates, pediatric exclusivity periods, any other patent term extensions and exclusivity periods and the like and any equivalents anywhere in the world of any patents and patent applications identified in (a) through (e).

1.35. "Sub-contractor" shall mean an independent third party whom Licensee or a Sublicensee contracts to perform, on behalf of Licensee or Sublicensee, as applicable, one or more of Licensee's obligations or rights under this Agreement, or in the case of a Sublicense, one or more of Sublicensee's obligations or rights under the Sublicense agreement; provided that the term "Sub-contractor" shall not include any person or entity that pays Licensee, Sublicensee or any of their Affiliates any consideration (in any form) with respect to such services (including without limitation any co-marketing or co-distribution partners).

1.36. "Sublicense" shall mean any right granted, license given or agreement entered into, by Licensee to or with any other person or entity, under or with respect to or permitting any use of any of the Licensed Patent Rights or otherwise permitting the development, manufacture, marketing, distribution and/or sale of Licensed Products (regardless of whether such grant of rights, license given or agreement entered into is referred to or is described as a sublicense). For clarity, "Sublicense" does not include a grant by Licensee as part of a sale of a Licensed Product to an independent third party of the implied license (a) to use such Licensed Product or (b) to resell such Licensed Product, provided that the only consideration (whether monetary or non-monetary)

received by Licensee, or any Affiliate of Licensee, in connection with such grant is the fair market value of the Licensed Product sold. Notwithstanding anything expressed or implied in this Agreement to the contrary, the following shall not be considered a Sublicense: any agreement in which Licensee grants its Affiliate the right to perform or exercise some or all of Licensee's rights and/or obligations under Sections 4.1, 4.2 or 4.3, as contemplated in Section 4.1.5, as long as such Affiliate does not pay Licensee any consideration (in any form) actually for such grant.

1.37. "Sublicense Receipts" shall mean any payments or other consideration that Licensee or any of its Affiliates receives in connection with a Sublicense (including any fees or consideration for the grant of an option to obtain a Sublicense), including without limitation license fees, milestone payments and license maintenance fees, but specifically excluding: (a) any royalties attributable to sales of Licensed Products (provided that such sales form the basis of royalties paid to Harvard under Section 6.5), (b) any profit share amounts attributable to sales of Licensed Products (provided that such sales form the basis of royalties paid to Harvard under Section 6.5), (c) payments specifically committed to cover costs to be actually incurred by Licensee (including equipment purchases and full-time equivalent personnel actually provided by Licensee) in the research and development of Licensed Products which are the subject matter of the Sublicense, (d) reimbursement of milestone payments paid by Licensee for milestones in Section 6.4 hereunder or amounts incurred with respect to the filing, prosecution or maintenance of any Licensed Patent Rights, (e) loans or other debt obligations (any amounts of which are forgiven shall be deemed Sublicense Receipts), (f) amounts received from any third party for the purchase of equity at fair market value (any amounts paid in excess of fair market value shall be deemed Sublicense Receipts), (g) securities of an Affiliate received from an Affiliate that are not provided in exchange for the grant of a Sublicense, (h) amounts received for the fair market value of Licensed Products supplied by or on behalf of Licensee or its Affiliates and sold by the recipient Sublicensee to third parties, and (i) amounts received in consideration of the sale of substantially all of the business or assets of Licensee or any of its Affiliates to which this Agreement pertains.

In the event that Licensee or an Affiliate of Licensee receives non-monetary consideration in connection with a Sublicense, or the grant of an option to obtain a Sublicense (excluding the attributed value of any cross-license granted to a third party in good faith, after arm's length negotiations, to settle any actual or prospective claim of infringement by a Licensed Product of such third party intellectual property rights, but not excluding any consideration actually received from such third party on account of such cross-license), or in the case of transactions not at arm's length, Sublicense Receipts shall be calculated based on the fair market value of such consideration or transaction, assuming an arm's length transaction made in the ordinary course of business.

1.38. "Sublicensee" shall mean any person or entity granted a Sublicense.

1.39. "Third Party License" shall mean a license obtained by Licensee or its Affiliates from an unaffiliated third party to one or more patents that have not been held invalid or unenforceable issued in the United States or any other jurisdiction, the claims of which cover the use, manufacture, sale or importation of a Covered Peptide in the country in which it is manufactured or sold, or of one or more other functional components of a Licensed Product that is essential for the efficacy of such Licensed Product.

1.40. "Third Party Proposed Product" shall mean an actual or potential Licensed Product that (a) is aimed at an indication for which [**], (b) does not present [**] with any Licensed Product that is being (or within a [**] year period is planned to be, as demonstrated by [**], and (c) does not contain substantially the same [**] in any Licensed Product [**].

1.41. "[**] Product" shall mean any product for use in the Field [**].

1.42. "[**] Product" shall mean any product for use in the Field [**].

1.43. "Valid Claim" shall mean (a) a pending claim of a patent application within the Licensed Patent Rights, which (i) has been asserted in good faith, (ii) has not been abandoned or finally rejected without the possibility of appeal or refiling, and (iii) does not remain pending more than [**] years from the date of issuance of the first substantive patent office action considering the patentability of such claim by the relevant patent office in such country or territory; (b) a claim of an issued or granted and unexpired patent within the Licensed Patent Rights, which has not been held unenforceable, unpatentable or invalid by a decision of a court or governmental body of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, which has not been rendered unenforceable through disclaimer or otherwise, which has not been abandoned, and which has not been lost through an interference proceeding. Notwithstanding the foregoing, the limitation of subsection (iii) above shall not apply to any patent application within the Joint Patent Rights that is being prosecuted by Licensee,

2. Title.

2.1. Subject to the licenses granted to Licensee pursuant to Section 4 below, all rights, title and interest in and to the Harvard Patent Rights, the [**] Poly Peptide Patent Rights and the Harvard Inventions are and shall be owned solely and exclusively by Harvard.

2.2. Subject to the licenses granted to Licensee pursuant to Section 4 below, all rights, title and interest in and to the Licensors Patent Rights, [**] Patent Rights, p53 Patent Rights and Licensors Inventions are and shall be owned jointly and exclusively by Licensors.

2.3. Subject to the licenses granted to Licensee pursuant to Section 4 below, all rights, title and interest in Joint Inventions and Joint Patent Rights shall be owned jointly by (i) Harvard and/or DFCI, as applicable and (ii) Licensee.

2.4. Subject to the licenses granted to Licensee pursuant to Section 4 below, all rights, title and interest in and to the [**] Patent Rights, the DFCI Patent Rights and DFCI Inventions shall be owned solely and exclusively by DFCI.

2.5. All determinations of inventorship under this Agreement shall be made in accordance with United States patent law. In case of dispute between Harvard (and/or DFCI) and Licensee over inventorship, a mutually acceptable outside patent counsel shall make the determination of the inventor(s) by applying the standards contained in United States patent law.

2.6. Harvard or DFCI, as applicable, shall disclose to Licensee in writing the development, making, conception or reduction to practice of any invention within the Harvard Inventions, DFCI Inventions or Joint Inventions of which it becomes aware, promptly after its receipt of an invention disclosure form from Dr. Greg Verdine or Dr. Loren Walensky, as applicable, in each case that is not disclosed to Harvard or DFCI by Licensee pursuant to Section 2.7.

2.7. Licensee shall disclose to Harvard's Office of Technology Development (or its successor) and DFCI's Office of Research and Technology Ventures in writing the development, making, conception or reduction to practice of any invention within the Harvard Inventions, DFCI Inventions or Joint Inventions of which it becomes aware, promptly after it becomes aware of such invention, in each case that is not disclosed to Licensee by Harvard and/or DFCI pursuant to Section 2.6.

3. Patent Filing, Prosecution and Maintenance.

3.1. Responsibility.

3.1.1. Harvard. Subject to Article 8, Harvard shall be responsible for the preparation, filing, prosecution, protection and maintenance of all Harvard Patent Rights and [**] Poly Peptide Patent Rights (collectively, the **"Harvard Prosecuted Patent Rights"**), using patent counsel reasonably acceptable to Licensee and will instruct such patent counsel to furnish Licensee with copies of all correspondence relating to the Harvard Prosecuted Patent Rights from the United States Patent and Trademark Office and any other patent office as well as copies of all proposed responses to such correspondence in time for Licensee to review and comment on such response. Harvard shall prepare, file, prosecute, protect and maintain the Harvard Prosecuted Patent Rights in good faith. Subject in each case to Licensee's prior agreement to cover the relevant costs in accordance with Section 3.2, Harvard shall file national phase applications in all countries requested by Licensee. Harvard shall consult with Licensee as to the preparation, filing, prosecution, protection and maintenance of the Harvard Prosecuted Patent Rights reasonably prior to any deadline or action with the U.S. Patent & Trademark Office or any other patent office, and shall take into reasonable consideration all comments reasonably requested by Licensee, and (subject in each case to Licensee's prior agreement to cover the relevant costs in accordance with Section 3.2) add claims reasonably requested by Licensee, and shall furnish Licensee with copies of all relevant documents reasonably in advance of such consultation. Without limiting the generality of the foregoing, Harvard agrees: (a) to give Licensee an opportunity to review the text of each patent application within the Harvard Prosecuted Patent Rights before filing; (b) consult with Licensee with respect thereto; (c) supply Licensee with a copy of any application within the Harvard Prosecuted Patent Rights as filed, together with notice of its filing date and serial number; (d) keep Licensee advised of the status of the actual and prospective patent filings within the Harvard Prosecuted Patent Rights; and (e) provide advance copies of any papers related to the filing, prosecution and maintenance of such patent filings.

3.1.2. Licensee. Subject to the terms and conditions of this Article 3 and Article 8, Licensee shall have the first right to prepare, file, protect, prosecute and maintain all Joint Patent Rights, [**] Patent Rights, [**] Patent Rights, P53 Patent Rights, Licensors Patent Rights and DFCI Patent Rights (collectively, the **"Licensee Prosecuted Patent Rights"**) at Licensee's expense, but Licensee may elect not to do so as set forth in Section 3.3. As of the Effective Date, Harvard and DFCI shall transfer the responsibility for preparing, filing, protecting, prosecuting and maintaining the Licensors Patent Rights, [**] Patent Rights, [**] Patent Rights and P53 Patent

Rights to Licensee. Licensee shall prepare, file, prosecute, protect and maintain the Licensee Prosecuted Patent Rights in good faith. Licensee shall, with respect to the preparation, filing, protection, prosecution and maintenance of the Licensee Prosecuted Patent Rights: (a) use independent patent counsel reasonably acceptable to the other parties (i.e., Harvard and/or DFCI) hereto who have an ownership interest in the applicable patent rights (each, an **"Interested Party"**) and instruct such patent counsel to furnish the Interested Party(ies) with copies of all correspondence relating to the Licensee Prosecuted Patent Rights from the United States Patent and Trademark Office and any other patent office as well as copies of all proposed responses to such correspondence in time for the Interested Party(ies) to review and comment on such response; (b) give the Interested Party(ies) an opportunity to review the text of each patent application before filing; (c) consult with the Interested Party(ies) with respect thereto; (d) supply the Interested Party(ies) with a copy of any application within the Licensee Prosecuted Patent Rights as filed, together with notice of its filing date and serial number; (e) keep the Interested Party(ies) advised of the status of the actual and prospective patent filings within the Licensee Prosecuted Patent Rights; and (f) provide advance copies of any papers related to the filing, prosecution and maintenance of such patent filings. Licensee shall give the Interested Party(ies) the opportunity to provide comments on and make requests of the filing party concerning the prosecution, filing and maintenance of the Licensee Prosecuted Patent Rights, and shall take into reasonable consideration such comments and requests. Licensee acknowledges that Harvard will retain its own patent counsel to review Licensee's preparation, filing, protection, prosecution and maintenance of Licensee Prosecuted Patent Rights in which Harvard has an ownership interest.

3.2. Expenses. Subject to Section 3.3 below, Licensee shall reimburse Harvard for all documented patent-related expenses incurred by Harvard pursuant to Section 3.1.1 within [**] days after Harvard invoices Licensee. Also, within [**] days following the receipt of each invoice from Harvard, Licensee shall reimburse Harvard for amounts paid by Harvard to its patent counsel with respect to review of Licensee's preparation, filing, protection, prosecution and maintenance of Licensee Prosecuted Patent Rights in which Harvard has an ownership interest. In addition, within [**] days following the receipt of an invoice from Harvard and/or DFCI, Licensee shall reimburse Harvard and DFCI, as appropriate, for expenses incurred by Licensors prior to the Effective Date, and in connection with the transfer of responsibility to Licensee as described in Section 3.1.2, with respect to the preparation, filing, prosecution and/or maintenance of the Licensors Patent Rights, [**] Poly Peptide Patent Rights, [**] Patent Rights, [**] Patent Rights and p53 Patent Rights.

3.3. Abandonment. Should Licensee decide that it does not wish to pay for the filing or prosecution of a patent application, or the maintenance of a patent, on any invention or claim included in the Licensed Patent Rights, in any country (an "Abandoned Country"), Licensee shall provide Harvard and/or DFCI, as applicable based on ownership, with written notice of such election at least [**] days prior to the effective date of such abandonment (and in no event less than [**] days prior to the date on which any pending action needs to be taken to preserve the relevant Licensed Patent Rights). Upon the effective date of such abandonment, Licensee shall be released from its obligation to pay for the prosecution of, or to reimburse Harvard for the expenses incurred by Harvard thereafter in conjunction with, such Licensed Patent Rights in such Abandoned Country; provided that expenses for work or filing fees authorized prior to the receipt by Harvard and/or DFCI of such notice shall be deemed incurred prior to the notice.

3.3.1. Effect of Abandonment of Harvard Patent Rights, [**] Poly Peptide Patent Rights, [**] Patent Rights, [**] Patent Rights, P53 Patent Rights, Licensors Patent Rights and/or DFCI Patent Rights. In the event of Licensee's abandonment of any Harvard Patent Rights, [**] Poly Peptide Patent Rights, [**] Patent Rights, [**] Patent Rights, P53 Patent Rights, Licensors Patent Rights and/or DFCI Patent Rights, any license granted by Harvard and/or DFCI to Licensee hereunder with respect to such Licensed Patent Rights will terminate in the relevant Abandoned Country, and Licensee will have no rights whatsoever to exploit such abandoned Licensed Patent Rights in such Abandoned Country. Harvard and/or DFCI shall then be free, without further notice or obligation to Licensee, to grant rights in and to such abandoned Licensed Patent Rights in such Abandoned Country to third parties.

3.3.2. Effect of Abandonment of Joint Patent Rights. In the event of Licensee's abandonment of any Joint Patent Rights, Harvard (and/or DFCI, if DFCI is the joint owner of such Patent Rights with Licensee) may assume responsibility for paying for the preparation, filing, prosecution, protection and/or maintenance of such Joint Patent Rights in such Abandoned Country, in its sole discretion. In such event, such paying Licensor(s) may choose, at its sole discretion, to terminate any license granted by such Licensor to Licensee hereunder with respect to such Joint Patent Rights in such Abandoned Country. If such Licensor exercises its right to terminate: (a) the license granted hereunder with respect to such Joint Patent Rights in such Abandoned Country shall terminate and (b) such Licensor(s) thereafter shall be free, without further notice or obligation to Licensee, and Licensee hereby grants such Licensor(s) an exclusive license (subject to the provisions of this Section 3.3.2) under its interest in such Joint Patent Rights in such Abandoned Country, to grant rights in and to such Joint Patent Rights in such Abandoned Country to third parties; provided, however, that such third party licenses shall be subject to Licensee retaining the right, without further notice or obligation to Harvard, to practice and otherwise exploit its interest in such Joint Patent Rights in such Abandoned Country in connection with any development or commercialization of a Licensed Product by or on behalf of Licensee or its Affiliates, and to grant rights to third parties in and to its interest in such Joint Patent Rights in such Abandoned Country in connection with a license of a Licensed Product developed by or on behalf of Licensee, its Affiliates or any Sublicensee. The claims of any Joint Patent Rights to which Licensee's license is terminated in an Abandoned Country pursuant to this Section 3.3.2 shall cease to constitute Valid Claims for purposes of this Agreement.

3.4. No Warranty. Nothing contained herein shall be deemed to be a warranty by Licensors that they can or will be able to obtain patents on patent applications included in the Licensed Patent Rights, or that any of the Licensed Patent Rights will afford adequate or commercially worthwhile protection.

3.5. Small Entity Designation. If Licensee, any Sublicensee and/or any holder of an option to obtain a Sublicense does not qualify, or at any point during the term of this Agreement ceases to qualify, as a "small entity" as provided by the United States Patent and Trademark Office (USPTO), Licensee immediately shall so notify the USPTO (with respect to Licensed Patent Rights for which Licensee has prosecution responsibility under the terms of this Agreement), as well as Licensors in order to enable Licensors to comply with USPTO regulations regarding payment of fees with respect to Licensed Patent Rights.

4. License Grant.

4.1. Licenses.

4.1.1. Harvard Grants. Subject to the terms and conditions set forth in this Agreement, Harvard hereby grants to Licensee an exclusive (except as set forth in Sections 4.1.4 and 5.5.3 below), worldwide, royalty-bearing license under the Harvard Patent Rights and [**] Poly Peptide Patent Rights solely (a) to develop, make, have made, market, offer for sale, sell and import Licensed Products for use solely in the Field and (b) to use Licensed Products in the development and manufacture of the Licensed Products described in clause (a).

4.1.2. Licensors Grant. Subject to the terms and conditions set forth in this Agreement, each of the Licensors hereby grants to Licensee an exclusive (except as set forth in Section 4.1.4 below), worldwide, royalty-bearing license under its interest in and to the Licensors Patent Rights, the [**] Patent Rights, the p53 Patent Rights and the Joint Patent Rights, solely (a) to develop, make, have made, market, offer for sale, sell and import Licensed Products for use solely in the Field and (b) to use Licensed Products in the development and manufacture of the Licensed Products described in clause (a).

4.1.3. DFCI Patent Rights. Subject to the terms and conditions set forth in this Agreement, DFCI hereby grants to Licensee an exclusive (except as set forth in Section 4.1.4 below), worldwide, royalty-bearing license under the DFCI Patent Rights and [**] Patent Rights solely to develop, make, have made, use, market, offer for sale, sell and import Licensed Products in the Field.

4.1.4. Limitations. The licenses granted under Sections 4.1.1, 4.1.2 and 4.1.3 shall be subject to the following limitations:

4.1.4.1. Reserved Rights. Licensors retain the right under their interests in the Licensed Patent Rights to make and use Licensed Products, and to license other not-for-profit research organizations to make and use Licensed Products, all of the foregoing solely for internal research, teaching and other educational purposes and not for the purpose of any commercial manufacture, distribution or provision of services for a fee;

4.1.4.2. Government Rights. The U.S. federal government retains rights in the Licensed Patent Rights pursuant to 35 USC §§200-212, 37 CFR §401 et seq. and applicable governmental implementing regulations, and any right granted in this Agreement greater than that permitted under 35 USC §§200-212 or 37 CFR §401 et seq. shall be subject to modification as may be required to conform to the provisions of those statutes; and

4.1.4.3. HHMI Rights. Licensee acknowledges that it has been informed that the [**] Patent Rights listed in Exhibit 1.2, Licensor Patent Rights listed in Exhibit 1.24, and the p53 Patent Rights listed in Exhibit 1.28 were developed, at least in part, by employees of HHMI and that HHMI has a paid-up, non-exclusive, irrevocable license to use the [**] Patent Rights, the Licensor Patent Rights (other than those described in Section 1.24 (f)) and the p53 Patent Rights for HHMI's research purposes, but with no right to assign or sublicense (the "HHMI License"). This license is explicitly made subject to the HHMI License.

4.1.4.4. Third Party Proposed Products.

(a) If, at any time after August 2, 2011, a third party makes a bona fide proposal to either Licensor for developing a Third Party Proposed Product and Harvard is interested in having such Third Party Proposed Product developed and commercialized, Harvard shall notify Licensee of such Third Party Proposed Product, and shall provide Licensee with information regarding the third party proposal. Within [**] days of the receipt of such notification from Harvard, [**].

(b) If Licensee notifies Harvard within such [**] day period that [**], the parties will agree upon [**] with respect to such Third Party Proposed Product, which [**], subject to necessary adjustments, and will include reasonable [**]. In such case, Licensee shall be obligated (i) to use commercially reasonable efforts to [**] in accordance with such new [**] and (ii) to [**] with respect to the Third Party Proposed Product.

(c) If Licensee notifies Harvard that [**] (consistent with the considerations set forth in the following sentence) [**] with such third party or another party. Bona fide business concerns of Licensee as well as the goal of ensuring that Licensed Products are developed and commercialized to benefit the public will be considered by Licensee in its determination of [**]. Licensee shall have no obligation to license or sublicense any other intellectual property (i.e. [**]) to a prospective sublicensee. If Licensee has not entered into a [**] within a reasonable time after its notice to Harvard, at Harvard's request, it shall notify Harvard (in person or by telephone) the [**] shall be deemed Confidential Information of Licensee in accordance with Section 12.6.

(d) If Licensee does not notify Harvard within the [**] day period described in (a) above or notifies Harvard [**] to (A) [**] or to (B) enter into [**] with such third party or another party for such product, Harvard shall be [**] to such third party and otherwise consistent with the rights granted to Licensee herein. From all amounts received by Harvard under [**], (i) Harvard shall first deduct [**] and (ii) all remaining amounts shall be distributed as follows: [**]. Harvard shall notify Licensee when it commences negotiations with such third party, and shall provide a copy of any such license to Licensee, the terms of which shall be deemed Confidential Information of Harvard in accordance with Section 12.6.

4.1.5. Affiliates and Sub-contractors. The licenses granted to Licensee under Sections 4.1.1, 4.1.2 and 4.1.3 shall include the right to have some or all of Licensee's rights or obligations under such licenses performed or exercised by one or more of its Affiliates and/or through Sub-contractors; provided that: (a) no such Affiliate or Sub-contractor shall be entitled to grant, directly or indirectly, to any person or entity any Sublicense; and (b) any acts taken by any such Affiliate or Sub-contractor (or assignee thereof as described in the next sentence) in accordance with the rights granted under this Section 4.1.5 shall be deemed an act taken by Licensee under this Agreement. For clarity, the assignment of such rights by an Affiliate or Subcontractor in connection with the sale of its business or assets to which such rights pertain or otherwise to a successor-in-interest as a result of a merger or reorganization or otherwise shall not be deemed to be a Sublicense prohibited by this Section 4.1.5.

4.2. Sublicense.

4.2.1. Sublicense Grant. Licensee shall be entitled to grant Sublicenses to third parties under the licenses granted pursuant to Section 4.1 on terms and conditions in compliance with and not inconsistent with the terms of this Agreement.

4.2.2. Sublicense Agreements. Sublicenses shall only be granted pursuant to written agreements, which shall be subject and subordinate to the terms and conditions of this Agreement. Such Sublicense agreements shall contain, among other things, provisions to the following effect;

4.2.2.1. All provisions necessary to ensure Licensee's ability to perform its obligations under this Agreement, including without limitation its obligations under Sections 7.1, 7.3 and 12.1;

4.2.2.2. A clause substantially the same as the provisions of Section 10 (Indemnification) that shall also state that Harvard, DFCI and HHMI are intended third party beneficiaries of such Sublicense agreement for the purpose of enforcing such indemnification and insurance provisions.

4.2.2.3. Upon any termination of this Agreement, all Sublicenses shall terminate. However, in recognition of the substantial investment made by Sublicensees in commercializing the Licensed Patent Rights, and to avoid future negotiation over the terms of a Sublicensee's continued exercise of the Licensed Patent Rights in the field and scope enjoyed pursuant to its Sublicense Agreement, Licensors will, at the request of a Sublicensee after such termination, grant a direct license under the Licensed Patent Rights to such Sublicensee (effective as of the date of the termination of this Agreement) for the Licensed Products and the field specified in its Sublicense Agreement and under the same terms and conditions (except as set forth in (c) and (d) below) as those granted to Licensee under this Agreement, provided that:

(a) such Sublicensee is not in material default under the Sublicense Agreement at the time of termination of this Agreement;

(b) such Sublicensee assumes all unsatisfied past, current, and future obligations of Licensee under this Agreement, including under Section 3.2 and 6, with respect to the Licensed Products and field covered by its Sublicense;

(c) such Sublicensee agrees: (i) with respect to Original Patent Rights covered by such Sublicense, to use commercially reasonable efforts, and/or cause its Affiliates to use commercially reasonable efforts (x) to develop Licensed Products, the making, using or selling of which is covered by a Valid Claim of the Original Patent Rights, (y) to introduce such Licensed Products into the commercial market and (z) to market such Licensed Products following such introduction into the market (including undertaking in such direct license to meet all applicable diligence milestones as set forth in the Sublicense agreement), in which event Sublicensee shall not be obligated to meet the original General Development Milestone within the time period set forth in this Agreement; and (ii) with respect to all of the other Licensed Patent Rights covered by such Sublicense, to meet the relevant Development Milestones (e.g. [**] Development Milestone, [**] Development Milestone, [**] Development Milestone, p53 Development Milestone and/or [**] Poly Peptide Milestone) within the time periods set forth in this Agreement, in which event such Sublicensee shall be obligated to meet such Development Milestones with such time periods; and

(d) (i) the terms contained in such direct license agreement do not impose any representation, warranties, obligations or liabilities on Licensors or the Sublicensee which are not included in this Agreement and includes limitations of liability provisions identical to those set forth in Sections 9.2 and 9.3, (ii) Sublicensee assumes all of Licensee's obligations under Sections 5.3, 7.1.1, 7.3, 9.1, 10, 12.1, 12.4 and 12.7 with respect to the Licensed Products or field covered by its Sublicense, (iii) the royalty rates and milestone payments contained in such new agreement shall be equivalent to the royalty rates and milestone payments specified in Sections 6.4 and 6.5 of this Agreement), (iv) Licensors shall not be entitled to any stock or equity payment or issuance from the Sublicensee on account of such direct license, (v) the obligations to reimburse of patent prosecution expenses and pay license maintenance fees contained in the direct license agreement shall not be less favorable to Licensors than those set forth in Sections 3 and 6.3 of this Agreement, respectively; provided, however, that such prosecution expenses and license maintenance fees shall be prorated among all former Sublicensees to whom Licensors grant a direct license under this Section 4.2.2.3 and whose such direct licenses are in effect on the date payments are due.

4.2.2.4. The Sublicensee shall not be entitled to sublicense its rights under such Sublicense agreement. However, Sublicensee shall be entitled to have some or all of its rights or obligations under such Sublicense performed or exercised by one or more of its Affiliates and/or through Sub-contractors; provided that any acts taken by any such Affiliate or Sub-contractor (or assignee thereof as described in the next sentence) in accordance with the rights granted under this Section 4.2.2.4 shall be deemed an act taken by Sublicensee under the Sublicense agreement. For clarity, the assignment of a Sublicense agreement by a Sublicensee in connection with the sale of its business or assets to which the Sublicense agreement pertains or otherwise to a successor-in-interest as a result of a merger or reorganization or otherwise shall not be deemed to be a Sublicense prohibited by this Section 4.2.2.4.

4.2.2.5. The Sublicense agreement may not be assigned by Sublicensee without the prior written consent of Harvard, except that Sublicensee may assign the Sublicense agreement without the consent of Harvard (i) to an Affiliate of such Sublicenses or (ii) to a successor-in-interest in connection with the merger, consolidation, or sale of all or substantially all of its assets or that portion of its business or assets to which the Sublicense agreement relates; provided that any such assignee agrees in writing in a manner reasonably satisfactory to Harvard to be bound by the terms of such Sublicense agreement.

4.2.3. Delivery of Sublicense Agreement. Licensee shall furnish Licensors with a fully executed copy of any such Sublicense agreement promptly after its execution. Licensors shall keep any such copies of Sublicense agreements in its confidential files and shall use them solely for the purpose of monitoring Licensee's and Sublicensees' compliance with their obligations hereunder and enforcing Licensors' rights under this Agreement. Any such Sublicense agreement shall be deemed Confidential Information of Licensee in accordance with Section 12.6.

4.2.4. Breach by Sublicensee. Any act or omission by a Sublicensee, which would have constituted a breach of this Agreement had it been an act or omission by Licensee,

shall constitute a breach of this Agreement. Licensee shall indemnify Licensors and HHMI for, and hold them harmless from, any and all damages or losses caused to Licensors and HHMI as a result of any such breach by a Sublicensee. For clarity, Licensee shall have the right to cure any such breach in the same manner as it has the right to cure its own breaches.

4.3. No Other Grant of Rights. Nothing in this Agreement shall be construed to confer any rights upon Licensee by implication, estoppel, or otherwise as to any technology or patent rights of Licensors or any other entity other than the rights granted herein with respect to Licensed Patent Rights, regardless of whether such technology or patent rights shall be dominant, subordinate or otherwise related to any Licensed Patent Rights.

5. Development and Commercialization.

5.1. Diligence. Licensee shall use commercially reasonable efforts, and/or shall cause its Affiliates or Sublicensees to use commercially reasonable efforts: (i) to develop Licensed Products in accordance with the Development Plan, (ii) to introduce Licensed Products into the commercial market and (iii) to market Licensed Products following such introduction into the market. In addition, Licensee, by itself or through Affiliates or Sublicensees, shall meet each of the Development Milestones within the time periods set forth therein. Without limiting Licensors' rights under any other provision of this Agreement, Licensors' sole and exclusive remedy and Licensee's sole and exclusive liability for any breach of the obligations set forth in this Section 5.1 shall be the termination rights set forth in Section 5.5. For clarity, it is contemplated that Licensee, its Affiliate or Sublicensee can achieve the General Development Milestone simultaneously upon achieving a milestone described in any of Sections 1.7 (b)-(f) with the same Licensed Product. For further clarity, if a Licensed Product is covered by a Valid Claim of two or more categories of Licensed Patent Rights, it is possible that it can meet the Development Milestone in each such category if applicable. For example, if a Licensed Product is covered by Valid Claims within both the [**] Patent Rights and the [**] Poly Peptide Patent Rights, and Licensee files an IND for such Licensed Product within the time periods required for the IND [**] Development Milestone and the IND [**] Development Milestone, then both such Development Milestones will be deemed to have been met by such IND filing.

5.2. Development Plan. Licensee shall be entitled, from time to time, to make such adjustments to the then applicable Development Plan including the timelines therein as Licensee believes, in its good faith judgment, are needed in order to improve Licensee's ability to meet the Development Milestones.

5.3. Reporting. Within [**] days after the end of each calendar year, Licensee shall furnish Harvard with a written report on the progress of its, its Affiliate's and Sublicensees' efforts during the prior year to develop and commercialize Licensed Products, including without limitation research and development efforts and marketing efforts. The report shall also contain a discussion of intended efforts and sales projections for the then current year.

5.4. Failure. The parties agree that timely achievement of Development Milestones is subject to considerable uncertainty, given the novelty of the technology embodied in the Licensed Patent Rights, territorial or legal restrictions on the use of biotechnology products, the regulatory climate and approval process, and pricing or other government restrictions on certain

pharmaceutical products. Accordingly if Licensee fails to achieve any Development Milestone, the parties agree to discuss and, if appropriate, revise said milestone upon Licensee's written notice to Harvard and explanation for the reasons for such failure. If Licensee does not provide Harvard with a reasonable basis for its failure to meet a Development Milestone (and lack of finances shall not constitute reasonable basis), Harvard shall notify Licensee in writing of Licensee's failure and shall allow Licensee [**] days to cure its failure; provided that Harvard agrees to consider in good faith a reasonable extension to such [**]-day period if such failure occurs despite Licensee's (itself or through one or more Affiliates or Sublicensees) use of commercially reasonable efforts to meet such Development Milestone.

5.5. Remedy for Failure.

5.5.1. General Development Milestone. If a failure to meet a Development Milestone as described in Section 5.4 relates to the General Development Milestone, Licensee's failure to cure such delay within such [**]-day period (as may be extended) set forth in Section 5.4 shall constitute a material breach of this Agreement and Harvard shall have the right to terminate this Agreement forthwith.

5.5.2. Other Development Milestones. If a failure to meet a Development Milestone as described in Section 5.4 relates to a Development Milestone that is not the General Development Milestone (i.e., [**] Development Milestone, [**] Development Milestone, [**] Development Milestone, p53 Development Milestone or [**] Poly Peptide Milestone), Licensee's failure to cure such delay within such [**]-day period set forth in Section 5.4 shall entitle Harvard (or in the case of a failure to achieve a [**] Development Milestone, DFCI) to terminate Licensee's license with respect to the Licensed Patent Rights solely related to such Development Milestone ("Terminated Patent Rights"). For example, if the failure to meet a Development Milestone as described in Section 5.4.2 relates to a [**] Development Milestone, Harvard will be entitled to terminate the license granted under Section 4.1.2 with respect to the [**] Patent Rights. For clarity, the termination of the license with respect to any Terminated Patent Rights under this Section 5.5.2 will terminate any Sublicense granted with respect to such Terminated Patent Rights (and Licensors will not be required to grant any licenses with respect to such Terminated Patent Rights to any Sublicensee). For further clarity, Licensee's rights and obligations under Sections 3 and 8 with respect to any Terminated Patent Rights shall terminate.

5.5.3. Background for Terminated Patent Rights. Notwithstanding the terms of Section 4.1.1, if any Licensed Patent Rights become Terminated Patent Rights, Harvard will be entitled to grant to third party licensees of such Terminated Patent Rights non-exclusive, worldwide, licenses (with the right to grant sublicenses) under the Harvard Patent Rights and [**] Poly Peptide Patent Rights in the Field solely for the purpose of and to the extent needed to develop, make, have made, use, market, offer for sale, sell and import products, the making, using or selling of which falls within the scope of a Valid Claim of such Terminated Patent Rights.

6. Consideration for Grant of License

6.1. License Issuance Fee.

6.1.1. Original Patent Rights. The parties acknowledge that Licensee paid Harvard the license issuance fee and issued equity to Licensors as partial consideration for the grant of the licenses under the Original Patent Rights in accordance with the terms of the Original Agreement. The rights and obligations of the parties with respect to such equity are set forth in the Stock Purchase Agreements dated November 19, 2007, between Harvard and Licensee and the Stock Purchase Agreements dated November 19, 2007, between DFCI and Licensee.

6.1.2. Additional Patent Rights.

6.1.2.1. [**] Poly Peptide Patent Rights. In partial consideration for the license granted to Licensee pursuant to Section 4.1.1 above with respect to the [**] Poly Peptide Patent Rights, Licensee shall pay Harvard a license issuance fee of [**] US Dollars ($[**]). Such amount will be paid in three installments, as follows; (a) [**] US Dollars ($[**]) will be paid within [**] business days after the Effective Date; (b) fifteen thousand US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date; and (c) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date.

6.1.2.2. [**] Patent Rights. In partial consideration for the license granted to Licensee pursuant to Section 4.1.2 above with respect to the [**] Patent Rights, Licensee shall pay Harvard a license issuance fee of [**] US Dollars ($[**]). Such amount will be paid in three installments, as follows; (a) [**] US Dollars ($[**]) will be paid within [**] business days after the Effective Date; (b) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date; and (c) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date.

6.1.2.3. p53 Patent Rights. In partial consideration for the license granted to Licensee pursuant to Section 4.1.2 above with respect to the p53 Patent Rights, Licensee shall pay Harvard a license issuance fee of [**] US Dollars ($[**]). Such amount will be paid in three installments, as follows: (a) [**] US Dollars ($[**]) will be paid within [**] business days after the Effective Date; (b) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date; and (c) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date.

6.1.2.4. [**] Patent Rights. In partial consideration for the license granted to Licensee pursuant to Section 4.1.3 above with respect to the [**] Patent Rights, Licensee shall pay Harvard a license issuance fee of [**] US Dollars ($[**]). Such amount will be paid in three installments, as follows: (a) [**] US Dollars ($[**]) will be paid within [**] business days after the Effective Date; (b) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date; and (c) [**] US Dollars ($[**]) will be paid within [**] business days after the [**] of the Effective Date.

For clarity, Licensee shall be obligated to pay the full amount of each installment set forth in this Section 6.1.2 on the due date therefore regardless of whether, at the time the relevant installment is due, (i) this Agreement is still in effect or (ii) the relevant Licensed Patent Rights are still licensed under this Agreement (or have become Terminated Patent Rights).

6.2. [Intentionally omitted]

6.3. License Maintenance Fee.

6.3.1. Original Patent Rights. The parties acknowledge that Licensee paid Harvard the annual license maintenance fee amounts that were due on January 1, 2008 and January 1, 2009 with respect to the Original Patent Rights in accordance with the terms of the Original Agreement. In addition, Licensee shall pay Harvard annual license maintenance fees for the license with respect to the Original Patent Rights as follows:

6.3.1.1. On each of [**] business days after the Effective Date, January 1, 2011 and January 1, 2012, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]); and

6.3.1.2. On January 1, 2013 and on January 1 of each year thereafter until the expiration of the last to expire of the Original Patent Rights, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]).

Each payment made pursuant to this Section 6.3.1 shall be creditable against royalties due under Section 6.5 for sales made during the year following the due date of such payment of Licensed Products, the making, using or selling of which falls within the scope of a Valid Claim of the Original Patent Rights.

6.3.2. [**] Poly Peptide Patent Rights. Licensee shall pay Harvard annual license maintenance fees for the license with respect to the [**] Poly Peptide Patent Rights as follows:

6.3.2.1. On each of [**] business days after the Effective Date and January 1, 2011, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]);

6.3.2.2. On each of January 1, 2012, 2013 and 2014, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]); and

6.3.2.3. On January 1, 2015 and on January 1 of each year thereafter until the expiration of the last to expire of the [**] Poly Peptide Patent Rights or the earlier termination of the license with respect to the [**] Poly Peptide Patent Rights pursuant to Section 5.5.2, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]).

Each payment made pursuant to this Section 6.3.2 shall be creditable against royalties due under Section 6.5 for sales made during the year following the due date of such payment of Licensed Products, the making, using or selling of which falls within the scope of a Valid Claim of the [**] Poly Peptide Patent Rights.

6.3.3. [**] Patent Rights. Licensee shall pay Harvard annual license maintenance fees for the license with respect to the [**] Patent Rights as follows:

6.3.3.1. On each of [**] business days after the Effective Date and January 1, 2011, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]);

6.3.3.2. On each of January 1, 2012, 2013 and 2014, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]); and

6.3.3.3. On January 1, 2015 and on January 1 of each year thereafter until the expiration of the last to expire of the [**] Patent Rights or the earlier termination of the license with respect to the [**] Patent Rights pursuant to Section 5.5.2, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]).

Each payment made pursuant to this Section 6.3.3 shall be creditable against royalties due under Section 6.5 for sales made during the year following the due date of such payment of Licensed Products, the making, using or selling of which falls within the scope of a Valid Claim of the [**] Patent Rights.

6.3.4. p53 Patent Rights. Licensee shall pay Harvard annual license maintenance fees for the license with respect to the p53 Patent Rights as follows:

6.3.4.1. On each of [**] business days after the Effective Date and January 1, 2011, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]);

6.3.4.2. On each of January 1, 2012, 2013 and 2014, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]); and

6.3.4.3. On January 1, 2015 and on January 1 of each year thereafter until the expiration of the last to expire of the p53 Patent Rights or the earlier termination of the license with respect to the p53 Patent Rights pursuant to Section 5.5.2, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]).

Each payment made pursuant to this Section 6.3.4 shall be creditable against royalties due under Section 6.5 for sales made during the year following the due date of such payment of Licensed Products, the making, using or selling of which falls within the scope of a Valid Claim of the p53 Patent Rights.

6.3.5. [**] Patent Rights. Licensee shall pay Harvard annual license maintenance fees for the license with respect to the [**] Patent Rights as follows:

6.3.5.1. On each of [**] business days after the Effective Date and January 1, 2011, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]);

6.3.5.2. On each of January 1, 2012, 2013 and 2014, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]); and

6.3.5.3. On January 1, 2015 and on January 1 of each year thereafter until the expiration of the last to expire of the [**] Patent Rights or the earlier termination of the license with respect to the [**] Patent Rights pursuant to Section 5.5.2, Licensee shall pay Harvard an annual license maintenance fee of [**] US Dollars ($[**]).

Each payment made pursuant to this Section 6.3.5 shall be creditable against royalties due under Section 6.5 for sales made during the year following the due date of such payment of Licensed Products, the making, using or selling of which falls within the scope of a Valid Claim of the [**] Patent Rights.

6.4. Milestone Payments.

6.4.1. Therapeutic Products. In addition, Licensee shall pay Harvard the following milestone payments with respect to each Licensed Product being developed or commercialized for the prevention or treatment of [**] (a "Therapeutic Product") to reach the relevant milestone, regardless of whether such milestone is achieved by Licensee or a Sublicensee:

6.4.1.1. $50,000 (fifty thousand US Dollars) upon Initiation of the first Phase I Clinical Trial with respect to such Therapeutic Product;

6.4.1.2. $[**] US Dollars) upon [**];

6.4.1.3. $[**] US Dollars) upon [**];

6.4.1.4. $[**] US Dollars) upon [**];

6.4.1.5. $[**] US Dollars) upon the achievement of cumulative worldwide sales of the first Therapeutic Product of $[**] US Dollars); and

6.4.1.6. $[**] US Dollars) upon the achievement of cumulative worldwide sales of the first Therapeutic Product of $[**] US Dollars).

Licensee shall notify Harvard in writing within [**] days following the achievement of each milestone described in this Section 6.4.1, and shall make the appropriate milestone payment within [**] days after the achievement of such milestone. Each milestone payment shall be payable only upon the initial achievement of such milestone with respect to a Therapeutic Product and no amounts shall be due hereunder for subsequent or repeated achievement of such milestone with respect to such Therapeutic Product. For clarity, the milestones set forth in Section 6.4.1 are successive and, upon achievement of any milestone by a Therapeutic Product, all prior milestones for such Therapeutic Product shall be deemed achieved and, to the extent any payments were not made with respect thereto, the corresponding payments shall be due. For purposes of the milestone payments in this Section 6.4.1 all Licensed Products incorporating the same Covered Peptide shall be deemed to be the same Therapeutic Product.

If development of a Therapeutic Product is abandoned after one or more of the milestone payments set forth in Sections [**] have been made with respect to such Therapeutic Product ("Abandoned Therapeutic Product"), but before the [**] of such Abandoned Therapeutic Product, then such milestone payments shall be credited against any milestone payments that subsequently become due pursuant to Sections [**] for any other Therapeutic Product that is intended to prevent or treat the same indication, is directed to the same biological target(s) and has substantially the same mechanism of action as the Abandoned Licensed Product (a "Back-Up Product"), until such amounts have been fully credited. The above notwithstanding, if Licensee thereafter revives development efforts with respect to such Abandoned Therapeutic Product and such efforts lead to the attainment of the milestone described in Section [**], as applicable, that follows the last milestone for which payment was made prior to abandonment, Licensee shall be required to reimburse Harvard the full amount credited pursuant to this paragraph upon reaching such milestone. For purposes of illustration, [**].

6.4.2. Diagnostic Products. In addition, Licensee shall pay Harvard the following milestone payments with respect to each Licensed Product being commercialized for the diagnosis of [**] (a "Diagnostic Product") to reach the relevant milestone, regardless of whether such milestone is achieved by Licensee or a Sublicensee:

6.4.2.1. $[**] US Dollars) upon the earlier of [**]; and

6.4.2.2. $[**] US Dollars) upon the achievement of cumulative worldwide sales of the first Diagnostic Product of $[**] US Dollars).

Licensee shall notify Harvard in writing within [**] days following the achievement of each milestone described in this Section 6.4.2, and shall make the appropriate milestone payment within [**] days after the achievement of such milestone. Each milestone payment shall be payable only upon the initial achievement of such milestone with respect to a Diagnostic Product and no amounts shall be due hereunder for subsequent or repeated achievement of such milestone with respect to such Diagnostic Product.

6.5. Royalties on Net Sales.

6.5.1. Licensee shall pay Harvard royalties on Net Sales as follows:

(a) An amount equal to [**]% of all Net Sales of [**] Products; and

(b) An amount equal to [**]% of all Net Sales of [**] Products; and

(c) An amount equal to [**]% of all Net Sales of Combination Products (with Net Sales as determined in Section 1.25) in which the Covered Peptide would be considered a [**] product if sold with no Independent Active Ingredient; and

(d) An amount equal to [**]% of all Net Sales of Combination Products (with Net Sales as determined in Section 1.25) in which the Covered Peptide would be considered a [**] product if sold with no Independent Active Ingredient.

6.5.2. Notwithstanding the foregoing, in the event that Licensee or an Affiliate of Licensee is required to make royalty payments, at fair market terms after arms' length negotiations, under a Third Party License as a result of the sale of a Licensed Product in a certain country, Licensee may offset an amount equal to [**]% of such third-party payments with respect to such sale of such Licensed Product against the royalty payments that are due to Licensors pursuant to Section 6.5.1 with respect to sales of such Licensed Product in such country; provided that in no event, shall the royalty payments to Licensors under Section 6.5.1 with respect to such Licensed Product be reduced by more than [**]% of the amount otherwise due with respect to such Licensed Product.

6.5.3. With respect to each Licensed Product, royalties will be payable on a country-by-country basis, so long as the making, using or selling of the Licensed Product falls within the scope of a Valid Claim in the country in which such Licensed Product is made, used or sold.

6.5.4. If the use, manufacture, sale or importation of any Licensed Product is covered by more than one Valid Claim of the Licensed Patent Rights, multiple royalties shall not be due. Accordingly, no more than one royalty shall be due with respect to any unit of Licensed Product. Further no royalty shall be due with respect to reasonable quantities of units of Licensed Product used solely for clinical trials, other internal research or development purposes or as samples or promotional goods.

6.6. Sublicense Receipts.

6.6.1. General. In addition, Licensee shall pay Harvard an amount equal to [**] percent ([**]%) of all Sublicense Receipts. Notwithstanding the foregoing, if a Sublicense is part of a transaction in which Licensee also conveys rights to technology or intellectual property other than the Licensed Patent Rights that is reasonably necessary for, or directed to, the discovery, development, manufacture, sale or importation of a Licensed Product, then Licensee will propose in good faith by written notice to Harvard a basis for allocation of the consideration received by Licensee and its Affiliates for such transaction between the Licensed Patent Rights and such other technology and intellectual property based on the relative value to be attributed to the Sublicense as part of the overall transaction. Such notice shall describe in reasonable detail the rationale for such allocation. If Harvard disputes the proposed allocation, then the provisions of Section 6.6.2 shall apply. The amount payable to Harvard under this Section 6.6 with respect to Sublicense Receipts received in connection with such transaction shall be determined by the following equation:

[**].

If Licensee receives Sublicense Receipts that are creditable against amounts payable by the relevant Sublicensee with respect to sales of Licensed Products, then any amount paid by Licensee to Harvard under this Section 6.6.1 on account of such Sublicense Receipts shall be creditable against any amounts payable by Licensee to Harvard under Section 6.5 with respect to such sales.

6.6.2. Disputes. In the event that Harvard disputes Licensee's proposed allocation of Sublicense Receipts with respect to a particular transaction, Harvard shall notify Licensee within [**] days of receipt of the proposed allocation (the "Allocation Dispute Notice"), in which case senior executives of Licensee and Harvard shall promptly meet in an attempt to resolve such matter in good faith. If Licensee and Harvard are unable to so resolve such matter within [**] days of the Allocation Dispute Notice, then either Licensee or Harvard may by written notice to the other have such dispute referred for resolution by an independent expert with substantial experience in valuing biopharmaceutical transactions. The parties shall agree upon the appointment of such independent expert. Licensee shall bear the costs of such expert in making such resolution. Licensee and Harvard shall instruct the expert to provide a written allocation of the Sublicense Receipts for the particular transaction between the Licensed Patent Rights and the other relevant technology and intellectual property licensed or sublicensed in connection therewith

in such transaction within [**] days of the date of appointment. Each of Licensee and Harvard shall promptly provide to the expert in confidence such information in its possession and control as the expert may reasonably request in connection with such resolution. The written allocation of the expert, absent clear error, shall be binding upon the parties.

7. Reports; Payments; Records.

7.1. Reports and Payments.

7.1.1. Reports. Within [**] days after the conclusion of each Calendar Quarter commencing with the first Calendar Quarter in which Net Sales are generated or Sublicense Receipts received, Licensee shall deliver to Licensors a report containing the following information:

(a) the number of units of Licensed Products sold by Licensee, its Affiliates and Sublicensees for the applicable Calendar Quarter, broken down by Licensed Products (i.e. [**] Products and [**] Products) and the Licensed Patent Rights covering such Licensed Products;

(b) the gross amount billed for Licensed Products sold by Licensee, its Affiliates and Sublicensees during the applicable Calendar Quarter, broken down by Licensed Products (i.e. [**] Products and [**] Products) and the Licensed Patent Rights covering such Licensed Products;

(c) a calculation of Net Sales for the applicable Calendar Quarter, broken down by type of Licensed Product (i.e. [**] Products and [**] Products) and the Licensed Patent Rights covering such Licensed Products, including an itemized listing of applicable deductions;

(d) the amount of Sublicense Receipts received for the applicable Calendar Quarter; and

(e) the total amount payable to Harvard in U.S. dollars on Net Sales and Sublicense Receipts for the applicable Calendar Quarter, together with the exchange rates used for conversion.

If no amounts are due to Harvard for any Calendar Quarter, the report shall so state.

7.1.2. Payment for Net Sales and Sublicense Receipts. Within [**] days of end of each Calendar Quarter, Licensee shall pay Harvard all amounts due with respect to Net Sales and Sublicense Receipts for the applicable Calendar Quarter.

7.2. Payment Currency. All payments due under this Agreement shall be payable in United States dollars. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the United States (as reported in The Wall Street Journal U.S. Internet edition at www.wsj.com) on the last working day of the applicable Calendar Quarter. Such payments shall be without deduction of exchange, collection, or other charges.

7.3. Records. Licensee shall maintain, and shall cause its Affiliates and Sublicensees to maintain, complete and accurate records of Licensed Products that are sold under this Agreement, any amounts payable to Harvard in relation to such Licensed Products and all Sublicense Receipts received by Licensee and its Affiliates, which records shall contain sufficient information to permit Harvard to confirm the accuracy of any reports or notifications delivered to Licensors under Section 7.1. The relevant party shall retain such records relating to a given Calendar Quarter for at least [**] years after the conclusion of that Calendar Quarter, during which time Harvard shall have the right (except as provided below), at its expense, to cause an independent, certified public accountant to inspect such records during normal business hours for the sole purpose of verifying reports and payments delivered under this Agreement. Such accountant shall execute a confidentiality agreement reasonably acceptable to Licensee, and shall not disclose to Harvard any information other than information relating to the accuracy of reports and payments delivered under this Agreement. The parties shall reconcile any underpayment or overpayment within [**] days after the accountant delivers the results of the audit. In the event that any audit performed under this Section 7.3 reveals an underpayment in excess of [**] percent ([**]%) in any calendar year, the audited party shall bear the full cost of such audit. Harvard may exercise its rights under this Section 7.3 only [**] per audited party and only with reasonable prior notice to the audited party. Notwithstanding the foregoing, to the extent that Licensee does not have the right to grant Harvard the right to audit the records of any of its Sublicensees hereunder, Licensee shall obtain for itself such right and, at the request of Harvard, Licensee shall exercise such inspection right with respect to such Sublicensees, using an independent, certified public accountant acceptable to Harvard, and provide the results of such inspection for inspection by Harvard pursuant to this Section 7.3. In such event, Licensee shall bear the full cost of such audit regardless of whether an underpayment of any amount is revealed.

7.4. Late Payments. Any payments by Licensee that are not paid on or before the date such payments are due under this Agreement shall bear interest at the lower of (a) [**] percent ([**]%) per month and (b) the maximum rate allowed by law. Interest shall accrue beginning on the first day following the due date for payment and shall be compounded quarterly. Payment of such interest by Licensee shall not limit, in any way, Harvard's right to exercise any other remedies Harvard may have as a consequence of the lateness of any payment.

7.5. Payment Method. Each payment due to Harvard under this Agreement shall be paid by check or wire transfer of funds to Harvard's account in accordance with written instructions provided by Harvard. If made by wire transfer, such payments shall be marked so as to refer to this Agreement.

7.6. Withholding Tax. If laws, rules or regulations require withholding of income taxes or other taxes imposed upon payments set forth in this Section 7, Licensee shall make such withholding payments as may be required and shall subtract such withholding payments from the payments set forth in this Section 7. Licensee shall explain the justification for withholding and shall promptly submit appropriate proof of payment of the withholding taxes and any other information as may be necessary for tax credit purposes to Licensors.

7.7. Payment Responsibility to DFCI. Harvard shall be solely responsible for making payments due to DFCI, if any, in respect of the rights and licenses granted to Licensee hereunder with respect to the DFCI Patent Rights, [**] Patent Rights, [**] Patent Rights, p53 Patent Rights,

as well as the Joint Patent Rights and Licensors Patent Rights in which Dr. Walensky is an inventor. In no event shall Licensee have any obligation to DFCI for any amounts remitted hereunder to Harvard.

7.8. Confidentiality of Records. All materials and information disclosed to or reviewed by Harvard or DFCI, or the appointed agents of either pursuant to this Article **7** shall be considered Confidential Information in accordance with Section 12.6.

8. Enforcement of Patent Rights.

8.1. Notice. In the event either Harvard or DFCI (on one hand) or Licensee (on the other) becomes aware of any possible or actual infringement of any Licensed Patent Rights relating to Licensed Products (collectively, an "Infringement"), that party shall promptly notify the other party (provided that Licensee shall notify Harvard) and provide it with details regarding such Infringement.

8.2. Suit by Licensee. Licensee shall have the first right, but not the obligation, to take action in the prosecution, prevention, or termination of any Infringement. Before Licensee commences an action with respect to any Infringement, Licensee shall consider in good faith the views of Harvard and potential effects on the public interest in making its decision whether to sue. Should Licensee elect to bring suit against an infringer, Licensee shall keep Harvard reasonably informed of the progress of the action and shall give Harvard a reasonable opportunity in advance to consult with Licensee and offer its views about major decision affecting the litigation. Licensee shall give careful consideration to those views, but shall have the right to control the action, provided, however, that if Licensee fails to defend in good faith the validity and/or enforceability of the Licensed Patent Rights in the action or, or if Licensee's license to a Valid Claim in suit terminates, Harvard may elect to take control of the action pursuant to Section 8.3. Should Licensee elect to bring suit against an infringer and either or both Licensors are joined as party plaintiff in any such suit, such Licensor(s) shall have the right to withhold approval of counsel selected by Licensee only upon its reasonable determination that a conflict of interest exists with such counsel. If a joined Licensor withholds such approval due to a reasonable determination that a conflict of interest exists with the counsel selected by Licensee, then Licensee shall have the option to keep such counsel selected by Licensee and to provide separate counsel for such Licensor at Licensee's expense. The expenses of such suit or suits that Licensee elects to bring, including any reasonable out-of-pocket expenses of Licensors incurred in conjunction with the prosecution of such suits or the settlement thereof, shall be paid for entirely by Licensee and Licensee shall hold Licensors free, clear and harmless from and against any and all costs of such litigation, including attorney's fees, in each case incurred at the request of Licensee. Licensee shall not compromise or settle any such litigation that purports to limit the scope or validity of any Licensed Patents without the prior written consent of Harvard, which consent shall not be unreasonably withheld or delayed. In the event Licensee exercises its right to sue pursuant to this Section 8.2, it shall first reimburse itself out of any sums recovered in such suit or in settlement thereof for all costs and expenses of every kind and character, including reasonable attorney's fees, reasonably incurred in the prosecution of any such suit. If, after such reimbursement, any funds shall remain from said recovery, then Harvard shall receive an amount equal to [**]% of such funds and the remaining [**]% of such funds shall be retained by Licensee.

8.3. Suit by Harvard. If Licensee does not take action in the prosecution, prevention, or termination of any Infringement pursuant to Section 8.2 above, and has not commenced negotiations with the infringer for the discontinuance of said Infringement, within the earlier of (a) [**] days after receipt of notice to Licensee by Harvard of the existence of an Infringement and (b) [**] days prior to the last date by which any Infringement action may be filed against the infringer, Harvard may elect to do so; provided that Harvard shall consider in good faith the grounds, if any, that Licensee may have had for not taking such action and any request by Licensee to delay or forego such action. Should Harvard elect to bring suit against an infringer and Licensee is joined as party plaintiff in any such suit, Licensee shall have the right to withhold approval of counsel selected by Harvard only upon its reasonable determination that a conflict of interest exists with such counsel. If Licensee withholds such approval due to a reasonable determination that a conflict of interest exists with the counsel selected by Harvard, then Harvard shall have the option to keep such counsel selected by Harvard and to provide separate counsel for Licensee at Harvard's expense. The expenses of such suit or suits that Harvard elects to bring, including any expenses of Licensee incurred in conjunction with the prosecution of such suits or the settlement thereof, shall be paid for entirely by Harvard and Harvard shall hold Licensee free, clear and harmless from and against any and all costs of such litigation, including attorney's fees, in each case incurred at the request of Harvard. Harvard shall not compromise or settle such litigation that purports to limit the scope or validity of any Licensed Patents without the prior written consent of Licensee, which consent shall not be unreasonably withheld or delayed. In the event Harvard exercises its right to sue pursuant to this Section 8.3, it shall first reimburse itself out of any sums recovered in such suit or in settlement thereof for all costs and expenses of every kind and character, including reasonable attorney's fees, reasonably incurred in the prosecution of any such suit. If, after such reimbursement, any funds shall remain from said recovery, then Licensee shall receive an amount equal to [**]% of such funds and the remaining [**]% of such funds shall be retained by Harvard.

8.4. Own Counsel. Each party shall always have the right to be represented by counsel of its own selection and at its own expense in any suit instituted under this Section 8 by another party for Infringement.

8.5. Cooperation. Each party agrees to cooperate fully in any action under this Section 8 which is controlled by another party, provided that the controlling party reimburses the cooperating parties promptly for any costs and expenses incurred by the cooperating parties in connection with providing such assistance.

8.6. Standing. If a party lacks standing and another party has standing to bring any such suit, action or proceeding, then such other party shall do so at the request of and at the expense of the requesting party. If a party determines that it is necessary or desirable for another party to join any such suit, action or proceeding, the other party shall execute all papers and perform such other acts as may be reasonably required in the circumstances.

8.7. Declaratory Judgment. If a declaratory judgment action is brought as an independent action naming Licensee and/or any of its Affiliates or Sublicensees as a defendant and alleging invalidity or unenforceability of any claims within the Licensed Patent Rights (except Joint Patent Rights), Licensee shall promptly notify Licensors in writing and Harvard and/or DFCI, as relevant based on ownership of the subject Licensed Patent Rights, may elect, upon

written notice to Licensee within [**] days after Licensors receive notice of the commencement of such action, to take over the sole defense of the invalidity or unenforceability aspect of the action at its/their own expense. If neither Harvard nor DFCI elect to take over the action, Licensee (and/or any of its Affiliates or Sublicensees, as applicable) shall have the right to control such action in its entirety at its own expense, in which case it shall keep Harvard and/or DFCI, as relevant, reasonably informed of the progress of the action and shall give Harvard and/or DFCI, as relevant, a reasonable opportunity in advance to consult and offer its/their views about major decisions affecting such defense, which views Licensee (and/or any of its Affiliates or Sublicensees, as applicable) shall consider in good faith. Licensee may elect to retain sole responsibility for defense of the invalidity and/or unenforceability aspect of any action alleging invalidity or unenforceability with respect to Joint Patent Rights at its own expense. No party responsible for handling the defense of a declaratory judgment action as specified in this Section 8.7 shall compromise or settle such litigation in any manner that purports to limit the scope or validity of any Licensed Patent Rights without the prior written consent of the owner(s) of such Licensed Patent Rights, which consent shall not be unreasonably withheld or delayed.

8.8. Paragraph IV Certification. Harvard and DFCI each shall inform Licensee of any certification regarding any Licensed Patent Rights received by it pursuant to 21 U.S.C. §§ 355(b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) or successor provisions, or any similar provisions in a country other than the United States, and shall make reasonable efforts to provide Licensee with a copy of such certification within [**] business days of receipt. Licensors' and Licensee's rights with respect to the initiation and prosecution of any legal action in connection with such certification or any recovery obtained as a result of such legal action shall be as defined in Sections 8.2 though 8.4 above. Regardless of which party has the right to initiate and prosecute such action, the parties shall, as soon as practicable after receiving notice of such certification, convene and consult with each other regarding the appropriate course of conduct for such action. The initiating party shall keep the other parties fully informed and provide them with an opportunity to participate in decisions regarding the appropriate course of conduct for such action, as well as the right to join and participate in such action.

9. Warranties; Limitation of Liability.

9.1. Compliance with Law. Licensee warrants that it will comply, and ensure that its Affiliates and Sublicensees comply, with, all local, state, and international laws and regulations relating to the development, manufacture, use, and sale of Licensed Products. Without limiting the foregoing, Licensee represents and warrants that it shall, and shall ensure that its Affiliates and Sublicensees shall, comply with all United States export control laws and regulations with respect to Licensed Products.

9.2. No Warranty.

9.2.1. Harvard warrants and represents that, to the best of its knowledge, it owns all rights in the Harvard Patent Rights listed in Exhibit 1.15 necessary to grant the licenses set forth in this Agreement. Licensors warrant and represent that, to the best of their knowledge, they own all rights in the Licensor Patent Rights listed in Exhibit 1.24 necessary to grants the licenses set forth in this Agreement. Licensors make no warranties whatsoever as to the commercial or scientific value of the Licensed Patent Rights or the inventions disclosed therein. Licensors make

no representation that the practice of the Licensed Patent Rights or the manufacture, use or sale of any Licensed Product, or any element thereof, will not infringe the patent or proprietary rights of any third party.

9.2.2. Except as otherwise expressly provided in this Agreement, no party makes any warranty with respect to any technology, patents, goods, services, rights or other subject matter of this Agreement and hereby disclaims warranties of merchantability, fitness for a particular purpose and noninfringement with respect to any and all of the foregoing.

9.3. Limitation of Liability.

9.3.1. Subject to Section 10, none of the parties will be liable to any other with respect to any subject matter of this Agreement under any contract, negligence, strict liability or other legal or equitable theory for (i) any indirect, incidental, consequential or punitive damages or lost profits or (ii) cost of procurement of substitute goods, technology or services.

9.3.2. Licensors' aggregate liability for all damages of any kind arising out of or relating to this Agreement or its subject matter shall not exceed the amounts paid to Licensors under this Agreement.

10. Indemnification.

10.1. Indemnity.

10.1.1. Licensee shall indemnify, defend and hold harmless Licensors and their current or former directors, governing board members, trustees, officers, faculties, medical and professional staffs, employees, students, and agents and their respective successors, heirs and assigns (collectively, the "Indemnitees") from and against any third party claim, liability, cost, expense, damage, deficiency, loss or obligation of any kind or nature (including, without limitation, reasonable attorney's fees and other costs and expenses of litigation) (collectively, "Claims"), based upon, arising out of, or otherwise relating to the practice of any right or license under this Agreement by or on behalf of Licensee, any of its Affiliates, or any of its Sublicensees, including without limitation any cause of action relating to product liability concerning any product, process, or service made, used or sold pursuant to any right or license granted under this Agreement, except to the extent any such Claim is based on the gross negligence or willful misconduct of any Indemnitee.

HHMI and its trustees, officers, employees, and agents (collectively, "HHMI Indemnitees") will be indemnified, defended by counsel acceptable to HHMI, and held harmless by the Licensee from and against any Claim, based upon, arising out of, or otherwise relating to this Agreement, including without limitation any cause of action relating to product liability. The previous sentence will not apply to any Claim that is determined with finality by a court of competent jurisdiction to result solely from the gross negligence or willful misconduct of an HHMI Indemnitee.

As a condition of indemnification under this Section 10, (a) the Indemnitees shall provide Licensee with prompt written notice of any claim, suit or action for which indemnification is sought (provided that the failure of Indemnitees so to notify Licensee will relieve Licensee from

liability for indemnification only to the extent Licensee is prejudiced by such delay); (b) the Indemnitees shall provide Licensee with the exclusive right to control the defense and settlement of such Claims, and Licensee shall not be obligated to indemnify any Indemnitee in connection with any settlement for any Claim unless Licensee previously consents in writing to such settlement; and (c) the Indemnitees shall cooperate fully with Licensee in such defense, at Licensee's expense, and will permit Licensee to conduct and control such defense and the disposition of any such claim, suit, or action for which Licensee acknowledges it is fully responsible; provided that Licensee shall not settle any such claim, suit or action by admitting fault or liability on the part of the Licensors, or that would limit the scope or validity of any of the Licensed Patent Rights, without the prior written consent of Licensors, which consent shall not be unreasonably denied or delayed.

Notice of any claim for which indemnification may be sought pursuant to this Agreement shall be given reasonably promptly by HHMI following actual receipt of written notice thereof by an officer or attorney of HHMI. Notwithstanding the foregoing, the delay or failure of any HHMI Indemnitee to give reasonably prompt notice to Licensee of any such claim shall not affect the rights of such HHMI Indemnitee unless, and then only to the extent that, such delay or failure is prejudicial to or otherwise adversely affects Licensee. Licensee agrees not to settle any Claim against an HHMI Indemnitee without HHMI's written consent, where (a) such settlement would include any admission of liability on the part of any HHMI Indemnitee, (b) such settlement would impose any restriction on any HHMI Indemnitee's conduct of any of its activities, or (c) such settlement would not include an unconditional release of all HHMI Indemnitees from all liability for claims that are the subject matter of the settled Claim.

10.1.2. Licensee shall, at its own expense, provide attorneys reasonably acceptable to Harvard to defend against any actions brought or filed against any Indemnitee hereunder with respect to the subject of indemnity contained herein, whether or not such actions are rightfully brought. Licensee shall, at its own expense, provide attorneys reasonably acceptable to HHMI to defend against any actions brought or filed against any HHMI Indemnitee hereunder with respect to the subject of indemnity contained herein, whether or not such actions are rightfully brought.

10.2. Insurance.

10.2.1. Beginning at the time any Licensed Product is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by Licensee, or by an Affiliate, Sublicensee or agent of Licensee, Licensee shall, at its sole cost and expense, procure and maintain commercial general liability insurance in amounts not less than $[**] per incident and $[**] annual aggregate and naming the Licensors and HHMI as additional insureds. During clinical trials of any Licensed Product, Licensee shall, at its sole cost and expense, procure and maintain commercial general liability insurance in such equal or such lesser amount as Harvard shall require, naming the Licensors and HHMI as additional insureds. Such commercial general liability insurance shall provide; (a) product liability coverage and (b) broad form contractual liability coverage for Licensors' and HHMI's indemnification under this Agreement.

10.2.2. If Licensee elects to self-insure all or part of the limits described above in Section 10.2.1 (including deductibles or retentions which are in excess of $[**] annual aggregate) such self-insurance program must be acceptable to Harvard and the Risk Management Foundation

of the Harvard Medical Institutions, Inc. in their sole discretion. The minimum amounts of insurance coverage required shall not be construed to create a limit of Licensee's liability with respect to its indemnification under this Agreement.

10.2.3. Licensee shall provide Harvard with written evidence of such insurance upon request of Licensors. Licensee shall provide Licensors with written notice at least [**] days prior to the cancellation, non-renewal or material change in such insurance; if Licensee does not obtain replacement insurance providing comparable coverage within such [**] day period, Licensors shall have the right to terminate this Agreement effective at the end of such [**] day period without notice or any additional waiting periods.

10.2.4. Licensee shall maintain such commercial general liability insurance beyond the expiration or termination of this Agreement during: (a) the period that any product, process, or service, relating to, or developed pursuant to, this Agreement is being commercially distributed or sold by Licensee, or an Affiliate, Sublicensee or agent of Licensee; and (b) a reasonable period after the period referred to in (a) above which in no event shall be less than [**] years.

11. Term and Termination.

11.1. Term. The term of this Agreement shall commence on the Effective Date and, unless earlier terminated as provided in this Section 11, shall continue in full force and effect on a Licensed Product-by-Licensed Product and country-by-country basis until the expiration of the last-to-expire Valid Claim covering the making, using or selling of such Licensed Product in such country.

11.2. Termination.

11.2.1. Termination Without Cause. Licensee may terminate this Agreement upon thirty (30) days prior written notice to Licensors.

11.2.2. Termination for Default.

11.2.2.1. In the event that either Licensor commits a material breach of its obligations under this Agreement and fails to cure that breach within [**] days after receiving written notice thereof from Licensee, Licensee may terminate this Agreement immediately upon written notice to Licensors.

11.2.2.2. In the event that Licensee commits any material breach of its obligations under this Agreement (other than any breach specifically described in Sections 11.2.2.3 or 11.2.2.4 below, or any material breach of Section 5.1) and fails to cure that breach within [**] days after receiving written notice thereof, Licensors may terminate this Agreement immediately upon written notice to Licensee.

11.2.2.3. In the event Licensee fails to pay any amounts due and payable to Harvard hereunder, and fails to make such payments within [**] days after receiving written notice of such failure, Harvard may terminate this Agreement immediately upon written notice to Licensee; provided that, if a Bona Fide Dispute exists between the parties as to whether such amounts are due or owing, the [**] day period shall be tolled pending resolution of such dispute in

accordance with the procedure set forth in clauses (i) through (iv) below. For the purposes of this Section 11.2.2.3, a "Bona Fide Dispute" shall be deemed to exist if Licensee believes in good faith that it is not required to pay the sums in dispute and has placed the sums in dispute or other sufficient collateral in escrow in a manner reasonably acceptable to Harvard until the dispute is resolved.

(i) In the event of a Bona Fide Dispute, upon written request by either party to the other party, the parties shall promptly negotiate in good faith to appoint a mutually acceptable, disinterested, conflict-free individual not affiliated with either party to resolve such dispute (an "Arbitrator"). If the parties are not able to agree within [**] business days after the receipt of the written request in the immediately preceding sentence, either party may request the appointment of an arbitrator on a expedited basis by the American Arbitration Association, sitting in Boston, with relevant commercial experience, from its panel of arbitrators. Arbitration shall be conducted in Boston, MA under the commercial Arbitration Rules of the American Arbitration Association. Subject to clause (iv) below, the fees and costs of the Arbitrator shall be shared equally (50%) by the parties.

(ii) Within [**] days after the designation of the Arbitrator, the parties shall each simultaneously submit to the Arbitrator and to each other a written statement of their respective positions on such disagreement. Each party shall have [**] days from receipt of the other party's statement to submit a written response, which shall include any technical information in support of such response. The Arbitrator shall have the right to meet with the parties, either alone or together, as necessary to make a determination.

(iii) No later than [**] days after the designation of the Arbitrator, the Arbitrator shall render his/her decision, and s/he shall provide the parties with a written statement setting forth the basis of the decision.

(iv) In the event that the Arbitrator rules in favor of Harvard, Licensee shall reimburse Harvard in full for Harvard's share of the fees and costs of the Arbitrator and for all of Harvard's reasonable out-of-pocket expenses (including attorneys fees) incurred in connection with the arbitration proceedings. In addition, Licensee shall pay Harvard interest on the amount awarded, if any, in accordance with Section 7.4.

11.2.2.4. If Licensee defaults in its obligations under Section 10.2 to procure and maintain insurance or, if Licensee has in any event failed to comply with the notice requirements contained therein, then Licensors may terminate this Agreement if Licensee has not cured such default or failure within [**] days of written notice thereof from Licensors.

11.2.3. Diligence. Harvard shall have the right to terminate this Agreement in accordance with the provisions of Section 5.5.

11.2.4. Bankruptcy. Licensors may terminate this Agreement upon notice to Licensee if Licensee is adjudged insolvent or bankrupt, applies for judicial or extra-judicial settlement with its creditors, makes an assignment for the benefit of its creditors, voluntarily files for bankruptcy or has a receiver or trustee (or the like) in bankruptcy appointed by reason of its insolvency, or in the event an involuntary bankruptcy action is filed against Licensee and not dismissed within ninety (90) days, or if Licensee becomes the subject of liquidation or dissolution proceedings or otherwise discontinues doing business generally.

11.3. Effect of Termination.

11.3.1. Termination of Rights. Upon termination of this Agreement by any party pursuant to any of the provisions of Section 11.2: (a) the rights and licenses granted to Licensee under Section 4 shall terminate and all rights in and to and under the Licensed Patent Rights shall revert to Harvard, DFCI or Licensors (as applicable); (b) Licensee, its Affiliates and Sublicensees shall not be entitled to make any further use whatsoever of or practice the Licensed Patent Rights nor shall Licensee, its Affiliates or Sublicensees develop, make, have made, use, offer to sell, sell, have sold, import, export, otherwise transfer physical possession of or otherwise transfer title to Licensed Products; and (c) any existing agreements that contain a Sublicense shall terminate to the extent of such Sublicense; provided, however, that, for each Sublicensee that meets the requirements of Section 4.2.2.3(a), upon termination of the Sublicense agreement with such Sublicensee, each such Sublicensee shall have the right to obtain a direct license from Licensors as set forth in Section 4.2.2.3.

11.3.2. Accruing Obligations. Termination of this Agreement shall not relieve the parties of obligations occurring prior to such termination, including obligations to pay amounts accruing hereunder up to the date of termination.

11.4. Survival. The parties' respective rights, obligations and duties under Sections 4.2.2.3, 6.1.2, 7.3, 7.8, 9, 10, 11, 12.3, 12.4, 12.6, 12.7, 12.11, 12.12, 12.14, 12.16 (for the period set forth therein) and 12.17, together with any accrued but unpaid payment obligations shall survive any expiration or termination of this Agreement. In addition, Licensee's obligations under Section 6.6 (and its corresponding obligations under Section 7.1.1) with respect to Sublicenses granted prior to termination of the Agreement shall survive termination.

12. Miscellaneous.

12.1. Preference for United States Industry. During the period of exclusivity of this license in the United States, Licensee shall, to the extent required by law, cause any Licensed Product produced for sale in the United States to be manufactured substantially in the United States. If Licensee notifies Licensors that Licensee desires to seek a waiver of the preference for United States industry from the applicable agency of the United States government, Licensors shall reasonably cooperate with Licensee, at Licensee's expense, in seeking such waiver.

12.2. No Security Interest. Licensee shall not enter into any agreement under which Licensee grants to or otherwise creates in any third party a security interest in this Agreement or any of the rights granted to Licensee herein. Any grant or creation of a security interest purported or attempted to be made in violation of the terms of this Section 12.2 shall be null and void and of no legal effect.

12.3. Disclosure of Agreement. Neither party will make any public announcement regarding this Agreement without the prior written approval of the other party, provided that each party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of its legal counsel, to comply with applicable laws, or in confidence to its current or prospective partners, investors, accountants and agents.

12.4. Use of Name. Licensee shall not, and shall ensure that its Affiliates and Sublicensees shall not, use the name or insignia of Harvard or DFCI or the name of any of Harvard's or DFCI's officers, faculty, other researchers or students, or any adaptation of such names, in any advertising, promotional or sales literature, including without limitation any press release or any document employed to obtain funds, without the prior written approval of Harvard or DFCI, as applicable. This restriction shall not apply to any information required by law to be disclosed to any governmental entity.

12.5. Supersedes Original Agreement; Entire Agreement. The parties acknowledge and agree that the Original Agreement is hereby terminated in its entirety as of the Effective Date. As of the Effective Date, this Agreement replaces and supersedes the Original Agreement in its entirety. Accordingly notwithstanding anything in the Original Agreement to the contrary none of the terms or conditions of the Original Agreement shall survive such termination. Notwithstanding the foregoing, any of Licensee's obligations under the Original Agreement which accrued prior to the Effective Date will survive termination of the Original Agreement. This Agreement is the sole agreement with respect to the subject matter hereof and, except as expressly set forth herein, supersedes all other agreements and understandings between the parties with respect to the same.

12.6. Notices. Unless otherwise specifically provided, all notices required or permitted by this Agreement shall be in writing and may be delivered personally, or may be sent by facsimile

or certified mail, return receipt requested, to the following addresses, unless the parties are subsequently notified of any change of address in accordance with this Section 12.6:

If to Licensee:	Aileron Therapeutics, Inc. 840 Memorial Drive, 2nd Floor Cambridge, MA 02142 Attn: Chief Executive Officer
If to Harvard:	Office of Technology Development Harvard University Holyoke Center 727 1350 Massachusetts Avenue Cambridge, Massachusetts 02138 Attn.: Chief Technology Development Officer
If to DFCI:	Office of Research and Technology Ventures Dana-Farber Cancer Institute, Inc. 44 Binney Street, BP304E Boston, MA 02115 Attn: Vice President, Research and Technology Ventures

Any notice shall be deemed to have been received as follows: (i) by personal delivery, upon receipt; (ii) by facsimile, one business day after transmission or dispatch; (iii) by airmail, seven (7) business days after delivery to the postal authorities by the party serving notice. If notice is sent by facsimile, a confirming copy of the same shall be sent by mail to the same address.

12.7. Governing Law and Jurisdiction. This Agreement will be governed by, and construed in accordance with, the substantive laws of the Commonwealth of Massachusetts, without giving effect to any choice or conflict of law provision, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted. Any dispute will be resolved by the state courts of the Commonwealth of Massachusetts or the federal courts of the District of Massachusetts, without restricting any right of appeal.

12.8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and permitted assigns.

12.8. Headings. Section and subsection headings are inserted for convenience of reference only and do not form a part of this Agreement.

12.9. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original.

12.10. Amendment; Waiver. This Agreement may be amended, modified, superseded or canceled, and any of the terms may be waived, only by a written instrument executed by each party or, in the case of waiver, by the party waiving compliance. The delay or failure of any party at any

time or times to require performance of any provisions hereof shall in no manner affect the rights at a later time to enforce the same. No waiver by either party of any condition or of the breach of any term contained in this Agreement, whether by conduct, or otherwise, in any one or more instances, shall be deemed to be, or considered as, a further or continuing waiver of any such condition or of the breach of such term or any other term of this Agreement.

12.11. No Agency or Partnership. Nothing contained in this Agreement shall give any party the right to bind another, or be deemed to constitute the parties as agents for each other or as partners with each other or any third party.

12.12. Assignment and Successors. This Agreement may not be assigned by Licensee without the consent of Harvard, which consent shall not be unreasonably withheld, except that Licensee may, without such consent, assign this Agreement and the rights, obligations and interests of such party to any of its Affiliates, to any purchaser of all or substantially all of its assets or business to which the subject matter of this Agreement relates, or to any successor entity resulting from any merger or consolidation of Licensee with or into such entity. Except pursuant to a written agreement wherein such assignee acknowledges the terms and conditions of this Agreement and agrees to be bound by the applicable terms hereof and with prior written notice to Licensee identifying the proposed assignee, neither Licensor shall assign any of its rights to the Licensed Patent Rights to any third party.

12.13. Force Majeure. Neither party will be responsible for delays resulting from causes beyond the reasonable control of such party, including without limitation fire, explosion, flood, war, strike, or riot, provided that the nonperforming party uses commercially reasonable efforts to avoid or remove such causes of nonperformance and continues performance under this Agreement with reasonable dispatch whenever such causes are removed.

12.14. Interpretation. The parties hereto acknowledge and agree that: (i) each party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision; (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (iii) the terms and provisions of this Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party, regardless of which party was generally responsible for the preparation of this Agreement.

12.15. Severability. If any provision of this Agreement is or becomes invalid or is ruled invalid by any court of competent jurisdiction or is deemed unenforceable, it is the intention of the parties that the remainder of this Agreement shall not be affected.

12.16. Confidentiality. The following provisions are intended to protect any confidential or proprietary information disclosed by Licensee in writing to Harvard or DFCI pursuant to Section 4.2.3, 5.3 or 7 (collectively, “Confidential Information”).

12.16.1. Obligations. For a period of [**] years after disclosure of any portion of Confidential Information, the receiving party shall (i) maintain such Confidential Information in strict confidence, except that the receiving party may disclose or permit disclosure of any Confidential Information to those persons who are obligated to maintain the confidential

nature of such Confidential Information and who need to know such Confidential Information for the purposes of this Agreement: (ii) use such Confidential Information solely for the purposes of this Agreement; and (iii) allow its trustees or directors, officers, employees, consultants, auditors, and advisors to reproduce the Confidential Information only to the extent necessary for the purposes of this Agreement with all such reproductions being considered Confidential Information.

12.16.2. Exceptions. The obligations of the receiving party under Section 12.16.1 above shall not apply to the extent that the receiving party can demonstrate that certain Confidential Information (i) was generally available to the public prior to the time of its disclosure under this Agreement; (ii) was generally available to the public after the time of its disclosure under this Agreement through means other than an unauthorized disclosure resulting from an act or omissions by the receiving party, (iii) was independently developed or discovered by the receiving party without use of the Confidential Information; (iv) is or was disclosed to the receiving party at any time, whether prior to or after the time of its disclosure under this Agreement, by a third party having no fiduciary relationship with the disclosing party and having no obligation or confidentiality with respect to such Confidential Information to disclosing party; or (v) is required to be disclosed to comply with applicable laws or regulations, or with a court or administrative order provided that the disclosing party receives reasonable prior written notice of such disclosure.

12.17. Third Party Beneficiary Status.

12.17.1. HHMI is not a party to this Agreement and has no liability to any licensee, sublicensee, or user of anything covered by this Agreement, but HHMI is an intended third-party beneficiary of this Agreement and certain of its provisions are for the benefit of HHMI and are enforceable by HHMI in its own name.

12.17.2. Each Sublicensee is an intended third-party beneficiary of Section 4.2.2.3 with the right to enforce the same.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

President and Fellows of Harvard College

By: /s/ Isaac T. Kohlberg
Name: Isaac T. Kohlberg
Title: Senior Associate Provost
Chief Technology Development Officer
Office of Technology Development
Harvard University

Dana Farber Cancer Institute

By: /s/ Anthony A. del Campo
Name: Anthony A. del Campo, M.B.A.
Title: Vice President
Research and Technology Ventures
Dana Farber Cancer Institute
4/5/2010

Aileron Therapeutics, Inc.

By: /s/ Joseph A. Yanchik III
Name: Joseph A. Yanchik III
Title: CEO
Aileron Therapeutics, Inc.

EXHIBIT 1.2
[**] PATENT RIGHTS

[**]

EXHIBIT 1.7
DEVELOPMENT MILESTONES

A. General Development Milestone

[**].

B. [**] Development Milestone

[**].

C. [**] Development Milestones

[**]

D. [**] Development Milestones, [**] Development Milestones and p53 Development Milestones

[**]

EXHIBIT 1.8
DEVELOPMENT PLAN

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**].

EXHIBIT 1.15
HARVARD PATENT RIGHTS

[**]

EXHIBIT 1.24
LICENSORS PATENT RIGHTS

[**]

EXHIBIT 1.26
[**] PATENT RIGHTS

[**]

EXHIBIT 1.28
p53 PATENT RIGHTS

[**]

EXHIBIT 1.34
[**] POLY PEPTIDE PATENT RIGHTS

[**]

281 ALBANY STREET
CAMBRIDGE, MASSACHUSETTS

LEASE SUMMARY SHEET

Execution Date:	February 12, 2010
Tenant:	Aileron Therapeutics, Inc., a Delaware corporation
Tenant's Mailing Address Prior to Occupancy:	840 Memorial Drive Cambridge, MA 01239
Landlord:	Massachusetts Institute of Technology, a Massachusetts charitable corporation
Building:	281 Albany Street, Cambridge, Massachusetts. The Building consists of approximately 31,768 rentable square feet. The land on which the Building is located (the **"Land"**) is more particularly described in Exhibit 2 attached hereto and made a part hereof (such land, together with the Building, are hereinafter collectively referred to as the **"Property"**).
Premises:	Approximately 24,245 rentable square feet of space on the first (1st) floor of the Building, as more particularly shown as hatched, highlighted or outlined on the plan attached hereto as Exhibit 1 and made a part hereof (the **"Lease Plan"**).
Commencement Date:	The date on which Landlord delivers the Premises to Tenant with Landlord's Work Substantially Complete (as such terms are hereinafter defined).
Expiration Date:	The last day of the 5th Rent Year[1].
Extension Term:	Subject to Section 1.2 below, one (1) extension term of five (5) years.
Permitted Uses:	Subject to Legal Requirements, general office, research, development and laboratory use, and other ancillary uses related to the foregoing.

Base Rent:

RENT YEAR	ANNUAL BASE RENT	MONTHLY PAYMENT
1	$ 731,000.00	$ 60,916.67
2	$ 907,324.00	$ 75,610.33
3	$ 1,157,698.75	$ 96,474.90
4	$ 1,181,943.75	$ 98,495.31
5	$ 1,206,188.75	$ 100,515.73

1 For the purposes of this Lease, the first **"Rent Year"** shall be defined as the period commencing as of the Commencement Date and ending on the last day of the month in which the first (1st) anniversary of the Commencement Date occurs; provided, however, that if the Commencement Date is the first day of a calendar month, then the first Rent Year shall be defined as the twelve-(12)-month period commencing as of the Commencement Date and ending on the day immediately preceding the first (1st) anniversary of the Commencement Date. Thereafter, "Rent Year" shall be defined as any twelve (12) month period during the term of this Lease commencing on the first (1st) day of the month following the month in which any anniversary of the Commencement Date occurs.

Operating Costs and Taxes: See Sections 5.2 and 5.3

Tenant's Share:

RENT YEAR	TENANT'S SHARE
1	53.51%
2	64.91%
3 - 5	76.32%

Security Deposit/ Letter of Credit: $ 776,250.00

EXHIBIT 1	LEASE PLAN
EXHIBIT 2	LEGAL DESCRIPTION
EXHIBIT 3	LANDLORD'S WORK
EXHIBIT 3A	LEASE MATRIX
EXHIBIT 3B	ELEVATION PLAN
EXHIBIT 4	RULES AND REGULATIONS
EXHIBIT 5	FORM OF LETTER OF CREDIT
EXHIBIT 6	TENANT'S HAZARDOUS MATERIALS
EXHIBIT 7	LIST OF ENVIRONMENTAL REPORTS

THIS INDENTURE OF LEASE (this **"Lease"**) is hereby made and entered into on the Execution Date by and between Landlord and Tenant.

Each reference in this Lease to any of the terms and titles contained in any Exhibit attached to this Lease shall be deemed and construed to incorporate the data stated under that term or title in such Exhibit. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease Summary Sheet which is attached hereto and incorporated herein by reference.

1. LEASE GRANT; TERM; APPURTENANT RIGHTS; EXCLUSIONS

1.1 Lease Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises upon and subject to terms and conditions of this Lease, for a term of years commencing on the Commencement Date and, unless earlier terminated or extended pursuant to the terms hereof, ending on the Expiration Date (the **"Initial Term"**; the Initial Term and any duly exercised Extension Terms are hereinafter collectively referred to as the **"Term"**).

1.2 Extension Terms.

(a) Provided (i) Tenant, an Affiliated Entity (hereinafter defined) and/or a Successor (hereinafter defined) is/are then occupying at least sixty percent (60%) of the Premises originally leased hereunder, and (ii) no Event of Default has occurred and is continuing (1) as of the date of the Extension Notice (hereinafter defined), and (2) at the commencement of the applicable Extension Term (hereinafter defined), Tenant shall have the option to extend the Term for one (1) additional term of five (5) years (the **"Extension Term"**), commencing as of the expiration of the Initial Term. Tenant must exercise such option to extend by giving Landlord written notice (the **"Extension Notice"**) on or before the date that is ten (10) months prior to the expiration of the Initial Term of this Lease, *time being of the essence*. Upon the timely giving of such notice, the Term shall be deemed extended upon all of the terms and conditions of this Lease, except that Base Rent during the Extension Term shall be calculated in accordance with this Section 1.2, Landlord shall have no obligation to construct or renovate the Premises and Tenant shall have no further right to extend the Term. If Tenant fails to give timely notice, as aforesaid, Tenant shall have no further right to extend the Term. Notwithstanding the fact that Tenant's proper and timely exercise of such option to extend the Term shall be self-executing, the parties shall promptly execute a lease amendment reflecting such Extension Term after Tenant exercises such option. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Section 1.2.

(b) The Base Rent during the Extension Term (the **"Extension Term Base Rent"**) shall be determined in accordance with the process described hereafter. Extension Term Base Rent shall be the greater of (i) Base Rent for the last Rent Year of the prior term, or (ii) the fair market rental value of the Premises as of the commencement of the Extension Term as determined in accordance with the process described below, for new leases of combination laboratory and office space in the East Cambridge area of equivalent quality, size, utility and location, taking into account the length of the Extension Term and the provisions of Section 5.2 and 5.3 hereof. Within thirty (30) days after receipt of the Extension Notice, Landlord shall deliver to Tenant written notice of its determination of the Extension Term Base Rent for the Extension Term. Tenant shall, within thirty (30) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Extension Term Base Rent (**"Tenant's Response Notice"**). If Tenant fails timely to deliver Tenant's Response Notice, Landlord's determination of the Extension Term Base Rent shall be binding on Tenant.

(c) If and only if Tenant's Response Notice is timely delivered to Landlord and indicates both that Tenant rejects Landlord's determination of the Extension Term Base Rent and desires to submit the matter to arbitration, then the Extension Term Base Rent shall be determined in accordance with the procedure set forth in this Section 1.2(c). In such event, within ten (10) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's desire to submit the determination of the Extension Term Base Rent to arbitration, Tenant and Landlord shall each notify the other, in writing, of their respective selections of an appraiser or commercial real estate broker (respectively, **"Landlord's**

Appraiser" and **"Tenant's Appraiser"**). Landlord's Appraiser and Tenant's Appraiser shall then jointly select a third appraiser (the **"Third Appraiser"**) within ten (10) days of their appointment. All of the appraisers selected shall be individuals with at least ten (10) years' commercial experience in the area in which the Premises are located involving properties comparable to the Property, appraisers shall be members of the Appraisal Institute (M.A.I.), and, in the case of the Third Appraiser, shall not have acted in any capacity for either Landlord or Tenant within five (5) years of his or her selection. The three appraisers shall determine the Extension Term Base Rent in accordance with the requirements and criteria set forth in Section 1.2(b) above, employing the method commonly known as *Baseball Arbitration*, whereby Landlord's Appraiser and Tenant's Appraiser each sets forth its determination of the Extension Term Base Rent as defined above, provided, however, that the determination by Landlord's Appraiser may be no greater than Landlord's initial determination of the Extension Term Base Rent, and the Third Appraiser must select one or the other (it being understood that the Third Appraiser shall be expressly prohibited from selecting a compromise figure and shall use its good-faith professional judgment in accordance with prevailing appraisal standards). Landlord's Appraiser and Tenant's Appraiser shall deliver their determinations of the Extension Term Base Rent to the Third Appraiser within ten (10) business days of the appointment of the Third Appraiser and the Third Appraiser shall render his or her decision within ten (10) days after receipt of both of the other two determinations of the Extension Term Base Rent. The Third Appraiser's decision shall be binding on both Landlord and Tenant. Each party shall bear the cost of its own appraiser and shall share equally in the cost of the Third Appraiser.

1.3 Notice of Lease. Neither party shall record this Lease, but each of the parties hereto agrees to join in the execution, in recordable form, of a statutory notice of lease and/or written declaration in which shall be stated the Commencement Date, the length of the Extension Term and the Expiration Date, which notice of lease may be recorded by Tenant with the Middlesex South Registry of Deeds and/or filed with the Registry District of the Land Court, as appropriate (collectively, the **"Registry"**) at Tenant's sole cost and expense. If a notice of lease was previously recorded with the Registry, upon the expiration or earlier termination of this Lease, Landlord shall deliver to Tenant a notice of termination of lease and Tenant shall promptly execute and deliver the same to Landlord for Landlord's execution and recordation with the Registry. If Tenant fails to deliver the executed notice of termination of lease within ten (10) days of receipt thereof, *time being of the essence*, Tenant hereby appoints Landlord as Tenant's attorney-in-fact to execute the same, such appointment being coupled with an interest.

1.4 Appurtenant Rights.

(a) Common Areas.

(i) Subject to the terms of this Lease and the Rules and Regulations (hereinafter defined), Tenant shall have, as appurtenant to the Premises, rights to use in common with others entitled thereto, the following areas (such areas are hereinafter referred to as the **"Common Areas"**): (i) the common lobbies, loading docks, hallways and stairways of the Building serving the Premises, (ii) common walkways necessary for access to the Building, (iii) if the Premises include less than the entire rentable area of any floor, the common toilets and other common facilities of such floor; and (iv) other areas (not within the Premises) reasonably designated by Landlord from time to time for the common use of tenants of the Building; and no other appurtenant rights or easements except as otherwise expressly provided herein. No animals, animal waste, food or supplies relating to the animals maintained from time to time in the Premises shall be transported within the Building except as provided in this Section 1.4. All deliveries of animals or animal food or supplies to Tenant at the Building shall be made prior to 11:00 a.m. No transportation of animals, animal waste, food or supplies within the Building shall occur between the hours of 11:00 a.m. and 1:00 p.m. At all times that animals are transported within the Common Areas, they shall be transported in an appropriate cage or other container. Landlord shall use commercially reasonable efforts to enforce the same restrictions contained in this Section 1.4(a) relating to the transportation of animals, animal waste, food and supplies against all other tenants of the Building.

(ii) Until the Loading Dock is relocated as described in Section 3.6 below, and so long as Tenant occupies at least sixty percent (60%) of the Building, Tenant shall have the right to reasonably control access to the loading dock serving the Building so long as Tenant shall provide other tenants and occupants of the Building (**"Other Occupants"**) with access to such loading dock as reasonably required from time to time, subject to such reasonable terms and conditions as Tenant shall reasonably require including, without limitation, all restrictions on the use of the loading dock that are applicable to Tenant hereunder. Notwithstanding the foregoing, so long as access to the loading dock is provided to Other Occupants through the Premises prior to the relocation of such loading dock, Tenant shall have the right to require that (A) Other Occupants provide at least twenty-four (24) hours' notice prior to accessing the loading dock, and (B) a senior representative of Tenant accompany Other Occupants and their employees, agents and contractors or anyone acting on their behalf at all times during such access through the Premises. No access will be permitted if a Tenant representative is reasonably unavailable, Tenant hereby agreeing to use good faith reasonable efforts to make such a representative available upon the notice specified hereunder. Until the loading dock is relocated, Landlord shall require Other Occupants who will have access to the loading dock through the Premises to (1) name Tenant as an additional insured on liability insurance policies in amounts at least as great as those required of Tenant under this Lease, and (2) defend, indemnify and save Tenant harmless from and against any and all Claims asserted by or on behalf of any person, firm, corporation or public authority arising from access to the loading dock through the Premises except to the extent caused by the negligence or willful misconduct of any of the Tenant Parties.

(b) Parking. During the Term, Landlord shall, subject to the terms hereof, make available the number of parking spaces equal to Tenant's Allocated Parking Spaces (hereinafter defined) for Tenant's use in the surface parking areas serving the Building. For purposes hereof, **"Tenant's Allocated Parking Spaces"** shall mean a whole number (i) that is no less than twelve (12) and no greater than twenty-four (24), and (ii) specified by Tenant in a written notice to Landlord on or before the Commencement Date, *time being of the essence* (it being understood and agreed that if Tenant does not timely provide such notice, Tenant's Allocated Parking Spaces shall be twelve (12)). Tenant shall have the right to reduce the number of Tenant's Allocated Parking Spaces by providing at least thirty (30) days' prior written notice to Landlord, but in no event shall Tenant's Allocated Parking Spaces be less than twelve (12) unless Landlord allocates such spaces to others pursuant to this Section 1.4(b). If Tenant wishes to increase Tenant's Allocated Parking Spaces, Tenant shall send written notice to Landlord indicating the number of additional spaces desired, and subject to availability (as determined by Landlord in its sole but reasonable discretion), Landlord shall allow Tenant to increase Tenant's Allocated Parking Spaces; provided, however, that in no event shall Tenant's Allocated Parking Spaces be greater than twenty-four (24). The number of parking spaces in the surface parking areas reserved for Tenant, as modified pursuant to this Lease or as otherwise permitted by Landlord, are hereinafter referred to as the **"Parking Spaces."** Tenant shall have no right to hypothecate or encumber the Parking Spaces, and shall not sublet, assign, or otherwise transfer the Parking Spaces other than to employees of Tenant occupying the Premises or to a Successor (hereinafter defined), an Affiliated Entity (hereinafter defined) or a transferee pursuant to an approved Transfer under Section 13 of this Lease. Tenant shall pay Landlord (or at Landlord's direction, directly to the parking operator) for the Parking Spaces at the then-current prevailing rate, as such rate may vary from time to time. As of the Execution Date, the monthly charge for parking is Two Hundred Dollars ($200) per Parking Space per month. Landlord shall provide written notice of any change in the prevailing rate at least thirty (30) days prior to the effective date of such change. If, for any reason, Tenant shall fail timely to pay the charge for any of said Parking Spaces, and if such default continues for ten (10) days after written notice thereof, Tenant shall have no further right to the Parking Spaces for which Tenant failed to pay the charge under this Section 1.4(b) and Landlord may allocate such Parking Spaces for use by other tenants of the Property free and clear of Tenant's rights under this Section 1.4(b). Said Parking Spaces will be on an unassigned, non-reserved basis, and shall be subject to such reasonable rules and regulations as may be in effect for the use of the parking areas from time to time (including, without limitation, Landlord's right, without additional charge to Tenant above the prevailing rate for Parking Spaces, to institute a valet or attendant-managed parking system). In the event that Tenant desires to use more than twenty-four (24) parking spaces, Tenant may, by written notice to Landlord, request the right to use additional spaces on other properties owned and/or controlled by

Landlord. If Landlord determines, in its sole and absolute discretion, that such spaces are available for Tenant's use, then subject to Legal Requirements then in existence, Landlord may make such spaces available for Tenant's use on a month-to-month tenant-at-will basis, and Tenant shall pay Landlord (or at Landlord's direction, directly to the parking operator) for such parking spaces at the then-current prevailing rate, as such rate may vary from time to time. Said parking spaces will also be on an unassigned, non-reserved basis, and shall be subject to such reasonable rules and regulations as may be in effect for the use thereof from time to time.

(c) Rooftop Premises. During the Term, Tenant may, by written notice to Landlord, request the right to use a portion of the penthouse and/or rooftop of the Building. Subject to Landlord's determination, in its reasonable discretion, that space in the penthouse and/or on the roof is available for Tenant's use, Tenant shall have the right to use the portion of the penthouse and/or rooftop designated by Landlord (each, or collectively if applicable, the **"Equipment Space"**) for the installation of certain equipment approved by Landlord and purchased and installed by Tenant in accordance with Section 11 below (any equipment installed within the Equipment Space, as the same may be modified, altered or replaced during the Term, is collectively referred to herein as **"Tenant's Equipment"**); provided, however, that if Tenant requests and is granted the right to use any space in the penthouse, the rentable square footage of the Premises and Tenant's Share shall be appropriately increased as reasonably determined by Landlord, and Landlord and Tenant shall promptly execute a lease amendment reflecting such increased square footage and Tenant's Share. Landlord's approval of such equipment shall not be unreasonably withheld, conditioned or delayed provided Tenant demonstrates to Landlord's reasonable satisfaction that the proposed equipment (i) does not interfere with any base building equipment operated by Landlord; (ii) will not affect the structural integrity of the Building or impact the roof or the roof membrane in any manner; (iii) shall be adequately screened, if applicable, so as to minimize the visibility of such equipment; and (iv) shall be adequately sound-proofed to meet all requirements of Legal Requirements and Landlord's specified maximum decibel levels for equipment operations. Tenant shall not install or operate Tenant's Equipment until Tenant has obtained and submitted to Landlord copies of all required governmental permits, licenses, and authorizations necessary for the installation and operation thereof. In addition, Tenant shall comply with all reasonable construction rules and regulations promulgated by Landlord in connection with the installation, maintenance and operation of Tenant's Equipment. Landlord shall have no obligation to provide any services including, without limitation, electric current or gas service, to the Equipment Space or to Tenant's Equipment, provided, however, that Tenant shall have access to any services to the extent provided by Landlord to the roof or penthouse, at Tenant's sole cost and expense. Tenant shall be responsible for the cost of repairing and maintaining Tenant's Equipment and the cost of repairing any damage to the Building, or the cost of any necessary improvements to the Building, caused by or as a result of the installation, replacement and/or removal of Tenant's Equipment. Landlord makes no warranties or representations to Tenant as to the suitability of the Equipment Space for the installation and operation of Tenant's Equipment. If any work performed by or on behalf of Tenant on the roof of the Building, including without limitation the installation and maintenance of Tenant's Equipment, damages the roof or invalidates or adversely affects any warranty (and provided that, upon Tenant's request, Landlord shall provide Tenant with a copy of any such warranty at the time of Landlord's approval of Tenant's Equipment), Tenant shall be fully responsible for the cost of repairs (and any subsequent repairs to the roof to the extent that any warranty is invalidated or adversely affected); it being acknowledged and agreed that, notwithstanding anything to the contrary contained herein, Landlord's waiver contained in Section 14.5 below shall not apply to the cost of any such repairs. In the event that at any time during the Term, Landlord determines, in its sole but bona fide business judgment, that the operation and/or periodic testing of Tenant's Equipment interferes with the operation of the Building or the business operations of any of the occupants of the Building, then Tenant shall, upon notice from Landlord, cause all further testing of Tenant's Equipment to occur after normal business hours (hereinafter defined).

1.5 Tenant's Access. From and after the Commencement Date and until the end of the Term, Tenant shall have access to the Premises twenty-four (24) hours a day, seven (7) days a week, subject to Legal Requirements, the Rules and Regulations, the terms of this Lease and matters of record.

1.6 Exclusions. The following are expressly excluded from the Premises and reserved to Landlord: all the perimeter walls of the Premises (except the inner surfaces thereof), the Common Areas, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, wires and appurtenant fixtures, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, and the use of all of the foregoing, except as expressly permitted pursuant to Section 1.4(a) above.

2. RIGHTS RESERVED TO LANDLORD

2.1 Additions and Alterations. Landlord reserves the right, at any time and from time to time, to make such changes, alterations, additions, improvements, repairs or replacements in or to the Property (including the Premises but, with respect to the Premises, only for purposes of repairs, maintenance, replacements and other rights expressly reserved to Landlord herein) and the fixtures and equipment therein, as well as in or to the street entrances and/or the Common Areas, as it may deem necessary or desirable, provided, however, that there be no material obstruction of access to, or material interference with the use and enjoyment of, the Premises by Tenant and that none of said changes, alterations, additions, improvements, repairs or replacements shall materially reduce the rentable area of the Premises or materially reduce the amenities available as of the Commencement Date at the Property, if any. Except in the event of an emergency, Landlord shall use commercially reasonable efforts to provide reasonable notice to Tenant prior to any such changes, alterations, additions, improvements, repairs or replacements. Subject to the foregoing, Landlord expressly reserves the right to temporarily close all, or any portion, of the Common Areas for the purpose of making repairs or changes thereto.

2.2 Additions to the Property. Landlord may at any time or from time to time construct additional improvements in all or any part of the Property, including, without limitation, adding additional buildings or changing the location or arrangement of any improvement in or on the Property or all or any part of the Common Areas, or add or deduct any land to or from the Property; provided that, in connection with the exercise of the foregoing reserved rights, there shall be no (a) increase in Tenant's obligations, (b) reduction in services provided and amenities available to Tenant as of the Commencement Date at the Property, if any, or (c) material interference with Tenant's rights under this Lease.

2.3 Name and Address of Building. Landlord may, with the prior written consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed (and which shall not be withheld in the event such change is required or requested by any governmental authority, entity or agency), change the name or address of the Building and/or the Property, provided Landlord gives Tenant at least three (3) months' prior written notice thereof. Within thirty (30) days after receipt of a reasonably detailed invoice, Landlord shall reimburse Tenant for up to $5,000 of the reasonable out-of-pocket costs incurred by Tenant in connection with any such change. Nothing contained in this Section 2.3 shall be construed to limit Tenant's signage rights under Section 12.

2.4 Change in Tenant's Share. Should Landlord's exercise of the rights provided in Sections 2.1 and 2.2 result in an increase in the rentable square footage of the Building, Tenant's Share shall be adjusted accordingly.

2.5 Landlord's Access. Subject to the terms hereof, Tenant shall (a) upon as much advance notice as is practical under the circumstances, and in any event at least twenty-four (24) hours' prior written notice (except that no notice shall be required in emergency situations), permit Landlord and any holder of a Mortgage (hereinafter defined) (each such holder, a **"Mortgagee"**), and their agents, employees and contractors, to have reasonable access to and to enter upon the Premises at all reasonable hours for the purposes of inspection, making repairs, replacements or improvements in or to the Premises or the Building or equipment therein (including, without limitation, sanitary, electrical, heating, air conditioning or other systems), complying with all applicable laws, ordinances, rules, regulations, statutes, by-laws, court decisions and orders and requirements of all public authorities (collectively, **"Legal Requirements"**), or exercising any right reserved to Landlord under this Lease (including without

limitation the right to take upon or through, or to keep and store within the Premises all necessary materials, tools and equipment), it being understood and agreed that Tenant shall have the right to have a Tenant employee or representative present during such access; (b) permit Landlord and its agents and employees, at reasonable times, upon reasonable advance notice, to show the Premises during normal business hours (i.e. Monday – Friday 8 A.M. - 6 P.M., Saturday 8 A.M. – 3 P.M.) to any prospective Mortgagee or purchaser of the Building and/or the Property or of the interest of Landlord therein, and, during the last ten (10) months of the Term, prospective tenants, it being understood and agreed that Tenant shall have the right to have a Tenant employee or representative present during such access; and (c) upon reasonable prior written notice from Landlord, permit Landlord and its agents, at Landlord's sole cost and expense, to perform environmental audits, environmental site investigations and environmental site assessments (**"Site Assessments"**) in, on, under and at the Premises and the Land, it being understood that (i) Tenant shall have the right to have a Tenant employee or representative present during such access, (ii) Landlord shall repair any damage arising as a result of the Site Assessments and return the Premises to the same condition they were in immediately prior to the Site Assessments, and (iii) such Site Assessments may include both above and below the ground testing and such other tests as may be necessary or appropriate to conduct the Site Assessments. Notwithstanding the foregoing, Landlord may not enter into the laboratory space without a representative of Tenant (A) except in case of emergency, or (B) unless Tenant repeatedly fails to make a representative available during such access after having received the notice required under this Section 2.5, Tenant hereby agreeing to use good faith efforts to make such a representative available (it being understood and agreed that if Tenant fails to make such a representative available after having received the notice required under this Section 2.5, Tenant shall, within thirty (30) days after demand therefor, reimburse Landlord for Landlord's reasonable costs and expenses incurred as a result thereof). Without derogating from Landlord's rights hereunder, Landlord shall exercise due regard and caution during any such access to the laboratory space.

2.6 Pipes, Ducts and Conduits. Tenant shall permit Landlord to erect, use, maintain and relocate pipes, ducts and conduits in and through the Premises, provided the same do not materially reduce the floor area of, materially adversely affect the appearance of, or materially adversely affect Tenant's use and enjoyment of, the Premises.

2.7 Minimize Interference. Except in the event of an emergency, Landlord shall use commercially reasonable efforts to (a) provide Tenant with reasonable advance notice prior to the exercise of any of the foregoing rights under this Section 2, and (b) minimize any interference with Tenant's business operations and use and occupancy of the Premises in connection with the exercise any of the foregoing rights under this Section 2.

3. CONDITION OF PREMISES; CONSTRUCTION.

3.1 Condition of Premises. Subject to Landlord's obligation to perform Landlord's Work (hereinafter defined), and subject to Landlord's obligations set forth in Exhibit 3 attached hereto, Tenant acknowledges and agrees that Tenant is leasing the Premises in their **"AS IS," "WHERE IS"** condition and with all faults on the Execution Date, without representations or warranties, express or implied, in fact or by law, of any kind, and without recourse to Landlord. Tenant shall have the right to request Landlord's consent to changes to the plans for Landlord's Work, provided (a) any increase in the cost of Landlord's Work arising from any such change, as reasonably determined by Landlord, shall be paid by Tenant within thirty (30) days after demand therefor, (b) any delays in the Substantial Completion of Landlord's Work arising from any such change, as reasonably determined by Landlord, shall be deemed Tenant Delays hereunder, and (c) such request for consent of any such change must be delivered to Landlord prior to the date on which the design/development drawings are finalized.

3.2 Landlord's Work. Subject to delays due to governmental regulation, unusual scarcity of or inability to obtain labor or materials, labor difficulties, casualty or other causes reasonably beyond Landlord's control, provided that any of the above-described conditions apply to property owners generally and not to Landlord or the Property in particular, (collectively **"Landlord's Force Majeure"**)

and subject to any act or omission by Tenant and/or Tenant's agents, servants, employees, consultants, contractors, subcontractors, licensees and/or subtenants (collectively with Tenant, the **"Tenant Parties"**) which causes an actual delay in the performance of Landlord's Work (a **"Tenant Delay"**), Landlord, at Landlord's sole cost and expense, shall use good faith diligent efforts in the construction of the work more particularly described in Exhibit 3 attached hereto (**"Landlord's Work"**) as to have Landlord's Work Substantially Completed on or before September 30, 2010 (the **"Outside Delivery Date"**), but Tenant shall have no claim against Landlord for failure to Substantially Complete construction of Landlord's Work, except as expressly set forth in Section 3.4 below.

3.3 Punchlist Items. Promptly following delivery of the Premises to Tenant with Landlord's Work Substantially Complete, Landlord and Tenant shall inspect the Premises and mutually prepare a list (the **"Punchlist"**) of outstanding items which do not materially interfere with the operation of Tenant's business in the Premises or the occupancy of the Premises for the Permitted Use hereunder (the **"Punchlist Items"**). For purposes hereof, Landlord's Work shall be deemed **"Substantially Complete"** and **"Substantial Completion"** shall be deemed to have occurred if Landlord's Work has been completed except for the Punchlist Items. Subject to Landlord's Force Majeure and Tenant Delays, Landlord shall, unless otherwise specified on the Punchlist, complete all Punchlist Items within sixty (60) days of the date of the Punchlist. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business operations and use and occupancy of the Premises in connection with completion of the Punchlist Items. To the extent the completion of any Punchlist Items materially, and adversely interferes with Tenant's business operations and use and occupancy of the Premises, Landlord shall endeavor to perform such Punchlist items after normal business hours when possible.

3.4 Timing of Delivery.

(a) Subject to Tenant Delays and Landlord's Force Majeure, if Landlord's Work is not Substantially Complete by the Outside Delivery Date, Landlord shall, within thirty (30) days after demand (which demand shall include a reasonably detailed calculation of the amounts payable hereunder, as well as copies of any invoices or other demands made by Tenant's current landlord for such amounts), reimburse Tenant for up to Two Thousand Four Hundred Seventy-Five and no/100 Dollars ($2,475.00) for each day between the Outside Delivery Date, as the same may be extended by any Tenant Delay or Landlord's Force Majeure, and the actual date on which Landlord's Work is Substantially Completed to the extent that Tenant is required to pay such amounts to Tenant's current landlord pursuant to the terms of its current lease at 840 Memorial Drive, Cambridge. If Landlord fails to timely reimburse Tenant for such amounts, Tenant shall have the right to deliver to Landlord a notice (a **"Reminder Notice"**) in the manner listed in Section 24 of this Lease. The Reminder Notice shall be delivered in an envelope that conspicuously states the following in bold caps **"NOTICE REQUIRING TIMELY RESPONSE"** and shall include (i) an explicit statement that the Reminder Notice is a "Reminder Notice" as provided in this Section 3.4 of the Lease, (ii) a copy of the initial request for reimbursement (as well as all back-up information related thereto), and (iii) an explicit statement that the failure to reimburse Tenant as required hereunder will trigger the provisions of this Section 3.4 for Tenant's offset right. If Landlord fails to reimburse Tenant for the amounts specified herein within thirty (30) days after receipt of the Reminder Notice, Tenant shall have the right, upon prior written notice to Landlord, to credit such amounts against the next following installment(s) of Base Rent due hereunder.

(b) Subject to Tenant Delays and Landlord's Force Majeure, if Landlord's Work is not Substantially Complete by the date which is sixty (60) days after the Outside Delivery Date, Tenant shall have the right, by at least thirty (30) days' prior written notice to Landlord, to terminate this Lease; provided, however, if Landlord's Work is Substantially Complete within thirty (30) days after Landlord's receipt of such termination notice, such termination notice shall be deemed null and void and this Lease shall continue in full force and effect.

(c) The remedies set forth in this Section 3.4 are Tenant's sole and exclusive rights and remedies based upon any delay in the performance of Landlord's Work.

3.5 Warranty. Subject to the terms of this Section 3.5, Landlord warrants that the materials and workmanship comprising Landlord's Work will be free from defects or deficiencies. Any portion of Landlord's Work not conforming to the previous sentence may be considered defective. Landlord's warranty excludes remedy for damage or defect caused by abuse, modifications not made by Landlord or any Landlord Party, improper or insufficient maintenance to the extent that such maintenance is not the responsibility of Landlord hereunder, or normal wear and tear and normal usage. Landlord agrees that it shall, without cost to Tenant, correct any portion of Landlord's Work which is found to be defective promptly following the date that Tenant gives Landlord written notice (a **"Defect Notice"**) of such defective condition, provided that the Defect Notice is delivered to Landlord on or before the date (the **"Warranty Expiration Date"**) that is one year following the Commencement Date, *time being of the essence*. Landlord's obligations under this Section 3.5 shall expire on the Warranty Expiration Date and be of no further force and effect except with respect to any defects or deficiencies in Landlord's Work disclosed in any Defect Notice delivered before the Warranty Expiration Date.

3.6 Loading Dock. Landlord hereby agrees to apply for, and use good faith efforts to obtain, such unconditional permits, licenses and/or approvals that may be required in order to relocate the loading dock serving the Building to substantially the location shown on the Lease Plan. If any such application is denied, or Landlord determines in its sole but reasonable discretion that any conditions to such permits, licenses or approvals are unacceptable, then so long as Landlord shall have used good faith efforts as required under this Section 3.6, Landlord's obligations under this Section 3.6 shall cease and be of no further force and effect.

4. USE OF PREMISES

4.1 Permitted Uses. During the Term, Tenant shall use the Premises only for the Permitted Uses and for no other purposes. Service and utility areas (whether or not a part of the Premises) shall be used only for the particular purpose for which they are designed.

4.2 Prohibited Uses.

(a) Notwithstanding any other provision of this Lease, Tenant shall not use the Premises or the Building, or any part thereof, or suffer or permit the use or occupancy of the Premises or the Building or any part thereof by any of the Tenant Parties (i) in a manner which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or otherwise applicable to or binding upon the Premises; (ii) for any unlawful purposes or in any unlawful manner; (iii) which, in the reasonable judgment of Landlord (taking into account the use of the Building as a combination laboratory, research and development and office building and the Permitted Uses) shall (a) impair the appearance or reputation of the Building; (b) impair, interfere with or otherwise diminish the quality of any of the Building services or the proper and economic heating, cleaning, ventilating, air conditioning or other servicing of the Building or Premises, or the use or occupancy of any of the Common Areas; (c) occasion discomfort, inconvenience or annoyance in any material respect (and Tenant shall not install or use any electrical or other equipment of any kind, including without limitation Tenant's Equipment, which, in the reasonable judgment of Landlord, will cause any such impairment, interference, discomfort, inconvenience, annoyance or injury), or cause any injury or damage to any occupants of the Premises or other tenants or occupants of the Building or their property; or (d) cause harmful air emissions, laboratory odors or noises or any unusual or other objectionable odors, noises or emissions to emanate from the Premises; (iv) in a manner which is inconsistent with the operation and/or maintenance of the Building as a first-class combination office, research, development and laboratory facility; (v) for any fermentation processes whatsoever other than processes involving recombinant DNA; or (vi) in a manner which shall increase such insurance rates on the Building or on property located therein over that applicable when Tenant first took occupancy of the Premises hereunder.

(b) With respect to the use and occupancy of the Premises and the Common Areas, Tenant will not: (i) place or maintain any signage (except as set forth in Section 12 below), trash, refuse or other articles in any vestibule or entry of the Premises, on the footwalks or corridors adjacent thereto or elsewhere on the exterior of the Premises, nor obstruct any driveway, corridor, footwalk, parking area, mall or any other Common Areas; (ii) permit undue accumulations of or burn garbage, trash, rubbish or other refuse within or without the Premises; (iii) permit the parking of vehicles so as to interfere with the use of any driveway, corridor, footwalk, parking area, or other Common Areas; (iv) receive or ship articles of any kind outside of those areas reasonably designated by Landlord; (v) conduct or permit to be conducted any auction, going out of business sale, bankruptcy sale (unless directed by court order), or other similar type sale in or connected with the Premises; or (vi) except in connection with Alterations (hereinafter defined) approved by Landlord, cause or permit any hole to be drilled or made in any part of the Building.

(c) Tenant shall not use the name of Landlord or any of Landlord's affiliates or subsidiaries, or any adaptation, abbreviation or derivative thereof, or any seals, marks, symbols or logos thereof, in any publicity, promotion, trailer, press release, advertising, printed or display materials without the prior written consent of Landlord. SUCH PERMISSION IS RARELY GRANTED.

5. RENT; ADDITIONAL RENT

5.1 Base Rent. During the Term, Tenant shall pay to Landlord Base Rent in equal monthly installments, in advance and without demand on the first day of each month for and with respect to such month. Unless otherwise expressly provided herein, the payment of Base Rent, additional rent and other charges reserved and covenanted to be paid under this Lease with respect to the Premises (collectively, **"Rent"**) shall commence on the Commencement Date, and shall be prorated for any partial months. Rent shall be payable to Landlord or, if Landlord shall so direct in writing, to Landlord's agent or nominee, in lawful money of the United States which shall be legal tender for payment of all debts and dues, public and private, at the time of payment.

5.2 Operating Costs.

(a) **"Operating Costs"** shall mean all reasonable out-of-pocket costs incurred and expenditures of whatever nature made by Landlord in the operation, management, repair, replacement, maintenance and insurance of the Property or allocated to the Property, including without limitation any costs for utilities supplied to the Common Areas, and any costs for repair and replacements, cleaning and maintenance of the Common Areas, related equipment, facilities and appurtenances and HVAC equipment, a management fee paid to Landlord's property manager not in excess of management fees paid at other first-class combination office and laboratory facilities in the East Cambridge area., the costs of Landlord's management office, the cost of operating any amenities in the Property available to all tenants of the Property and any subsidy provided by Landlord for or with respect to any such amenity. To the extent that a cost included in Operating Costs is also allocable to property other than the Property, such cost shall be equitably allocated to each parcel of property which benefits from such cost. Building Operating Costs shall not include Excluded Costs (hereinafter defined).

(b) Intentionally Omitted.

(c) **"Excluded Costs"** shall be defined as (i) any mortgage charges (including interest, principal, points and fees); (ii) brokerage commissions; (iii) salaries of executives and owners not directly employed in the management/operation of the Property; (iv) the cost of work done by Landlord for a particular tenant; (v) subject to Subsection 5.2(i) below, such portion of expenditures as are not properly chargeable against income; (vi) the costs of Landlord's Work and any contributions made by Landlord to any tenant of the Property in connection with the build-out of its premises; (vii) franchise or income taxes imposed on Landlord; (viii) costs paid directly by individual tenants to suppliers, including tenant electricity, telephone and other utility costs; (ix) increases in premiums for insurance when such increase is caused by the use of the Building by Landlord or any other tenant of the Building; (x) maintenance and repair of capital items not a part of the Building or the Property; (xi) depreciation of the Building; (xii) costs relating to maintaining Landlord's existence as a corporation, partnership or other entity; (xiii) advertising and other fees and costs incurred in procuring tenants; (xiv) the cost of any items

for which Landlord is reimbursed by insurance, condemnation awards, refund, rebate or otherwise, and any expenses for repairs or maintenance to the extent covered by warranties, guaranties and service contracts; (xv) costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants; (xvi) costs incurred due to the negligence of Landlord or its employees, agents or contractors; and (xvii) capital expenditures except as otherwise expressly included herein.

(d) **"Capital Interest Rate"** shall be defined as an annual rate of either one percentage point over the AA Bond rate (Standard & Poor's corporate composite or, if unavailable, its equivalent) as reported in the financial press at the time the capital expenditure is made or, if the capital item is acquired through third-party financing, then the actual (including fluctuating) rate paid by Landlord in financing the acquisition of such capital item.

(e) **"Annual Charge-Off"** shall be defined as the annual amount of principal and interest payments which would be required to repay a loan (**"Capital Loan"**) in equal monthly installments over the Useful Life (hereinafter defined), of the capital item in question on a direct reduction basis at an annual interest rate equal to the Capital Interest Rate, where the initial principal balance is the reasonable cost of the capital item in question.

(f) **"Useful Life"** shall be reasonably determined by Landlord in accordance with sound accounting principles and practices consistently applied. Notwithstanding the foregoing, if Landlord reasonably concludes on the basis of engineering estimates that a particular capital expenditure will effect savings in Operating Costs including, without limitation, energy-related costs, and that such annual projected savings will exceed the Annual Charge-Off of Capital Expenditures computed as aforesaid, then and in such event, the Annual Charge-Off shall be determined based upon a Useful Life which would cause the principal and interest payments in a full repayment of the Capital Loan in question to equal the amount of projected savings of such Useful Life.

(g) Payment of Operating Costs. Tenant shall pay to Landlord, as additional rent, Tenant's Share of Operating Costs. Landlord may make a good faith estimate of Tenant's Share of Operating Costs for any fiscal year or part thereof during the term, and Tenant shall pay to Landlord, on the Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Share of Operating Costs for such fiscal year and/or part thereof divided by the number of months therein. Landlord may in good faith estimate and re-estimate Tenant's Share of Operating Costs and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Share of Operating Costs shall be appropriately adjusted in accordance with the estimations so that, by the end of the fiscal year in question, Tenant shall have paid all of Tenant's Share of Operating Costs as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each fiscal year.

(h) Annual Reconciliation. Landlord shall, within one hundred twenty (120) days after the end of each fiscal year, deliver to Tenant a reasonably detailed statement of the actual amount of Operating Costs for such fiscal year (**"Year End Statement"**). Failure of Landlord to provide the Year End Statement within one (1) year after the end of the fiscal year in question shall result in a waiver by Landlord of the right to seek an adjustment of Operating Costs. If the total of such monthly remittances on account of any fiscal year is greater than Tenant's Share of Operating Costs actually incurred for such fiscal year, then, provided there is no Event of Default nor any event relating to the payment of Rent which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder (it being understood and agreed that Tenant may take such credit after any such default is cured so long as such cure is effectuated prior to the expiration of applicable notice and/or cure periods), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If the total of such remittances is less than Tenant's Share of Operating Costs actually incurred for such fiscal year, Tenant shall pay the difference to Landlord, as

additional rent hereunder, within thirty (30) days of Tenant's receipt of an invoice therefor. Landlord's estimate of Operating Costs for the next fiscal year shall be based upon the Operating Costs actually incurred for the prior fiscal year as reflected in the Year-End Statement plus a reasonable adjustment based upon estimated increases in Operating Costs. The provisions of this Section 5.2(h) shall survive the expiration or earlier termination of this Lease.

(i) Capital Expenditures. If, during the Term, Landlord shall replace any capital items or make any capital expenditures (collectively, **"Capital Expenditures"**) the total amount of which (net of any warranty claims) is not properly includable in Operating Costs for the fiscal year in which they were made, in accordance with sound accounting principles and practices consistently applied in effect at the time of such replacement, there shall nevertheless be included in such Operating Costs (and in Operating Costs for each succeeding fiscal year) the amount, if any, by which the Annual Charge-Off (determined as hereinafter provided) of such Capital Expenditure (less insurance proceeds, if any, collected by Landlord by reason of damage to, or destruction of the capital item being replaced) exceeds the Annual Charge-Off of the Capital Expenditure for the item being replaced. If a new capital item is acquired which does not replace another capital item, and such new capital item being acquired is either (i) required by any Legal Requirements enacted after the Execution Date or (ii) reasonably projected to reduce Operating Costs, then there shall be included in Operating Costs for each fiscal year in which and after such capital expenditure is made the Annual Charge-Off of such capital expenditure.

(j) Part Years. If the Commencement Date or the Expiration Date occurs in the middle of a fiscal year, Tenant shall be liable for only that portion of the Operating Costs with respect to such fiscal year within the Term.

(k) Gross-Up. If, during any Operating Year, less than 95% of the Building is occupied by tenants or if Landlord was not supplying all tenants with the services being supplied to Tenant hereunder, actual Operating Costs incurred shall be reasonably extrapolated by Landlord on an item-by-item basis to the reasonable Operating Costs that would have been incurred if the Building was 95% occupied and such services were being supplied to all tenants, and such extrapolated Operating Costs shall, for all purposes hereof, be deemed to be the Operating Costs for such Operating Year. It is not the intent of this provision to permit Landlord to charge Tenant for any Operating Costs attributable to unoccupied space, or to seek reimbursement from Tenant for costs Landlord never incurred. Rather, the intent of this provision is to allow Landlord to recover only those Operating Costs properly attributable to occupied space in the Building and this provision is designed to calculate the actual cost of providing a variable operating expense service to the portions of the Building receiving such service. This "gross up" treatment shall be applied only with respect to variable Operating Costs arising from services provided to Common Areas or to space in the Building being occupied by tenants (which services are not provided to vacant space or may be provided only to some tenants) in order to allocate equitably such variable Operating Costs to the tenants receiving the benefits thereof.

(l) Audit Right. Provided there is no Event of Default nor any event relating to the payment of Rent which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may, upon at least sixty (60) days' prior written notice, inspect or audit Landlord's records relating to Operating Costs for any periods of time within the previous fiscal year before the audit or inspection (provided, however, that Tenant may perform such audit or inspection after any such default is cured so long as such cure is effectuated prior to the expiration of applicable notice and/or cure periods). However, no audit or inspection shall extend to periods of time before the Commencement Date. If Tenant fails to object to the calculation of Tenant's Share of Operating Costs on the Year-End Statement within ninety (90) days after such statement has been delivered to Tenant and/or fails to complete any such audit or inspection within one hundred eighty (180) days after receipt of the Year End Statement, then Tenant shall be deemed to have waived its right to object to the calculation of Tenant's Share of Operating Costs for the year in question and the calculation thereof as set forth on such statement shall be final. Tenant's audit or inspection shall be conducted only at Landlord's offices or the offices of Landlord's property manager during business hours reasonably designated by Landlord. Tenant shall pay the cost of such audit or inspection, provided, however, that if such audit discloses that Tenant has been

overcharged by more than five percent (5%), Landlord shall reimburse Tenant for up to Five Thousand Dollars ($5,000) of Tenant's reasonable out-of pocket costs incurred in connection with such audit. Tenant may not conduct an inspection or have an audit performed more than once during any fiscal year. If such inspection or audit reveals that an error was made in the calculation of Tenant's Share of Operating Costs previously charged to Tenant, then, provided there is no Event of Default nor any event relating to the payment of Rent which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder (it being understood and agreed that Tenant may take such credit after any such default is cured so long as such cure is effectuated prior to the expiration of applicable notice and/or cure periods), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If such inspection or audit reveals an underpayment by Tenant, then Tenant shall pay to Landlord, as additional rent hereunder, any underpayment of any such costs, as the case may be, within thirty (30) days after receipt of an invoice therefor. Tenant shall maintain the results of any such audit or inspection confidential and shall not be permitted to use any third party to perform such audit or inspection, other than an independent firm of certified public accountants (A) reasonably acceptable to Landlord, (B) which is not compensated on a contingency fee basis or in any other manner which is dependent upon the results of such audit or inspection, and (C) which executes Landlord's standard confidentiality agreement whereby it shall agree to maintain the results of such audit or inspection confidential. The provisions of this Section 5.2(l) shall survive the expiration or earlier termination of this Lease.

5.3 Taxes.

(a) **"Taxes"** shall mean the real estate taxes and other taxes, levies and assessments imposed upon the Property, and upon any personal property of Landlord used in the operation of the Property, or on Landlord's interest in the Property or such personal property; charges, fees and assessments for transit, housing, police, fire or other services or purported benefits to the Property; service or user payments in lieu of taxes; and any and all other taxes, levies, betterments, assessments and charges arising from the ownership, leasing, operation, use or occupancy of the Property or based upon rentals derived therefrom, which are or shall be imposed by federal, state, county, municipal or other governmental authorities. Taxes shall not include any interest or penalties resulting from the late payment of Taxes by Landlord nor any inheritance, estate, succession, gift, franchise, rental, income or profit tax, capital stock tax, capital levy or excise, or any income taxes arising out of or related to the ownership and operation of the Property, provided, however, that any of the same and any other tax, excise, fee, levy, charge or assessment, however described, that may in the future be levied or assessed as a substitute for or an addition to, in whole or in part, any tax, levy or assessment which would otherwise constitute Taxes, whether or not now customary or in the contemplation of the parties on the Execution Date of this Lease, shall constitute Taxes, but only to the extent calculated as if the Property were the only real estate owned by Landlord. "Taxes" shall also include reasonable expenses (including without limitation legal and consultant fees) of tax abatement or other proceedings contesting assessments or levies.

(b) **"Tax Period"** shall be any fiscal/tax period in respect of which Taxes are due and payable to the appropriate governmental taxing authority (i.e., as mandated by the governmental taxing authority), any portion of which period occurs during the Term of this Lease.

(c) Payment of Taxes. Tenant shall pay to Landlord, as additional rent, Tenant's Share of Taxes. Landlord may make a good faith estimate of the Taxes to be due by Tenant for any Tax Period or part thereof during the Term based on the most recent Tax bill, a copy of which Landlord shall provide to Tenant, and Tenant shall pay to Landlord, on the Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Share of Taxes for such Tax Period or part thereof divided by the number of months therein. Landlord may in good faith estimate and re-estimate Tenant's Share of Taxes and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Share of Taxes shall be appropriately adjusted in accordance with the estimations so that, by the end of the Tax Period in question, Tenant shall have paid all of Tenant's

Share of Taxes as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Taxes are available for each Tax Period. If the total of such monthly remittances is greater than Tenant's Share of Taxes actually due for such Tax Period, then provided there is no Event of Default nor any event relating to the payment of Rent which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Taxes due hereunder (it being understood and agreed that Tenant may take such credit after any such default is cured so long as such cure is effectuated prior to the expiration of applicable notice and/or cure periods), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If the total of such remittances is less than Tenant's Share of Taxes actually due for such Tax Period, Tenant shall pay the difference to Landlord, as additional rent hereunder, within thirty (30) days of Tenant's receipt of an invoice therefor, provided said invoice is delivered within one (1) year after the end of the Tax Period in question, which period of time shall be tolled during the duration of any tax abatement proceedings. Landlord's estimate for the next Tax Period shall be based upon actual Taxes for the prior Tax Period plus a reasonable adjustment based upon estimated increases in Taxes. In the event that Payments in Lieu of Taxes (**"PILOT"**), instead of or in addition to Taxes, are separately assessed to certain portions of the Building or the Property including the Premises, Tenant agrees, except as otherwise expressly provided herein to the contrary, to pay to Landlord, as additional rent, the portion of such PILOT attributable to the Premises in the same manner as provided above for the payment of Taxes, provided, however, in no event shall the amount payable by Tenant exceed the amount otherwise payable by Tenant under this section (i.e., the amount that would otherwise be payable were Landlord a commercial landlord owning the Property (and no other property in the City of Cambridge) and PILOT were not applicable). The provisions of this Section 5.3(c) shall survive the expiration or earlier termination of this Lease.

(d) Abatements.

(i) Landlord may at any time contest any valuation of the Property or any part thereof, or any tax rate, or the amount of any Taxes, by legal proceedings or in such other manner as it may deem suitable. If Landlord does not so institute such a contest on or before the date which is ten (10) days before the filing deadline for such a contest, then, provided that during such Tax Period Tenant leases at least sixty percent (60%) of the Building, Tenant shall have the right, at Tenant's sole cost and expense, to contest any valuation of the Building or the Premises, or any tax rate, or the amount of any Taxes for such Tax Period, by legal proceedings or in such other reasonable manner as it may deem suitable. If Tenant elects to institute such a proceeding, Tenant shall conduct it in the name of Tenant, or, if legally required, in the name of Landlord. If any such proceeding which Tenant elects to institute must be prosecuted in the name of Landlord, Landlord shall permit Tenant to institute and prosecute it in the name of Landlord as provided above, but Landlord shall not settle any proceeding so instituted by Tenant without Tenant's prior written approval in each instance, which approval shall not be unreasonably withheld, conditioned or delayed. If any such proceeding is instituted in the name of Tenant with respect to the last three Tax Periods of the Term, Tenant shall not settle such proceeding without Landlord's prior written approval in each instance, which approval shall not be unreasonably withheld, conditioned or delayed. If either party institutes such a proceeding, such party shall (A) prosecute it diligently and in good faith at all times, (B) periodically advise the non-contesting party as to the status thereof, and (C) not abandon the same without first offering to the non-contesting party the right to prosecute the same at its sole cost and expense, subject to the provisions set forth below (and in the event that the non-contesting party elects to continue such proceeding, the contesting party shall promptly assign and turn over to it the control of such proceeding, and thereafter the former contesting party shall have no further liability or responsibility in connection therewith). The non-contesting party (at no cost to the non-contesting party) shall cooperate with the contesting party to the extent reasonably necessary to enable the contesting party to institute and prosecute such proceeding including, without limitation, providing all information and documents reasonably requested by the contesting party, executing all documents

necessary to accomplish the foregoing, and making such appearances as the contesting party may reasonably request. If Landlord or Tenant obtains a refund or abatement of Taxes, the parties shall first be entitled to receive reimbursement from any refund or abatement for all expenses, including reasonable attorney's fees, incurred by it in connection with obtaining such refund or abatement.

(ii) Appropriate credit against Taxes or PILOT shall be given for any refund obtained by reason of a reduction in any Taxes by the assessors or the administrative, judicial or other governmental agency responsible therefor after deduction of Landlord's expenditures for reasonable legal fees and for other reasonable expenses incurred in obtaining the Tax or PILOT refund.

(e) Part Years. If the Commencement Date or the Expiration Date occurs in the middle of a Tax Period, Tenant shall be liable for only that portion of the Taxes, as the case may be, with respect to such Tax Period within the Term.

(f) Landlord shall cause all Taxes to be timely paid to the taxing authority.

5.4 Late Payments.

(a) Any payment of Rent due hereunder not paid when due shall bear interest for each month or fraction thereof from the due date until paid in full at the annual rate of ten percent (10%), or at any applicable lesser maximum legally permissible rate for debts of this nature (the **"Default Rate"**).

(b) Additionally, if Tenant fails to make any payment within seven (7) days after the due date therefor more than once during any consecutive twelve (12) month period, Landlord may charge Tenant a fee, which shall constitute liquidated damages, equal to One Thousand and NO/100 Dollars ($1,000.00) for each such late payment.

(c) For each Tenant payment check to Landlord that is returned by a bank for any reason, Tenant shall pay a returned check charge equal to the amount as shall be customarily charged by Landlord's bank at the time.

(d) Money paid by Tenant to Landlord shall be applied to Tenant's account in the following order: first, to any unpaid additional rent, including without limitation late charges, returned check charges, legal fees and/or court costs chargeable to Tenant hereunder; and then to unpaid Base Rent.

(e) The parties agree that the late charge referenced in Section 5.4(b) represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment by Tenant, and the payment of late charges and interest are distinct and separate in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of late charges is to compensate Landlord for Landlord's processing, administrative and other costs incurred by Landlord as a result of Tenant's delinquent payments. Acceptance of a late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

5.5 No Offset; Independent Covenants; Waiver. Rent shall be paid without notice or demand, and without setoff, counterclaim, defense, abatement, suspension, deferment, reduction or deduction, except as expressly provided herein. **TENANT WAIVES ALL RIGHTS (I) TO ANY ABATEMENT, SUSPENSION, DEFERMENT, REDUCTION OR DEDUCTION OF OR FROM RENT, AND (II) TO QUIT, TERMINATE OR SURRENDER THIS LEASE OR THE PREMISES OR ANY PART THEREOF, EXCEPT AS EXPRESSLY PROVIDED HEREIN. TENANT HEREBY ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS OF TENANT HEREUNDER SHALL BE SEPARATE AND INDEPENDENT COVENANTS AND AGREEMENTS, THAT RENT SHALL CONTINUE TO BE PAYABLE IN ALL EVENTS AND THAT THE OBLIGATIONS OF TENANT HEREUNDER SHALL CONTINUE UNAFFECTED, UNLESS THE REQUIREMENT TO PAY OR PERFORM THE SAME SHALL HAVE BEEN TERMINATED PURSUANT TO AN EXPRESS PROVISION OF THIS LEASE. LANDLORD**

AND TENANT EACH ACKNOWLEDGES AND AGREES THAT THE INDEPENDENT NATURE OF THE OBLIGATIONS OF TENANT HEREUNDER REPRESENTS FAIR, REASONABLE, AND ACCEPTED COMMERCIAL PRACTICE WITH RESPECT TO THE TYPE OF PROPERTY SUBJECT TO THIS LEASE, AND THAT THIS AGREEMENT IS THE PRODUCT OF FREE AND INFORMED NEGOTIATION DURING WHICH BOTH LANDLORD AND TENANT WERE REPRESENTED BY COUNSEL SKILLED IN NEGOTIATING AND DRAFTING COMMERCIAL LEASES IN MASSACHUSETTS, AND THAT THE ACKNOWLEDGEMENTS AND AGREEMENTS CONTAINED HEREIN ARE MADE WITH FULL KNOWLEDGE OF THE HOLDING IN WESSON V. LEONE ENTERPRISES, INC., 437 MASS. 708 (2002). SUCH ACKNOWLEDGEMENTS, AGREEMENTS AND WAIVERS BY TENANT ARE A MATERIAL INDUCEMENT TO LANDLORD ENTERING INTO THIS LEASE.

5.6 Survival. Any obligations under this Section 5 which shall not have been paid at the expiration or earlier termination of the Term shall survive such expiration or earlier termination and shall be paid when and as the amount of same shall be determined and be due.

6. RIGHT OF FIRST REFUSAL. Landlord shall keep Tenant reasonably informed of the ongoing leasing activity relating to the second (2nd) floor of the Building. Tenant shall have a one-time right of first refusal to lease all or a portion of the second (2nd) floor of the Building (the **"ROFR Premises"**). If Landlord receives a written offer or letter of intent from a prospective third party tenant for the ROFR Premises which Landlord desires to accept (an **"Offer"**), Landlord shall give to Tenant notice of the material terms of such Offer (the **"Refusal Notice"**). Tenant shall have the right to lease the ROFR Premises on the terms and conditions set forth in the Offer, which right Tenant shall exercise, if at all, by giving written notice to Landlord within five (5) business days after receiving the Refusal Notice. If Tenant fails to exercise such right in a proper and timely manner, Tenant shall have no further right to the ROFR Premises and Landlord shall have the right to lease the same to any third party tenant on whatever terms and conditions Landlord may decide in its sole discretion, provided that such terms are not less than ninety percent (90%) of the net effective rent (hereinafter defined) set forth in the Refusal Notice. As used herein, the term **"net effective rent"** shall mean the net present value of the rent, additional rent, and other charges that would be payable to Landlord under the terms of any proposed lease for and with respect to the entire term of the proposed lease, taking into account any construction allowance, the cost of any leasehold improvements proposed to be performed by Landlord, any free rent, and any other monetary inducements payable by Landlord under such proposed lease. In the event that the ROFR Premises described in any Refusal Notice consists of less than the entire second (2nd) floor of the Building, then, notwithstanding Tenant's election not to exercise Right of First Refusal with respect to said Refusal Notice, Tenant's one-time right of first refusal shall remain in full force and effect with respect to the remainder of the second (2nd) floor.

7. LETTER OF CREDIT

7.1 Amount. Within ten (10) days of the execution of this Lease, Tenant shall deliver either (i) cash in the amount specified in the Lease Summary Sheet (the **"Cash Security Deposit"**), which shall be held by Landlord in accordance with Section 7.5 below, or (ii) an irrevocable letter of credit to Landlord which shall (a) be in the amount specified in the Lease Summary Sheet and otherwise in the form attached hereto as Exhibit 5; (b) issued by a bank reasonably acceptable to Landlord upon which presentment may be made in Boston, Massachusetts (if Landlord so requires at the time of its approval thereof); and (c) be for a term of one (1) year, subject to extension in accordance with the terms hereof (the **"Letter of Credit"**). The Letter of Credit shall be held by Landlord, without liability for interest, as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease by the Tenant to be kept and performed during the Term. In no event shall the Letter of Credit be deemed to be a prepayment of Rent nor shall it be considered a measure of liquidated damages. Unless the Letter of Credit is automatically renewing, at least thirty (30) days prior to the maturity date of the Letter of Credit (or any replacement Letter of Credit), Tenant shall deliver to Landlord a replacement Letter of Credit

which shall have a maturity date no earlier than the next anniversary of the Commencement Date or one (1) year from its date of delivery to Landlord, whichever is later. In the event that the Extension Term Base Rent during any Extension Term is greater than Base Rent during the previous term, the face amount of the Letter of Credit shall be proportionately increased.

7.2 Application of Proceeds of Letter of Credit. Upon an Event of Default, or if any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors (and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within sixty (60) days) or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding, Landlord at its sole option may draw down all or a part of the Letter of Credit. The balance of any Letter of Credit cash proceeds shall be held in accordance with Section 7.5 below. Should the entire Letter of Credit, or any portion thereof, be drawn down by Landlord, Tenant shall, upon the written demand of Landlord, deliver a replacement Letter of Credit in the amount drawn, or replace the Letter of Credit with a Cash Security Deposit, and Tenant's failure to do so within ten (10) days after receipt of such written demand shall constitute an additional Event of Default hereunder. If Tenant wishes to have a different issuer for the replacement letter of credit, Landlord may request Landlord's approval of such issuer in advance of delivering such replacement letter of credit, and Landlord shall use good faith efforts to respond to any such request promptly. The application of all or any part of the cash proceeds of the Letter of Credit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have nor shall such application by Landlord constitute a waiver by Landlord.

7.3 Transfer of Letter of Credit. In the event that Landlord transfers its interest in the Premises, Tenant shall upon notice from and at no cost to Landlord, deliver to Landlord an amendment to the Letter of Credit or a replacement Letter of Credit naming Landlord's successor as the beneficiary thereof, at Landlord's cost. If Tenant fails to deliver such amendment or replacement within thirty (30) days after written notice from Landlord, Landlord shall have the right to draw down the entire amount of the Letter of Credit and hold the proceeds thereof in accordance with Section 7.5 below.

7.4 Credit of Issuer of Letter of Credit. In event of a material adverse change in the financial position of any bank or institution which has issued the Letter of Credit or any replacement Letter of Credit hereunder, as reasonably determined by Landlord, Landlord reserves the right to require that Tenant change the issuing bank or institution to another bank or institution reasonably approved by Landlord. Tenant shall, within twenty (20) days after receipt of written notice from Landlord, which notice shall include the basis for Landlord's reasonable belief that there has been a material adverse change in the financial position of the issuer of the Letter of Credit, replace the then-outstanding letter of credit with a like Letter of Credit from another bank or institution approved by Landlord.

7.5 Cash Proceeds of Letter of Credit. In the event that Landlord draws down all or any portion of the Letter of Credit in accordance with the provisions of this Section 7, the balance of the proceeds thereof, if any (the **"Security Deposit"**), shall be held by Landlord as security for Tenant's performance of all its Lease obligations. After an Event of Default, Landlord may apply the Security Deposit, or any part thereof, to Landlord's damages without prejudice to any other Landlord remedy. Tenant shall have the right to deliver a replacement Letter of Credit in the form and amount required hereunder, and upon receipt of such replacement Letter of Credit, Landlord shall return the Security Deposit to Tenant. Landlord has no obligation to pay interest on the Security Deposit and may co-mingle the Security Deposit with Landlord's funds. If Landlord conveys its interest under this Lease, the Security Deposit, or any part not applied previously, shall be turned over or credited to the grantee, in which case Tenant shall look solely to the grantee for the proper application and return of the Security Deposit.

7.6 Return of Security Deposit or Letter of Credit. Upon the expiration of the Term, Landlord shall inspect the Premises, make such deductions from the Security Deposit and/or Letter of Credit as may be required to cure any defaults by Tenant and compensate Landlord for its damages

hereunder and, provided there is no Event of Default, the Security Deposit and/or Letter of Credit or the remaining proceeds therefrom, as applicable, shall be returned to Tenant within sixty (60) days after the end of the Term.

7.7 Cash or Letter of Credit. Provided there is no Event of Default nor any event relating to the payment of Rent which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant shall have the right, from time to time during the Term, to replace (a) the Cash Security Deposit with a Letter of Credit in an equivalent amount and otherwise meeting the requirements of this Section 7 or (b) any Letter of Credit with a Cash Security Deposit in an equivalent amount and otherwise meeting the requirements of this Section 7.

8. INTENTIONALLY DELETED

9. UTILITIES, WASTE

9.1 Electricity.

(a) Charges. Commencing on the Commencement Date, Tenant shall pay all charges for electricity furnished to the Premises and any equipment exclusively serving the Premises as additional rent, based on Landlord's reasonable estimates or any applicable metering equipment. If not separately metered, at Tenant's request, Landlord shall provide Tenant with reasonable back-up documentation regarding the total charges and the method of allocating the charges to Tenant. If separately metered, Landlord shall maintain and keep in good order, condition and repair any such metering equipment and Tenant shall pay the full amount of any charges attributable to such meter on or before the due date therefor either to Landlord or directly to the supplier thereof, at Landlord's election.

(b) Additional Electricity Requirements. If, after the Commencement Date, Tenant shall subsequently require electric current for use in the Premises in excess of the capacity available on the Commencement Date and if in Landlord's reasonable judgment, (i) Landlord's facilities are inadequate for such excess requirements, or (ii) such excess use shall result in an additional burden on the Building air conditioning systems and additional cost to Landlord on account thereof then, as the case may be, Landlord, upon written request and at the sole cost and expense of Tenant, may furnish and install such additional wire, conduits, feeders, switchboards and appurtenances as reasonably may be required to supply such additional requirements of Tenant if current therefor is available to Landlord, provided that the same (v) shall be permitted by Legal Requirements and insurance regulations, (w) shall not cause damage to the Building or the Premises, (x) shall not cause or create a dangerous or hazardous condition, (y) shall not entail excessive or unreasonable alterations or repairs, and (z) shall not interfere with or disturb other tenants or occupants of the Building. Tenant shall reimburse Landlord for such additional cost within thirty (30) days of demand therefor.

9.2 Water. Commencing on the Commencement Date, Tenant shall pay all charges for water furnished to the Premises and any equipment exclusively serving the Premises as additional rent, based on Landlord's reasonable estimates or any applicable metering equipment.

9.3 Other Utilities. Subject to Landlord's reasonable rules and regulations governing the same, Tenant shall obtain and pay, as and when due, for all other utilities and services consumed in and/or furnished to the Premises, together with all taxes, penalties, surcharges and maintenance charges pertaining thereto.

9.4 Interruption or Curtailment of Utilities.

(a) When necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the reasonable judgment of Landlord are desirable or necessary to be made, Landlord reserves the right, upon as much prior notice to Tenant as is practicable under the circumstances and no less than twenty-four (24) hours' notice except in the event of an emergency, to interrupt, curtail, or stop (i) the furnishing of hot and/or cold water, and (ii) the operation of the plumbing and electric systems. Landlord shall exercise reasonable diligence to eliminate the cause of any such

interruption, curtailment, stoppage or suspension, but there shall be no diminution or abatement of Rent or other compensation due from Landlord to Tenant hereunder, nor shall this Lease be affected or any of Tenant's obligations hereunder reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage, or suspension of services or systems.

(b) Notwithstanding anything to the contrary in this Lease contained, if the Premises or a portion thereof are substantially untenantable such that, for the duration of the Interruption Cure Period (hereinafter defined), the continued operation in the ordinary course of Tenant's business in any portion of the Premises is materially and adversely affected (the **"Affected Portion"**) then, provided that such untenantability and Landlord's inability to cure such condition is not caused by the fault or neglect of any of the Tenant Parties, Base Rent, Operating Costs and Taxes shall thereafter be abated in proportion to such untenantability until the day such condition is completely corrected. For purposes hereof, the **"Interruption Cure Period"** shall be defined as seven (7) consecutive business days after Landlord's receipt of written notice from Tenant of the condition causing untenantability in the Affected Portion. The provisions of this Section 9.4(b) shall not apply in the event of untenantability caused by fire or other casualty, or Taking (hereinafter defined), which shall be governed by Section 15 below or in the event of untenantability caused by causes beyond Landlord's control or if Landlord is unable to cure such condition as the result of causes beyond Landlord's control.

9.5 Telecommunications Providers. Notwithstanding anything to the contrary herein or in this Lease contained, Landlord has no obligation to allow any particular telecommunications service provider to have access to the Building or to Premises other than Verizon (the **"Approved Provider"**). If Landlord permits such access, Landlord may condition such access upon (a) the execution of Landlord's standard telecommunications agreement (which shall include a provision requiring the payment of fair market rent for any space in the Property (outside the Premises and the Equipment Space) dedicated, licensed and/or leased to such provider), and (b) the payment to Landlord by Tenant or the service provider of any costs incurred by Landlord in facilitating such access. Subject to the preceding sentence, Landlord's consent to providing access to the Building to any service provider other than the Approved Provider shall not be unreasonably withheld, conditioned or delayed provided such access does not require any street opening permits or approvals (unless otherwise agreed to by the City of Cambridge) or would unreasonably interfere with the use of the Common Areas.

9.6 Trash Removal.

(a) Throughout the Term, Tenant shall, at its sole cost and expense: keep any garbage, trash, rubbish and refuse (collectively, **"Trash"**) in vermin-proof containers within the interior of the Premises until removed. Tenant shall arrange for the removal of Trash from the Premises.

(b) Tenant shall be responsible, at its sole cost and expense, for Hazardous Material and other biohazard disposal services for the Premises. Such services shall be performed by contractors reasonably acceptable to Landlord and on a sufficient basis to ensure that the Premises are at all times kept neat, clean and free of Hazardous Materials and biohazards except in appropriate, specially marked containers reasonably approved by Landlord.

10. MAINTENANCE AND REPAIRS

10.1 Maintenance and Repairs by Tenant. Tenant shall keep all and singular the Premises (including without limitation the equipment installed by Landlord) neat and clean and free of insects, rodents, vermin and other pests and, subject to Section 9.6 above, Trash, and in such good repair, order and condition as the same are in on the Commencement Date or in such better condition as the Premises may be put in during the Term, reasonable wear and tear and damage by Casualty and loss by eminent domain excepted. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the proper maintenance of all building systems, sanitary, electrical, heating, air conditioning, plumbing, security or other systems and of all equipment and appliances installed and/or operated by Tenant and/or exclusively serving the Premises.

10.2 Maintenance and Repairs by Landlord. Except as otherwise provided in Section 15, and subject to Tenant's obligations in Section 10.1 above, Landlord shall keep, repair, replace and maintain in good repair, order and condition, at Landlord's sole cost and expense (but subject to reimbursement in accordance with Section 5.2 above), the roof, Building structure, exterior walls (other than the interior surface thereof), exterior windows (except for glass), structural floor slabs and columns and, to the extent not exclusively serving any leaseable space in the Building (including, without limitation, the Premises), all base building plumbing, mechanical and electrical systems. In addition, Landlord shall operate, clean, repair, replace and maintain the Common Areas in substantially the same manner as other first-class combination office and laboratory facilities in the East Cambridge area.

10.3 Accidents to Sanitary and Other Systems. Tenant shall give to Landlord prompt notice of any fire or accident in the Premises or in the Building and of any damage to, or defective condition in, any part or appurtenance of the Building including, without limitation, sanitary, electrical, ventilation, heating and air conditioning or other systems located in, or passing through, the Premises of which it is aware. Except as otherwise provided in Section 15, and subject to Tenant's obligations in Section 10.1 above, such damage or defective condition shall be remedied by Landlord with reasonable diligence, but, subject to Section 14.5 below, if such damage or defective condition was caused by any of the Tenant Parties, the cost to remedy the same shall be paid by Tenant.

10.4 Floor Load—Heavy Equipment. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by Legal Requirements. Landlord reserves the right to prescribe the weight and position of all safes, heavy machinery, heavy equipment, freight, bulky matter or fixtures (collectively, **"Heavy Equipment"**), which shall be placed so as to distribute the weight. Heavy Equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not move any Heavy Equipment into or out of the Building without giving Landlord prior written notice thereof and observing all of Landlord's Rules and Regulations with respect to the same. If such Heavy Equipment requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with Legal Requirements. Any such moving shall be at the sole risk and hazard of Tenant and Tenant will defend, indemnify and save Landlord and Landlord's agents, contractors and employees (collectively with Landlord, the **"Landlord Parties"**) harmless from and against any and all claims, damages, losses, penalties, costs, expenses and fees (including without limitation reasonable legal fees) (collectively, **"Claims"**) resulting directly or indirectly from such moving, except to the extent caused by the negligence of any Landlord Party. Proper placement of all Heavy Equipment in the Premises shall be Tenant's responsibility.

11. ALTERATIONS AND IMPROVEMENTS BY TENANT

11.1 Landlord's Consent Required. Tenant shall not make any alterations, installations, removals, additions or improvements (collectively, **"Alterations"**) in or to the Premises without Landlord's prior written approval of the contractor(s), written plans and specifications and a time schedule therefor. Tenant shall not make any amendments or additions to plans and specifications approved by Landlord without Landlord's prior written consent. Landlord's approval of Alterations shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Landlord may withhold its consent in its sole discretion (a) to any Alteration to or affecting the lab benches, fume hoods, roof and/or building systems, (b) with respect to matters of aesthetics relating to Alterations to or affecting the exterior of the Building, and (c) to any Alteration affecting the Building structure. Notwithstanding the foregoing, Landlord's consent shall not be required with respect to (i) cosmetic alterations not requiring a building permit, such as painting and carpeting, and (ii) non-structural Alterations costing less than $10,000 in any one instance (and $50,000 in the aggregate per year) so long as such Alterations do not affect the roof, Building systems or Building exterior (each, a **"Permitted Alteration"**), provided Tenant shall provide Landlord with written notice thereof. Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance

with Legal Requirements, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials (whether building standard or non-building standard), appliances or equipment selected by Tenant in connection with any work performed by or on behalf of Tenant. Except as otherwise expressly set forth herein, all Alterations shall be done at Tenant's sole cost and expense and at such times and in such manner as Landlord may from time to time reasonably designate. If Tenant shall make any Alterations, then Landlord may elect to require Tenant at the expiration or sooner termination of the Term to restore the Premises to substantially the same condition as existed immediately prior to the Alterations. If requested by Tenant, Landlord shall make such election at the time Landlord approves such Alteration or, for Permitted Alterations at the time Tenant notifies Landlord of Tenant's intent to make such Permitted Alteration. Tenant shall provide Landlord with reproducible record drawings of any Alteration (other than painting and carpeting and other Alterations that would not be reflected on customary as-built plans) within sixty (60) days after completion thereof.

11.2 After-Hours. Landlord and Tenant recognize that to the extent Tenant elects to perform some or all of the Alterations during times other than normal construction hours (i.e., Monday-Friday, 7:00 a.m. to 3:00 p.m., excluding holidays), Landlord may in its reasonable discretion need to make arrangements to have supervisory personnel on site. Accordingly, Landlord and Tenant agree as follows: Tenant shall give Landlord at least two (2) business days' prior written notice of any time outside of normal construction hours when Tenant intends to perform portions of Alterations (the **"After-Hours Work"**). Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for the reasonable cost of Landlord's supervisory personnel overseeing the After-Hours Work. In addition, if construction during normal construction hours unreasonably disturbs other tenants of the Building, in Landlord's sole reasonable discretion, Landlord may require Tenant to stop the performance of Alterations during normal construction hours and to perform the same after hours, subject to the foregoing requirement to pay for the cost of Landlord's supervisory personnel. Landlord shall use commercially reasonable efforts to enforce the foregoing restriction against all tenants at the Property.

11.3 Harmonious Relations. Tenant agrees that it will not, either directly or indirectly, use any contractors and/or materials if their use will create any difficulty, whether in the nature of a labor dispute or otherwise, with other contractors and/or labor engaged by Tenant or Landlord or others in the construction, maintenance and/or operation of the Building, the Property or any part thereof. In the event of any such difficulty, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such difficulty to leave the Property immediately.

11.4 Liens. No Alterations, other than Permitted Alterations, shall be undertaken by Tenant until (i) Tenant has made provision for written waiver of liens from all contractors for such Alteration and taken other appropriate protective measures approved and/or required by Landlord; and (ii) with respect to any Alteration costing more than $50,000 in any one instance, Tenant has procured appropriate surety payment and performance bonds which shall name Landlord as an additional obligee and has filed lien bond(s) (in jurisdictions where available) on behalf of such contractors. Any mechanic's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's expense by filing the bond required by law or otherwise.

11.5 General Requirements. Unless Landlord and Tenant otherwise agree in writing, Tenant shall (a) procure or cause others to procure on its behalf all necessary permits before undertaking any Alterations in the Premises; (b) perform all of such Alterations in a good and workmanlike manner, employing materials of good quality and in compliance with Landlord's construction rules and regulations, all insurance requirements of this Lease, and Legal Requirements; and (c) defend, indemnify and hold the Landlord Parties harmless from and against any and all Claims occasioned by or growing out of such Alterations, except to the extent caused by the negligence of Landlord or a Landlord Party.

Tenant shall cause contractors employed by Tenant to (i) carry Worker's Compensation Insurance in accordance with statutory requirements, (ii) carry Automobile Liability Insurance and Commercial General Liability Insurance (A) naming Landlord as an additional insured, and (B) covering such contractors on or about the Premises in the amounts stated in Section 14 hereof or in such other reasonable amounts as Landlord shall require, and (iii) submit binders evidencing such coverage to Landlord prior to the commencement of any such Alterations.

12. SIGNAGE

12.1 Restrictions. Subject to Section 12.3 below, Tenant shall not place or suffer to be placed or maintained on the exterior of the Premises, or any part of the interior visible from the exterior thereof, any sign, banner, advertising matter or any other thing of any kind (including, without limitation, any hand-lettered advertising), and shall not place or maintain any decoration, letter or advertising matter on the glass of any window or door of the Premises without first obtaining Landlord's written approval. No signs or blinds may be put on or in any window or elsewhere if visible from the exterior of the Building. Landlord may provide Tenant with building standard blinds for each window within the Premises and Landlord shall install the same at Landlord's sole cost and expense. Tenant may not remove the building standard blinds without Landlord's prior written consent. Tenant may hang its own drapes, provided that they shall not in any way interfere with any building standard drapery or blinds provided by Landlord or be visible from the exterior of the Building, and that such drapes are so hung and installed that, when drawn, the building standard drapery or blinds are automatically also drawn.

12.2 Building Directory. Landlord shall supply Building standard signage for Tenant within the directory in the Building lobby at Landlord's sole cost and expense. Subject to reasonable limits on the number of lines on the directory Landlord can provide and all such additional signage in the lobby directory, Landlord shall add the names of any approved subtenants or licensees occupying any portion of the Premises at Tenant's sole cost and expense.

12.3 Exterior Signage. Provided that and for so long as Tenant is then occupying at least sixty percent (60%) of the rentable square feet of the Building, Tenant shall have the right to erect and maintain one or more signs on the exterior of the Building (the **"Exterior Signage"**), provided (i) the Exterior Signage complies with all Legal Requirements (and Tenant shall have obtained any necessary permits prior to erecting the Exterior Signage), (ii) the number of exterior signs shall not exceed the maximum number of exterior signs allowed by Legal Requirements, less one (1) decal sign to be located on or near the Albany Street entrance which shall be dedicated to another tenant of the Building (provided, however, if only one (1) sign is allowed by Legal Requirements, the number of exterior signs shall not exceed the maximum number of exterior signs allowed by Legal Requirements and Tenant shall have the right to erect one (1) sign); (iii) the location of the Exterior Signage shall be subject to Landlord's reasonable approval, (iv) the materials, design, lighting and method of installation of the Exterior Signage, and any requested changes thereto, shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, (v) Tenant shall at all times maintain the Exterior Signage in good order, condition and repair and shall remove the Exterior Signage at the expiration or earlier termination of the Term hereof or upon Landlord's written demand after the failure of Tenant to comply with the provisions of this Section 12.3, and shall repair any damage to the Building caused by the Exterior Signage or the installation or removal thereof. Tenant shall have the right, from time to time throughout the term of this Lease, to replace its signage (if any) with signage which is equivalent to the signage being replaced, subject to all of the terms and conditions of this Section 12.3.

13. ASSIGNMENT, MORTGAGING AND SUBLETTING

13.1 Landlord's Consent Required. Except as expressly otherwise set forth herein, Tenant shall not, without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, assign, sublet, mortgage, license, transfer or encumber this Lease or the Premises in whole or in part, or permit the occupancy of all or any portion of the Premises by any person or entity

other than Tenant's employees (each of the foregoing, a **"Transfer"**). Notwithstanding anything else contained herein, a transfer of any equity in Tenant shall not be considered a Transfer. Any purported Transfer made without Landlord's consent, if required hereunder, shall be void and confer no rights upon any third person, provided that if there is a Transfer, Landlord may collect rent from the transferee without waiving the prohibition against Transfers, accepting the transferee, or releasing Tenant from full performance under this Lease. In the event of any Transfer in violation of this Section 13, Landlord shall have the right to terminate this Lease upon thirty (30) days' written notice to Tenant given within sixty (60) days after receipt of written notice from Tenant to Landlord of any Transfer, or within sixty (60) days after Landlord first learns of the Transfer if no notice is given. No Transfer shall relieve Tenant of its primary obligation as party-Tenant hereunder, nor shall it reduce or increase Landlord's obligations under this Lease.

13.2 Landlord's Recapture Right

(a) Except for Transfers to Affiliated Entities or Successors, Tenant shall, prior to offering or advertising more than forty percent (40%) of the Premises for a Transfer, give a written notice (the **"Recapture Notice"**) to Landlord which: (i) states that Tenant desires to make a Transfer, (ii) identifies the affected portion of the Premises (the **"Recapture Premises"**), (iii) identifies the period of time (the **"Recapture Period"**) during which Tenant proposes to sublet the Recapture Premises, or indicates that Tenant proposes to assign its interest in this Lease, and (iv) offers to Landlord to terminate this Lease with respect to the Recapture Premises (in the case of a proposed assignment of Tenant's interest in this Lease or a subletting for the remainder of the term of this Lease) or to suspend the Term for the Recapture Period (i.e. the Term with respect to the Recapture Premises shall be terminated during the Recapture Period and Tenant's rental obligations shall be proportionately reduced). Landlord shall have ten (10) business days within which to respond to the Recapture Notice.

(b) If Landlord fails to timely respond to the Recapture Notice or if Landlord notifies Tenant that Landlord will not accept the offer contained in the Recapture Notice, Tenant may enter into a Transfer on terms that are no less than ninety percent (90%) of the net effective rent (as defined in Section 6 above) contained in the Recapture Notice within one (1) year after the earlier of: (x) the expiration of the 10-business day period specified in Section 13.2(a) above, or (y) the date that Landlord notifies Tenant that Landlord will not accept Tenant's offer contained in the Recapture Notice, *time being of the essence*. If Tenant does not enter into such a Transfer within said 180-day period, then prior to entering into any Transfer after such 180-day period, Tenant must deliver to Landlord a new Recapture Notice in accordance with Section 13.2(a) above.

(c) Notwithstanding anything to the contrary contained herein, if Landlord notifies Tenant that it accepts the offer contained in the Recapture Notice or any subsequent Recapture Notice, Tenant shall have the right, for a period of fifteen (15) days following receipt of such notice from Landlord, *time being of the essence*, to notify Landlord in writing that it wishes to withdraw such offer and this Lease shall continue in full force and effect.

13.3 Standard of Consent to Transfer. Tenant acknowledges that it shall not be unreasonable for Landlord to withhold its consent to a Transfer if, in Landlord's reasonable opinion: (a) the Transferee does not have a tangible net worth at least as great as that of Tenant upon the execution of this Lease; and (b) the Transferee does not have a business reputation compatible with the operation of a first-class combination laboratory, research, development and office building.

13.4 Listing Confers no Rights. The listing of any name other than that of Tenant, whether on the doors of the Premises or on the Building directory, or otherwise, shall not operate to vest in any such other person, firm or corporation any right or interest in this Lease or in the Premises or be deemed to effect or evidence any consent of Landlord, it being expressly understood that any such listing is a privilege extended by Landlord revocable at will by written notice to Tenant.

13.5 Profits In Connection with Transfers. Tenant shall, within thirty (30) days of receipt thereof, pay to Landlord fifty percent (50%) of any rent, sum or other consideration to be paid or given in connection with any Transfer other than to a Successor, either initially or over time, after deducting reasonable actual out-of-pocket legal, advertising, brokerage and other expenses incurred by Tenant and improvements paid for by Tenant in connection therewith (all of which shall be amortized over the term of the Transfer in question), in excess of Rent hereunder as if such amount were originally called for by the terms of this Lease as additional rent.

13.6 Prohibited Transfers. Notwithstanding any contrary provision of this Lease, Tenant shall have no right to make a Transfer unless on both (i) the date on which Tenant notifies Landlord of its intention to enter into a Transfer and (ii) the date on which such Transfer is to take effect, Tenant is not in default of any of its obligations under this Lease (it being understood and agreed that Tenant may make a Transfer after any such default is cured so long as such cure is effectuated prior to the expiration of applicable notice and/or cure periods). Notwithstanding anything to the contrary contained herein, Tenant agrees that in no event shall Tenant make a Transfer to (a) any government agency; or (b) any tenant, subtenant or occupant of other space in the Building, unless there is no other satisfactory space available to said entity in the Building.

13.7 Exceptions to Requirement for Consent. Notwithstanding anything to the contrary herein contained, Tenant shall have the right, without obtaining Landlord's consent and without giving Landlord a Recapture Notice, to make a Transfer to (a) an Affiliated Entity (hereinafter defined) so long as such entity remains in such relationship to Tenant, and (b) a Successor, provided that prior to or simultaneously with any such Transfer, such Affiliated Entity or Successor, as the case may be, executes and delivers to Landlord an assumption agreement in form and substance reasonably acceptable to Landlord whereby such Affiliated Entity or Successor, as the case may be, shall agree to be independently bound by and upon all the covenants, agreements, terms, provisions and conditions set forth in the Lease on the part of Tenant to be performed, and whereby such Affiliated Entity or Successor, as the case may be, shall expressly agree that the provisions of this Section 13 shall, notwithstanding such Transfer, continue to be binding upon it with respect to all future Transfers. For the purposes hereof, an **"Affiliated Entity"** shall be defined as any entity which is controlled by, is under common control with, or which controls Tenant. For the purposes hereof, a **"Successor"** shall be defined as any entity into or with which Tenant is merged or with which Tenant is consolidated or which acquires all or substantially all of Tenant's stock or assets, provided that the surviving entity shall have a net worth at least as great as Tenant's upon execution of this Lease. At Tenant's request and Tenant's sole cost and expense, Landlord shall execute such commercially reasonable documents and instruments as Tenant may reasonably request in connection with a Transfer.

13.8 Landlord's Termination Right. Landlord shall have the right to terminate this Lease by at least thirty (30) days' written notice to Tenant if Tenant shall permanently abandon the Premises (whether or not the keys shall have been surrendered or the Rent shall have been paid) and shall not be actively marketing the same for a Transfer.

14. INSURANCE; INDEMNIFICATION; EXCULPATION

14.1 Tenant's Insurance.

(a) Tenant shall procure, pay for and keep in force throughout the Term (and for so long thereafter as Tenant remains in occupancy of the Premises) commercial general liability insurance insuring Tenant on an occurrence basis against all claims and demands for personal injury liability (including, without limitation, bodily injury, sickness, disease, and death) or damage to property which may be claimed to have occurred from and after the time any of the Tenant Parties shall first enter the Premises, of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate, and from time to time thereafter shall be not less than such higher amounts, if procurable, as may be reasonably required by Landlord. Tenant shall also carry umbrella liability coverage in an amount of no less than Three Million Dollars ($3,000,000). Such policy shall also include contractual liability coverage covering Tenant's liability assumed under this Lease, including without limitation Tenant's indemnification obligations. Such insurance policy(ies) shall name Landlord, Landlord's managing agent and persons claiming by, through or under them, if any, as additional insureds.

(b) Tenant shall take out and maintain throughout the Term a policy of fire, vandalism, malicious mischief, extended coverage and so-called "all risk" coverage insurance in an amount equal to one hundred percent (100%) of the replacement cost insuring (i) all items or components of Alterations (collectively, the **"Tenant-Insured Improvements"**), and (ii) Tenant's furniture, equipment, fixtures and property of every kind, nature and description related or arising out of Tenant's leasehold estate hereunder, which may be in or upon the Premises or the Building, including without limitation Tenant's Equipment and any animals (collectively, **"Tenant's Property"**). Such insurance shall insure the interests of both Landlord and Tenant as their respective interests may appear from time to time.

(c) Tenant shall take out and maintain a policy of business interruption insurance throughout the Term in an amount no less than Five Million Dollars ($5,000,000).

(d) Tenant shall procure and maintain at its sole expense such additional insurance as may be necessary to comply with any Legal Requirements.

(e) The insurance required pursuant to Sections 14.1(a), (b), (c) and (d) (collectively, **"Tenant's Insurance Policies"**) shall be effected with insurers approved by Landlord, with a rating of not less than "A-XI" in the current *Best's Insurance Reports*, and authorized to do business in the Commonwealth of Massachusetts under valid and enforceable policies. Tenant's Insurance Policies shall each provide that it shall not be canceled or modified without at least thirty (30) days' prior written notice to each insured named therein. On or before the date on which any of the Tenant Parties shall first enter the Premises and thereafter not less than fifteen (15) days prior to the expiration date of each expiring policy, Tenant shall deliver to Landlord binders of Tenant's Insurance Policies issued by the respective insurers setting forth in full the provisions thereof together with evidence satisfactory to Landlord of the payment of all premiums for such policies. In the event of any claim, and upon Landlord's request, Tenant shall deliver to Landlord complete copies of Tenant's Insurance Policies. Upon request of Landlord, Tenant shall deliver to any Mortgagee copies of the foregoing documents.

14.2 Indemnification.

(a) Except to the extent caused by the negligence or willful misconduct of any of the Landlord Parties, Tenant shall defend, indemnify and save the Landlord Parties harmless from and against any and all Claims asserted by or on behalf of any person, firm, corporation or public authority arising from:

(i) Tenant's breach of any covenant or obligation under this Lease;

(ii) Any injury to or death of any person, or loss of or damage to property, sustained or occurring in, upon, at or about the Premises;

(iii) Any injury to or death of any person, or loss of or damage to property arising out of the use or occupancy of the Premises by or the negligence or willful misconduct of any of the Tenant Parties; and

(iv) On account of or based upon any work or thing whatsoever done (other than by Landlord or any of the Landlord Parties) at the Premises during the Term and during the period of time, if any, prior to the Commencement Date that any of the Tenant Parties may have been given access to the Premises.

(b) Landlord shall defend, indemnify and save Tenant harmless from and against any and all Claims asserted by or on behalf of any person, firm, corporation or public authority arising from (i) Landlord's breach of any covenant or obligation under this Lease; and (ii) any injury to or death of any person, or loss of or damage to property caused by the negligence or willful misconduct of any of the Landlord Parties.

14.3 Property of Tenant. Tenant covenants and agrees that, to the maximum extent permitted by Legal Requirements, all of Tenant's Property at the Premises shall be at the sole risk and hazard of Tenant, and that if the whole or any part thereof shall be damaged, destroyed, stolen or removed from any cause or reason whatsoever, no part of said damage or loss shall be charged to, or borne by, Landlord, except, subject to Section 14.5 hereof, to the extent such damage or loss is due to the negligence or willful misconduct of any of the Landlord Parties.

14.4 Limitation of Landlord's Liability for Damage or Injury. Landlord shall not be liable for any injury or damage to persons, animals, or property resulting from fire, explosion, falling plaster, steam, gas, air contaminants or emissions, electricity, electrical or electronic emanations or disturbance, water, rain or snow or leaks from any part of the Building or from the pipes, appliances, equipment or plumbing works or from the roof, street or sub-surface or from any other place or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, except to the extent caused by or due to the negligence or willful misconduct of any of the Landlord Parties, and then, where notice and an opportunity to cure are appropriate (i.e., where Tenant has an opportunity to know or should have known of such condition sufficiently in advance of the occurrence of any such injury or damage resulting therefrom as would have enabled Landlord to prevent such damage or loss had Tenant notified Landlord of such condition) only after (i) notice to Landlord of the condition claimed to constitute negligence or willful misconduct, and (ii) the expiration of a reasonable time after such notice has been received by Landlord without Landlord having commenced to take all reasonable and practicable means to cure or correct such condition; and pending such cure or correction by Landlord, Tenant shall take all reasonably prudent temporary measures and safeguards to prevent any injury, loss or damage to persons or property. Notwithstanding the foregoing, in no event shall any of the Landlord Parties be liable for any loss which is covered by insurance policies actually carried or required to be so carried by this Lease; nor shall any of the Landlord Parties be liable for any such damage caused by other tenants or persons in the Building or caused by operations in construction of any private, public, or quasi-public work; nor shall any of the Landlord Parties be liable for any latent defect in the Premises or in the Building except as expressly set forth in Section 3.5 above.

14.5 Waiver of Subrogation; Mutual Release. Landlord and Tenant each hereby waives on behalf of itself and its property insurers (none of which shall ever be assigned any such claim or be entitled thereto due to subrogation or otherwise) any and all rights of recovery, claim, action, or cause of action against the other and its agents, officers, servants, partners, shareholders, or employees (collectively, the **"Related Parties"**) for any loss or damage (other than rights of recovery, claims, actions and causes of action relating to damage to the roof of the Building caused by Tenant, but including rights of recovery, claims, actions, and causes of action relating to damage to the roof of the Building caused by any Casualty (hereinafter defined)) that may occur to or within the Premises or the Building or any improvements thereto, or any personal property of such party therein which is insured against under any property insurance policy actually being maintained by the waiving party from time to time, even if not required hereunder, or which would be insured against under the terms of any insurance policy required to be carried or maintained by the waiving party hereunder, whether or not such insurance coverage is actually being maintained, including, in every instance, such loss or damage that may be caused by the negligence of the other party hereto and/or its Related Parties. Landlord and Tenant each agrees to cause appropriate clauses to be included in its property insurance policies necessary to implement the foregoing provisions.

14.6 Tenant's Acts—Effect on Insurance. Tenant shall not do or permit any Tenant Party to do any act or thing upon the Premises or elsewhere in the Building which will invalidate or be in conflict with any insurance policies covering the Building and the fixtures and property therein; and shall not do, or permit to be done, any act or thing upon the Premises which shall subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or

operation being carried on upon said Premises or for any other reason. If by reason of the failure of Tenant to comply with the provisions hereof the insurance rate applicable to any policy of insurance shall at any time thereafter be higher than it otherwise would be, Tenant shall reimburse Landlord upon demand for that part of any insurance premiums which shall have been charged because of such failure by Tenant, together with interest at the Default Rate until paid in full, within thirty (30) days after receipt of an invoice therefor.

14.7 Landlord's Insurance. Landlord shall take out and maintain in force throughout the term hereof, in a company or companies authorized to do business in the Commonwealth of Massachusetts: (a) property insurance on the Building (exclusive of Tenant's Property and the Tenant-Insured Improvements) in an amount equal to the full replacement value of the Building (exclusive of foundations and those items set forth in the preceding parenthetical in this sentence), covering fire, vandalism, malicious mischief, extended coverage and so-called "all risk"; and (b) commercial general liability insurance against claims of bodily injury, personal injury and property damage arising out of Landlord's operation of the Property, in such amount as a prudent owner of similar property would carry or as otherwise required by any Mortgagee. The foregoing insurance may be maintained in the form of a blanket policy covering the Property as well as other properties owned by Landlord and/or Landlord's affiliates. Notwithstanding the foregoing provisions of this Section 14.7, the original Landlord named hereunder shall have the right, at any time during the term hereof, to self-insure all or any portion of the coverages required by this Section 14.7 so long as (i) Landlord is Massachusetts Institute of Technology or is affiliated with Massachusetts Institute of Technology, or (ii) Landlord (or the entity controlling Landlord) has a tangible net worth equal to or greater than One Hundred Million Dollars ($100,000,000).

15. CASUALTY; TAKING

15.1 Damage. If the Premises are damaged in whole or part because of fire or other casualty (**"Casualty"**), or if the Premises are subject to a taking in connection with the exercise of any power of eminent domain, condemnation, or purchase under threat or in lieu thereof (any of the foregoing, a **"Taking"**), then unless this Lease is terminated in accordance with Section 15.2 below, Landlord shall restore the Building and/or the Premises to substantially the same condition as existed immediately following completion of Landlord's Work, or in the event of a partial Taking which affects the Building and the Premises, restore the remainder of the Building and the Premises not so Taken to substantially the same condition as is reasonably feasible. If, in Landlord's reasonable judgment, any element of the Tenant-Insured Improvements can more effectively be restored as an integral part of Landlord's restoration of the Building or the Premises, such restoration shall also be made by Landlord, but at Tenant's sole cost and expense. Subject to rights of Mortgagees, Tenant Delays, Legal Requirements then in existence and to delays for adjustment of insurance proceeds or Taking Awards, as the case may be (Landlord hereby agreeing to use good faith diligent efforts to pursue such adjustment), and instances of Landlord's Force Majeure, Landlord shall substantially complete such restoration within one (1) year after said Casualty or Taking. Upon substantial completion of such restoration by Landlord, Tenant shall use diligent efforts to complete restoration of Tenant's Insured Improvements (if not restored by Landlord as provided above) and Tenant's Property to substantially the same condition, to the extent reasonably feasible, as existed immediately prior to such Casualty or Taking, as the case may be, as soon as reasonably possible. Tenant agrees to cooperate with Landlord in such manner as Landlord may reasonably request to assist Landlord in collecting insurance proceeds due in connection with any Casualty which affects the Premises or the Building (Landlord hereby agreeing to reimburse Tenant for the reasonable out of pocket costs and expenses incurred in connection therewith so long as Tenant provides Landlord with reasonable notice prior to incurring any material costs and expenses). In no event shall Landlord be required to expend more than the Net (hereinafter defined) insurance proceeds Landlord receives for damage to the Premises and/or the Building or the Net Taking award attributable to the Premises and/or the Building. **"Net"** means the insurance proceeds or Taking award actually paid to Landlord (and not paid over to a Mortgagee) less all reasonable costs and expenses, including adjusters and attorney's fees, of obtaining the same. Notwithstanding anything to the contrary set forth herein, any

deductible under any property insurance policy maintained by Landlord shall be included in Operating Expenses for the Operating Year during which a Casualty occurs. Except as Landlord may elect pursuant to this Section 15.1, under no circumstances shall Landlord be required to repair any damage to, or make any repairs to or replacements of, any Tenant-Insured Improvements.

15.2 Termination Rights.

(a) Landlord's Termination Rights. Landlord may terminate this Lease upon thirty (30) days' prior written notice to Tenant if:

(i) any material portion of the Building or any material means of access thereto is taken;

(ii) if the estimated time to complete restoration exceeds one (1) year from the date on which Landlord receives all required permits for such restoration.

(b) Tenant's Termination Right. If Landlord is so required but fails to complete restoration of the Premises within one (1) year after said Casualty or Taking, subject to rights of Mortgagees, Tenant Delays, Legal Requirements then in existence and instances of Landlord's Force Majeure, then Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord; provided, however, that if Landlord completes such restoration within thirty (30) days after receipt of any such termination notice, such termination notice shall be null and void and this Lease shall continue in full force and effect. The remedies set forth in this Section 15.2(b) and in Section 15.2(c) below are Tenant's sole and exclusive rights and remedies based upon Landlord's failure to complete the restoration of the Premises as set forth herein. If any Taking prevents all material means of access to or egress from the Premises, Tenant shall have the option to terminate this Lease upon thirty (30) days' written notice to Landlord.

(c) Either Party may Terminate. In the case of any Casualty affecting the Premises and occurring during the last twelve (12) months of the Term or any Taking at any time during the Term, then (i) if such Casualty or Taking results in more than twenty-five percent (25%) of the floor area of the Premises being unsuitable for the Permitted Uses, or (ii) the damage to the Premises from such Casualty or Taking costs more than $250,000 to restore, then either Landlord or Tenant shall have the option to terminate this Lease upon thirty (30) days' written notice to the other. In addition, in the event that more than fifty percent (50%) of the Building is damaged by Casualty, then either Landlord or Tenant shall have the option to terminate this Lease upon thirty (30) days' written notice to the other.

(d) Automatic Termination. In the case of a Taking of the entire Premises, then this Lease shall automatically terminate as of the date of possession by the Taking authority.

15.3 Taking for Temporary Use. If the Premises are Taken for temporary use, this Lease and Tenant's obligations, including without limitation the payment of Rent, shall continue. For purposes hereof, a "**Taking for temporary use**" shall mean a Taking of ninety (90) days or less.

15.4 Disposition of Awards. Except for any separate award for Tenant's movable trade fixtures, relocation expenses, and unamortized leasehold improvements paid for by Tenant (provided that the same may not reduce Landlord's award), all Taking awards to Landlord or Tenant shall be Landlord's property without Tenant's participation, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant may pursue its own claim against the Taking authority.

15.5 Rent Abatement. If all or any portion of the Premises are damaged by a Casualty or subject to a Taking, including a Taking for temporary use, (a) Tenant shall use good faith efforts to collect proceeds of its business interruption insurance; and (b) so long as Tenant uses such good faith efforts, to the extent Tenant's business interruption insurance does not fully cover Base Rent, Additional Rent on account of Operating Expenses and Additional Rent on account of Taxes, then Base Rent, Additional Rent on account of Operating Expenses and Additional Rent on account of Taxes shall be equitably

abated for the period from the date of such Casualty or Taking until the earlier of (a) the date that Landlord substantially completes Landlord's restoration work (provided that if Landlord would have completed Landlord's restoration work at an earlier date but for Tenant having failed to reasonably cooperate with Landlord in effecting such work or collecting insurance proceeds, then the Premises shall be deemed to have been repaired and restored on such earlier date), or (b) the date Tenant or other occupant reoccupies any portion of the Premises (in which case the Base Rent and Additional Rent allocable to such reoccupied portion shall be payable by Tenant from the date of such occupancy). The reasonable determination of Landlord's architect of the date Landlord's restoration to the Premises shall have been substantially completed shall be controlling.

16. ESTOPPEL CERTIFICATE. Tenant and Landlord shall at any time and from time to time upon not less than ten (10) days' prior notice from the other party, execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which Rent has been paid in advance, if any, stating whether or not the requesting party is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default, and such other facts as the requesting party may reasonably request, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Building or of any interest of Landlord or Tenant therein, any Mortgagee or prospective Mortgagee thereof, any lessor or prospective lessor thereof, any lessee or prospective lessee thereof, or any prospective assignee of any mortgage thereof. *Time is of the essence with respect to any such requested certificate*, Landlord and Tenant hereby acknowledging the importance of such certificates in mortgage financing arrangements, prospective sales and the like.

17. HAZARDOUS MATERIALS

17.1 Prohibition.

(a) Tenant shall not, without the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed, bring or permit to be brought or kept in or on the Premises or elsewhere in the Building or the Property any Hazardous Material (hereinafter defined) (except for standard office supplies stored in proper containers), other than the types and quantities of Hazardous Materials which are listed on Exhibit 6 attached hereto (**"Tenant's Hazardous Materials"**), provided that the same shall at all times be brought upon, kept or used in so-called 'control rooms' and in accordance with all applicable Environmental Laws (hereinafter defined) and prudent environmental practice and (with respect to medical waste and so-called "biohazard" materials) good medical practice. Tenant shall be responsible for assuring that all laboratory uses are adequately and properly vented. On or before each anniversary of the Commencement Date, and on any earlier date during the 12-month period on which Tenant intends to add a new Hazardous Material or materially increase the quantity of any Hazardous Material to the list of Tenant's Hazardous Materials, Tenant shall submit to Landlord an updated list of Tenant's Hazardous Materials for Landlord's review and approval, which approval shall be delivered within ten (10) days of Landlord's receipt of Tenant's updated list and which shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to timely respond to Tenant's request for approval of an updated list of Tenant's Hazardous Materials, Tenant shall have the right to deliver to Landlord a notice (an **"Update Notice"**) in the manner listed in Section 24 of this Lease. The Update Notice shall be delivered in an envelope that conspicuously states the following in bold caps **"NOTICE REQUIRING TIMELY RESPONSE"** and shall include (i) an explicit statement that the Update Notice is an "Update Notice" as provided in this Section 17.1 of the Lease, (ii) a copy of the initial request for approval (as well as the proposed updated list of Tenant's Hazardous Materials), and (iii) an explicit statement that the failure to respond to such request for approval will trigger the provisions of this Section 17.1. If Landlord fails to respond to the Update Notice Tenant within ten (10) days after receipt of the Update Notice, Landlord shall be deemed to have approved Tenant's proposed updated list of Tenant's Hazardous Materials.

(b) Landlord shall have the right, from time to time, to inspect the Premises for compliance with the terms of this Section 17.1, subject to the provisions of Sections 2.5 and 2.7. If any such inspection discloses a material violation of this Section 17, Tenant shall reimburse Landlord for the reasonable out-of-pocket costs and expenses incurred by Landlord in connection therewith. Notwithstanding the foregoing, with respect to any of Tenant's Hazardous Materials which Tenant does not properly handle, store or dispose of in material compliance with all applicable Environmental Laws (hereinafter defined), prudent environmental practice and (with respect to medical waste and so-called "biohazard materials) good medical practice, Tenant shall, upon written notice from Landlord regarding the same, no longer have the right to bring such material into the Building or the Property until Tenant has demonstrated, to Landlord's reasonable satisfaction, that Tenant has implemented programs to thereafter properly handle, store or dispose of such material.

17.2 Environmental Laws. For purposes hereof, **"Environmental Laws"** shall mean all laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority having jurisdiction concerning environmental, health and safety matters, including but not limited to any discharge by any of the Tenant Parties into the air, surface water, sewers, soil or groundwater of any Hazardous Material (hereinafter defined) whether within or outside the Premises, including, without limitation (a) the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., (b) the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (c) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., (d) the Toxic Substances Control Act of 1976, 15 U.S.C. Section 2601 et seq., and (e) Chapter 21E of the General Laws of Massachusetts. Tenant, at its sole cost and expense, shall comply with (i) Environmental Laws, and (ii) any rules, requirements and safety procedures of the Massachusetts Department of Environmental Protection, the City of Cambridge and any insurer of the Building or the Premises with respect to Tenant's use, storage and disposal of any Hazardous Materials.

17.3 Hazardous Material Defined. As used herein, the term **"Hazardous Material"** means asbestos, oil or any other petroleum product, any hazardous, inflammable, combustible, explosive, radioactive or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law. The term "**Hazardous Material**" includes, without limitation, oil and/or any material or substance which is (i) designated as a "hazardous substance," "hazardous material," "oil," "hazardous waste" or toxic substance under any Environmental Law.

17.4 Testing. If any Mortgagee or governmental authority requires testing to determine whether there has been any release of Hazardous Materials and such testing is required as a result of the acts or omissions of any of the Tenant Parties, then Tenant shall reimburse Landlord upon demand, as additional rent, for the reasonable costs thereof, together with interest at the Default Rate until paid in full. Tenant shall execute affidavits, certifications and the like, as may be reasonably requested by Landlord from time to time concerning Tenant's best knowledge and belief concerning the presence of Hazardous Materials in or on the Premises, the Building or the Property.

17.5 Indemnity. Tenant hereby covenants and agrees to indemnify, defend and hold the Landlord Parties harmless from and against any and all Claims against any of the Landlord Parties arising out of contamination of any part of the Property or other adjacent property, which contamination arises as a result of: (i) the presence of Hazardous Material in the Premises, the presence of which is caused by any act or omission of any of the Tenant Parties, or (ii) from a breach by Tenant of its obligations under this Section 17. This indemnification includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Building based upon the circumstances identified in the first sentence of this Section 17.5. The indemnification and hold harmless obligations under this Section 17.5 shall survive the expiration or any earlier termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the Building or otherwise in the Property is caused by any of the Tenant Parties and results in any contamination of any part of the Property or any adjacent property, Tenant shall promptly take all actions at Tenant's sole cost and expense as are necessary to return the

Property and/or the Building or any adjacent property to their condition as of the date of this Lease, provided that Tenant shall first obtain Landlord's approval of such actions, which approval shall not be unreasonably withheld, conditioned or delayed so long as such actions, in Landlord's reasonable discretion, would not potentially have any adverse effect on the Property, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws. At any time, upon written notice from Landlord to Tenant, Landlord shall have the right to assume responsibility for such remediation, in which event Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses incurred in connection therewith (such obligations shall survive the expiration or earlier termination of the Lease). In no event shall Tenant make any submittals to governmental authorities without Landlord's prior approval thereof; provided, however, if Environmental Laws require that a release be reported within seventy-two (72) hours, Landlord shall be provided with as much prior notice as is reasonably possible.

17.6 Disclosures. Prior to bringing any Hazardous Material into any part of the Property, Tenant shall deliver to Landlord the following information with respect thereto: (a) a description of handling, storage, use and disposal procedures; (b) all plans or disclosures and/or emergency response plans which Tenant has prepared, including without limitation Tenant's Spill Response Plan, and all plans which Tenant is required to supply to any governmental agency or authority pursuant to any Environmental Laws; and (c) other information reasonably requested by Landlord.

17.7 Tenant not Responsible. Notwithstanding anything to the contrary contained herein, Tenant shall not be responsible for any costs or expenses arising out of the presence of Oil and/or Hazardous Materials in, on, at or under the Property unless resulting from (a) the presence of Hazardous Material on the Property, the presence of which is caused by any act or wrongful omission of any of the Tenant Parties, or (b) a breach by Tenant of its obligations under this Section 17.

17.8 Landlord's Termination Right. Tenant shall promptly give written notice to the Landlord should Tenant become aware of any material release of Hazardous Materials on the Property. If Tenant fails to materially comply with the requirements of Environmental Laws following a release of Hazardous Materials on the Property by any Tenant Party, Landlord shall have the right to terminate this Lease by thirty (30) days written notice to Tenant.

17.9 Existence of Hazardous Materials. As of the date hereof, other than as disclosed to Tenant, Landlord has no knowledge of any Hazardous Materials at or affecting the Property other than as set forth in the documents listed on Exhibit 7 attached hereto and made a part hereof. As of the date hereof, Landlord has not received any written notice from governmental authorities alleging any violation of the Property of Environmental Laws that has not been cured.

17.10 Activity and Use Limitation. Reference is hereby made to that certain Notice of Activity and Use Limitation dated August 6, 1997, given by Landlord, recorded with the Middlesex South Registry of Deeds in Book 27554, Page 218, as affected by that certain Amendment and Ratification of Notice of Activity and Use Limitation recorded in Book 35391, Page 448, as further affected by Partial Termination of Notice of Activity and Use Limitation recorded in Book 52727, Page 369 (collectively, the **"AUL"**). The AUL is hereby incorporated into the Lease in full by this reference. Landlord and Tenant acknowledge that the Property is the subject of the AUL. In its use of and activities at the Property, Tenant shall fully comply with the terms and conditions of the AUL; provided, however, under no circumstances shall Tenant be required (a) to respond to releases of Hazardous Materials that are subject to the terms and conditions of the AUL that did not arise in connection with Tenant's use of or activities at the Property, or (b) to implement response actions to permit activities and uses inconsistent with the AUL in its form as of the date hereof, provided Tenant shall be responsible for any response actions necessary to maintain compliance with the AUL that are necessary as a result of or in connection with Tenant's use of or activities at the Property. Under no circumstances shall Tenant be considered the "owner" of the Property for the purposes of the AUL.

18. RULES AND REGULATIONS.

18.1 Rules and Regulations. Tenant will faithfully observe and comply with all reasonable rules and regulations promulgated from time to time with respect to the Building, the Property and construction within the Property for which Tenant shall have notice (collectively, the **"Rules and Regulations"**). The current version of the Rules and Regulations is attached hereto as Exhibit 4. In the case of any conflict between the provisions of this Lease and any future rules and regulations, the provisions of this Lease shall control. Landlord shall use commercially reasonable efforts to enforce the Rules and Regulations in a non-discriminatory manner against all tenants of the Building, provided Landlord shall not be liable to Tenant for violation of same by any other tenant, or occupant or their servants, employees, contractors, agents, invitees or licensees.

18.2 Energy Conservation. Notwithstanding anything to the contrary contained herein, Landlord, may institute upon written notice to Tenant such policies, programs and measures as may be reasonably necessary, required, or expedient for the conservation and/or preservation of energy or energy services (collectively, the **"Conservation Program"**), provided however, that the Conservation Program does not, by reason of such policies, programs and measures, reduce the level of energy or energy services being provided to the Premises below the level of energy or energy services then being provided in comparably aged, first-class combination laboratory, research and development and office buildings in the East Cambridge area, or as may be necessary or required to comply with Legal Requirements or standards or the other provisions of this Lease or materially adversely interfere with Tenant's business operations in the Premises. Upon receipt of such notice, Tenant shall comply with the Conservation Program.

18.3 Recycling. Upon written notice, Landlord may establish reasonable policies, programs and measures for the recycling of paper, products, plastic, tin and other materials (a **"Recycling Program"**). Upon receipt of such notice, Tenant will comply with the Recycling Program at Tenant's sole cost and expense.

19. LAWS AND PERMITS.

19.1 Legal Requirements. Tenant shall be responsible at its sole cost and expense for complying with (and keeping the Premises in compliance with) all Legal Requirements which are applicable to Tenant's particular use or occupancy of, or Alterations made by or on behalf of Tenant to, the Premises. Tenant shall furnish all data and information to governmental authorities, with a copy to Landlord, as required in accordance with Legal Requirements as they relate to Tenant's use or occupancy of the Premises or the Building. If Tenant receives notice of any violation of Legal Requirements applicable to the Premises or the Building, it shall give prompt notice thereof to Landlord. Nothing contained in this Section 19.1 shall be construed to expand the uses permitted hereunder beyond the Permitted Uses. Landlord shall comply with any Legal Requirements and with any lawful direction of any public office or officer relating to the maintenance or operation of (a) the Building as a combination laboratory, research and development and office building and (b) the Common Areas, and the reasonable out-of-pocket costs so incurred by Landlord shall be included in Operating Costs in accordance with the provisions of Section 5.2. The requirements of this Section 19.1 shall be subject to Section 17.7.

19.2 Required Permits. Tenant shall obtain and maintain all necessary federal, state and local licenses, permits and approvals needed for the operation of Tenant's business in the Premises and/or Tenant's Equipment (collectively, the **"Required Permits"**). Tenant, at Tenant's expense, shall at all times materially comply with the terms and conditions of each such Required Permit.

20. DEFAULT

20.1 Events of Default. The occurrence of any one or more of the following events shall constitute an **"Event of Default"** hereunder by Tenant:

(a) If Tenant fails to make any payment of Rent or any other payment required hereunder, as and when due, and such failure shall continue for a period of seven (7) days after notice thereof from Landlord to Tenant; provided, however, an Event of Default shall occur hereunder without

any obligation of Landlord to give any notice if (i) Tenant fails to make any payment within seven (7) days after the due date therefor, and (ii) Landlord has given Tenant written notice under this Section 20.1(a) on more than two (2) occasions during the twelve (12) month interval preceding such failure by Tenant;

(b) If Tenant shall fail to maintain any insurance required hereunder;

(c) If Tenant shall fail to restore the Security Deposit to its original amount or deliver a replacement Letter of Credit as required under Section 7 above;

(d) The failure by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified above, and such failure continues for more than thirty (30) days after notice thereof from Landlord; provided, further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion;

(e) Tenant shall admit in writing its inability to pay its debts generally as they become due, or by the making or offering to make a composition of its debts generally with its creditors;

(f) Tenant shall make an assignment or trust mortgage, or other conveyance or transfer of like nature, of all or a substantial part of its property for the benefit of its creditors;

(g) an attachment on mesne process, on execution or otherwise, or other legal process shall issue against Tenant or its property and a sale of any of its assets shall be held thereunder;

(h) any judgment, attachment or the like in excess of $1,000,000 shall be entered, recorded or filed against Tenant in any court, registry, etc. and Tenant shall fail to pay such judgment within thirty (30) days after the judgment shall have become final beyond appeal or to discharge or secure by surety bond such lien, attachment, etc. within thirty (30) days of such entry, recording or filing, as the case may be;

(i) the leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within sixty (60) days thereafter;

(j) a receiver, sequesterer, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's Property and such appointment shall not be vacated within sixty (60) days; or

(k) any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors, and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within sixty (60) days or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding.

20.2 Remedies. Upon an Event of Default, Landlord may, by notice to Tenant, elect to terminate this Lease; and thereupon (and without prejudice to any remedies which might otherwise be available for arrears of Rent or preceding breach of covenant or agreement and without prejudice to Tenant's liability for damages as hereinafter stated), upon the giving of such notice, this Lease shall terminate as of the date specified therein as though that were the Expiration Date. Upon such termination, Landlord shall have the right to utilize the Security Deposit or draw down the entire Letter of Credit, as applicable, and apply the proceeds thereof to its damages hereunder. Without being taken or deemed to be guilty of any manner of trespass or conversion, and without being liable to indictment, prosecution or damages therefor, Landlord may, by lawful process, enter into and upon the Premises (or any part thereof in the name of the whole); repossess the same, as of its former estate; and expel Tenant and those claiming under Tenant. The words "re-entry" and "re-enter" as used in this Lease are not restricted to their technical legal meanings.

20.3 Damages - Termination.

(a) Upon the termination of this Lease under the provisions of this Section 20, Tenant shall pay to Landlord Rent up to the time of such termination, shall continue to be liable for any preceding breach of covenant, and in addition, shall pay to Landlord as damages, at the election of Landlord, either:

(i) the amount (discounted to present value at the rate of eight percent (8%)) by which, at the time of the termination of this Lease (or at any time thereafter if Landlord shall have initially elected damages under Section 20.3(a)(ii) below), (x) the aggregate of Rent projected over the period commencing with such termination and ending on the Expiration Date, exceeds (y) the aggregate projected rental value of the Premises for such period, taking into account a reasonable time period during which the Premises shall be unoccupied, plus all Reletting Costs (hereinafter defined); or

(ii) amounts equal to Rent which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefor specified herein following such termination and until the Expiration Date, *provided, however*, if Landlord shall re-let the Premises during such period, that Landlord shall credit Tenant with the net rents received by Landlord from such re-letting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the reasonable expenses incurred or paid by Landlord in terminating this Lease, as well as the reasonable expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other similar and dissimilar expenses properly chargeable against the Premises and the rental therefrom (collectively, **"Reletting Costs"**), it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term; and *provided, further,* that (x) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder and (y) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this Section 20.3(a)(ii) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

(b) In calculating the amount due under Section 20.2(a)(i), above, there shall be included, in addition to the Base Rent, all other considerations agreed to be paid or performed by Tenant, including without limitation Tenant's Share of Operating Costs and Tenant's Share of Taxes on the assumption that all such amounts and considerations would have increased at the rate of three percent (3%) per annum for the balance of the full term hereby granted.

(c) Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been terminated hereunder.

(d) Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any Event of Default hereunder.

(e) Landlord shall use reasonable efforts to mitigate any damages hereunder following any termination of this Lease or any termination of Tenant's possession of the Premises. The obligation of Landlord to use reasonable efforts to mitigate damages shall not be construed to require Landlord to rent all or any portion of the Premises for a use which, or to a tenant who, would not qualify pursuant to the assignment provisions of this Lease, or to prioritize the renting of the Premises over other space which Landlord may have available in the Building, the Property or in other properties owned by Landlord or affiliates thereof.

20.4 Landlord's Self-Help; Fees and Expenses. If Tenant shall default in the performance of any covenant on Tenant's part to be performed in this Lease contained, including without limitation the obligation to maintain the Premises in the required condition pursuant to Section 10.1 above, and such default either continues beyond the expiration of applicable cure periods or poses imminent risk of damage or injury to persons or property, Landlord may, upon reasonable advance notice, except that no notice shall be required in an emergency, immediately, or at any time thereafter, perform the same for the account of Tenant. Tenant shall pay to Landlord upon demand therefor any reasonable costs incurred by Landlord in connection therewith, together with interest at the Default Rate until paid in full. In addition, Tenant shall pay all of Landlord's reasonable costs and expenses, including without limitation reasonable attorneys' fees, incurred (i) in enforcing any obligation of Tenant under this Lease or (ii) as a result of Landlord or any of the Landlord Parties, without its fault, being made party to any litigation pending by or against any of the Tenant Parties.

20.5 Waiver of Redemption, Statutory Notice and Grace Periods. Tenant does hereby waive and surrender all rights and privileges which it might have under or by reason of any present or future Legal Requirements to redeem the Premises or to have a continuance of this Lease for the Term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided. Except to the extent prohibited by Legal Requirements, any statutory notice and grace periods provided to Tenant by law are hereby expressly waived by Tenant.

20.6 Landlord's Remedies Not Exclusive. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be lawfully entitled, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for.

20.7 No Waiver. Landlord's failure to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, or any of the Rules and Regulations promulgated hereunder, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of such Rules and Regulations against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. No provisions of this Lease shall be deemed to have been waived by either party unless such waiver be in writing signed by such party. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease provided.

20.8 Restrictions on Tenant's Rights. During the continuation of any Event of Default, Tenant shall not have the right to make, nor request Landlord's consent or approval with respect to, any Alterations or Transfers.

20.9 Landlord Default. Notwithstanding anything to the contrary contained in the Lease, Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default, provided Landlord commences cure within 30 days and diligently prosecutes such cure to completion) after notice by Tenant to Landlord properly specifying wherein Landlord has failed to perform any such obligation. Following such default, Tenant may exercise any or all of its available rights and remedies at law or in equity including, without limitation, actions for damages, injunctive relief and/or termination of the Lease if available. Except as expressly set forth in this Lease, Tenant shall not have the right to terminate or cancel this Lease or to

withhold rent or to set-off or deduct any claim or damages against rent as a result of any default by Landlord or breach by Landlord of its covenants or any warranties or promises hereunder, except in the case of a wrongful eviction of Tenant from the Premises (constructive or actual) by Landlord, unless same continues after notice to Landlord thereof and a opportunity for Landlord to cure the same as set forth above. In addition, Tenant shall not assert any right to deduct the cost of repairs or any monetary claim against Landlord from rent thereafter due and payable under this Lease.

21. SURRENDER; ABANDONED PROPERTY; HOLD-OVER

21.1 Surrender

(a) Upon the expiration or earlier termination of the Term, Tenant shall (i) peaceably quit and surrender to Landlord the Premises (including without limitation all lab benches, fume hoods, electric, plumbing, heating and sprinkling systems, fixtures and outlets, vaults, paneling, molding, shelving, radiator enclosures, cork, rubber, linoleum and composition floors, ventilating, silencing, air conditioning and cooling equipment therein) broom clean, in good order, repair and condition excepting only ordinary wear and tear and damage by fire or other insured Casualty; (ii) remove all of Tenant's Property, all autoclaves and cage washers and, to the extent specified by Landlord in accordance with Section 11.1, Alterations made by Tenant; (iii) deliver to Landlord a certification from an industrial hygienist reasonably acceptable to Landlord certifying that the Premises do not contain any Hazardous Materials; and (iv) repair any damages to the Premises or the Building caused by the installation or removal of Tenant's Property and/or such Alterations. Tenant shall have no obligation to remove any of Landlord's Work. Tenant's obligations under this Section 21.1(a) shall survive the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Tenant shall have the right to remove the following Tenant-installed items at the expiration or earlier termination of this Lease, unless the same were paid for in whole or in part by Landlord: nitrogen generators, uninterruptible power supplies, air compressors, cryotanks, vacuum pumps, glass washes, reverse osmosis/de-ionization equipment, and nuclear magnetic resonance equipment.

(b) No act or thing done by Landlord during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing signed by Landlord. Unless otherwise agreed by the parties in writing, no employee of Landlord or of Landlord's agents shall have any power to accept the keys of the Premises prior to the expiration or earlier termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises.

21.2 Abandoned Property. After the expiration or earlier termination hereof, if Tenant fails to remove any property from the Building or the Premises which Tenant is obligated by the terms of this Lease to remove within five (5) business days after written notice from Landlord, such property (the **"Abandoned Property"**) shall be conclusively deemed to have been abandoned, and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any item of Abandoned Property shall be sold, Tenant hereby agrees that Landlord may receive and retain the proceeds of such sale and apply the same, at its option, to the reasonable expenses of the sale, the reasonable cost of moving and storage, any damages to which Landlord may be entitled under Section 20 hereof or pursuant to law, and to any arrears of Rent.

21.3 Holdover. If any of the Tenant Parties holds over after the end of the Term, Tenant shall be deemed a tenant-at-sufferance subject to the provisions of this Lease; provided that whether or not Landlord has previously accepted payments of Rent from Tenant, (i) Tenant shall pay Base Rent at 150% of the highest rate of Base Rent payable during the Term, (ii) Tenant shall continue to pay to Landlord all additional rent, and (iii) Tenant shall be liable for all damages, including without limitation consequential damages, incurred by Landlord as a result of such holding over, Tenant hereby acknowledging that Landlord may need the Premises after the end of the Term for other tenants and that the damages which Landlord may suffer as the result of Tenant's holding over cannot be determined as of the Execution Date. Nothing contained herein shall grant Tenant the right to holdover after the expiration or earlier termination of the Term.

22. MORTGAGEE RIGHTS

22.1 Subordination. Provided that the applicable Mortgagee executes a commercially reasonable so-called subordination, non-disturbance and attornment agreement (**"SNDA"**), in recordable form, with respect to this Lease, whereby such Mortgagee agrees not to disturb the possession of Tenant under this Lease or to join Tenant in summary or foreclosure proceedings in the event such Mortgagee terminates its ground lease or foreclose its Mortgage, as applicable (unless such joinder is necessary to terminate Landlord's possession and then only for such purpose and not for the purpose of terminating this Lease), Tenant's rights and interests under this Lease shall be (i) subject and subordinate to any ground lease, and to any mortgages, deeds of trust, overleases, or similar instruments covering the Premises, the Building and/or the Land and to all advances, modifications, renewals, replacements, and extensions thereof (each of the foregoing, a **"Mortgage"**), or (ii) if any Mortgagee elects, prior to the lien of any present or future Mortgage. Tenant further shall attorn to and recognize any successor landlord, whether through foreclosure or otherwise, as if the successor landlord were the originally named landlord. The provisions of this Section 22.1 shall be self-operative and no further instrument shall be required to effect such subordination or attornment; however, Tenant agrees to execute, acknowledge and deliver such instruments, confirming such subordination and attornment in such form as shall be requested by any such holder within fifteen (15) days of request therefor.

22.2 Notices. Provided that Tenant had been provided with notice of Mortgagee's address, Tenant shall give each Mortgagee the same notices given to Landlord concurrently with the notice to Landlord, and each Mortgagee shall have a reasonable opportunity thereafter to cure a Landlord default, and Mortgagee's curing of any of Landlord's default shall be treated as performance by Landlord.

22.3 Intentionally Deleted.

22.4 Mortgagee Liability. Tenant acknowledges and agrees that if any Mortgage shall be foreclosed, (a) the liability of the Mortgagee and its successors and assigns shall exist only so long as such Mortgagee or purchaser is the owner of the Premises, and such liability shall not continue or survive after further transfer of ownership; and (b) such Mortgagee and its successors or assigns shall not be (i) liable for any act or omission of any prior lessor under this Lease; (ii) liable for the performance of Landlord's covenants pursuant to the provisions of this Lease which arise and accrue prior to such entity succeeding to the interest of Landlord under this Lease or acquiring such right to possession; (iii) subject to any offsets or defense which Tenant may have at any time against Landlord; (iv) bound by any base rent or other sum which Tenant may have paid previously for more than one (1) month; or (v) liable for the performance of any covenant of Landlord under this Lease which is capable of performance only by the original Landlord; provided, however, that the foregoing shall not release such Mortgagee and/or its successors or assigns from liability for any default of its obligations under the Lease continuing after the date on which such Mortgagee succeeds to Landlord's interest hereunder, including without limitation any maintenance obligations.

23. QUIET ENJOYMENT. Landlord covenants that so long as Tenant keeps and performs each and every covenant, agreement, term, provision and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall peaceably and quietly hold, occupy and enjoy the Premises during the Term from and against the claims of all persons lawfully claiming by, through or under Landlord subject, nevertheless, to the covenants, agreements, terms, provisions and conditions of this Lease, any matters of record or of which Tenant has knowledge and to any Mortgage to which this Lease is subject and subordinate, as hereinabove set forth.

24. NOTICES. Any notice, consent, request, bill, demand or statement hereunder (each, a **"Notice"**) by either party to the other party shall be in writing and shall be deemed to have been duly given when either delivered by hand or by nationally recognized overnight courier (in either case with evidence of delivery or refusal thereof) addressed as follows:

If to Landlord:	Massachusetts Institute of Technology c/o MIT Investment Management Company 238 Main Street, Suite 200 Cambridge, MA 02142 Attention: Steven C. Marsh
With copies to:	Goulston & Storrs, P.C. 400 Atlantic Avenue Boston, MA 02110 Attention: Colleen P. Hussey, Esquire
and	Meredith & Grew 55 Hayward Street Cambridge, MA 02142 Attention: Kristina Descoteaux
if to Tenant:	Aileron Therapeutics, Inc. 281 Albany Street Cambridge, MA 02139 Attention: Steven Kafka
With a copy to:	Choate, Hall & Stewart, LLP Two International Place Boston, MA 02110 Attention: Henry M. Rosen, Esquire

Notwithstanding the foregoing, any notice from Landlord to Tenant regarding ordinary business operations (such as exercise of a right of access to the Premises or maintenance activities or invoices, but expressly not a default or any notice which may materially impact Tenant's rights hereunder) may also be given by written notice delivered by facsimile to any person at the Premises whom Landlord reasonably believes is authorized to receive such notice on behalf of Tenant without copies as specified above. Either party may at any time change the address or specify an additional address for such Notices by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed or additional address, provided such changed or additional address is within the United States. Notices shall be effective upon the date of receipt or refusal thereof.

25. INTENTIONALLY OMITTED.

26. MISCELLANEOUS

26.1 Separability. If any provision of this Lease or portion of such provision or the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of this Lease (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

26.2 Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent of any provisions thereof.

26.3 Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Lease other than Colliers Meredith & Grew and Cushman & Wakefield (collectively, **"Broker"**). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of the representation and warranty set forth in the immediately preceding sentence. Landlord shall be solely responsible for the payment of any brokerage commissions to Broker.

26.4 Entire Agreement. This Lease, Lease Summary Sheet and Exhibits 1-6 attached hereto and incorporated herein contain the entire and only agreement between the parties and any and all statements and representations, written and oral, including previous correspondence and agreements between the parties hereto, are merged herein. Tenant acknowledges that all representations and statements upon which it relied in executing this Lease are contained herein and that Tenant in no way relied upon any other statements or representations, written or oral. This Lease may not be modified orally or in any manner other than by written agreement signed by the parties hereto.

26.5 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and any applicable local municipal rules, regulations, by-laws, ordinances and the like.

26.6 Representation of Authority. By his or her execution hereof, each of the signatories on behalf of the respective parties hereby warrants and represents to the other that he or she is duly authorized to execute this Lease on behalf of such party. Upon Landlord's request, Tenant shall provide Landlord with evidence that any requisite resolution, corporate authority and any other necessary consents have been duly adopted and obtained.

26.7 Expenses Incurred by Landlord Upon Tenant Requests. Tenant shall, upon demand, reimburse Landlord for all reasonable expenses, including, without limitation, legal fees, incurred by Landlord in connection with all requests by Tenant for consents, approvals or execution of collateral documentation related to this Lease, including, without limitation, costs incurred by Landlord in the review and approval of Tenant's plans and specifications in connection with proposed Alterations to be made by Tenant to the Premises or in connection with requests by Tenant for Landlord's consent to make a Transfer, not to exceed $5,000 per request. Such costs shall be deemed to be additional rent under this Lease.

26.8 Survival. Without limiting any other obligation of Landlord or Tenant which may survive the expiration or prior termination of the Term, all obligations on the part of Landlord and Tenant to indemnify, defend, or hold the other party harmless, as set forth in this Lease shall survive the expiration or prior termination of the Term.

26.9 Limitation of Liability. Tenant shall neither assert nor seek to enforce any claim against Landlord or any of the Landlord Parties, or the assets of any of the Landlord Parties, for breach of this Lease or otherwise, other than against Landlord's interest in the Building and in the uncollected rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease. This Section 26.9 shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord. **Landlord and Tenant specifically agree that in no event shall any officer, director, trustee, employee or representative of Landlord or any of the other Landlord Parties or Tenant or any of the other Tenant Parties ever be personally liable for any obligation under this Lease, nor shall Landlord or any of the other Landlord Parties or, subject to Section 21.3 above, Tenant or any of the other Tenant Parties be liable for consequential or incidental damages or for lost profits whatsoever in connection with this Lease.**

26.10 Binding Effect. The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Section 13 hereof shall operate to vest any rights in any successor or assignee of Tenant.

26.11 Landlord Obligations upon Transfer. Upon any sale, transfer or other disposition of the Building, Landlord shall be entirely freed and relieved from the performance and observance thereafter of all covenants and obligations hereunder on the part of Landlord to be performed and observed, it being understood and agreed in such event (and it shall be deemed and construed as a covenant running with the land) that the person succeeding to Landlord's ownership of said reversionary interest shall thereupon and thereafter assume, and perform and observe, any and all of such covenants and obligations of Landlord, except as otherwise agreed in writing.

26.12 No Grant of Interest. Tenant shall not grant any security interest whatsoever in (a) any fixtures within the Premises, but specifically excluding Tenant's trade fixtures or specialty equipment unless paid for in whole or in part by Landlord or (b) any item paid in whole or in part by Landlord without the consent of Landlord.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties hereto have executed this Lease as a sealed instrument as of the Execution Date.

LANDLORD

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

By: MIT Investment Management Company, its authorized agent

By: /s/ Seth D. Alexander
Seth D. Alexander, President

TENANT

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
Joseph A. Yanchik III, President and Chief Executive Officer

EXHIBIT 1

LEASE PLAN

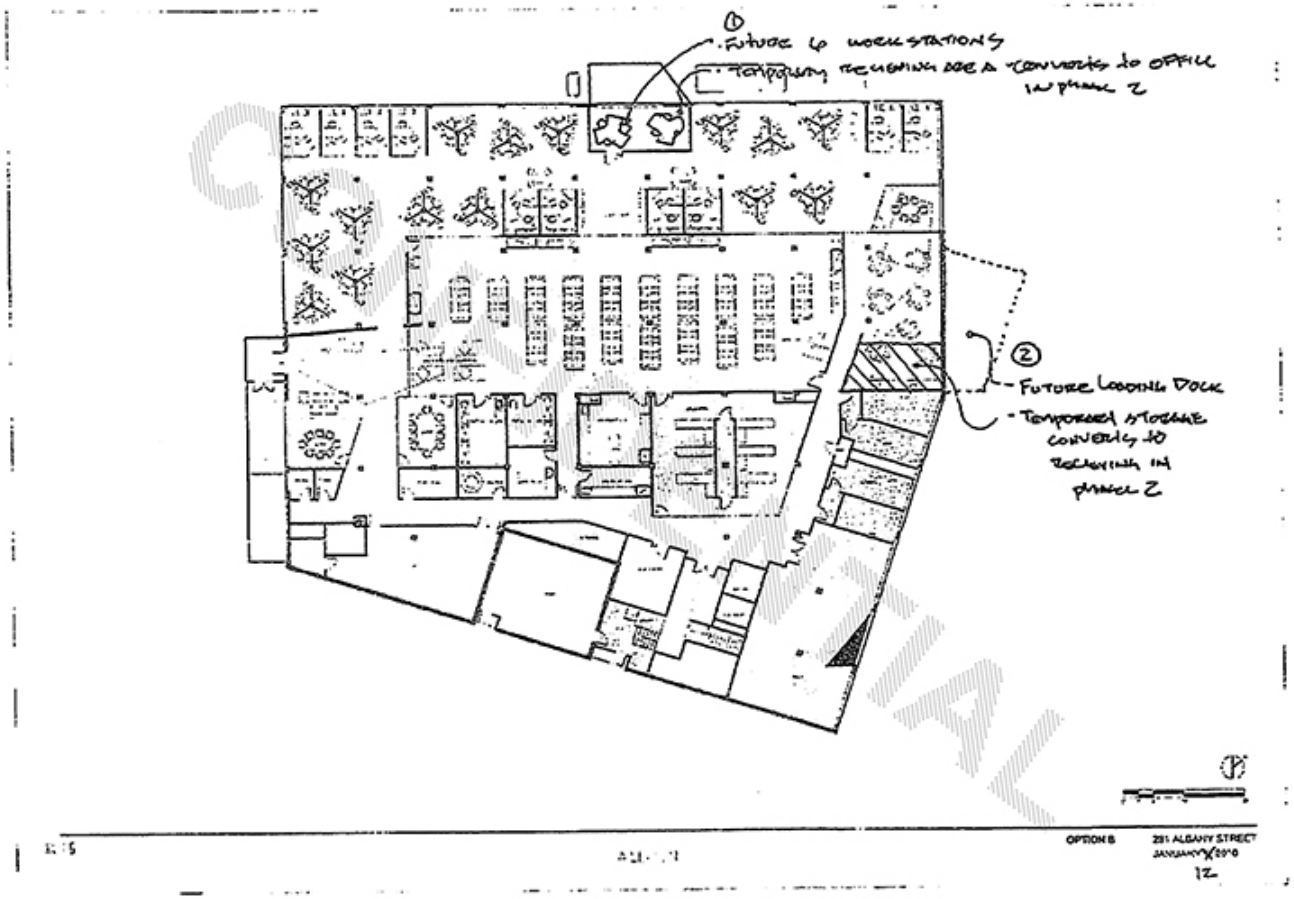

① Future 6 workstations
Temporary relocation area & connection to office in phase 2
② Future Loading Dock
- Temporary storage converted to relocation in phase 2
OPTION B
231 ALBANY STREET

EXHIBIT 2

LEGAL DESCRIPTION

Parcel 1: 281 Albany Street

A certain parcel of land with the buildings thereon situated on the Northerly side of Albany Street in Cambridge, Middlesex County, Massachusetts, bounded and described as follows:

Beginning at a point in the Northerly line of Albany Street distant, as measured along said line of said street, one hundred five and 40/100 (105.40) feet Easterly from the tangent point of the curve at the junction of said Albany and Eric Streets and thence running:

EASTERLY	on said Albany Street on two lines together measuring one hundred fifty two and 38/100 (152.38) feet; thence turning at a right angle and running in a straight line in a
NORTHWESTERLY	direction by the first parcel of land described above, one hundred three and 93/100 (103.93) feet; thence continuing in a straight line but more
NORTHERLY	by said first parcel about eighty three and 93/100 (83.93) feet to the Southeasterly line of Waverly Street; thence turning and running
SOUTHWESTERLY	by Waverly Street about one hundred seventy five and 22/100 (175.22) feet; thence turning at about a right angle and running
SOUTHEASTERLY	by land of Ararat Grocery Company about one hundred thirty five and 54/100 feet to Albany Street at the point of beginning.

Containing about 27,243 square feet, be any or all of said measurements or contents more or less or however otherwise the said premises may be bounded, measured, or described.

Parcel 2: 295 Albany Street

A certain parcel in Cambridge, Middlesex County, Massachusetts, bounded and described as follows:

SOUTHEASTERLY	by the northwesterly line of Albany Street one hundred five and 38/100 (105.38) feet;
SOUTHERLY	by the northerly line forming the junction of said Albany Street and Erie Street, thirty-eight and 04/100 (38.04) feet;
SOUTHWESTERLY	by the northeasterly line of said Erie Street, fifty-six and 18/100 (56.18) feet;

WESTERLY	by land now or formerly of the City of Cambridge, twenty-seven and 28/100 (27.28) feet;
NORTHWESTERLY	by the southeasterly line of Waverly Street, one hundred and 00/100 (100.00) feet; and
NORTHEASTERLY	by land now or formerly of Edmund J. MacDonald et al, one hundred thirty-five and 54/100 (135.54) feet.

The above described land is subject to a taking by the Commonwealth of Massachusetts (Metro District Comm) of perpetual right and easement in, through and under part within described land for drainage purposes, recorded as Document No. 499024.

EXHIBIT 3

LANDLORD'S WORK

Landlord's Work shall consist of the Base Building Work (hereinafter described) and Tenant's Fitout (hereinafter described).

The Base Building Work consists of the following:

- Exterior envelope, as detailed on the plan attached to the Lease as Exhibit 3B and made a part hereof (the **"Elevation Plan"**):
  - Remove metal panels along Albany Street façade (1st & 2nd Floor)
  - Existing masonry with new window openings and replacement of existing aluminum window systems
- New tenant entry vestibule with accessible ramp at Southwest Façade
- M/E/P/FP Systems, as detailed in the lease matrix attached to the Lease as Exhibit 3A and made a part hereof (the **"Lease Matrix"**) and summarized below:
  - Penthouse equipment stubbed out to tenant space
  - Sprinkler system based on light hazard occupancy
  - Air handling unit capacity based on 70,000 CFM total air flow, 30,000 CFM of outside air flow
  - Power provided for lab areas with 15 watts/usable SF and office areas with 8 watts/usable SF.
- Renovated finishes at Albany Street Entry, Elevator Lobby, and Toilet Rooms
- Receiving area at Loading Dock
- Code required signage

The Tenant Fitout consists of the following:

- M/E/P/FP Distribution as detailed in attached Lease Matrix, including hard connections to the following lab equipment (which is to be provided by Tenant): Air Compressor, vacuum pump, RO/DI equipment, Glasswash and Autoclave
- Finishes:
  - Walls: drywall partitions, frameless interior glazing - 8'x8' frameless glass window at the Chem Synth area adjacent to Tenant's reception area, three 4' high by 8' wide interior frameless glass windows along the Lab/Office line; wood doors with aluminum frames
  - Ceilings: acoustic ceiling tiles – 2'x4' in Lab areas, 2'x2' in Office areas, direct/indirect light fixtures, diffusers
  - Paint: latex in Labs and Offices, epoxy in Glasswash
  - Flooring: resilient flooring in lab areas, epoxy in Glasswash & wet areas, carpet in office areas
  - Millwork: Café and Copy Room – base cabinets, wall cabinets, plastic laminate countertop; two Phone Rooms – plastic laminate countertop

- Window Treatments – horizontal mini-blinds, no room darkening shades

- Lab Casework – metal or wood with standard color epoxy tops

Upon Substantial Completion of Landlord's Work, Landlord shall deliver the Premises to Tenant in compliance with Legal Requirements and with all base Building systems, including, without limitation, HVAC, electrical, plumbing and life/safety systems, in good operating condition.

For clarification purposes only, Landlord's Work does not include any of the following, all of which shall be performed and/or provided and installed, as applicable, by Tenant at Tenant's cost:

- All Lab equipment, including without limitation NMR
- Furniture, including Reception desk, workstations, office furniture, Café furniture, Conference Room furniture, and all miscellaneous loose furniture
- Audio-Visual
- Security
- Tel-data
- Signage for way-finding and graphics
- Exterior Signage

EXHIBIT 3A

LEASE MATRIX

[SEE ATTACHED 6 PAGES]

EXHIBIT 3A
LEASE MATRIX

281 Albany Street, Cambridge, MA

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT
February 2, 2010

	DESCRIPTION	SHELL/CORE	FIT OUT
Sitework	Existing 4 inch telephone conduit from outside building into Ground Floor Demarc Room.	X	
	Existing TV conduit	X	
	Sanitary sewer connection, lab waste connection	X	
	Domestic water service, natural gas service to building.	X	
Code Compliance	Building construction in accordance with requirements of Massachusetts State Building Code, 7th edition.	X	X
Structure	Floor live load capacity is adequate for typical Lab / Office Use	X	
	Floor to floor heights: Ground - Second Floor = 14’-10” Second Floor - Roof = 13’-8”	X	
	Dunnage at penthouse and roof for tenant equipment		X
	Framed openings for shafts for Tenant’s use		X
	Miscellaneous metal items (lintels, elevator sills, canopy framing, etc.) related to base building construction.	X	
	Miscellaneous metal items and concrete pads related to tenant fit-out.		X
Exterior	Existing exterior wall consists of metal panels, painted cast-in-place concrete, and concrete block masonry with aluminum window systems.	X	
Roofing	Roofing penetrations and/or curbs for tenant equipment or systems, to be made in accordance with roofing manufacturer’s details and warranty requirements.		X
	Walkway pads to base building and base building upgrade mechanical equipment.	X	
	Walkway pads to tenant mechanical equipment.		X

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT

	DESCRIPTION	SHELL/CORE	FIT OUT
Common Areas	Finished first floor building lobby and egress corridors.	X	
	Finished toilet rooms.	X	
	Janitor, electrical and telephone closets.	X	
	Exit stairways with painted walls.	X	
	Receiving area at loading dock	X	
	Ground Floor mechanical rooms for Tenant PH Systems.	X	
	Ground Floor mechanical rooms for tenant equipment, if any		X
	Doors and frames at common areas: hollow metal frames; hollow metal doors at service areas, solid core wood doors at other areas, and lever hardware.	X	
	Doors, frames, and hardware at tenant areas.		X
Elevators	One passenger / service elevator	X	
Window Treatment	Building standard blinds for all windows.		X
Tenant Areas	Painted drywall inside face of exterior wall, with vapor barrier and primed MDO window sills.		X
	Partitions, ceilings, flooring, painting, finishes, doors, millwork, and all build-out within tenant area.		X
	Shaft enclosures for base building systems.	X	
	Shaft enclosures for tenant systems.		X
Fire Protection	Sprinkler system with fire department valves and based on light hazard occupancy.	X	
	Fire service and double-check valve assembly.	X	
	Alarm check valve and Fire Department connection.	X	
	Floor control valve assemblies and test drains.	X	

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT

	DESCRIPTION	SHELL/CORE	FIT OUT
	Sprinkler coverage to all core areas.	X	
	Flow switches, tamper switches, pressure switches.	X	
	Modification of sprinkler piping and head layout to suit tenant build-out and Tenant hazard index.		X
Plumbing	Domestic sanitary waste piping for Base Building and Tenant use.	X	
	Lab waste piping connection within building for Tenant use.	X	
	Storm system connection and roof drainage system.	X	
	Natural gas service to building for Base Building and Tenant use.	X	
	Tenant gas service including meter and distribution piping for Tenant services.		X
	Domestic cold water service to building	X	
	Potable and non-potable risers with valve/cap connections at each floor for Tenant use.	X	
	Potable cold water distribution to Base Building equipment and common areas.	X	
	Base Building toilet/janitor core including cold water, hot water, waste and vent systems.	X	
	Domestic hot water and non-potable hot water heating equipment	X	
	Potable and non-potable distribution piping from Base Building systems to Tenant areas.		X
	Lab waste and vent distribution systems		X
	pH neutralization system.		X
	Tenant potable and non-potable hot water distribution system.		X
	Distribution system for air compressor.		X

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT

	DESCRIPTION	SHELL/CORE	FIT OUT
	Distribution system for vacuum pump.		X
	Distribution system for RO/DI equipment.		X
	Gas cylinders and distribution system (ie: nitrogen co2, argon, etc.)		X
	Tempered water heater and distribution piping to Tenant pH neutralization system area eyewash/shower unit.	X	
	Tenant tempered water eyewash/showers and distribution piping.		X
HVAC	Air handling units, general exhaust system, and hot water system operate 24/7.	X	
	Occupant load for heating and cooling systems design based on 150 SF/person in office areas and 400 SF/person in lab areas.	X	
	Air handling unit capacity based on 70,000 CFM total air flow, 30,000 CFM of outside air flow	X	
	Supply air ductwork risers with connections at vertical shafts for tenant use.	X	
	Horizontal supply air ductwork distribution system from shaft connections for tenant areas.		X
	General exhaust system have an estimated capacity of 30,000 CFM	X	
	Exhaust air ductwork risers with connections at vertical shafts for tenant use.	X	
	Horizontal exhaust air ductwork distribution system from shaft connections for tenant areas.		X
	Base Building common area ventilation system (ie; penthouse, mechanical rooms, electric rooms, tel/data rooms, lobby, common toilet core, and loading dock).	X	
	Air cooled chiller (40 tons) serving office and lab fan coil units including risers for tenant use	X	

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT

	DESCRIPTION	SHELL/CORE	FIT OUT
	Low pressure steam generating plant and hot water plant serving air handling units, common areas and tenant steam/hot water systems with valve/cap connections per floor for Tenant use	X	
	Tenant hot water distribution piping from risers.		X
	Tenant chilled water distribution piping from risers.		X
	Steam distribution piping system.		X
	Dedicated Tenant specialty systems (ie: cold rooms, warm rooms, IT rooms, specialty exhaust etc.) to the extent Tenant notifies Landlord of the need therefor prior to Execution Date		X
	Automatic temperature control system for Base building equipment and common areas.	X	
	Automatic temperature control system for Tenant equipment and areas.		X
Electric	Pad mounted transformer with utility-supplied 480/277V, 3 phase, 4 wire with 2,000 amp capacity.	X	
	(1) 480/277V, 3 phase, 4 wire main switchboard, 2,000amp, single meter for base building and tenant systems.	X	
	Power provided for lab areas with 15 watts/usable sf and office areas with 8 watts/usable sf.	X	
	Battery packs for base building life safety systems	X	
	Battery packs for life safety systems for Tenant areas		X
	Electric closets at floors for base building systems and core areas.	X	
	Electric closets for tenant areas.		X

ALL SCOPE BY LANDLORD: SHELL CORE AND FIT OUT

DESCRIPTION	SHELL/CORE	FIT OUT
Addressable Fire Alarm System, Fire Alarm devices to Base Building common areas, mechanical/electrical rooms and provisions for Tenant expansion.	X	
Fire Alarm devices within Tenant areas, connected to Base Building system		X
Lighting in common and base building areas.	X	
Lighting in tenant areas.		X
Base Building telecommunications room.	X	
Tele Communications conduit between floors connecting sleeves by Tenant.		X

EXHIBIT 3B

ELEVATION PLAN

KUNG STUBBINS
12.10.09

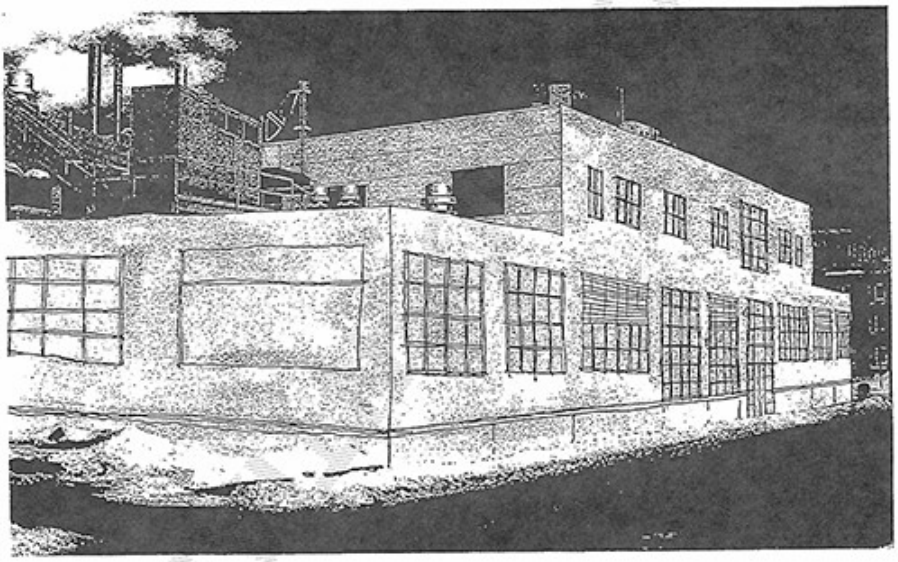


EXHIBIT 4

RULES AND REGULATIONS

1. Lessees and their employees, shall not in any way obstruct the sidewalks and at no time shall lessees permit their employees to loiter on or about the Land.

2. Subject to the Permitted Use, no animals, except Seeing Eye dogs, shall be brought into or kept in, on or about the Premises.

3. The restroom fixtures shall be used only for the purpose for which they were constructed and no rubbish, ashes, or other substances of any kind shall be thrown into them. Lessee will bear the expense of any damage resulting from misuse.

4. Lessee shall not place any additional lock or locks on any exterior door in the Premises or Building without Lessor's prior written consent. A reasonable number of keys to the locks on the doors in the Premises shall be furnished by Lessor to Lessee at the cost of Lessee, and Lessee shall not have any duplicate keys made. All keys shall be returned to Lessor at the expiration or earlier termination of this Lease.

5. Lessor reserves the right to exclude or expel from the Building any persons who, in the judgment of Lessor, is intoxicated under the influence of liquor or drugs.

6. Lessees shall not perform improvements or alterations within the Building or their premises, if the work has the potential of disturbing the fireproofing which has been applied on the surfaces of structural steel members, without the prior written consent of Lessor.

7. Lessees shall engage a termite and pest extermination service to control termites and pests in the Premises.

8. Lessees shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Lessor, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Lessees shall not furnish any cooling or heating to the Premises, including, without limitation, the use of any electronic or gas heating devices, without Lessor's prior written consent.

9. Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Lessor for such purposes.

10. Lessor may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents, provided that Lessee shall have access to the Building 24 hours per day, 7 days a week. Lessee, lessee's agents, employees, contractors, guests and invitees shall comply with Lessor's reasonable requirements relative thereto.

11. Canvassing, soliciting, and peddling in or about the Building is prohibited. Lessees shall cooperate and use best efforts to prevent the same.

12. At no time shall Lessees permit or shall lessee's agents, employees, contractors, guests, or invitees smoke in any area of the Building.

EXHIBIT 5

FORM OF LETTER OF CREDIT

BENEFICIARY:	ISSUANCE DATE:
< > [LANDLORD]	
	IRREVOCABLE STANDBY LETTER OF CREDIT NO.
ACCOUNTEE/APPLICANT:	MAXIMUM/AGGREGATE CREDIT AMOUNT:
< >	USD: $.
[TENANT]	

LADIES AND GENTLEMEN:

We hereby establish our irrevocable letter of credit in your favor for account of the applicant up to an aggregate amount not to exceed and /100 US Dollars ($.) available by your draft(s) drawn on ourselves at sight (i) bearing the clause "Drawn under Irrevocable Standby Letter of Credit Number ," and (ii) including a Beneficiary's dated statement purportedly signed by an authorized signatory or agent reading: "This draw in the amount of DO NOT FILL IN AMOUNT U.S. Dollars ($) under your Irrevocable Standby Letter of Credit No. represents funds due and owing to us pursuant to the terms of that certain lease by and between , a , as landlord, and , as tenant, and/or any amendment to the lease or any other agreement between such parties related to the lease," and (iii) indicating whether payment should be made by wire transfer (including wiring instructions) or by certified check (including mailing address), accompanied by the original of this Letter of Credit and all amendments, if any. The original Letter of Credit and all amendments, if any, shall be returned to you unless fully utilized.

Unless otherwise stated, all correspondence, documents and sight drafts are to be sent via facsimile to ( ) - with originals to follow by hand delivery with receipted delivery, nationally recognized overnight courier with receipted delivery or certified mail, return receipt requested to our counters at <address>. The date of presentment of any draw shall be the date copies of the Letter of Credit and sight draft are faxed by Beneficiary to <bank>.

You shall have the right to make partial draws against this Letter of Credit, from time to time.

You shall be entitled to assign your interest in this Irrevocable Standby Letter of Credit from time to time to your lender(s) and/or your successors in interest without our approval and without charge. In the event of an assignment, we reserve the right to require reasonable evidence of such assignment as a condition to any draw hereunder.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "International Standby Practices 1998" promulgated jointly by the Institute for International Banking Law and Practice and the International Chamber of Commerce, effective January 1, 1999.

This Letter of Credit shall expire at our office on , 20 (the **"Stated Expiration Date"**). It is a condition of this Letter of Credit that the Stated Expiration Date shall be deemed automatically extended without amendment for successive one (1) year periods from such Stated Expiration Date, unless at least sixty (60) days prior to such Stated Expiration Date (or any anniversary thereof) we shall send a written notice to you, with a copy to Goulston & Storrs, P.C., 400 Atlantic Avenue, Boston, MA 02110, Attention: Colleen P. Hussey and to the Accountee/Applicant, by hand delivery, nationally recognized overnight courier with receipted delivery or by certified mail (return receipt requested) that we elect not to consider this Letter of Credit extended for any such additional one (1) year period. In the event that this Letter of Credit is not extended for an additional period as provided above, you may draw the entire amount available hereunder.

If at any time prior to presentation of documents for payment hereunder, we receive a notarized certificate signed by one who purports to be a duly authorized representative on your behalf to execute and deliver such certificate, stating that this Letter of Credit has been lost, stolen, damaged or destroyed, we will mail you a "Certified True Copy" of this Letter of Credit, which shall be treated by us as an original.

In order to cancel this Letter of Credit prior to expiration, you must return this original Letter of Credit and any amendments hereto to our counters with a statement signed by you stating that the Letter of Credit is no longer required and is being returned to the issuing bank for cancellation.

We hereby agree with the drawers, endorsers and bonafide holders that the drafts drawn under and in accordance with the terms and condition of this Letter of Credit shall be duly honored within two (2) business days after the date of presentment.

EXHIBIT 6

TENANT’S HAZARDOUS MATERIALS

Substance	gallons	Type	Hazard
N-methylpyrrolidinone	32	solvent	Class III Flammable
ethylene glycol	2	solvent	Class III Flammable
N,N-dimethylformamide	13	solvent	Class II Flammable
Ethyl Acetate	13	solvent	Class I Flammable
Hexane	13	solvent	Class I Flammable
Ether	4	solvent	Class I Flammable
Methanol	11	solvent	Class I Flammable
Ethanol	4	solvent	Class I Flammable
methyl t-butyl ether	4	solvent	Class I Flammable
Acetone	17	solvent	Class I Flammable
Isopropanol	8	solvent	Class I Flammable
Toluene	4	solvent	Class I Flammable
piperidine	8	solvent	Class I Flammable
acetonitrile	21	solvent	Class I Flammable
methylene chloride	32	solvent	Environmental
hydrochloric acid	1	reagent	Caustic
sulfuric acid	1	reagent	Caustic
trifluoroacetic acid	4	reagent	Caustic
HCTU	6 kg	reagent	flammable solid

Recombinant DNA

EXHIBIT 7

LIST OF ENVIRONMENTAL REPORTS

1. Letter entitled Partial Termination of Notice of Activity and Use Limitation on RTNs 3-2834 and 3-15072, prepared by Haley & Aldrich and dated May 14, 2009 (partial termination notice is attached).
2. Amendment and Ratification of Notice of Activity and Use Limitation, dated May 1, 2002.
3. Notice of Activity and Use Limitation, DEP Release Tracking Number 3-2834, dated August 6, 1997.
4. Response Action Outcome Statement, DEP File No. 3-2834, 3-14945, 3-15072, prepared by McPhail Associates, Inc. and dated July 31, 1997.
5. Release Notification Form for Abandoned Underground Storage Tank prepared by McPhail Associates, Inc. and dated March 20, 1997.
6. Phase I Initial Site Investigation Report, DEP File No. 3-2834, prepared by McPhail Associates, Inc. and dated July 26, 1996.
7. July 1992 Status Report, Free Product Recovery Program, prepared by Gemini Geotechnical Associates, Inc. and dated July 24, 1992.
8. Abatement Project Follow-Up Form, prepared by National Abatement Services, Inc. and dated April 27, 1992 (letter requesting completion of form is attached).
9. Letter entitled Asbestos Abatement Project #92-025, prepared by National Abatement Services, Inc. and dated May 4, 1992.
10. Phase 1 Limited Environmental Assessment Report, prepared by Gemini Geotechnical Associates, Inc. and dated May 21, 1990.

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this **"First Amendment"**) is made as of May 24, 2010 by and between MASSACHUSETTS INSTITUTE OF TECHNOLOGY, a Massachusetts educational corporation with an address c/o MIT Investment Management Company, 238 Main Street, Suite 200, Cambridge, MA 02139 (**"Landlord"**), and AILERON THERAPEUTICS, INC., a Delaware corporation with an address of 840 Memorial Drive, Cambridge, MA 02139 (**"Tenant"**).

W I T N E S S E T H

WHEREAS, Landlord and Tenant are the current parties to that certain Lease dated February 12, 2010 (the **"Lease"**), pursuant to which Landlord is leasing to Tenant approximately 24,245 rentable square feet (the **"Premises"**) located on the first (1st) floor of the building located at 281 Albany Street, Cambridge, MA (the **"Building"**);

WHEREAS, Landlord and Tenant wish to amend the Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants herein reserved and contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Base Rent. The definition of Base Rent set forth in the Lease Summary Sheet attached to the Lease is hereby deleted in its entirety and replaced with the following:

Base Rent:	RENT YEAR	ANNUAL BASE RENT	MONTHLY PAYMENT
	1	$ 748,000.00	$ 62,333.33
	2	$ 927,945.00	$ 77,328.75
	3	$ 1,181,943.75	$ 98,495.31
	4	$ 1,206,188.75	$ 100,515.73
	5	$ 1,230,433.75	$ 102,536.15

3. Landlord's Work.

(a) Reference is hereby made to certain plans entitled "281 Albany Street Cambridge MA 02139 Construction Documents" prepared by Kling Stubbins and dated April 2, 2010 for Landlord's Work (the **"Current Plans"**). The following scope of work is hereby added to the definition of Landlord's Work: (i) open ceiling in the following areas, as shown on the Current Plans: Lobby 101, Open Office 111, Open Office 123, Corr 110, Corr 120, Corr 140, Café 141, Lab 150, and Open Office 151; (ii) VCT flooring in the following areas, as shown on the Current Plans (it being acknowledged and agreed that the Current Plans *in*correctly indicate that rubber flooring shall be installed in such areas): Lab 150, Shared Equip 156, Freezer 157, Tissue Culture 155, PARR 175, Microscopy 154, Rad Lab 153, Bioanalytical Lab 152, Gas Cylinder 163, Corr 160, Corr 170, IT server 173, Lab stockroom 174, receiving 162, office storage 171, RAD

storage 153A and open office 151, and (iii) three (3) windows (each measuring approximately 17 feet wide) shall be installed at lab/office wall at B-line. Landlord's Work shall include seventeen (17) fume hoods as shown on the Current Plans.

(b) It is acknowledged and agreed that the Current Plans indicate that a polished concrete floor is to be installed in the following areas: vestibule 100, lobby 101, corr 110, corr 120, corr 140, Café 141, Cor 105, and Coat 104. The parties agree that Landlord's Work shall include a polished concrete floor in such areas (the **"Polished Concrete Floor"**), and in consideration thereof, Tenant (x) agrees that the Outside Delivery Date is hereby changed to October 11, 2010, and (y) agrees to pay to Landlord $32,000 for Landlord's incremental costs to complete the Polished Concrete Floor within thirty (30) days after Tenant's receipt of an invoice therefor.

(c) Subject to the terms and conditions of Section 3.6 of the Lease, it is acknowledged and agreed that the relocation of the loading dock by Landlord pursuant to Section 3.6 of the Lease shall be performed in substantial accordance with those certain plans (17 sheets) entitled "281 Albany Street Cambridge MA 02139" Issued For Construction prepared by Kling Stubbins and dated April 16, 2010, and shall include the cost of any interior changes or reconfigurations to the Current Plans necessitated by the relocation of the loading dock as shown on said plans.

(d) Tenant acknowledges and agrees that if Landlord consents to any changes requested by Tenant to the Current Plans (a **"Tenant Request"**), (1) any increase in the cost of Landlord's Work arising from such Tenant Request, as reasonably determined by Landlord, and as offset against any decrease in the cost of Landlord's Work arising from such Tenant Request, shall be paid by Tenant within thirty (30) days after demand therefor, and (2) any delays in the Substantial Completion of Landlord's Work arising from any such Tenant Request, as reasonably determined by Landlord, shall be deemed Tenant Delays hereunder.

(e) In addition, on the Commencement Date, Landlord represents and warrants that the back-up generator serving the Premises shall be in good working condition and include associated ATS wiring to the appropriate standby power outlets. A reasonable portion of the capacity of said generator, as reasonably determined by Landlord, shall be reserved for use by the base Building. Tenant shall have the right to use 76.32% of the balance of the capacity of said generator.

4. Loading Dock Requirements.

(a) Landlord and Tenant hereby acknowledge and agree that Massachusetts Institute of Technology, in its capacity as owner of property commonly known as 235 Albany Street, Cambridge, MA (**"Ashdown House"**), has granted, or promptly after the date hereof will grant, to Landlord, in its capacity as owner of the Building, an easement relating to the relocated loading dock which easement shall remain in effect for the Term. Landlord and Tenant hereby agree not to violate the terms of such easement, it being understood and acknowledged that, except as expressly set forth herein, Tenant shall not be obligated for any obligations under such easement.

(b) In connection with the relocated loading dock, Tenant shall comply with the operational requirements set forth in Exhibit A attached hereto and made a part hereof.

(c) The costs and expenses incurred by Landlord in connection with the initial construction of such relocated loading dock, including without limitation landscaping required in connection therewith, shall be excluded from Operating Costs; provided, however, that, subject to Section 5.2(c), all reasonable out of pocket costs incurred by Landlord in connection with the maintenance, repair and replacement of such loading dock and/or related landscaping shall be included in Operating Costs.

5. Ratification. Except as amended hereby, the terms and conditions of the Lease shall remain unaffected. Furthermore, nothing in this First Amendment shall derogate from Landlord's obligations under Section 3.6 of the Lease. From and after the date hereof, all references to the Lease shall mean the Lease as amended hereby. Additionally, Landlord and Tenant each confirms and ratifies that, as of the date hereof and to its actual knowledge, (a) the Lease is and remains in good standing and in full force and effect, and (b) neither party has any claims, counterclaims, set-offs or defenses against the other party arising out of the Lease or the Premises or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

6. Miscellaneous. This First Amendment shall be deemed to have been executed and delivered within the Commonwealth of Massachusetts, and the rights and obligations of Landlord and Tenant hereunder shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Massachusetts without regard to the laws governing conflicts of laws. If any term of this First Amendment or the application thereof to any person or circumstances shall be invalid and unenforceable, the remaining provisions of this First Amendment, the application or such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected. This First Amendment is binding upon and shall inure to the benefit of Landlord and Tenant, their respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, assigns, heirs, successors-in-interest and shareholders. Each party has cooperated in the drafting and preparation of this First Amendment and, therefore, in any construction to be made of this First Amendment, the same shall not be construed against either party. In the event of litigation relating to this First Amendment, the prevailing party shall be entitled to reimbursement from the other party of its reasonable attorneys' fees and costs. This First Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

[SIGNATURE PAGE TO FIRST AMENDMENT TO LEASE
BY AND BETWEEN MASSACHUSETTS INSTITUTE OF TECHNOLOGY
AND AILERON THERAPEUTICS, INC.]

EXECUTED under seal as of the date first set forth above.

LANDLORD: MASSACHUSETTS INSTITUTE OF TECHNOLOGY
By: MIT Investment Management Company, its authorized agent

By: /s/ Seth D. Alexander
Name: Seth D. Alexander
Title: President
MIT Investment Management Company

TENANT: AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
Name: Joseph A. Yanchik III
Title: President & CEO
Aileron Therapeutics, Inc.

EXHIBIT A

LOADING DOCK OPERATIONS

- Deliveries to the loading dock shall be permitted from 8:00 am until 6:00 pm, with best efforts to take all deliveries after 10:00 am.
- Deliveries or handling of all materials shall be in accordance with all applicable federal, state and local laws and regulations.
- All dumpsters or other trash containers shall be maintained free of odors, pests and debris, with covered, secure openings, and generally screened from view by residents of Ashdown House.
- Doors and gates into the fenced-in area containing trash containers will be secured at all times.
- All doors accessing the loading dock structure from outside must be closed except when materials are being actively handled.
- Any equipment shall be designed to operate at no greater than 50 dB at 150 ft.
- Any cameras monitoring the loading dock, the trash container area and the access gates will provide continuous (24/7) coverage of the area to the Ashdown House front desk.
- No trash, debris or truck wheel dirt shall be deposited on the access drive located on the Ashdown House property or in any unscreened portion of the Ashdown House property.
- Access to the driveway shall continue to be controlled exclusively by the Ashdown House front desk. Access for deliveries will be permitted from 8:00 am until 6:00 pm.
- Workers, equipment, and delivery vehicles must maintain a reasonable noise level while on the Ashdown House property.
- Tenant will provide direction to front-loading vehicles to use the eastern gate of the access drive and rear-loading vehicles to use the western gate of the access drive to minimize vehicle turning and backing.

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (this **"Second Amendment"**) is made as of June 17, 2011 by and between MASSACHUSETTS INSTITUTE OF TECHNOLOGY, a Massachusetts charitable corporation with an address c/o MIT Investment Management Company, 238 Main Street, Cambridge, MA 02142 (**"Landlord"**), and AILERON THERAPEUTICS, INC., a Delaware corporation with an address of 281 Albany Street, Cambridge, MA 02139 (**"Tenant"**).

W I T N E S S E T H

WHEREAS, Landlord and Tenant are the current parties to that certain Lease dated February 12, 2010, as amended by that certain First Amendment to Lease dated as of May 24, 2010 (collectively, the **"Lease"**), pursuant to which Landlord is leasing to Tenant approximately 24,245 rentable square feet (the **"Original Space"**) in the building located at 281 Albany Street, Cambridge, MA (the **"Building"**);

WHEREAS, pursuant to Section 6 of the Lease, Landlord delivered to Tenant a Refusal Notice dated March 18, 2011 with respect to approximately 7,523 rentable square feet of space on the second floor of the Building (as more particularly shown on the plan attached hereto as Exhibit A, the **"ROFR Premises"**);

WHEREAS, Tenant has exercised its right to lease the ROFR Premises on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant wish to memorialize their agreements with respect to the lease of the ROFR Premises.

NOW, THEREFORE, in consideration of the covenants herein reserved and contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Acknowledgement of Dates. The Term Commencement Date occurred on September 30, 2010 and, unless the Lease is earlier terminated pursuant to its terms, the Expiration Date will occur on October 31, 2015.

3. Lease Grant; Condition of ROFR Premises. Landlord hereby leases the ROFR Premises to Tenant for a term commencing on the date hereof and expiring on the Expiration Date (the **"ROFR Term"**), subject to all of the terms and conditions of the Lease, except as expressly set forth in this Second Amendment. Subject to the performance of Landlord's Roof Work (hereinafter defined), Tenant hereby leases the ROFR Premises in their "AS IS," "WHERE IS" condition and with all faults on the date hereof, without representations or warranties, express or implied, in fact or by law, of any kind, and without recourse to Landlord. During the ROFR Term, all references contained in the Lease to the "Premises" shall be deemed to refer to the Original Space and the ROFR Premises, collectively. Tenant shall have access to the ROFR Premises throughout the ROFR Term on all of the terms and conditions of the Lease applicable to the Original Space.

4. Base Rent. No Base Rent is due for the ROFR Premises for the period from the date hereof through and including the day immediately preceding the RCD for the ROFR Premises. The **"RCD for the ROFR Premises"** shall mean October 1, 2011; provided, however, such date shall be extended one day for every day of Landlord Delay. Commencing on the RCD for the ROFR Premises and thereafter during the ROFR Term, Tenant shall pay to Landlord Base Rent with respect to the ROFR Premises pursuant to Section 5 of the Lease in the following amounts per month payable in advance and without demand on the first day of each month, partial months to be prorated:

Period of Time	Annual Base Rent	Monthly Payment
RCD for the ROFR Premises – End of Rent Year 2[1]	$ 361,104.00	$ 30,092.00
Rent Year 3	$ 368,627.00	$ 30,718.92
Rent Year 4	$ 376,150.00	$ 31,345.83
Rent Year 5[2]	$ 383,673.00	$ 31,972.75

5. Tenant's Share. Notwithstanding anything to the contrary, Tenant's Share shall mean (a) 53.51% during Rent Year 1, (b) 77.19% during Rent Year 2, and (c) 100% during Rent Years 3-5, inclusive.

6. Tenant Improvements.

(a) In connection with the performance of the work necessary to prepare the ROFR Premises for Tenant's occupancy and business operations, including without limitation, the installation of all furniture and fixtures (the "**Tenant Improvements**"), Tenant shall submit to Landlord for Landlord's approval (i) the name of and other reasonably requested information regarding Tenant's proposed architect, HVAC and MEP engineers and general contractor, Landlord hereby reserving the right to require that Tenant use a MEP engineer selected by Landlord in its reasonable discretion if Tenant's proposed MEP engineer shall not be acceptable to Landlord in Landlord's reasonable discretion; (ii) a set of design/ development plans sufficient for Landlord to approve Tenant's proposed design of the ROFR Premises (the **"Design/Development Plans"**), and (iii) a full set of construction drawings (**"Final Construction Drawings"**) for the Tenant Improvements. The Design/ Development Plans and the Final Construction Drawings are collectively referred to herein as the **"Plans."** Landlord's approval of the architect, HVAC engineer and general contractor shall not be unreasonably withheld, conditioned or delayed. Landlord's approval of the Design/Development Plans (and the Final Construction Drawings, provided that the Final Construction Drawings are consistent in all material respects with the Design/Development Plans), shall not be unreasonably withheld, conditioned or delayed provided the Plans comply in all material respects with the requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building and the Property. Landlord's approval is solely given for the benefit of Landlord and Tenant under this Section 6 (a) and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of the Plans for any other purpose whatsoever. Landlord agrees to respond to any request for approval of the Plans within ten (10) business days after receipt thereof. A reasonably detailed explanation of any disapproval shall be provided to Tenant. Except for Landlord's Contribution (hereinafter defined), all of Tenant's Work shall be performed at Tenant's sole cost and expense, and shall be performed in accordance with the provisions of this Lease (including, without limitation, Section 11). In approving the Final Construction Drawings, Landlord shall be deemed to have confirmed that Tenant will not be required to remove or restore any of the Tenant Improvements expressly shown thereon, unless Landlord specifies otherwise.

(b) As an inducement to Tenant's entering into this Second Amendment, Landlord shall, subject to Sections 6 (c), 6 (d) and 6 (e) below and the last sentence of this Section 6 (b), provide to Tenant a special tenant improvement allowance equal to Seven Hundred Fifty-Two Thousand

1 Rent Year 2 – 11/1/11 – 10/31/12

R Rent Year 5 = November 1, 2014 - October 31, 2015 (coterminous with terms for Original Space)

Three Hundred Dollars ($752,300) (**"Landlord's Contribution"**) to be used by Tenant solely for costs incurred by Tenant for the Tenant Improvements; provided, however, that no more than Two Hundred Fifty Thousand Dollars ($250,000) of Landlord's Contribution may be used for all of the following: (i) soft costs, including without limitation architectural and engineering fees, (ii) telecommunications and data wiring and cabling, and (iii) furniture and equipment (including any glass washes or autoclaves) built into the ROFR Premises *and* which Landlord and Tenant agree will not be removed at the end of the Term. Landlord's Contribution shall not be used for: (A) the cost of any of Tenant's Property, including without limitation any de-mountable decorations, artwork and partitions, signs, and trade fixtures, except as provided in clauses (i) and/or (ii) above, (B) the cost of any fixtures or Alterations that will be removed at the end of the Term, except as provided in clauses (i) and/or (ii) above, and (C) any fees paid to Tenant, any Affiliated Entity or Successor.

(c) Subject to Section 6(d) below, Landlord shall pay Landlord's Proportion (hereinafter defined) of the cost shown on each requisition (hereinafter defined) submitted by Tenant to Landlord within thirty (30) days of submission thereof by Tenant to Landlord until the entirety of Landlord's Contribution has been exhausted. **"Landlord's Proportion"** shall be a fraction, the numerator of which is Landlord's Contribution and the denominator of which is the total contract price for the Tenant Improvements (as evidenced by reasonably detailed documentation delivered to Landlord with the requisition first submitted by Tenant). A **"requisition"** shall mean written documentation (including, without limitation, invoices from Tenant's contractors, vendors, service providers and consultants (collectively, **"Contractors"**) and partial lien waivers and subordinations of lien, as specified in M.G.L. Chapter 254, Section 32 (**"Lien Waivers"**) with respect to the prior month's requisition, and such other documentation as Landlord or any Mortgagee may reasonably request) showing in reasonable detail the costs of the item in question or of the improvements installed to date in the ROFR Premises, accompanied by certifications executed by the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, or Vice President of Tenant that the amount of the requisition in question does not exceed the cost of the items, services and work covered by such requisition. Notwithstanding the foregoing, Tenant shall not be required to deliver Lien Waivers at the time of the first requisition, but shall deliver the Lien Waivers and evidence of payment of the first requisition in full within five (5) days following payment of Landlord's Contribution with respect to such first requisition. Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each requisition in order to verify the amount thereof. Tenant shall submit requisition(s) no more often than monthly.

(d) Notwithstanding anything to the contrary herein contained: (i) Landlord shall have no obligation to advance funds on account of Landlord's Contribution more than once per month; (ii) If Tenant fails to pay to Tenant's contractors the amounts paid by Landlord to Tenant in connection with any previous requisition(s), Landlord shall thereafter have the right to have Landlord's Contribution paid directly to Tenant's contractors; (iii) Landlord shall have no obligation to pay any portion of Landlord's Contribution with respect to any requisition submitted after the date (as such date shall be extended one day for every day of Landlord Delay, the **"Outside Requisition Date"**) which is the earlier of: (a) six (6) months after the completion of the Tenant Improvements, or (b) fifteen (15) months after the date of this Second Amendment; provided, however, that if Tenant certifies to Landlord that it is engaged in a good faith dispute with any contractor, such Outside Requisition Date shall be extended while such dispute is ongoing, so long as Tenant is diligently prosecuting the resolution of such dispute; (iv) Tenant shall not be entitled to any unused portion of Landlord's Contribution; (v) Landlord's obligation to pay any portion of Landlord's Contribution shall be conditioned upon there existing no default by Tenant in its obligations under this Lease at the time that Landlord would otherwise be required to make such payment (it being understood and agreed that if Tenant shall cure any default prior to the expiration of

applicable notice and/or cure periods provided in the Lease, then Tenant shall thereafter be entitled to such payment); and (vi) In addition to all other requirements hereof, Landlord's obligation to pay the final requisition of Landlord's Contribution shall be subject to simultaneous delivery of all Lien Waivers relating to items, services and work performed in connection with Tenant's Work.

(e) Notwithstanding anything to the contrary, Tenant may use a reasonable percentage of Landlord's Contribution (the amount of which shall be subject to Landlord's reasonable approval) for certain base Building improvements, including without limitation improving the existing bathrooms, adding showers to each of the first floor bathrooms and installing/constructing an outside bicycle storage cage.

(f) Landlord shall use reasonable diligence to perform, at Landlord's sole cost and expense, the work described on Exhibit B (**"Landlord's Roof Work"**) so as to substantially complete Landlord's Roof Work on or before October 1, 2011.

(g) A **"Landlord Delay"** shall be defined as any actual delay in the completion of Tenant's Work caused directly by the performance of Landlord's Roof Work. Notwithstanding the foregoing, no event shall be deemed to be a Landlord Delay until and unless Tenant has given Landlord written notice (the **"Landlord Delay Notice"**) advising Landlord (i) that a Landlord Delay is occurring, (ii) of the basis on which Tenant has determined that a Landlord Delay is occurring, and (iii) the actions which Tenant believes that Landlord must take to eliminate such Landlord Delay, and Landlord has failed to correct the Landlord Delay specified in the Landlord Delay Notice within forty-eight (48) hours following receipt thereof. No period of time prior to expiration of such 48-hour period shall be included in the period of time charged to Landlord pursuant to such Landlord Delay Notice.

7. Right of First Refusal. As of the date hereof, Tenant has no further rights, and Landlord has no further obligations, pursuant to Section 6 of the Lease.

8. HVAC Work; Rent Credit.

(a) In order to address the low ambient temperature issue that causes the chiller to shutdown in cold weather, Tenant shall, at Tenant's cost, subject to the provisions of Section 11 of the Lease, install a low ambient kit (heater & baffles) to compensate for lower chiller load by Tenant operations.

(b) Tenant shall, at Tenant's cost, replace the primary compressor and 2 contactors in AHU-4 (which provides air to the Original Space).

(c) Notwithstanding anything to the contrary set forth in the Lease, in consideration of Tenant's agreements described in this Section 8, Landlord hereby agrees that Base Rent for the first full calendar month after the execution of this Second Amendment shall be reduced by Thirty-Eight Thousand Dollars ($38,000). Tenant hereby acknowledges and agrees that the foregoing rent credit shall be Tenant's sole and exclusive remedy relating to the performance or non-performance of such chiller and air handling unit prior to the completion of Tenant's work described in this Section 8.

9. Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Lease other than Meredith & Grew, Inc. dba Colliers International and Cushman & Wakefield (collectively, "Broker"). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of the representation and warranty set forth in the immediately preceding sentence. Landlord shall be solely responsible for the payment of any brokerage commissions to Broker.

10. Ratification. Except as amended hereby, the terms and conditions of the Lease shall remain unaffected. From and after the date hereof, all references to the Lease shall mean the Lease as amended hereby. Additionally, Landlord and Tenant each confirms and ratifies that, as of the

date hereof and to its actual knowledge, (a) the Lease is and remains in good standing and in full force and effect, and (b) neither party has any claims, counterclaims, set-offs or defenses against the other party arising out of the Lease or the Premises or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

11. Miscellaneous. This Second Amendment shall be deemed to have been executed and delivered within the Commonwealth of Massachusetts, and the rights and obligations of Landlord and Tenant hereunder shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Massachusetts without regard to the laws governing conflicts of laws. If any term of this Second Amendment or the application thereof to any person or circumstances shall be invalid and unenforceable, the remaining provisions of this Second Amendment, the application or such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected. This Second Amendment is binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns. Each party has cooperated in the drafting and preparation of this Second Amendment and, therefore, in any construction to be made of this Second Amendment, the same shall not be construed against either party. In the event of litigation relating to this Second Amendment, the prevailing party shall be entitled to reimbursement from the other party of its reasonable attorneys' fees and costs. This Second Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

[SIGNATURE PAGE TO SECOND AMENDMENT TO LEASE BY AND BETWEEN
MASSACHUSETTS INSTITUTE OF TECHNOLOGY AND AILERON THERAPEUTICS, INC.]

EXECUTED under seal as of the date first set forth above.

LANDLORD: MASSACHUSETTS INSTITUTE OF TECHNOLOGY

By: MIT Investment Management Company, its authorized agent

By: /s/ Seth D. Alexander
Seth D. Alexander, President

TENANT: AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik, III
Joseph A. Yanchik, III,
President & Chief Executive Officer

EXHIBIT A

PLAN OF ROFR PREMISES

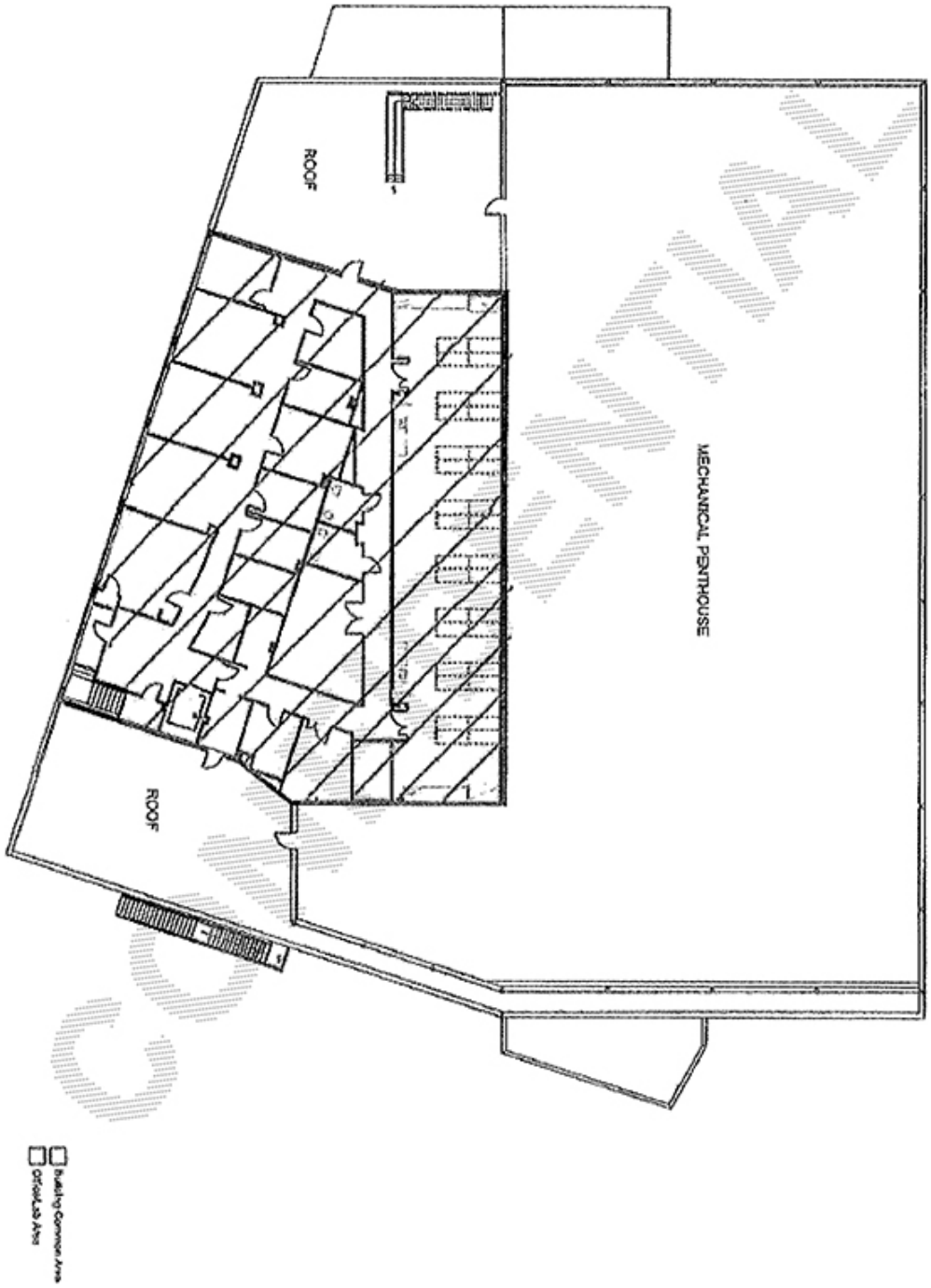
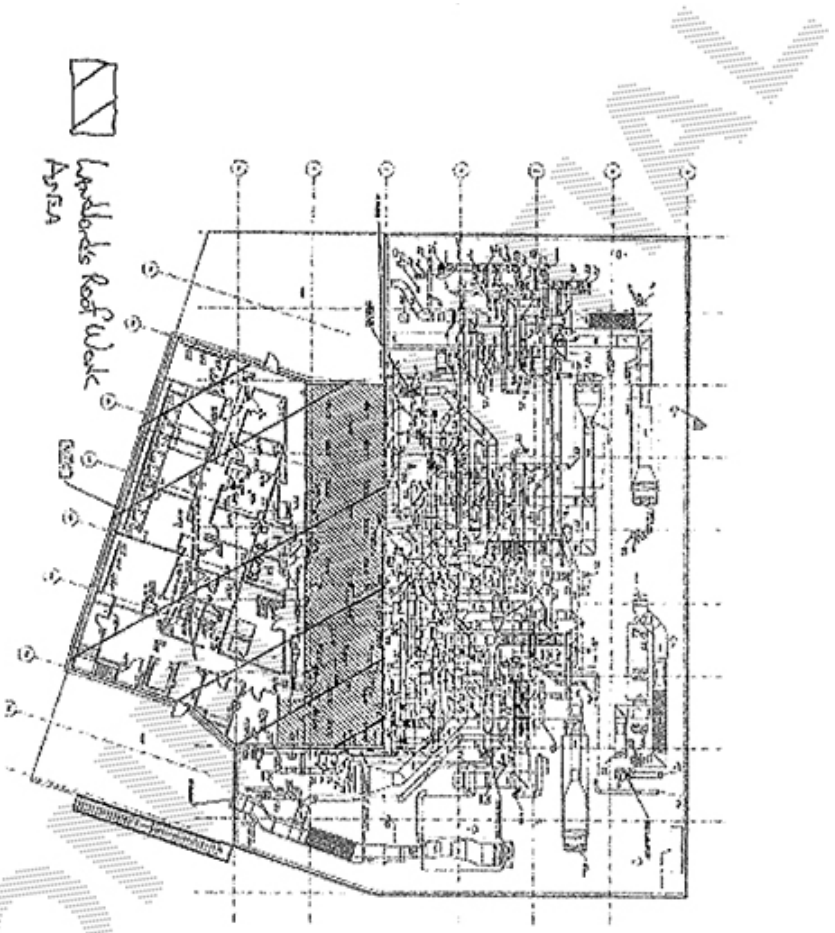


EXHIBIT B

LANDLORD'S ROOF WORK

Removal of insulation from the plenum of the ROFR Premises and the installation of a new roof above the ROFR Premises in the location shown below. The new roof will be a rubber membrane type with the required insulation located directly underneath the membrane, but not in the ROFR Premises.



THIRD AMENDMENT TO LEASE

This Third Amendment to Lease (this **"Third Amendment"**) is made as of August 25, 2014 by and between 281-295 ALBANY STREET LEASEHOLD LLC, a Massachusetts limited liability company with an address c/o MIT Investment Management Company, 238 Main Street, Suite 200, Cambridge, MA 02142 (**"Landlord"**), successor-in-interest to Massachusetts Institute of Technology, and AILERON THERAPEUTICS, INC., a Delaware corporation with an address of 281 Albany Street, Cambridge, MA 02139 (**"Tenant"**).

W I T N E S S E T H

WHEREAS, Landlord and Tenant are the current parties to that certain Lease dated February 12, 2010, as amended by that certain First Amendment to Lease dated as of May 24, 2010 and as further amended by that certain Second Amendment to Lease dated as of June 17, 2011 (collectively, as amended, the **"Lease"**), pursuant to which Landlord is leasing to Tenant approximately 31,768 rentable square feet (the **"Existing Space"**) in the building located at 281 Albany Street, Cambridge, MA (the **"Building"**);

WHEREAS, Tenant desires to reduce the Premises and terminate the Lease with respect to approximately 24,333 rentable square feet of space within the Building (as more particularly shown on the plan attached hereto as Exhibit A, the **"Surrendered Area"**); and

WHEREAS, Landlord is willing to reduce the Premises and terminate the Lease with respect to the Surrendered Area on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants herein reserved and contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Surrendered Area.

   (a) On or before November 15, 2014 (the **"Surrender Date"**), *time being of the essence,* Tenant shall, at Tenant's sole cost and expense, (a) fully vacate the Surrendered Area broom clean, free of Tenant's Property, decommissioned in accordance with Section 3 below and otherwise in its as-is condition as of the date of this Third Amendment, reasonable wear and tear excepted; and (b) remove all of Tenant's signage not within the Remaining Premises, and repair any damage caused by such removal; provided, however, Tenant shall have the right to (i) retain its existing sign on the exterior of the second floor of the Building (it being understood and agreed that the first floor tenant shall have the exclusive right to install and maintain exterior signage facing the parking lot on the first floor), and (ii) subject to Section 11 of the Lease, install an identification sign at the side entry to the portion of the Remaining Premises (hereinafter defined) located on the first floor (which sign shall be subject to the terms of Section 12.3 of the Lease applicable to "Exterior Signage," except that the occupancy requirement set forth in the first sentence of such section shall not apply). Landlord shall be responsible for all other costs associated with preparing the Property to be occupied by multiple tenants, including, without limitation, installation of demising walls and other infrastructure, if any, to provide for a legally habitable multi-tenant laboratory building, and modification, if necessary, of the Building HVAC system and utility metering system.

   (b) *Notwithstanding any provisions of the Lease or this Third Amendment to the contrary, except as expressly set forth in this Third Amendment, Tenant shall have no further rights with respect to the Surrendered Area from and after the Surrender Date.*

(c) From and after the Surrender Date, the **"Premises"** shall mean the Existing Space less and except the Surrendered Area (i.e. 7,435 rentable square feet in the Building consisting of 7,382 rentable square feet on the second floor and 53 rentable square feet on the first floor) as more particularly shown on the plan attached hereto as Exhibit B (herein referred to as the **"Remaining Premises"**).

(d) As of the Surrender Date, the Lease Plan attached to the Lease as Exhibit 1 is hereby deleted in its entirety and replaced with the plan attached hereto as Exhibit B.

(e) Subject to the terms and conditions of the Lease, Tenant shall have the right to (i) perform Alterations in a portion of the Remaining Premises on the first floor of the Building shown on the plan attached hereto as Exhibit C and subsequently utilize such area for storage of Tenant's Hazardous Materials in accordance with Section 17 of the Lease, and (ii) use a portion of the Remaining Premises on the first floor of the Building in the area shown on the plan attached hereto as Exhibit D as a server room.

(f) Section 1.4(a)(ii) of the Lease is hereby deleted in its entirety. Tenant shall, subject to reasonable rules and regulations and safety protocols established by Landlord and/or the first floor tenant, have reasonable access to the Building loading dock. Landlord (or the first floor tenant) shall provide Tenant with escorted loading access to and from the existing loading area dock on a daily basis (it being acknowledged that Tenant shall not have key-card access to the loading dock and that Tenant will typically receive multiple deliveries per day, some of which will contain perishable items and require immediate access by Tenant).

(g) From and after the Surrender Date, **"Tenant's Allocated Parking Spaces"** shall mean eight (8). The number "twenty-four (24)" in the twelfth (12th) sentence of Section 1.4(b) is hereby deleted and replaced with the number "eight (8)."

(h) Landlord acknowledges that it currently holds a Letter of Credit as security for Tenant's obligations under the Lease pursuant to the terms of Article 7 of the Lease. On or after the End Date, so long as there is no Event of Default nor any event which, with the passage of time and/or the giving of notice, would constitute an Event of Default, the amount of the Letter of Credit may be reduced by Tenant to $62,690.00, it being understood that if and when Tenant cures a default prior to the expiration of the applicable grace period, Tenant shall then be entitled to effectuate such reduction. Landlord shall, at no cost to Landlord, cooperate with Tenant in connection with such reduction.

3. Surrender Plan. Tenant will surrender the Surrendered Area in accordance with that certain surrender plan entitled Facility Decommissioning Plan for the Facility identified as Aileron Therapeutics, Inc. 281 Albany Street Cambridge, MA (Job Number 88126) dated August, 2014 and prepared by Triumvirate Environmental, Inc. (the **"Surrender Plan"**). On or before the Surrender Date, Tenant shall (i) perform or cause to be performed all actions described in the Surrender Plan, and (ii) deliver to Landlord a report including a certification from a certified industrial hygienist (a **"CIH"**) reasonably acceptable to Landlord (it being agreed that a CIH employed by Triumvirate Environmental is reasonably acceptable to Landlord) certifying that the Surrendered Area has been vacated in accordance with the Surrender Plan and evidence that the Surrender Plan shall have been satisfactorily completed (collectively, the **"Surrender Report"**). Tenant shall provide a draft of the Surrender Report to Landlord at least one week before the Surrender Date for Landlord's review and comment. Tenant shall reasonably consider any comments provided by or on behalf Landlord concerning such draft Surrender Report, and Tenant shall use commercially reasonable efforts to cause such comments to be addressed in the final version of the Surrender Report prepared by Triumvirate Environmental. Landlord shall have the right, at Landlord's cost, to cause Landlord's environmental consultant to inspect the Surrendered

Area and perform such additional procedures as may be deemed reasonably necessary to confirm that the Surrendered Area is, as of the Surrender Date, free of Hazardous Materials introduced into the Surrendered Area by Tenant and otherwise in compliance with the Surrender Plan (provided, however, to the extent such procedures disclose that the Surrendered Area does contain any Hazardous Materials introduced into the Surrendered Area by Tenant, then Tenant shall reimburse Landlord for the costs thereof). Landlord shall have the unrestricted right to deliver the Surrender Plan and Surrender Report to third parties in connection with matters that pertain to the Surrendered Area, subject to the execution by each recipient of Triumvirate Environmental's standard reliance letter concerning the Surrender Report (the **"Reliance Letter"**), and subject to any limits on the liability of Triumvirate Environmental set forth in its terms of engagement. Tenant shall use reasonable efforts to facilitate obtaining such Reliance Letters. If Tenant shall fail to implement and complete the Surrender Plan, Landlord shall have the right to take any such actions as Landlord may deem reasonable or appropriate to assure that the Surrendered Area is surrendered in the condition required hereunder, the cost of which actions shall be reimbursed by Tenant as Additional Rent upon demand. Tenant's obligations under this Section 3 shall survive the expiration or earlier termination of the Term.

4. Rent.

(a) Tenant shall continue to pay Rent with respect to the Surrendered Area until the later to occur of (i) the Surrender Date, (i) the date on which Tenant surrenders the Surrendered Area to Landlord in the condition required hereunder, and (iii) the date on which Tenant delivers the Surrender Report to Landlord (such later date, the **"End Date"**). Notwithstanding anything to the contrary, if Tenant fails to surrender the Surrendered Area in the condition required hereunder on or before the Surrender Date, or if Tenant fails to deliver to Landlord a Surrender Report (in the form required hereunder) on or before the Surrender Date, then in either event Tenant shall be deemed to be a holdover tenant with respect to the Surrendered Area, subject to the provisions of Section 21.3 of the Lease, until the later to occur of (A) the date on which Tenant surrenders the Surrendered Area to Landlord in the condition required hereunder, and (B) the date on which Tenant delivers the Surrender Report (in the form required hereunder) to Landlord.

(b) From and after the Surrender Date, Tenant shall pay Base Rent with respect to the Remaining Premises in accordance with the following schedule and otherwise in accordance with the terms of the Lease:

Period of Time	Annual Base Rent	Monthly Installment
11/15/14 - 10/31/15	$ 379,185.00	$ 31,598.75
11/1/15 - 5/15/16	$ 386,620.00	$ 32,218.33

5. Tenant's Share. Notwithstanding anything to the contrary, Tenant's Share shall mean (a) 100% through and including the End Date; and (b) twenty-three and 40/100 percent (23.40%) after the End Date.

6. Extension of Term.

(a) Notwithstanding anything to the contrary, the Initial Term of the Lease is hereby extended for six and one-half (6.5) months, and shall expire, unless the Lease is earlier extended or terminated in accordance with the Lease as amended hereby, on May 15, 2016.

(b) Section 1.2 of the Lease is hereby deleted in its entirety and replaced with the following:

1.2 Extension Terms.

(a) Provided (i) Tenant, an Affiliated Entity (hereinafter defined) and/or a Successor (hereinafter defined) is/are then occupying one hundred percent (100%) of the portion of the Premises located on the second floor of the Building, and (ii) no Event of Default has occurred and is continuing (1) as of the date of the Extension Notice (hereinafter defined), and (2) at the commencement of the applicable Extension Term (hereinafter defined) (provided that for purposes of the effective exercise of an extension option, Tenant shall only be deemed in default if Landlord advises Tenant of the same within 5 business days of such exercise, and provided further that such exercise shall nevertheless be deemed effective if Tenant thereafter cures any default prior to the expiration of applicable notice and cure periods), Tenant shall have the option to extend the Term for up to two (2) additional terms of one (1) year each (each, an **"Extension Term"**), commencing as of the expiration of the Initial Term or the prior Extension Term, as the case may be; provided, however, Tenant shall not have the right to exercise the second such option if Landlord advises Tenant at least nine (9) months prior to the expiration of the first Extension Term that Landlord will lease all or substantially all of the rentable area on the second (2nd) floor of the Building to the first floor tenant for a term commencing during the second Extension Term. Tenant must exercise each such option to extend by giving Landlord written notice (the **"Extension Notice"**) on or before the date that is six (6) months prior to the expiration of the Initial Term or the prior Extension Term, as the case may be, *time being of the essence.* Upon the timely giving of such notice, the Term shall, subject to the terms hereof, be deemed extended upon all of the terms and conditions of this Lease, except that Base Rent during the applicable Extension Term shall be calculated in accordance with this Section 1.2, Landlord shall have no obligation to construct or renovate the Premises and Tenant shall have one fewer right to extend the Term. If Tenant fails to give timely notice, as aforesaid, Tenant shall have no further right to extend the Term. At the request of either party, the parties shall promptly execute a letter amendment reflecting such Extension Term after Tenant exercises such option. The execution of such letter amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Section 1.2.

(b) The Base Rent during each Extension Term (the **"Extension Term Base Rent"**) shall be determined in accordance with the process described hereafter. Extension Term Base Rent shall be the greater of (i) Base Rent for the period immediately prior to the applicable Extension Term, or (ii) the fair market rental value of the Premises as of the commencement of the applicable Extension Term as determined in accordance with the process described below, for new leases of combination laboratory and office space in the East Cambridge area of equivalent quality, size, utility and location, taking into account the length of the Extension Term and the provisions of Section 5.2 and 5.3 of the Lease. Within thirty (30) days after receipt of the Extension Notice, Landlord shall deliver to Tenant written notice of its determination of the Extension Term Base Rent for the applicable Extension Term. Tenant shall, within thirty (30) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Extension Term Base Rent (**"Tenant's Response Notice"**). If Tenant fails timely to deliver Tenant's Response Notice, Landlord's determination of the Extension Term Base Rent shall be binding on Tenant.

(c) If and only if Tenant's Response Notice is timely delivered to Landlord and indicates both that Tenant rejects Landlord's determination of the Extension Term Base Rent and desires to submit the matter to arbitration, then the applicable Extension Term Base Rent shall be determined in accordance with the procedure set forth in this Section 1.2(c). In such event, within ten (10) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's desire to submit the determination of the Extension Term Base Rent to arbitration, Tenant and Landlord shall each notify the other, in writing, of their respective selections of an appraiser or commercial real estate broker (respectively, **"Landlord's Appraiser"** and **"Tenant's Appraiser"**). Landlord's Appraiser and Tenant's Appraiser shall then jointly select a third appraiser (the **"Third Appraiser"**) within ten (10) days of their appointment. All of the appraisers selected shall be individuals with at least ten (10) years' commercial experience in the area in which the Premises are located involving properties comparable to the Property, appraisers shall be members of the Appraisal Institute (M.A.I.), and, in the case of the Third Appraiser, shall not have acted in any capacity for either Landlord or Tenant within five (5) years of his or her selection. The three appraisers shall determine the Extension Term Base Rent in accordance with the requirements and criteria set forth in Section 1.2(b) above, employing the method commonly known as *Baseball Arbitration*, whereby Landlord's Appraiser and Tenant's Appraiser each sets forth its determination of the Extension Term Base Rent as defined above, provided, however, that the determination by Landlord's Appraiser may be no greater than Landlord's initial determination of the Extension Term Base Rent, and the Third Appraiser must select one or the other (it being understood that the Third Appraiser shall be expressly prohibited from selecting a compromise figure and shall use its good-faith professional judgment in accordance with prevailing appraisal standards). Landlord's Appraiser and Tenant's Appraiser shall deliver their determinations of the Extension Term Base Rent to the Third Appraiser within ten (10) business days of the appointment of the Third Appraiser and the Third Appraiser shall render his or her decision within ten (10) days after receipt of both of the other two determinations of the Extension Term Base Rent. The Third Appraiser's decision shall be binding on both Landlord and Tenant. Each party shall bear the cost of its own appraiser and shall share equally in the cost of the Third Appraiser.

7. Alterations. Tenant shall have the right to make Alterations to the Remaining Premises in accordance with Section 11 of the Lease. Notwithstanding the foregoing, Landlord acknowledges that it has received plans for certain Alterations (the **"Subject Alterations"**), which plans are listed on Exhibit E attached hereto and made a part hereof. Notwithstanding any other provision of the Lease, Landlord shall not require Tenant to remove any of the Subject Alterations upon the expiration or earlier termination of the Term, and the Subject Alterations shall be surrendered with the Premises at the end of the Term.]

8. Master Lease.

(a) The Lease and all of its terms, covenants, representations, warranties, agreements and conditions are in all respects subject and subordinate to that certain Master Lease Agreement dated as of January 27, 2012 by and between MIT 281-295 Albany Street

LLC (**"Fee Owner"**), as landlord, and Landlord, as tenant (as it may be amended from time to time, the **"Ground Lease"**), a redacted copy of which has been delivered to Tenant. Tenant acknowledges notice and full knowledge of all of the terms, covenants and conditions of the Ground Lease to the extent not redacted and shall not be subject to or bound by any redacted provision.

(b) Simultaneously with the execution hereof, Landlord and Tenant shall execute, and Landlord shall cause Fee Owner to execute, a subordination, non-disturbance and attornment agreement in substantially the form attached hereto as Exhibit F. Landlord shall record a fully executed original of such agreement with the Middlesex South Registry of Deeds.

(c) Landlord shall exercise its rights, and make such elections as it is allowed to make, under the Ground Lease to the extent reasonably necessary to protect Tenant's rights under the Lease. Without limitation, Landlord shall not agree to voluntarily terminate its rights under the Ground Lease, and, in the event of a default by Fee Owner under the Ground Lease, upon Tenant's request, Landlord shall enforce any remedies or other rights available to Landlord under the Ground Lease, to the extent reasonably necessary to protect Tenant's rights under this Lease.

9. Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Lease other than Landmark, Colliers International and Cushman & Wakefield (collectively, **"Broker"**). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of the representation and warranty set forth in the immediately preceding sentence. Pursuant to a separate agreement, Tenant shall be responsible to pay (a) Cushman and Wakefield any brokerage commission attributable to the period November 15, 2014 through October 31, 2015, inclusive, and (b) Landmark a total of $27,639.30. Landlord shall be responsible for any other payments due to Colliers International, Cushman and Wakefield or Landmark.

10. Ratification. Except as amended hereby, the terms and conditions of the Lease shall remain unaffected. From and after the date hereof, all references to the Lease shall mean the Lease as amended hereby. Landlord and Tenant each confirms and ratifies that, as of the date hereof and to its actual knowledge, (a) the Lease is and remains in good standing and in full force and effect, and (b) it has no claims, counterclaims, set-offs or defenses against the other party arising out of the Lease or the Premises or in any way relating thereto.

11. Miscellaneous. This Third Amendment shall be deemed to have been executed and delivered within the Commonwealth of Massachusetts, and the rights and obligations of Landlord and Tenant hereunder shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Massachusetts without regard to the laws governing conflicts of laws. If any term of this Third Amendment or the application thereof to any person or circumstances shall be invalid and unenforceable, the remaining provisions of this Third Amendment, the application or such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected. This Third Amendment is binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns. Each party has cooperated in the drafting and preparation of this Third Amendment and, therefore, in any construction to be made of this Third Amendment, the same shall not be construed against either party. In the event of litigation relating to this Third Amendment, the prevailing party shall be entitled to reimbursement from the other party of its reasonable attorneys' fees and costs. This Third Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

[SIGNATURE PAGE TO THIRD AMENDMENT TO LEASE BY AND BETWEEN 281-295 ALBANY STREET LEASEHOLD LLC AND AILERON THERAPEUTICS, INC.]

EXECUTED under seal as of the date first set forth above.

LANDLORD:

281-295 ALBANY STREET LEASEHOLD LLC
By: Massachusetts Institute of Technology, its manager
By: MIT Investment Management Company, its authorized agent

By: /s/ Seth D. Alexander
Seth D. Alexander, President

TENANT:

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
Name: Joseph A. Yanchik III
Title: President & CEO
Aileron Therapeutics, Inc.

EXHIBIT A

PLAN OF SURRENDERED AREA

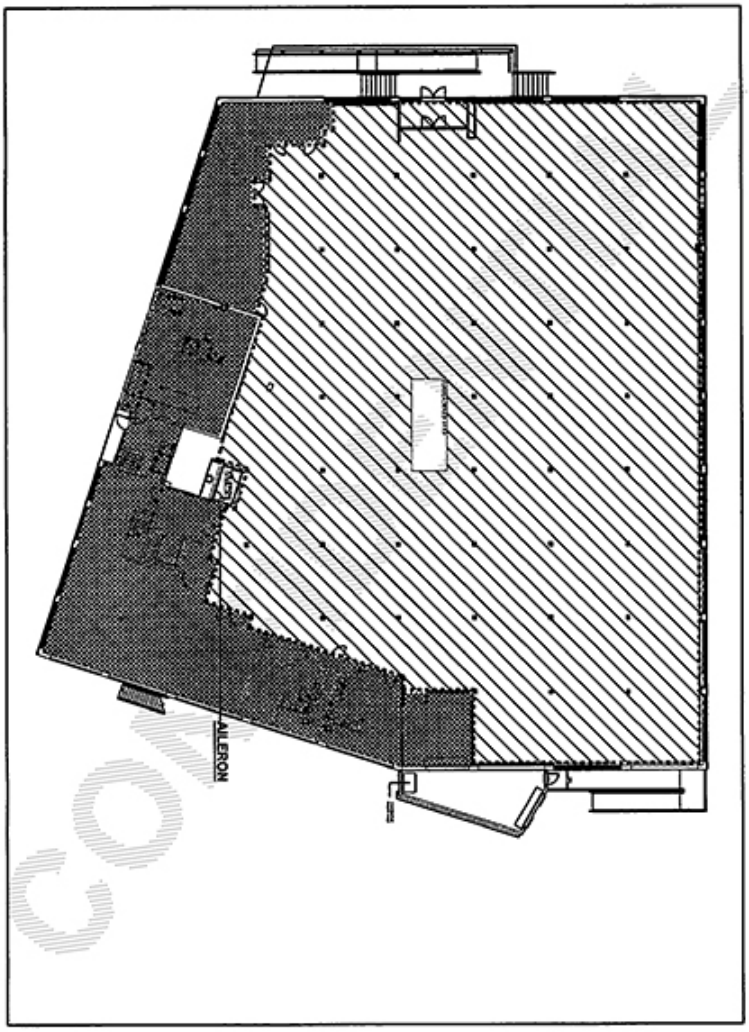
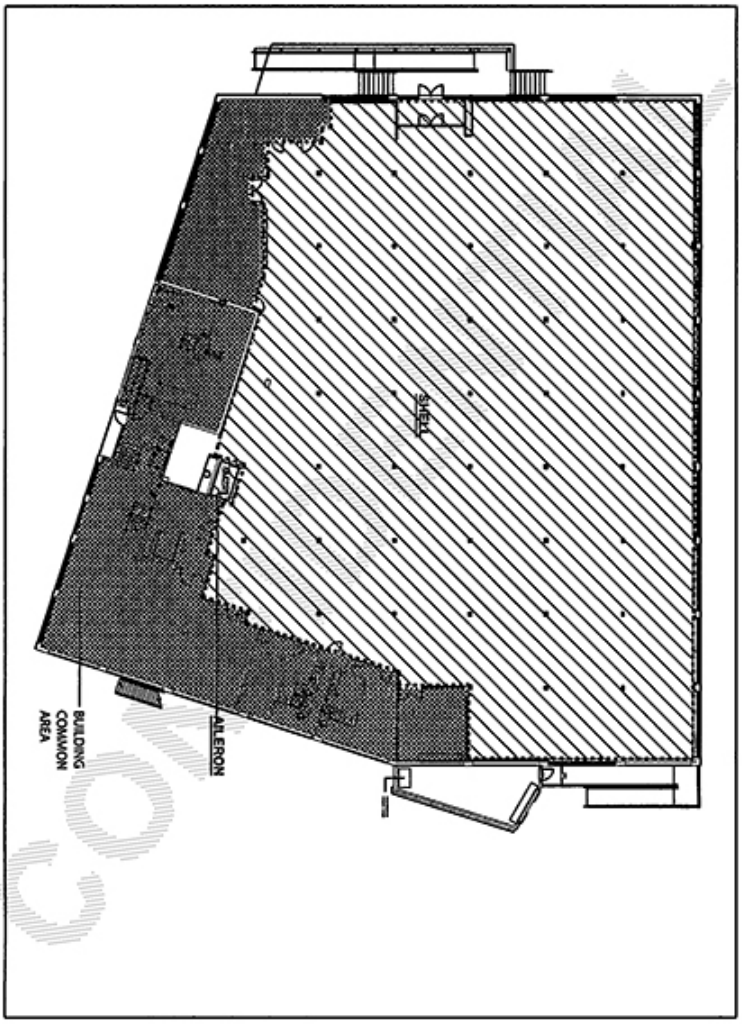

AILERON

EXHIBIT B

PLAN OF REMAINING PREMISES


SHELL
AILERON
BUILDING COMMON AREA

MITIMCo

KLING STUBBINS

1 SECOND FLOOR

281 Albany Street

SECOND FLOOR PLAN

EXHIBIT C

PLAN OF HAZMAT STORAGE AREA

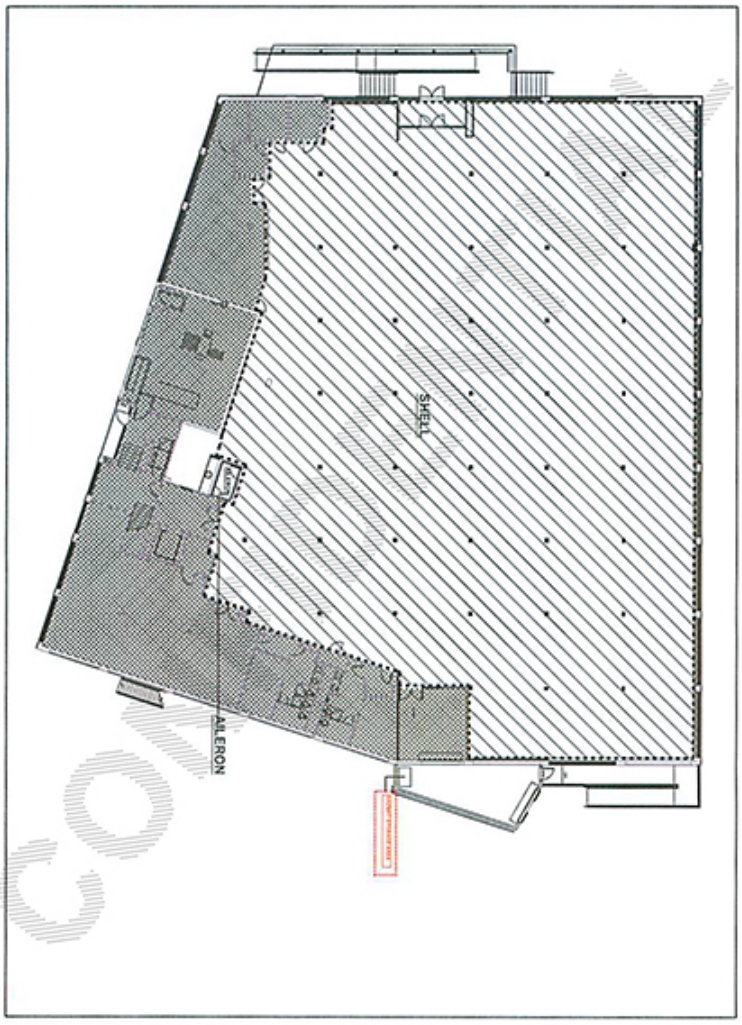

SHELL
AILERON

EXHIBIT D

PLAN OF SERVER AREA

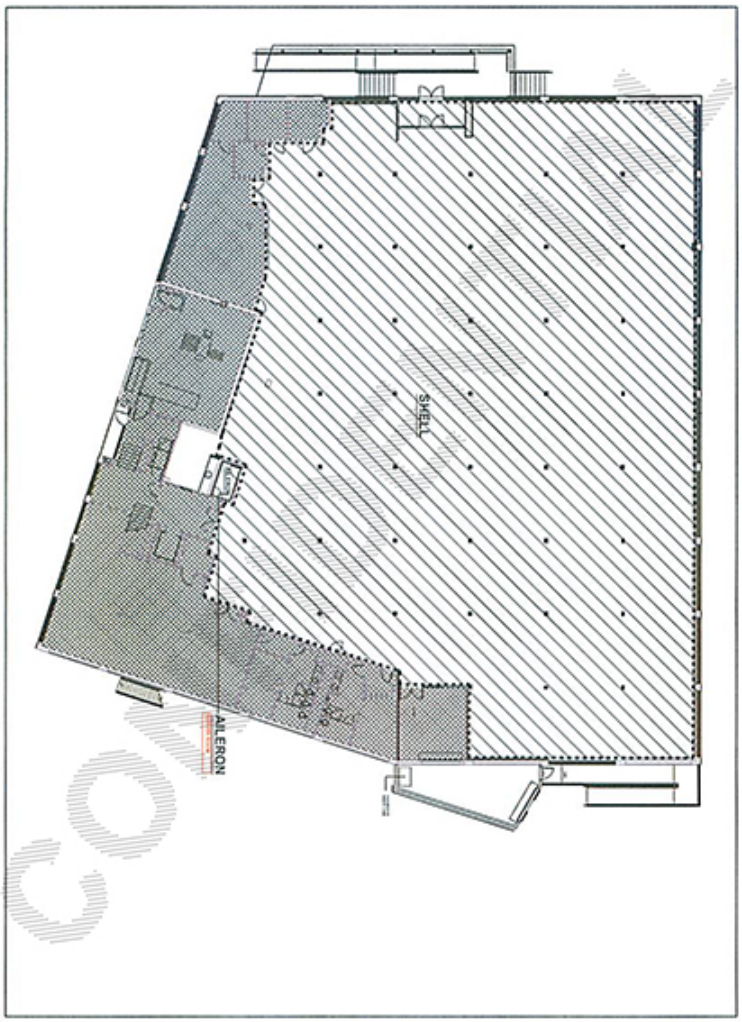
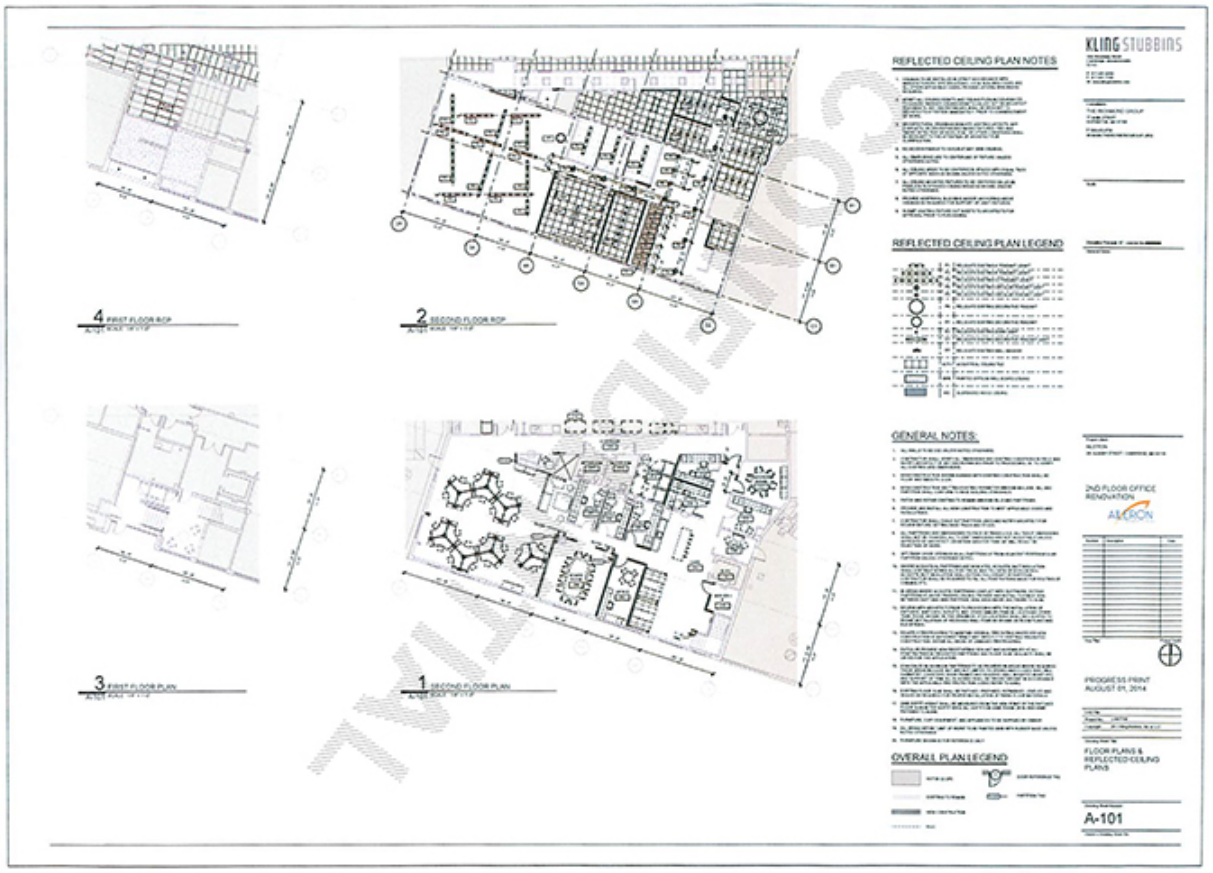
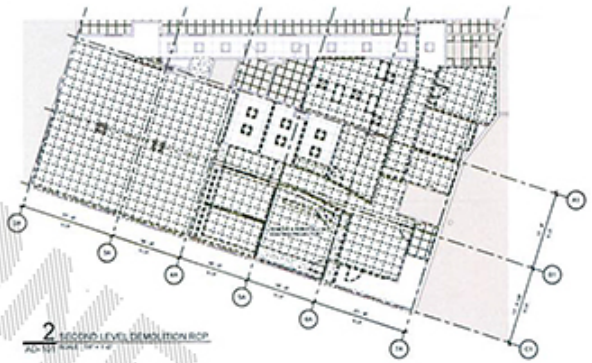

SHELL
AILERON

EXHIBIT E

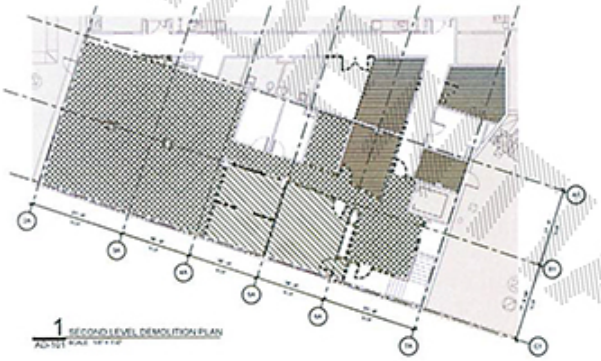
LIST OF PLANS FOR SUBJECT ALTERATIONS

Second Floor Office Renovation prepared by Kling Stubbins (See 2 sheets attached)


4 FIRST FLOOR RCP
2 SECOND FLOOR RCP
3 FIRST FLOOR PLAN
1 SECOND FLOOR PLAN
REFLECTED CEILING PLAN NOTES
REFLECTED CEILING PLAN LEGEND
GENERAL NOTES:
OVERALL PLAN LEGEND
KLING STUBBINS
2ND FLOOR OFFICE RENOVATION
ALCON
PROGRESS PRINT
AUGUST 01, 2014
FLOOR PLANS & REFLECTED CEILING PLANS
A-101



2 SECOND LEVEL DEMOLITION RCP



1 SECOND LEVEL DEMOLITION PLAN

DEMOLITION NOTES

DEMOLITION LEGEND

KLING STUBBINS

2ND FLOOR OFFICE RENOVATION

AILERON

PROGRESS PRINT
AUGUST 01, 2014

DEMOLITION FLOOR PLAN & DEMOLITION REFLECTED CEILING PLAN

AD-101

EXHIBIT F

FORM OF RNDA

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this **"Agreement"**) is made and entered into as of the day of , 2014 by and between **AILERON THERAPEUTICS, INC.,** a with an address of (**"Subtenant"**), **MIT 281-295 ALBANY STREET LLC**, a Massachusetts limited liability company with an address c/o MIT Investment Management Company, 238 Main Street, Suite 200, Cambridge, MA 02142 (**"Master Lessor"**) and **281-295 ALBANY STREET LEASEHOLD LLC**, a Massachusetts limited liability company with an address c/o MIT Investment Management Company, 238 Main Street, Suite 200, Cambridge, MA 02142 (**"Master Tenant"**).

W I T N E S S E T H

REFERENCE is hereby made to that certain Master Lease Agreement dated as of January 27, 2012 by and between Master Lessor, as landlord, and Master Tenant, as tenant (as it may be amended from time to time, the **"Master Lease"**) with respect to the property commonly known as 281-295 Albany Street, Cambridge, Massachusetts (the **"Property"**).

REFERENCE is also hereby made to that certain lease dated February 12, 2010 by and between Master Tenant, as landlord, and Subtenant, as tenant, as amended by that certain First Amendment to Lease dated as of May 24, 2010, as further amended by that certain Second Amendment to Lease dated as of June 17, 2011 and as further amended by that certain Third Amendment to Lease dated on or about the date hereof (collectively, the **"Sublease"**), with respect to a portion of the Property (as more particularly described in the Sublease, the **"Subleased Premises"**); and

WHEREAS, subject to the terms and conditions hereinafter set forth, Subtenant has agreed to subordinate the Sublease to the Master Lease and Master Lessor has agreed (a) to recognize the rights of Subtenant under the Sublease, and (b) not to disturb Subtenant's use and enjoyment of the Subleased Premises; and

WHEREAS, Subtenant, Master Lessor and Master Tenant desire to confirm their understanding with respect to the Sublease and the Master Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Master Lease.

2. Subordination. Except as otherwise provided in Section 3 below, the Sublease and all rights of Subtenant in and to the Sublease, the Subleased Premises and the Building are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the Master Lease as fully and with the same effect as if the Master Lease had been duly executed, and a notice thereof recorded, prior to the execution of the Sublease or possession of the Subleased Premises by Subtenant, or its predecessors-in-interest. This Agreement supersedes any inconsistent provision of the

Sublease. Master Tenant hereby warrants and represents to Master Lessor that the copy of the Sublease delivered to Master Lessor is a true, complete and accurate copy of the Sublease, and that as of the date hereof it has not been modified or amended except as described above.

3. Subtenant Not To Be Disturbed. So long as Subtenant is not in default (beyond any period given Subtenant by the terms of the Sublease to cure such default) in the payment of rent or additional rent or of any of the terms, covenants or conditions of the Sublease on Subtenant's part to be performed, (a) Subtenant's possession of the Subleased Premises, and its rights and privileges under the Sublease, including but not limited to any extension or renewal rights, if any, shall not be diminished or interfered with by Master Lessor, and (b) Master Lessor will not join Subtenant as a party defendant in any action or proceeding terminating Master Tenant's possession of the Property unless such joinder is necessary to terminate such possession and then only for such purpose and not for the purpose of terminating the Sublease.

4. Tenant To Attorn To Master Lessor. If the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding, or if Master Lessor shall succeed to the interest of Master Tenant in and to the Sublease in any other manner, then (a) the Sublease shall continue in full force and effect as a direct lease between Master Lessor and Subtenant (subject to Section 8 below); provided, however, that Master Lessor and its assigns shall not be (i) liable for any misrepresentation, act or omission of Master Tenant, provided, however, that the foregoing shall not release Master Lessor from liability for any default of its obligations under the Lease continuing after the date on which Master Lessor succeeds to Master Tenant's interest hereunder, including without limitation any maintenance obligations, (ii) subject to any counterclaim, demand or offset which Subtenant may have against Master Tenant; (iii) liable for the return of any security deposit or letter of credit not actually received by Master Lessor and with respect to which Subtenant agrees to look solely to Master Tenant for refund or reimbursement; (iv) unless delivered by Master Tenant to Master Lessor, bound by any advance payment of rent or additional rent or any other sums made by Subtenant to Master Tenant, except for rent or additional rent applicable to the then-current month; (v) obligated to cure any defaults under the Sublease of Master Tenant which occurred prior to the termination of the Master Lease, provided, however, that the foregoing shall not release Master Lessor from liability for any default of its obligations under the Lease continuing after the date on which Master Lessor succeeds to Landlord's interest hereunder, including without limitation any maintenance obligations; or (vi) bound by any covenant to undertake, complete or pay for any improvements to the Subleased Premises other than to the extent set forth in Section 3.5 of the Lease; and (b) Subtenant shall attorn to Master Lessor as its landlord, said attornment to be effective and self-operative without the execution of any further instruments. Master Lessor and Subtenant each hereby agrees to execute an instrument in form and substance reasonably acceptable to both parties acknowledging the continuation of the Sublease for the Subleased Premises as a direct lease for the Subleased Premises on the terms and conditions set forth in this Agreement. In addition, Subtenant shall execute and deliver, upon the request of Master Lessor, an instrument or certificate regarding the status of the Sublease consisting of statements, if true (and if not true, specifying in what respect), in the case of the Sublease by Subtenant (A) that the Sublease is in full force and effect, (B) the amounts and date through which rentals have been paid, (C) the commencement date, rent commencement date and duration of the term of the Sublease, (D) that no default, or state of facts, which with the passage of time, or notice, or both, would constitute a default, exists on the part of either party to the Sublease, and (E) the dates on which payments of additional rent, if any, are due under the Sublease.

5. Sublease Amendments. Master Lessor shall not be bound by any amendment to the Lease unless Master Lessor shall have consented thereto in writing, which consent shall not be unreasonably withheld, conditioned or delayed.

6. Landlord's Right to Notice and Cure. Subtenant covenants and agrees to: (a) concurrently give Master Lessor the same default and/or termination notices given to Master Tenant under the Sublease at the following address(es) until otherwise specified in writing by Master Lessor: MIT 281-295 Albany Street LLC, c/o MIT Investment Management Company, 238 Main Street, Suite 200, Cambridge, MA 02142, Attention: Managing Director of Real Estate, with a copy to Goulston & Storrs, P.C., 400 Atlantic Avenue, Boston, MA 02110, Attention: Colleen P. Hussey, Esq.; (b) provide Master Lessor with at least ten (10) days plus the number of days (and the same opportunities and rights) as are available to Master Tenant under the Sublease to cure any of Master Tenant's defaults thereunder; and (c) accept Master Lessor's curing of any of Master Tenant's defaults under the Sublease as performance by Master Tenant thereunder.

7. Amendments. This Agreement may not be waived, changed, or discharged orally, but only by agreement in writing and signed by Master Lessor, Master Tenant and Subtenant, and any oral waiver, change, or discharge of this Agreement or any provisions hereof shall be without authority and shall be of no force and effect.

8. Revisions to Sublease. Notwithstanding anything contained in this Agreement or the Sublease to the contrary, in the event that the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding:

(a) Master Lessor and Master Lessor's successors and assigns shall have no liability to Subtenant with respect to any representations and warranties on the part of "Landlord" contained in the Sublease (provided that the foregoing shall in no event relieve Master Tenant of any liability to Subtenant with respect to such representations and warranties); and

(b) Master Lessor shall not have any liability or obligations pursuant to the brokerage provision of the Sublease.

9. Security Deposit. If the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding, then Master Tenant shall deliver to Master Lessor the cash security deposit and the original letter of credit (including any amendments thereto), if any. In the event that Master Tenant fails to deliver the same, Subtenant shall, at Subtenant's sole cost and expense, use commercially reasonably efforts (including, without limitation, the payment of any fees required by the issuer of any such letter of credit and the execution of such reasonable documents as Master Lessor may deem necessary) in order to (a) cause Master Tenant to deliver to Master Lessor any cash security deposit, and (b) cause the original letter of credit issued to Master Tenant to be (i) assigned to Master Lessor or (ii) terminated or canceled. If such letter of credit is so terminated or canceled, Master Tenant shall deliver to Master Lessor a new original letter of credit naming Master Lessor as beneficiary and otherwise meeting the requirements set forth in the Sublease.

10. Relation between Master Lessor and Master Tenant. Notwithstanding anything to the contrary contained herein, if *at the time* that Master Lessor succeeds to the interest of Master Tenant as landlord under the Sublease, Master Tenant controls, is controlled by or is under common control with Master Lessor, then, in such event, Master Lessor agrees that no term, covenant or condition of this Agreement shall be interpreted or enforced by Master Lessor in any manner that would have the effect of amending or modifying the Sublease, releasing Master Lessor from any obligation under the Sublease or otherwise reducing the obligations of the landlord thereunder or increasing the obligations of Tenant thereunder (for example, Section 8(a) above, and the proviso in clause (a) of the first sentence of Section 4 above, shall not be enforced by Master Lessor in such situation).

11. Miscellaneous. This Agreement shall be deemed to have been executed and delivered within the Commonwealth of Massachusetts, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Massachusetts without regard to the laws governing conflicts of laws. If any term of this Agreement or the application thereof to any person or circumstances shall be invalid and unenforceable, the remaining provisions of this Agreement, the application or such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected. This Agreement is binding upon and shall inure to the benefit of Master Lessor, Master Tenant and Subtenant, their respective successors and assigns. Each party has cooperated in the drafting and preparation of this Agreement and, therefore, in any construction to be made of this Agreement, the same shall not be construed against either party. In the event of litigation relating to this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable attorneys' fees and costs. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as an instrument under seal as of the date first above written.

MASTER LESSOR:

MIT 281-295 ALBANY STREET LLC

By: Massachusetts Institute of Technology, its manager

By: MIT Investment Management Company, its authorized agent

By: _____
Name:
Title:

MASTER TENANT:

281-295 ALBANY STREET LEASEHOLD LLC

By: Massachusetts Institute of Technology, its manager

By: MIT Investment Management Company, its authorized agent

By: _____
Name:
Title:

SUBTENANT:

AILERON THERAPEUTICS, INC.

By: _____
Name:
Title:

[NOTARY BLOCKS TO BE ADDED TO EXECUTION VERSION]

AILERON THERAPEUTICS, INC.
EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") dated as of March 1, 2008, between Aileron Therapeutics, Inc., a Delaware corporation (the "Company") and Joseph A. Yanchik III (the "Executive").

W I T N E S S E T H

WHEREAS, the Company and the Executive are parties to an employment letter dated as of May 22, 2007 (the "Original Agreement");

WHEREAS, the Company and the Executive desire to amend the terms of the Executive's continued employment by the Company;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **POSITION/DUTIES**. The Executive shall continue employment with the Company under the terms of this Agreement effective as of March 1, 2008 (the "Effective Date").

(a) While employed by the Company under the terms of this Agreement, the Executive shall serve as the President and Chief Executive Officer of the Company. The Executive shall have such duties, authorities and responsibilities customary with his position in a Delaware corporation, including general supervision, direction and control of the business and officers of the Company, subject to control of the Board of Directors of the Company (the "Board") and its committees, and shall perform such other duties as reasonably requested by the Board ("Primary Responsibilities"). The Executive shall report directly to the Board. The Executive shall also serve as a member of the Board to the extent nominated pursuant to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended to date and as it may be amended hereafter from time to time, or if otherwise nominated by the stockholders of the Company.

(b) As an employee of the Company, the Executive will devote his primary business time and efforts to the Company, and not engage in any other gainful employment during the term hereof without the prior written consent of the Board; provided, however that nothing in this Agreement shall prevent the Executive from serving as a director of Tokai Pharmaceuticals, Inc. or continuing as a venture partner of Apple Tree Partners, provided that such activities do not interfere with the Executive's obligations to the Company. In addition, nothing in this Agreement shall prevent the Executive from engaging in any of the following activities outside of normal working hours:

(i) managing personal investments and affairs and the personal investments and affairs of any of the Executive's family members (provided that no such investment may exceed five percent (5%) of the equity securities of any entity without prior notice to the Board and further provided that nothing herein shall limit any investment in an entity whose primary purpose is not the day-to-day operation of a particular business);

(ii) acquiring any interest in any entity, whether or not part of a control group, that is directly or indirectly owned or controlled, in whole or in part, by the Executive and/or one or more members of his family, or a partnership, trust or other entity held by or for the benefit of the Executive and/or one or more members of his family, and/or

(iii) performing services for any entity, whether or not part of a control group, that is directly or indirectly owned or controlled, in whole or in part, by the Executive and/or one or more members of his family, or a partnership, trust or other entity held by or for the benefit of the Executive and/or one or more members of his family; provided, however, that any such services shall be insubstantial and shall not include any active involvement in the management of such entity.

The Executive shall report his activities on behalf of Apple Tree Partners to the Board with such frequency and detail as any Board member may reasonably request from time to time, provided, however, that the Executive shall not be required to disclose any confidential information. The Executive shall also be required to comply with all published Company policies and procedures as in effect from time to lime. Without limiting the foregoing, in particular, the Executive will be required to familiarize himself with and to comply with the Company's published policy prohibiting unlawful harassment and discrimination and its published policy concerning drugs and alcohol.

2. **BASE SALARY AND BONUS**. From and after the Effective Date, the Company agrees to pay the Executive a base salary (the "Base Salary") at the monthly rate of $27,500, which is equivalent to $330,000 per year, payable in accordance with the Company's normal payroll procedure and policies, but no less frequently than monthly. Such salary shall be subject to increase as determined by the Board. For each calendar year that he is employed with the Company, the Executive will be eligible for a performance-based bonus equal to up to 25% (the "Target Percentage") of his Base Salary for that calendar year based on the achievement of certain performance milestones that shall be agreed to by him and the Company prior to the commencement of each calendar year (and within thirty (30) days of the date hereof in the case of the bonus for the 2008 calendar year), as determined by the Board in its sole discretion. With regard to the salary and bonus contemplated by this Section 2 and any other compensation that will or may be provided to the Executive under this Agreement, the Company will withhold state and federal income and employment tax amounts on all such compensation in accordance with applicable tax laws.

3. **BENEFITS/PERQUISITES**.

(a) **Benefit Plans**. The Executive will be eligible to participate in all benefit programs that the Company establishes and makes available to its employees, subject to the provisions of the plan documents governing those programs.

(b) **Vacation**. The Executive shall be entitled to annual paid vacation in accordance with the Company's policy applicable to senior executives, but in no event less than

three (3) weeks per calendar year (as prorated for partial years). The Executive shall also be eligible for sick leave and all Company holidays as determined by the Board, on the same terms as similarly situated officers of the Company.

(c) **Business Expenses**. Upon presentation of appropriate documentation, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of his duties hereunder, as well as for the costs incurred by him in maintaining Blackberry and cell phone service. The Executive must submit proper documentation for each such expense within sixty (60) days after the later of (i) his incurrence of such expense or (ii) his receipt of the invoice for such expense. The Company will reimburse the Executive for that expense within thirty (30) days after receipt of the documentation.

(d) **Sign-on Bonus**. On the first regular payroll date following the date hereof, the Executive shall receive a one-time cash payment of $10,000.

(e) **Loan**. The Company agrees that, within ten (10) days of the request by the Executive made at any time before April 1, 2009, it shall advance to the Executive $30,000 as a loan pursuant to the terms of the promissory note attached hereto as Exhibit A.

4. **EQUITY**.

(a) In addition to the 356,916 total shares of the Company's Common Stock that the Executive received pursuant to the terms of the Restricted Stock Agreements dated November 19, 2007 (the "November Stock Agreement") and October 17, 2006, respectively, the Company shall issue to the Executive upon the date hereof or as soon thereafter as practicable 983.300 shares of Common Stock of the Company as an award of restricted stock under the Company's 2006 Stock Incentive Plan pursuant to the terms of the restricted stock agreement attached hereto as Exhibit B and subject to the payment by the Executive to the Company of an amount equal to the Company's withholding obligation with respect to federal, state, local and other taxes in respect of the shares to be issued to the Executive pursuant to the terms of such restricted stock agreement.

(b) The Company agrees that following each and any issuance by the Company of shares of its capital stock in a financing during the term of this Agreement and within six months after the date hereof, the Company shall (i) advise the Executive of the number of shares of Common Stock which, if issued to the Executive, would result in the aggregate number of shares of Common Stock owned by the Executive or subject to outstanding stock options held by the Executive at such time representing five and one-half percent (5.5%) of the Company's Common Stock immediately following such issuance (as calculated on a fully-diluted basis to include shares of Common Stock issuable upon conversion of then outstanding convertible preferred stock, issuable upon exercise of then outstanding stock options and warrants and otherwise authorized for issuance pursuant to the Company's 2006 Stock Incentive Plan), and (ii) issue to the Executive as soon thereafter as practicable (A) such number of shares of Common Stock as an award of restricted stock under the Company's 2006 Stock Incentive Plan pursuant to the terms of the restricted stock agreement attached hereto as Exhibit C and subject to the payment by the Executive to the Company of an amount equal to the Company's

withholding obligation with respect to federal, state, local and other taxes in respect of the shares to be issued to the Executive under such restricted stock agreement, or (B) stock options under the Company's 2006 Stock Incentive Plan to purchase such number of shares of Common Stock at an exercise price per share equal to the fair market value of one share of Common Stock on the date the option is granted as determined by the Board, in its sole discretion, and pursuant to the terms of the stock option agreement attached hereto as Exhibit D, the determination to receive restricted stock or options to be made by the Executive.

(c) Upon the Effective Date, the shares issued to the Executive under the November Stock Agreement shall be deemed fully vested and the Purchase Option (as defined in the November Stock Agreement) will lapse in full and shall have no further force or effect.

5. **AT WILL EMPLOYMENT**. It is understood that the Executive's employment by the Company continues to be on an "at will" basis and may be terminated at any time, for any reason or no reason, at the Executive's option or the option of the Company, as the case may be, on the terms and subject to the conditions set forth in this Agreement.

6. **CONFIDENTIALITY AND INVENTIONS AGREEMENT**. The Executive hereby reaffirms his obligations pursuant to the Confidentiality and Inventions Agreement he signed on December 22, 2006 in connection with his employment (the "Confidentiality Agreement"), and acknowledges that the amended terms of his continued employment with the Company, as set forth in this Agreement, are further consideration therefor.

7. **TERMINATION OF EMPLOYMENT AND SEVERANCE BENEFITS**.

(a) **Termination for Cause, by Reason of Death or Disability, or Resignation Other Than for Good Reason**. If the Executive's employment is terminated by the Company for Cause or by reason of his death or Disability, or if the Executive resigns other than for Good Reason, the Company shall pay or provide the Executive or the Executive's estate or representative promptly after such termination or resignation (i) any accrued but unpaid Base Salary and any accrued but unused vacation through the date of termination, payable in accordance with Company policy; (ii) any bonus earned with respect to the fiscal year ending on or preceding the date of termination which the Board has awarded for the period in question but which has not yet been paid: (iii) reimbursement for any unreimbursed expenses properly incurred and documented through the date of termination; and (iv) all other payments or benefits to which the Executive may be entitled but which has not yet been paid through the date of termination under the terms of any applicable compensation arrangement, plan or by law ((i) to (iv) are collectively, the "Accrued Benefits"). Other than the Accrued Benefits, the Executive will not be eligible to receive any severance or any other payments or benefits from the Company following the date of termination; provided, however, that if the Board awards a bonus after the date of termination with respect to the period in question, and thus not in time for it to have been paid along with the other Accrued Benefits, then the Company shall pay that bonus promptly after such award has been made.

(b) **Termination by Company Without Cause or by the Executive For Good Reason**. If the Executive's employment is terminated by the Company without Cause or if the Executive terminates his employment for Good Reason, the Executive shall be entitled to

receive the Accrued Benefits and. provided that the Executive complies with the provisions set forth in Section 7(c) below, the following severance benefits (collectively, the "Severance Benefits"):

(i) the Company shall provide the Executive with severance pay equal to one (1) year's Base Salary then in effect, payable in the form of salary continuation for a twelve (12) month period in accordance with the Company's then current payroll practices and beginning no later than thirty (30) days after the date of termination and no earlier than the date on which the general release of claims described in Section 7(c) below becomes effective;

(ii) if the Executive is eligible for and elects to continue receiving group health and dental insurance under the law known as COBRA, the Company shall continue to pay on his behalf during the period in which he is receiving the Severance Pay (the "Severance Period") that portion of the monthly premiums for such coverage that it pays for active and similarly situated employees receiving the same type of coverage (the Executive shall be solely responsible for paying the balance of the premiums during the Severance Period, and thereafter, all premium costs shall be paid by the Executive on a monthly basis for as long as, and to the extent that, he remains eligible for and elects to continue receiving continued coverage under COBRA); provided, however, that notwithstanding the foregoing, in the event the Executive becomes eligible during the Severance Period for group health coverage through another employer, he immediately shall notify the Company in writing of the date of eligibility for such coverage (the "Eligibility Date"), and the Company's obligation to make monthly premium payments pursuant to this Section 7(b)(ii) shall end on the Eligibility Date);

(iii) the Company agrees that the Executive will be eligible for a performance-based bonus equal to up to a percentage of his Base Salary as of the dale of termination (which percentage shall be determined by multiplying the Target Percentage by a fraction, the numerator of which is the number of full months during which the Executive was employed hereunder in the calendar year in which the termination occurred and the denominator of which is twelve (12)) based on the achievement of certain performance milestones that shall be agreed to by him and the Company pursuant to Section 2 for such calendar year, as determined by the Board in its sole discretion; and

(iv) the Company agrees that any restricted stock or stock options held by the Executive shall be subject to accelerated vesting by six (6) months in accordance with the terms of any restricted stock agreement or stock option agreement to which he is a party.

(c) **Conditions to Payment of Severance Benefits**. The provision of the Severance Benefits pursuant to Section 7(b) is (i) subject to, and expressly made contingent upon, the Executive executing and not revoking a general release of claims, in a form provided by the Company and (ii) subject to Section 12. The Executive further agrees that, on or prior to the termination or resignation date, the Company may convene an exit interview to review the status of accounts and matters for which the Executive has most recently been responsible to ensure that the Executive has fully obtained any entitlements which may be available under this Agreement and/or to confirm that the Executive clearly understands the nature and scope of all of his post-employment obligations.

In addition, as a condition to the provision of the Severance Benefits, the Executive agrees to (i) reasonably cooperate with the Company at its request in all matters relating to the winding up of his pending work on behalf of the Company and the orderly transfer of such work to other employees of the Company following any termination of employment, (ii) during the Severance Period, upon reasonable notice by the Company, make himself reasonably available to the Company on an as-needed basis in connection with the orderly transition of his duties without receiving any additional compensation other than the Severance Benefits, and (iii) reasonably cooperate in the resolution of any dispute (including, without limitation, litigation or administrative action) involving the Company that relates in any way to the Executive's activities while employed by the Company; provided, however, that the Company shall limit its requirement for future activities by the Executive pursuant to this paragraph to those activities which are necessary and reasonable for the effective conduct of Company's business. The Company shall reimburse the Executive for all reasonable out-of-pocket expenses incurred by the Executive in order to provide such cooperation.

8. **DEFINITIONS**. For the purpose of this Agreement, the following definitions shall apply.

"Affiliate" shall mean any corporation, partnership, trust or other entity of which the Company and/or any of its Affiliates directly or indirectly owns a majority of the outstanding shares of any class of equity security thereof and any corporation, partnership, trust or other entity which directly or indirectly owns a majority of the outstanding shares of any class of any equity security of the Company or any of its Affiliates.

"Cause" shall mean: (i) the Executive's conviction of, or plea of guilty or nolo contendere to, any felony (other than traffic related offenses), (ii) the willful misconduct or gross negligence of the Executive with regard to the Company that the Board determines in good faith is. or is reasonably likely to be, materially injurious to the Company and its reputation, (iii) any incurable material breach by the Executive of the Confidentiality Agreement that the Board determines in good faith is, or is reasonably likely to be, materially injurious to the Company, (iv) the Executive's violation of the Company's published policies prohibiting unlawful harassment and discrimination or its published policy concerning drugs and alcohol, as in effect from time to time and/or (v) the Executive's refusal to participate in. and fully cooperate during, the exit interview referred to above in Section 7.

"Disability" shall mean any long-term disability or incapacity due to physical or mental illness that renders the Executive unable to substantially perform his duties for 90 consecutive days or 120 total days during any twelve (12) month period, provided that it may occur in a shorter period if, after its commencement, it is determined to be total and permanent by a physician selected by the Company and its insurers and such determination is acceptable to the Executive or to the Executive's legal representative (with such agreement on acceptability not to be unreasonably withheld).

"Good Reason" shall mean any action on the part of the Company not consented to by the Executive in writing (which action shall not have been cured within twenty (20) days following written notice from the Executive to the Board specifying that such action will give rise to a termination of employment hereunder for Good Reason) having the following effect or effects:

(i) a material diminution in the Executive's Primary Responsibilities; (ii) a reduction in the Executive's Base Salary then in effect, other than a reduction comparable to reductions generally applicable to all similarly situated employees of the Company (it being understood that all officers of the Company shall be considered to be "similarly situated" for these purposes); (iii) a significant reduction by the Company in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the overall benefits package is significantly reduced; or (iv) the Company's requiring the Executive's ongoing and regular services to be performed at a location more than fifty (50) miles from the Company's then current location in the greater Boston, Massachusetts area (it being understood that the Executive's position is expected to entail some significant travel outside the area from time to time).

9. **INDEMNIFICATION AND INSURANCE**. The Executive shall be entitled to indemnification to the fullest extent permitted by the Company's By-Laws and, if the Company obtains directors' and officers' liability insurance policy shall be entitled to coverage under such policy to the same extent as other senior executives of the Company.

10. **NOTICE**. Any purported termination of employment hereunder shall be communicated through written notice from the terminating party and shall indicate the specific provision in this letter relied upon. Such notice and all other communications which arc required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and shall be deemed given (i) if delivered personally, on the date of delivery (ii) if mailed by certified or registered mail, return receipt requested and postage prepaid, three (3) days after the mailing date, (iii) if sent via a nationally recognized overnight courier, on the next business day thereafter or (iv) if sent via facsimile confirmed in writing to the recipient, on the next business day thereafter; in each case, if to the Company, at the Company's principal place of business, and if to the Executive, at his home address most recently filed with the Company, or to such other address or addresses as either party shall have designated in writing to the other party hereto.

11. **REPRESENTATION**. The Executive represents that he has disclosed to the Company all confidentiality, non-competition, non-solicitation, rights to inventions and other similar agreements under which he is currently bound. The Executive further represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him from entering into this Agreement or performing all of his obligations hereunder.

12. **409A CONSIDERATIONS**. The Executive acknowledges that this Agreement is intended to comply, to the extent applicable, with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and shall, to the extent practicable, be construed in accordance therewith. Terms defined in this Agreement shall have the meanings given such terms under Section 409A if and to the extent required in order to comply with Section 409A. If and to the extent any portion of any payment, compensation or other benefit provided to the Executive in connection with his separation from service (as defined in Section 409A) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is a "specified employee" as defined in

Section 409A(a)(2)(B)(i), as determined by the Company in accordance with its procedures and Treasury Regulation 1.409A-1 (i)(6)(i). by which determination the Executive hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of separation from service (as determined under Section 409A (the "New Payment Date")), except as Section 409A may then permit, The aggregate of any payments that otherwise would have been paid to the Executive during the period between the date of separation from service and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Company, its Board, nor any of its designees, agents, or employees shall be liable to the Executive or any other person for any actions, decisions or determinations made in good faith under this Agreement after prior consultation with the Executive, or for any resulting adverse tax consequences.

13. **MISCELLANEOUS**. This Agreement sets forth the terms of the Executive's employment with Company and supersedes any prior representations or agreements, whether written or oral, relating to the subject matter of this Agreement, including without limitation the Original Agreement; provided, however, that the Confidentiality Agreement referenced herein shall remain in full force and effect. This Agreement may be modified or amended only by an instrument in writing signed by the Executive and the Company. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflict of law provisions thereof. This Agreement shall be binding upon, and inure to the benefit of, the Executive and the Company and the Executive's and the Company's respective heirs, successors, legal representatives and assigns. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, illegible or incapable of being enforced in whole or in part by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect and no covenant or provision shall be deemed dependent upon any other covenant or provision. This Agreement may be signed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages shall be binding originals.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Employment Agreement as of the date first written above.

AILERON THERAPEUTICS, INC.

/s/ Seth Harrison
By: Seth Harrison
Title: Chairman

I have read and understood this Employment Agreement and hereby accept continued employment on the terms and conditions set forth herein as of the day and year first above written.

/s/ Joseph A. Yanchik III
Joseph A. Yanchik III

49 Bristol Road
Wellesley Hills, MA 02481

EXHIBIT A

PROMISSORY NOTE

[Date of Issue]

$30,000 Cambridge, Massachusetts

FOR VALUE RECEIVED, Joseph Yanchik (the "Executive"), promises to pay to Aileron Therapeutics, Inc., (the "Company") or order, at the offices of the Company or at such other place as the holder of this Note may designate, the principal sum of $30,000, together with interest on the unpaid principal balance of this Note from time to time outstanding at the rate of 3.5% per year, compounded annually, until paid in full.

Principal and interest shall be paid in full on the earliest of (i) the fourth anniversary of the date of issuance of this Note, (ii) termination of the Executive employment with the Company (other than termination by the Company without Cause or by the Executive for Good Reason (as such terms are defined in the Employment Agreement dated as of March 1, 2008 between the Executive and the Company (the "Employment Agreement"))) and (iii) the date that the Common Stock of the Company is registered under the Securities Exchange Act of 1934, as amended.

Interest on this Note shall be computed on the basis of a year of 365 days for the actual number of days elapsed. All payments by the Executive under this Note shall be in immediately available funds.

This Note shall become immediately due and payable without notice or demand upon the occurrence at any time of any of the following events of default (individually, "an Event of Default" and collectively, "Events of Default"):

(1) default in the payment or performance of this or any other liability or obligation of the Executive to the holder (a) under this Note, including the payment when due of any principal, premium or interest under this Note, or (b) that constitutes Cause under the Employment Agreement;

(2) the institution against the Executive or any indorser or guarantor of this Note of any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, which proceeding is not dismissed within thirty (30) days of filing; or

(3) the institution by the Executive or any indorser or guarantor of this Note of any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally or the making by the Executive or any indorser or guarantor of this Note of a composition or an assignment or trust mortgage for the benefit of creditors.

Upon the occurrence of an Event of Default, the holder of this Note shall have then, or at any time thereafter, all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the Commonwealth of Massachusetts or afforded by other applicable law.

Every amount overdue under this Note shall bear interest from and after the date on which such amount first became overdue at an annual rate which is two (2) percentage points above the rate per year specified in the first paragraph of this Note. Such interest on overdue amounts under this Note shall be payable on demand and shall accrue and be compounded monthly until the obligation of the Executive with respect to the payment of such interest has been discharged (whether before or after judgment).

In no event shall any interest charged, collected or reserved under this Note exceed the maximum rate then permitted by applicable law and if any such payment is paid by the Executive, then such excess sum shall be credited by the holder as a payment of principal.

All payments by the Executive under this Note shall be made without set-off or counterclaim and be free and clear and without any deduction or withholding for any taxes or fees of any nature whatever, unless the obligation to make such deduction or withholding is imposed by law. The Executive shall pay and save the holder harmless from all liabilities with respect to or resulting from any delay or omission to make any such deduction or withholding required by law.

Whenever any amount is paid under this Note, all or part of the amount paid may be applied to principal, premium or interest in such order and manner as shall be determined by the holder in its discretion.

No reference in this Note to any guaranty or other document shall impair the obligation of the Executive, which is absolute and unconditional, to pay all amounts under this Note strictly in accordance with the terms of this Note.

The Executive agrees to pay on demand all costs of collection, including reasonable attorneys' fees, incurred by the holder in enforcing the obligations of the Executive under this Note.

No delay or omission on the part of the holder in exercising any right under this Note shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Executive and every indorser or guarantor of this Note regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable.

This Note may be prepaid in whole or in part at any time or from time to time upon five days' prior written notice with the consent of the holder, with the giving of such consent to be in the sole discretion of the holder. Any such prepayment shall be without premium or penalty.

None of the terms or provisions of this Note may be excluded, modified or amended except by a written instrument duly executed on behalf of the holder expressly referring to this Note and setting forth the provision so excluded, modified or amended.

All rights and obligations hereunder shall be governed by the laws of the Commonwealth of Massachusetts and this Note is executed as an instrument under seal.

Joseph Yanchik

Exhibit B (to Employment Agreement)

AILERON THERAPEUTICS, INC.

Restricted Stock Agreement
Granted Under 2006 Stock Incentive Plan

AGREEMENT made this day of March, 2008 between Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), and Joseph A. Yanchik III (the "Participant").

For valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

1. Issuance of Shares.

The Company shall issue to the Participant, and the Participant shall acquire from the Company, subject to the terms and conditions set forth in this Agreement and in the Company's 2006 Stock Incentive Plan (the "Plan"), 983,300 shares (the "Shares") of common stock, $0.001 par value, of the Company ("Common Stock"). As a condition of the issuance of the Shares to the Participant, the Participant shall pay to the Company, by check payable to the order of the Company or such other method as may be acceptable to the Company, an amount equal to the Company's withholding obligation with respect to federal, state, local and other taxes in respect of the Shares to be issued to the Participant hereunder. Upon receipt by the Company of such payment, the Company shall issue to the Participant one or more certificates in the name of the Participant representing the Shares. The Participant agrees that the Shares shall be subject to the Forfeiture Options set forth in Section 2 of this Agreement and the restrictions on transfer set forth in Sections 4 and 5 of this Agreement.

2. Forfeiture Option.

(a) In the event that the Participant ceases to be an Eligible Participant for any reason or no reason, with or without cause, prior to August 1, 2011, the Company shall have the right and option (the "Forfeiture Option") to cause the Participant to forfeit to the Company some or all of the Unvested Shares (as defined below).

(b) "Unvested Shares" means the total number of Shares multiplied by the Applicable Percentage at the time the Forfeiture Option becomes exercisable by the Company. The "Applicable Percentage" shall be (i) 100% less 2.0833% for each month of services completed by the Participant for the Company as an Eligible Participant from and after August 1, 2007 and (ii) zero on or after August 1, 2011.

(c) For purposes of this Agreement, "Eligible Participant" means, if the Participant is employed, or a director of, or a consultant or advisor to, the Company, or a parent or subsidiary of the Company, Participant shall be deemed to be an Eligible Participant.

(d) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in the event that Participant's employment with the Company is terminated pursuant to Section 7 of the Employment Agreement dated March 1, 2008 between Participant and the Company (the "Employment Agreement") by reason of death or Disability of the Participant, by the Company without Cause or by the Participant for Good Reason (as such terms are defined in the Employment Agreement), and provided that the Participant complies with the provisions set forth in Section 7(c) of the Employment Agreement, the Applicable Percentage shall be calculated as if the Participant continued to be employed by the Company for an additional six months following the date of termination of employment.

(e) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in the event that while the Participant is an Eligible Participant there occurs (i) the consolidation or merger of the Company with or into any other corporation or other entity (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own. directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction), or (ii) the sale of all or substantially all of the properties and assets of the Company as an entirety to any other person (either event being hereinafter referred to as a "Change of Control Event"), then 100% of the Unvested Shares shall become fully vested upon the consummation of such Change of Control Event.

(f) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in the event that, as of September , 2008, the Company shall have not issued and sold shares of its preferred stock convertible into at least 2.000,000 shares of Common Stock (subject to adjustment for stock splits, combinations, recapitalizations and other similar events affecting the Common Stock) during the six month period commencing on the date hereof and ending on September , 2008. then (i) the Participant shall immediately and automatically forfeit and surrender to the Company a number of the Shares issued hereunder which if forfeited by the Participant, would result in the aggregate number of shares of Common Stock owned by the Participant or subject to outstanding stock options held by the Participant at such time representing 5.5% of the Common Stock immediately following such forfeiture (as calculated on a fully-diluted basis to include shares of Common Stock issuable upon conversion of then outstanding convertible preferred stock, issuable upon exercise of then outstanding stock options and warrants and otherwise authorized for issuance pursuant to the Company's 2006 Stock Incentive Plan) (such forfeited shares being referred to as the Section 2(f) Forfeited Shares"), (ii) for purposes of Section 2(b), the term Shares shall mean the Shares after deduction of the Section 2(f) Forfeited Shares and (iii) such forfeiture shall be effected as if the Company had exercised its Forfeiture Option with respect to such Shares under Section 3.

3. Exercise of Forfeiture Option and Closing.

(a) The Company may exercise the Forfeiture Option by delivering or mailing to the Participant (or his estate), within 90 days after Participant ceases to be an Eligible Participant, a written notice of exercise of the Forfeiture Option. Such notice shall specify the number of Shares to be forfeited. If and to the extent the Forfeiture Option is not so exercised by the giving of such a notice within such 90-day period, the Forfeiture Option shall automatically expire and terminate effective upon the expiration of such 90-day period.

(b) Within 10 days after delivery to the Participant of the Company's notice of the exercise of the Forfeiture Option pursuant to subsection (a) above, the Participant (or his estate) shall, pursuant to the provisions of the Joint Escrow Instructions referred to in Section 7 below, tender to the Company at its principal offices the certificate or certificates representing the Shares which the Company has designated for forfeiture in accordance with the terms of this Agreement, duly endorsed in blank or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such Shares to the Company.

(c) After the time at which any Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to

the Participant on account of such Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Shares.

(d) The Company shall not acquire any fraction of a Share upon exercise of the Forfeiture Option, and any fraction of a Share resulting from a computation made pursuant to Section 2 of this Agreement shall he rounded to the nearest whole Share (with any one-half Share being rounded upward).

4. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any (x) Unvested Shares at any time or (y) Shares (whether vested or not) prior to the date six months after the date hereof, or any interest therein, except that the Participant may transfer Unvested Shares after the date six months after the date hereof (i) to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives") or to a trust established solely for the benefit of the Participant and/or Approved Relatives, provided that such Unvested Shares shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in this Section 4, the Forfeiture Option and the right of first refusal set forth in Section 5) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement or (ii) as part of the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation), provided that, in accordance with the Plan, the securities or other property received by the Participant in connection with such transaction shall remain subject to this Agreement.

(b) The Participant shall not transfer any Shares, or any interest therein, that are no longer subject to the Forfeiture Option, except in accordance with Section 5 below.

5. Right of First Refusal.

(a) If the Participant proposes to transfer any Shares that are no longer subject to the Forfeiture Option (either because they are no longer Unvested Shares or because the Forfeiture Option expired unexercised), then the Participant shall first give written notice of the proposed transfer (the "Transfer Notice") to the Company. The Transfer Notice shall name the proposed transferee and state the number of such Shares the Participant proposes to transfer (the "Offered Shares"), the price per share and all other material terms and conditions of the transfer.

(b) For 30 days following delivery to the Company of such Transfer Notice, the Company shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice. In the event the Company elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Participant within such 30-day period. Within 10 days after delivery to the Participant of such notice, the Participant shall tender to the Company at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Company, duly endorsed in blank by the Participant or with duly endorsed stock powers attached thereto, all in form suitable for transfer of the Offered Shares to the Company. Promptly following receipt of such certificate or certificates, the Company shall deliver or mail to the Participant a check in payment of the purchase price for the Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Company may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice; and provided further that any delay in making such payment shall not invalidate the Company's exercise of its option to purchase the Offered Shares.

(c) If the Company does not elect to acquire any of the Offered Shares, the Participant may, within the 90-day period following the expiration of the option granted to the Company under subsection (b) above, transfer the Offered Shares which the Company has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the Transfer Notice. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 5 shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in Section 4 and the right of first refusal set forth in this Section 5) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(d) After the time at which the Offered Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Offered Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Offered Shares.

(e) The following transactions shall be exempt from the provisions of this Section 5:

(1) a transfer of Shares to or for the benefit of any Approved Relatives, or to a trust established solely for the benefit of the Participant and/or Approved Relatives;

(2) any transfer pursuant to an effective registration statement filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); and

(3) the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation);

provided, however, that in the case of a transfer pursuant to clause (1) above, such Shares shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in Section 4 and the right of first refusal set forth in this Section 5) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(f) The Company may assign its rights to purchase Offered Shares in any particular transaction under this Section 5 to one or more persons or entities.

(g) The provisions of this Section 5 shall terminate upon the earlier of the following events:

(1) the closing of the sale of shares of Common Stock in an underwritten public offering pursuant to an effective registration statement filed by the Company under the Securities Act; or

(2) the sale of all or substantially all of the capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of the Common Stock immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(h) The Company shall not be required (1) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (2) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

6. Agreement in Connection with Public Offering.

The Participant agrees, in connection with the initial underwritten public offering of the Company's securities, (i) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock held by the Participant (other than those shares included in the offering) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for the time period specified by the managing underwriters, and (ii) to execute any agreement reflecting clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering.

7. Escrow.

The Participant shall, upon the execution of this Agreement, execute Joint Escrow Instructions in the form attached to this Agreement as Exhibit A. The Joint Escrow Instructions shall be delivered to the Secretary of the Company, as escrow agent thereunder. The Participant shall deliver to such escrow agent a stock assignment duly endorsed in blank, in the form attached to this Agreement as Exhibit B, and hereby instructs the Company to deliver to such escrow agent, on behalf of the Participant, the certificate(s) evidencing the Shares issued hereunder. Such materials shall be held by such escrow agent pursuant to the terms of such Joint Escrow Instructions.

8. Stockholders Agreement.

The Participant shall execute and deliver the counterpart signature page attached hereto as Exhibit C to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended from time to time (the "Stockholders Agreement"), among the Company and the Stockholders (as defined therein) agreeing to become a party to the Stockholders Agreement and be bound by the terms thereof; provided that if the Participant has previously executed and delivered the Stockholders Agreement, the Participant need only reaffirm his obligations thereunder.

9. Restrictive Legends.

All certificates representing Shares shall have affixed thereto legends in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

> "The shares of stock represented by this certificate are subject to restrictions on transfer and forfeiture provisions set forth in a certain Restricted Stock Agreement between the corporation and the registered owner of these shares for his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

10. Provisions of the Plan.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

(b) As provided in the Plan, upon the occurrence of a Reorganization Event (as defined in the Plan), the Forfeiture Option and other rights of the Company hereunder shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Shares were converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Shares under this Agreement. If, in connection with a Reorganization Event, a portion of the cash, securities and/or other property received upon the conversion or exchange of the Shares is to be placed into escrow to secure indemnification or similar obligations, the mix between the vested and unvested portion of such cash, securities and/or other property that is placed into escrow shall be the same as the mix between the vested and unvested portion of such cash, securities and/or other property that is not subject to escrow.

11. Investment Representations.

The Participant represents, warrants and covenants as follows:

(a) The Participant is acquiring the Shares for his own account for investment only, and not with a view to, or for sale in connection with, any distribution of the Shares in violation of the Securities Act, or any rule or regulation under the Securities Act.

(b) The Participant has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Participant has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of the Shares and to make an informed investment decision with respect to such purchase.

(d) The Participant can afford a complete loss of the value of the Shares and is able to bear the economic risk of holding such Shares for an indefinite period.

(e) The Participant understands that (i) the Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act; (ii) the Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register the Shares under the Securities Act.

12. Withholding Taxes; Section 83(b) Election.

(a) The Participant acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the acquisition of the Shares by the Participant or the lapse of the Forfeiture Option.

(b) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. The Participant understands that it may be beneficial in many circumstances to elect to be taxed at the time the Shares are acquired rather than when and as the Company's Forfeiture Option expires by filing an election under Section 83(b) of the Internal Revenue Code of 1986 with the I.R.S. within 30 days from the date of acquisition.

THE PARTICIPANT ACKNOWLEDGES THAT IT IS SOLELY THE PARTICIPANT'S RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b). EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE PARTICIPANT'S BEHALF.

13. Miscellaneous.

(a) No Rights to Employment. The Participant acknowledges and agrees that the vesting of the Shares pursuant to Section 2 hereof is earned only by continuing service as an employee at the will of the Company (not through the act of being hired or acquiring shares hereunder). The Participant further acknowledges and agrees that the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as an employee or consultant for the vesting period, for any period, or at all.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) Waiver. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board of Directors of the Company.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Sections 4 and 5 of this Agreement.

(e) Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 13(e).

(f) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(g) Entire Agreement. Subject to the final sentence of this Section 13(g) and Section 13(h) below, this Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement. Notwithstanding anything to the contrary herein, to the extent that any provision herein conflicts with the terms of the Stockholders Agreement, the provisions of the Stockholders Agreement shall govern and supersede any conflicting provisions of this Agreement.

(h) Employment Letter. The parties hereto acknowledge that the issuance of the Shares hereby satisfies in full the Company's obligation to grant a restricted stock award to the Participant under the terms of Section 4(a) of the Employment Agreement.

(i) Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Participant.

(j) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

(k) Participant's Acknowledgments. The Participant acknowledges that he or she: (i) has read this Agreement; (ii) has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of the Participant's own choice or has voluntarily declined to seek such counsel; (iii) understands the terms and consequences of this Agreement; (iv) is fully aware of the legal and binding effect of this Agreement; and (v) understands that the law firm of WilmerHale is acting as counsel to the Company in connection with the transactions contemplated by the Agreement, and is not acting as counsel for the Participant.

[*Remainder of Page Intentionally Left Blank*]

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

AILERON THERAPEUTICS, INC.

By: _____
Title: _____
Address: _____
_____

_____
Joseph A. Yanchik III

Address:

Exhibit A

AILERON THERAPEUTICS, INC.

Joint Escrow Instructions

March , 2008

Secretary
Aileron Therapeutics, Inc.
840 Memorial Drive
Cambridge, MA 02139

Dear Sir:

As Escrow Agent for Aileron Therapeutics, Inc., a Delaware corporation, and its successors in interest under the Restricted Stock Agreement (the "Agreement") of even date herewith, to which a copy of these Joint Escrow Instructions is attached (the "Company"), and the undersigned person ("Holder"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of the Agreement in accordance with the following instructions:

1. Appointment. Holder irrevocably authorizes the Company to deposit with you any certificates evidencing Shares (as defined in the Agreement) to be held by you hereunder and any additions and substitutions to said Shares. For purposes of these Joint Escrow Instructions, "Shares" shall be deemed to include any additional or substitute property. Holder does hereby irrevocably constitute and appoint you as his attorney-in-fact and agent for the term of this escrow to execute with respect to such Shares all documents necessary or appropriate to make such Shares negotiable and to complete any transaction herein contemplated. Subject to the provisions of this Section 1 and the terms of the Agreement, Holder shall exercise all rights and privileges of a stockholder of the Company while the Shares are held by you.

2. Exercise of the Company's Forfeiture Option; Closing.

(a) Upon any exercise by the Company of its Forfeiture Option (as defined in the Agreement) with respect to the Shares pursuant to the Agreement or upon any Section 2(f) Forfeiture, the Company shall give to Holder and you a written notice specifying the number of Shares to be forfeited, as determined pursuant to the Agreement, and the time for a transfer of such Shares to the Company (the "Closing") at the principal office of the Company. Holder and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

(b) At the Closing, you are directed (i) to date the stock assignment form or forms necessary for the transfer of the Shares, (ii) to fill in on such form or forms the number of Shares being transferred, and (iii) to deliver the same, together with the certificate or certificates evidencing the Shares to be transferred, to the Company.

3. Withdrawal. The Holder shall have the right to withdraw from this escrow any Shares as to which the Forfeiture Option has terminated or expired.

4. Duties of Escrow Agent.

(a) Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

(b) You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact of Holder while acting in good faith and in the exercise of your own good judgment, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

(c) You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or entity, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. If you are uncertain of any actions to be taken or instructions to be followed, you may refuse to act in the absence of an order, judgment or decrees of a court. In case you obey or comply with any such order, judgment or decree of any court, you shall not be liable to any of the parties hereto or to any other person or entity, by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

(d) You shall not be liable in any respect on account of the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

(e) You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder and may rely upon the advice of such counsel.

(f) Your rights and responsibilities as Escrow Agent hereunder shall terminate if (i) you cease to be Secretary of the Company or (ii) you resign by written notice to each party. In the event of a termination under clause (i), your successor as Secretary shall become Escrow Agent hereunder: in the event of a termination under clause (ii), the Company shall appoint a successor Escrow Agent hereunder.

(g) If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

(h) It is understood and agreed that if you believe a dispute has arisen with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such dispute shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

(i) These Joint Escrow Instructions set forth your sole duties with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into these Joint Escrow Instructions against you.

(j) The Company shall indemnify you and hold you harmless against any and all damages, losses, liabilities, costs, and expenses, including attorneys' fees and disbursements, (including without limitation the fees of counsel retained pursuant to Section 4(e) above, for anything done or omitted to be done by you as Escrow Agent in connection with this Agreement or the performance of your duties hereunder, except such as shall result from your gross negligence or willful misconduct.

5. Notice. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses, or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY:	Notices to the Company shall be sent to the address set forth in the salutation hereto, Attn: President
HOLDER:	Notices to Holder shall be sent to the address set forth below Holder's signature below.
ESCROW AGENT:	Notices to the Escrow Agent shall be sent to the address set forth in the salutation hereto.

6. Miscellaneous.

(a) By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions, and you do not become a party to the Agreement.

(b) This instrument shall the binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

[*Remainder of Page Intentionally Left Blank*]

Very truly yours,

AILERON THERAPEUTICS, INC.

By: _____

Title: _____

HOLDER:

_____

(Signature)

_____

Print Name

Address: _____

_____

Date Signed: _____

ESCROW AGENT:

_____

Exhibit B

(STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE)

FOR VALUE RECEIVED, I hereby sell, assign and transfer unto ( ) shares of Common Stock, $0.001 par value per share, of (the "Corporation") standing in my name on the books of the Corporation represented by Certificate(s) Number herewith, and do hereby irrevocably constitute and appoint attorney to transfer the said stock on the books of the Corporation with full power of substitution in the premises.

Dated: _____

IN PRESENCE OF _____

_____

Exhibit C

AILERON THERAPEUTICS, INC.

Third Amended and Restated Stockholders Agreement

Counterpart Signature Page

The undersigned has received and reviewed the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006 among Aileron Therapeutics, Inc. and certain stockholders of Aileron Therapeutics, Inc., as amended (the "Stockholders Agreement").

The undersigned hereby agrees to be bound by the terms and conditions of the Stockholders Agreement as a "Common Stockholder" thereunder, or, if already a party to the Stockholders Agreement, hereby reaffirms his obligations thereunder.

Executed, in counterpart, as of the date set forth below.

_____

Printed or Typed Name

_____

Signature

Date: , 200

If signing on behalf of an entity, please indicate title below:

Title: _____

Exhibit C (to Employment Agreement)

AILERON THERAPEUTICS, INC.

Restricted Stock Agreement
Granted Under 2006 Stock Incentive Plan

AGREEMENT made this day of , 2008 between Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), and Joseph A. Yanchik III (the "Participant").

For valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

1. Issuance of Shares.

The Company shall issue to the Participant, and the Participant shall acquire from the Company, subject to the terms and conditions set forth in this Agreement and in the Company's 2006 Stock Incentive Plan (the "Plan"), shares (the "Shares") of common stock. $0.001 par value, of the Company ("Common Stock"). As a condition of the issuance of the Shares to the Participant, the Participant shall pay to the Company, by check payable to the order of the Company or such other method as may be acceptable to the Company, an amount equal to the Company's withholding obligation with respect to federal, slate, local and other taxes in respect of the Shares to be issued to the Participant hereunder. Upon receipt by the Company of such payment, the Company shall issue to the Participant one or more certificates in the name of the Participant representing the Shares. The Participant agrees that the Shares shall be subject to the Forfeiture Options set forth in Section 2 of this Agreement and the restrictions on transfer set forth in Sections 4 and 5 of this Agreement.

2. Forfeiture Option.

(a) In the event that the Participant ceases to be an Eligible Participant for any reason or no reason, with or without cause, prior to August 1, 2011, the Company shall have the right and option (the "Forfeiture Option") to cause the Participant to forfeit to the Company some or all of the Unvested Shares (as defined below).

(b) "Unvested Shares" means the total number of Shares multiplied by the Applicable Percentage at the time the Forfeiture Option becomes exercisable by the Company. The "Applicable Percentage" shall be (i) 100% less 2.0833% for each month of services completed by the Participant for the Company as an Eligible Participant from and after August 1, 2007 and (ii) zero on or after August 1, 2011.

(c) For purposes of this Agreement, "Eligible Participant" means, if the Participant is employed, or a director of, or a consultant or advisor to, the Company, or a parent or subsidiary of the Company, Participant shall be deemed to be an Eligible Participant.

(d) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement in the event that Participant's employment with the Company is terminated pursuant to Section 7 of the Employment Agreement dated March 1, 2008 between Participant and the Company (the "Employment Agreement") by reason of death or Disability of the Participant, by the Company without Cause or by the Participant for Good Reason (as such terms are defined in the Employment Agreement), and provided that the Participant complies with the provisions set forth in Section 7(c) of the Employment Agreement, the Applicable Percentage shall he calculated as if the Participant continued to be employed by the Company for an additional six months following the date of termination of employment.

(e) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in the event that while the Participant is an Eligible Participant there occurs (i) the consolidation or merger of the Company with or into any other corporation or other entity (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction), or (ii) the sale of all or substantially all of the properties and assets of the Company as an entirety to any other person (either event being hereinafter referred to as a "Change of Control Event"), then 100% of the Unvested Shares shall become fully vested upon the consummation of such Change of Control Event.

(f) Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in the event that, as of September , 2008, the Company shall have not issued and sold shares of its preferred stock convertible into at least 2,000,000 shares of Common Stock (subject to adjustment for stock splits, combinations, recapitalizations and other similar events affecting the Common Stock) during the six month period commencing on the date hereof and ending on September , 2008, then (i) the Participant shall immediately and automatically forfeit and surrender to the Company a number of the Shares issued hereunder which if forfeited by the Participant, would result in the aggregate number of shares of Common Stock owned by the Participant or subject to outstanding stock options held by the Participant at such time representing 5.5% of the Common Stock immediately following such forfeiture (as calculated on a fully-diluted basis to include shares of Common Stock issuable upon conversion of then outstanding convertible preferred stock, issuable upon exercise of then outstanding stock options and warrants and otherwise authorized for issuance pursuant to the Company's 2006 Stock Incentive Plan) (such forfeited shares being referred to as the "Section 2(f) Forfeited Shares"), (ii) for purposes of Section 2(b), the term Shares shall mean the Shares after deduction of the Section 2(0 Forfeited Shares and (iii) such forfeiture shall be effected as if the Company had exercised its Forfeiture Option with respect to such Shares under Section 3.

3. Exercise of Forfeiture Option and Closing.

(a) The Company may exercise the Forfeiture Option by delivering or mailing to the Participant (or his estate), within 90 days after Participant ceases to be an Eligible Participant, a written notice of exercise of the Forfeiture Option. Such notice shall specify the number of Shares to be forfeited. If and to the extent the Forfeiture Option is not so exercised by the giving of such a notice within such 90-day period, the Forfeiture Option shall automatically expire and terminate effective upon the expiration of such 90-day period.

(b) Within 10 days after delivery to the Participant of the Company's notice of the exercise of the Forfeiture Option pursuant to subsection (a) above, the Participant (or his estate) shall, pursuant to the provisions of the Joint Escrow Instructions referred to in Section 7 below, tender to the Company at its principal offices the certificate or certificates representing the Shares which the Company has designated for forfeiture in accordance with the terms of this Agreement, duly endorsed in blank or with duly endorsed stuck powers attached thereto, all in form suitable for the transfer of such Shares to the Company.

(c) After the time at which any Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Shares.

(d) The Company shall not acquire any fraction of a Share upon exercise of the Forfeiture Option, and any fraction of a Share resulting from a computation made pursuant to Section 2 of this Agreement shall be rounded to the nearest whole Share (with any one-half Share being rounded upward).

4. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any (x) Unvested Shares at any time or (y) Shares (whether vested or not) prior to the date six months after the date hereof, or any interest therein, except that the Participant may transfer Unvested Shares after the date six months after the date hereof (i) to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives") or to a trust established solely for the benefit of the Participant and/or Approved Relatives, provided that such Unvested Shares shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in this Section 4, the Forfeiture Option and the right of first refusal set forth in Section 5) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement or (ii) as part of the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation), provided that, in accordance with the Plan, the securities or other property received by the Participant in connection with such transaction shall remain subject to this Agreement.

(b) The Participant shall not transfer any Shares, or any interest therein, that are no longer subject to the Forfeiture Option, except in accordance with Section 5 below.

5. Right of First Refusal.

(a) If the Participant proposes to transfer any Shares that are no longer subject to the Forfeiture Option (either because they are no longer Unvested Shares or because the Forfeiture Option expired unexercised), then the Participant shall first give written notice of the proposed transfer (the "Transfer Notice") to the Company. The Transfer Notice shall name the proposed transferee and state the number of such Shares the Participant proposes to transfer (the "Offered Shares"), the price per share and all other material terms and conditions of the transfer.

(b) For 30 days following delivery to the Company of such Transfer Notice, the Company shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice. In the event the Company elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Participant within such 30-day period. Within 10 days after delivery to the Participant of such notice, the Participant shall tender to the Company at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Company, duly endorsed in blank by the Participant or with duly endorsed stock powers attached thereto, all in form suitable for transfer of the Offered Shares to the Company. Promptly following receipt of such certificate or certificates, the Company shall deliver or mail to the Participant a check in payment of the purchase price for the Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Company may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice; and provided further that any delay in making such payment shall not invalidate the Company's exercise of its option to purchase the Offered Shares.

(c) If the Company does not elect to acquire any of the Offered Shares, the Participant may, within the 90-day period following the expiration of the option granted to the Company under subsection (b) above, transfer the Offered Shares which the Company has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the Transfer Notice. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 5 shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in Section 4 and the right of first refusal set forth in this Section 5) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(d) After the time at which the Offered Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Offered Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Offered Shares.

(e) The following transactions shall be exempt from the provisions of this Section 5:

(1) a transfer of Shares to or for the benefit of any Approved Relatives, or to a trust established solely for the benefit of the Participant and/or Approved Relatives;

(2) any transfer pursuant to an effective registration statement filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"); and

(3) the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation);

provided, however, that in the case of a transfer pursuant to clause (1) above, such Shares shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in Section 4 and the right of first refusal set forth in this Section 5) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(f) The Company may assign its rights to purchase Offered Shares in any particular transaction under this Section 5 to one or more persons or entities.

(g) The provisions of this Section 5 shall terminate upon the earlier of the following events:

(1) the closing of the sale of shares of Common Stock in an underwritten public offering pursuant to an effective registration statement filed by the Company under the Securities Act; or

(2) the sale of all or substantially all of the capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of the Common Stock immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(h) The Company shall not be required (1) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (2) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

6. Agreement in Connection with Public Offering.

The Participant agrees, in connection with the initial underwritten public offering of the Company's securities, (i) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock held by the Participant (other than those shares included in the offering) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for the time period specified by the managing underwriters, and (ii) to execute any agreement reflecting clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering.

7. Escrow.

The Participant shall, upon the execution of this Agreement, execute Joint Escrow Instructions in the form attached to this Agreement as Exhibit A. The Joint Escrow Instructions shall be delivered to the Secretary of the Company, as escrow agent thereunder. The Participant shall deliver to such escrow agent a stock assignment duly endorsed in blank, in the form attached to this Agreement as Exhibit B, and hereby instructs the Company to deliver to such escrow agent, on behalf of the Participant, the certificate(s) evidencing the Shares issued hereunder. Such materials shall be held by such escrow agent pursuant to the terms of such Joint Escrow Instructions.

8. Stockholders Agreement.

The Participant shall execute and deliver the counterpart signature page attached hereto as Exhibit C to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended from time to time (the "Stockholders Agreement"), among the Company and the Stockholders (as defined therein) agreeing to become a party to the Stockholders Agreement and be bound by the terms thereof: provided that if the Participant has previously executed and delivered the Stockholders Agreement, the Participant need only reaffirm his obligations thereunder.

9. Restrictive Legends.

All certificates representing Shares shall have affixed thereto legends in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

> "The shares of stock represented by this certificate are subject to restrictions on transfer and forfeiture provisions set forth in a certain Restricted Stock Agreement between the corporation and the registered owner of these shares (or his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

10. Provisions of the Plan.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

(b) As provided in the Plan, upon the occurrence of a Reorganization Event (as defined in the Plan), the Forfeiture Option and other rights of the Company hereunder shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Shares were converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Shares under this Agreement. If, in connection with a Reorganization Event, a portion of the cash, securities and/or other property received upon the conversion or exchange of the Shares is to be placed into escrow to secure indemnification or similar obligations, the mix between the vested and unvested portion of such cash, securities and/or other property that is placed into escrow shall be the same as the mix between the vested and unvested portion of such cash, securities and/or other property that is not subject to escrow.

11. Investment Representations.

The Participant represents, warrants and covenants as follows:

(a) The Participant is acquiring the Shares for his own account for investment only, and not with a view to, or for sale in connection with, any distribution of the Shares in violation of the Securities Act, or any rule or regulation under the Securities Act.

(b) The Participant has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Participant has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of the Shares and to make an informed investment decision with respect to such purchase.

(d) The Participant can afford a complete loss of the value of the Shares and is able to bear the economic risk of holding such Shares for an indefinite period.

(e) The Participant understands that (i) the Shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act: (ii) the Shares cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register the Shares under the Securities Act.

12. Withholding Taxes; Section 83(b) Election.

(a) The Participant acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the acquisition of the Shares by the Participant or the lapse of the Forfeiture Option.

(b) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. The Participant understands that it may be beneficial in many circumstances to elect to be taxed at the time the Shares are acquired rather than when and as the Company's Forfeiture Option expires by filing an election under Section 83(b) of the Internal Revenue Code of 1986 with the I.R.S. within 30 days from the date of acquisition.

THE PARTICIPANT ACKNOWLEDGES THAT IT IS SOLELY THE PARTICIPANT'S RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE PARTICIPANT'S BEHALF.

13. Miscellaneous.

(a) No Rights to Employment. The Participant acknowledges and agrees that the vesting of the Shares pursuant to Section 2 hereof is earned only by continuing service as an employee at the will of the Company (not through the act of being hired or acquiring shares hereunder). The Participant further acknowledges and agrees that the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as an employee or consultant for the vesting period, for any period, or at all.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) Waiver. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board of Directors of the Company.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Sections 4 and 5 of this Agreement.

(e) Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 13(e).

(f) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(g) Entire Agreement. Subject to the final sentence of this Section 13(g) and Section 13(h) below, this Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement. Notwithstanding anything to the contrary herein, to the extent that any provision herein conflicts with the terms of the Stockholders Agreement, the provisions of the Stockholders Agreement shall govern and supersede any conflicting provisions of this Agreement.

(h) Employment Letter. The parties hereto acknowledge that the issuance of the Shares hereby satisfies in full the Company's obligation to grant a restricted stock award to the Participant under the terms of Section 4(a) of the Employment Agreement.

(i) Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Participant.

(j) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

(k) Participant's Acknowledgments. The Participant acknowledges that he or she: (i) has read this Agreement; (ii) has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of the Participant's own choice or has voluntarily declined to seek such counsel; (iii) understands the terms and consequences of this Agreement; (iv) is fully aware of the legal and binding effect of this Agreement; and (v) understands that the law firm of WilmerHale is acting as counsel to the Company in connection with the transactions contemplated by the Agreement, and is not acting as counsel for the Participant.

[*Remainder of Page Intentionally Left Blank*]

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

AILERON THERAPEUTICS, INC.

By: _____
Title: _____
Address: _____
_____

_____
Joseph A. Yanchik III

Address:

Exhibit A

AILERON THERAPEUTICS, INC.

Joint Escrow Instructions

, 2008

Secretary
Aileron Therapeutics, Inc.
840 Memorial Drive
Cambridge, MA 02139

Dear Sir:

As Escrow Agent for Aileron Therapeutics, Inc., a Delaware corporation, and its successors in interest under the Restricted Stock Agreement (the "Agreement") of even date herewith, to which a copy of these Joint Escrow Instructions is attached (the "Company"), and the undersigned person ("Holder"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of the Agreement in accordance with the following instructions:

1. Appointment. Holder irrevocably authorizes the Company to deposit with you any certificates evidencing Shares (as defined in the Agreement) to be held by you hereunder and any additions and substitutions to said Shares. For purposes of these Joint Escrow Instructions, "Shares" shall be deemed to include any additional or substitute property. Holder does hereby irrevocably constitute and appoint you as his attorney-in-fact and agent for the term of this escrow to execute with respect to such Shares all documents necessary or appropriate to make such Shares negotiable and to complete any transaction herein contemplated. Subject to the provisions of this Section I and the terms of the Agreement, Holder shall exercise ail rights and privileges of a stockholder of the Company while the Shares are held by you.

2. Exercise of the Company's Forfeiture Option; Closing.

(a) Upon any exercise by the Company of its Forfeiture Option (as defined in the Agreement) with respect to the Shares pursuant to the Agreement or upon any Section 2(f) Forfeiture, the Company shall give to Holder and you a written notice specifying the number of Shares to be forfeited, as determined pursuant to the Agreement, and the time for a transfer of such Shares to the Company (the "Closing") at the principal office of the Company. Holder and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

(b) At the Closing, you are directed (i) to date the stock assignment form or forms necessary for the transfer of the Shares, (ii) to fill in on such form or forms the number of Shares being transferred, and (iii) to deliver the same, together with the certificate or certificates evidencing the Shares to be transferred, to the Company.

3. Withdrawal. The Holder shall have the right to withdraw from this escrow any Shares as to which the Forfeiture Option has terminated or expired.

4. Duties of Escrow Agent.

(a) Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

(b) You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact of Holder while acting in good faith and in the exercise of your own good judgment, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

(c) You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or entity, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. If you are uncertain of any actions to be taken or instructions to be followed, you may refuse to act in the absence of an order, judgment or decrees of a court. In case you obey or comply with any such order, judgment or decree of any court, you shall not be liable to any of the parties hereto or to any other person or entity, by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

(d) You shall not be liable in any respect on account of the identity, authority' or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

(e) You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder and may rely upon the advice of such counsel.

(f) Your rights and responsibilities as Escrow Agent hereunder shall terminate if (i) you cease to be Secretary of the Company or (ii) you resign by written notice to each party. In the event of a termination under clause (i), your successor as Secretary shall become Escrow Agent hereunder; in the event of a termination under clause (ii), the Company shall appoint a successor Escrow Agent hereunder.

(g) If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

(h) It is understood and agreed that if you believe a dispute has arisen with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you arc authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such dispute shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

(i) These Joint Escrow Instructions set forth your sole duties with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into these Joint Escrow Instructions against you.

(j) The Company shall indemnify you and hold you harmless against any and all damages, losses, liabilities, costs, and expenses, including attorneys' fees and disbursements, (including without limitation the fees of counsel retained pursuant to Section 4(e) above, for anything done or omitted to be done by you as Escrow Agent in connection with this Agreement or the performance of your duties hereunder, except such as shall result from your gross negligence or willful misconduct.

5. Notice. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses, or at such other addresses as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY:	Notices to the Company shall be sent to the address set forth in the salutation hereto, Attn: President
HOLDER:	Notices to Holder shall be sent to the address set forth below Holder's signature below.
ESCROW AGENT:	Notices to the Escrow Agent shall be sent to the address set forth in the salutation hereto.

6. Miscellaneous.

(a) By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions, and you do not become a party to the Agreement.

(b) This instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

[*Remainder of Page Intentionally Left Blank*]

Very truly yours,

AILERON THERAPEUTICS, INC.

By: _____

Title: _____

HOLDER:

_____

(Signature)

_____

Print Name

Address: _____

_____

Date Signed: _____

ESCROW AGENT:

_____

Exhibit B

(STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE)

FOR VALUE RECEIVED, I hereby sell, assign and transfer unto ( ) shares of Common Stock. $0.001 par value per share, of (the "Corporation") standing in my name on the books of the Corporation represented by Certificate(s) Number herewith, and do hereby irrevocably constitute and appoint attorney to transfer the said stock on the books of the Corporation with full power of substitution in the premises.

Dated: _____

IN PRESENCE OF _____

_____

Exhibit C

AILERON THERAPEUTICS, INC.

Third Amended and Restated Stockholders Agreement

Counterpart Signature Page

The undersigned has received and reviewed the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006 among Aileron Therapeutics, Inc. and certain stockholders of Aileron Therapeutics, Inc., as amended (the "Stockholders Agreement").

The undersigned hereby agrees to be bound by the terms and conditions of the Stockholders Agreement as a "Common Stockholder" thereunder, or, if already a party to the Stockholders Agreement, hereby reaffirms his obligations thereunder.

Executed, in counterpart, as of the date set forth below.

_____

Printed or Typed Name

_____

Signature

Date: , 200

If signing on behalf of an entity, please indicate title below:

Title: _____

Exhibit D (to employment Agreement)

AILERON THERAPEUTICS, INC.

Incentive Stock Option Agreement
Granted Under 2006 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), on , 200 (the "Grant Date") to Joseph A. Yanchik III, an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2006 Stock Incentive Plan (the "Plan"), a total of shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at an exercise price of $ per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on the tenth anniversary of the Grant Date (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule.

This option will become exercisable ("vest") as to 1/48th of the original number of Shares at the end of each successive one month period following August 1, 2007 until August 1, 2011; provided, however, that notwithstanding anything to the contrary in this Agreement, in the event that Participant's employment with the Company is terminated pursuant to Section 7 of the Employment Agreement dated March 1, 2008 between Participant and the Company (the "Employment Agreement") by reason of death or Disability of the Participant, by the Company without Cause, or by the Participant for Good Reason (as such terms are defined in the Employment Agreement), and provided that the Participant complies with the provisions set forth in Section 7(c) of the Employment Agreement, this option will be exercisable to the same extent as if the Participant continued to be employed by the Company for an additional six months following the date of termination. Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Agreement, in case of (i) the consolidation or merger of the Company with or into any other corporation or other entity (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction), or (ii) the sale of all or substantially all of the properties and assets of the Company as an entirety to any other person (either event being hereinafter referred to as a "Change of Control Event"), then 100% of the Unvested Shares shall become fully vested upon the consummation of such Change of Control Event.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Dale or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Dale, an employee or officer of. or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e) Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment is terminated by the Company for Cause (as defined in the Employment Agreement), the right to exercise this option shall terminate immediately upon the effective date of such termination of employment. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his or her employment by the Company for Cause,

and the effective date of such employment termination is subsequent to the date of delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination of employment (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate upon the effective date of such termination of employment). The Participant shall be considered to have been discharged for Cause if the Company determines, within 30 days after the Participant's resignation, that discharge for cause was warranted.

(f) Stockholders Agreement. As a condition to the exercise of this option, in whole or in part, the Participant, prior to such exercise of this option, shall execute and deliver or shall have executed and delivered to the Company the counterpart signature page attached hereto as Exhibit A to the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006, as amended from time to time (the "Stockholders Agreement"), among the Company and the Stockholders (as defined therein) agreeing to become a party to the Stockholders Agreement and be bound by the terms thereof; provided that if the Participant has previously executed and delivered the Stockholders Agreement, the Participant need only reaffirm his obligations thereunder: and provided further that the Participant shall not be obligated to execute and deliver the Stockholders Agreement in the event that it has expired or been terminated.

4. Company Right of First Refusal.

(a) Notice of Proposed Transfer. If the Participant proposes to sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively, "transfer") any Shares acquired upon exercise of this option, then the Participant shall first give written notice of the proposed transfer (the "Transfer Notice") to the Company. The Transfer Notice shall name the proposed transferee and state the number of such Shares the Participant proposes to transfer (the "Offered Shares"), the price per share and all other material terms and conditions of the transfer.

(b) Company Right to Purchase. For 30 days following delivery to the Company of such Transfer Notice, the Company shall have the option to purchase all or part of the Offered Shares at the price and upon the terms set forth in the Transfer Notice. In the event the Company elects to purchase all or part of the Offered Shares, it shall give written notice of such election to the Participant within such 30-day period. Within 10 days after delivery to the Participant of such notice, the Participant shall tender to the Company at its principal offices the certificate or certificates representing the Offered Shares to be purchased by the Company, duly endorsed in blank by the Participant or with duly endorsed stock powers attached thereto, all in form suitable for transfer of the Offered Shares to the Company. Promptly following receipt of such certificate or certificates, the Company shall deliver or mail to the Participant a check in payment of the purchase price for the Offered Shares; provided that if the terms of payment set forth in the Transfer Notice were other than cash against delivery, the Company may pay for the Offered Shares on the same terms and conditions as were set forth in the Transfer Notice; and provided further that any delay in making such payment shall not invalidate the Company's exercise of its option to purchase the Offered Shares.

(c) Shares Not Purchased By Company. If the Company does not elect to acquire any of the Offered Shares, the Participant may, within the 90-day period following the expiration of the option granted to the Company under subsection (b) above, transfer the Offered Shares which the Company has not elected to acquire to the proposed transferee, provided that such transfer shall not be on terms and conditions more favorable to the transferee than those contained in the Transfer Notice. Notwithstanding any of the above, all Offered Shares transferred pursuant to this Section 4 shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(d) Consequences of Non-Delivery. After the time at which the Offered Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Offered Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Offered Shares, but shall, insofar as permitted by law, treat the Company as the owner of such Offered Shares.

(e) Exempt Transactions. The following transactions shall be exempt from the provisions of this Section 4:

(1) a transfer of Shares to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, “Approved Relatives”), or to a trust established solely for the benefit of the Participant and/or Approved Relatives;

(2) any transfer pursuant to an effective registration statement filed by the Company under the Securities Act of 1933, as amended (the “Securities Act”); and

(3) the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation);

provided, however, that in the case of a transfer pursuant to clause (1) above, such Shares shall remain subject to this Agreement (including without limitation the right of first refusal set forth in this Section 4) and such transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(f) Assignment of Company Right. The Company may assign its rights to purchase Offered Shares in any particular transaction under this Section 4 to one or more persons or entities.

(g) Termination. The provisions of this Section 4 shall terminate upon the earlier of the following events:

(1) the closing of the sale of shares of Common Stock in an underwritten public offering pursuant to an effective registration statement filed by the Company under the Securities Act; or

(2) the sale of all or substantially all of the capital stock, assets or business of the Company, by merger, consolidation, sale of assets or otherwise (other than a merger or consolidation in which all or substantially all of the individuals and entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction).

(h) No Obligation to Recognize Invalid Transfer. The Company shall not be required (1) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Section 4, or (2) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

(i) Stockholders Agreement. Notwithstanding the foregoing, in the event that and for so long as the Shares are subject to a right of first refusal in favor of the Company under the terms of the Stockholders Agreement, paragraphs (a) through (f) of this Section 4 shall be of no force or effect.

5. Agreement in Connection with Public Offering.

The Participant agrees, in connection with the initial underwritten public offering of the Company's securities pursuant to a registration statement under the Securities Act, (i) not to sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of any shares of Common Stock held by the Participant (other than those shares included in the offering) without the prior written consent of the Company or the underwriters managing such initial underwritten public offering of the Company's securities for a period of 180 days from the effective date of such registration statement, and (ii) to execute any agreement necessary to effect clause (i) above as may be requested by the Company or the managing underwriters at the time of such offering.

6. Tax Matters.

(a) Withholding. No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of any federal, state or local withholding taxes required by law to be withheld in respect of this option.

(b) Disqualifying Disposition. If the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

7. NontransferabiIity of Option.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

8. Delivery of Shares; Compliance with Securities Laws, Etc.

(a) General. The Company shall, upon payment of the option price for the number of Shares purchased and paid for, make prompt delivery of such Shares to the Participant, provided that if any law or regulation requires the Company to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to complete such action.

(b) Listing, Qualification, Etc. This option shall be subject to the requirement that if. at any time, counsel to the Company shall determine that the listing, registration or qualification of the Shares subject hereto upon any securities exchange or under any state or federal law. or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of shares hereunder, this option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, disclosure or satisfaction of such other condition shall have been effected or obtained on terms acceptable to the Board of Directors. Nothing herein shall be deemed to require the Company to apply for, effect or obtain such listing, registration, qualification, or disclosure, or to satisfy such other condition.

(c) Legends on Stock Certificates. All stock certificates representing Shares issued to the Participant upon exercise of this option shall have affixed thereto legends substantially in the following forms, in addition to any other legends required by applicable state law:

> "The shares of stock represented by this certificate arc subject to restrictions on transfer set forth in a certain Option Agreement between the corporation and the registered owner of these shares (or his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."
>
> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

9. Investment Representations.

The Participant represents, warrants and covenants as follows:

(a) Any Shares purchased upon exercise of this option shall be acquired by Participant's account for investment only, and not with a view to, or for sale in connection with, any distribution of such Shares in violation of the Securities Act, or any rule or regulation under the Securities Act.

(b) The Participant has had such opportunity as he has deemed adequate to obtain from representatives of the Company such information as is necessary to permit him to evaluate the merits and risks of his investment in the Company.

(c) The Participant has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in his investment in the Company and to make an informed investment decision with respect to such purchase.

(d) The Participant is able to bear the economic risk of holding Common Stock acquired pursuant to the exercise of this option for an indefinite period.

(e) The Participant understands that (i) the Common Stock acquired pursuant to the exercise of this option have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act, (ii) such Common Stock cannot be sold, transferred or otherwise disposed of unless they are subsequently registered under the Securities Act or an exemption from registration is then available; (iii) in any event, the exemption from registration under Rule 144 will not be available for at least one year and even then will not be available unless a public market then exists for the Common Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with; and (iv) there is now no registration statement on file with the Securities and Exchange Commission with respect to any stock of the Company and the Company has no obligation or current intention to register any Common Stock acquired pursuant to the exercise of this option under the Securities Act.

By making payment upon exercise of this option, the Participant shall be deemed to have reaffirmed, as of the date of such payment, the representations made in this Section 9.

10. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AILERON THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company' 2006 Stock Incentive Plan.

PARTICIPANT:

_____

Address: _____

_____

Exhibit A

AILERON THERAPEUTICS, INC.

Third Amended and Restated Stockholders Agreement

Counterpart Signature Page

The undersigned has received and reviewed the Third Amended and Restated Stockholders Agreement dated as of December 22, 2006 among Aileron Therapeutics, Inc. and certain stockholders of Aileron Therapeutics, Inc., as amended (the "Stockholders Agreement").

The undersigned hereby agrees to be bound by the terms and conditions of the Stockholders Agreement as a "Common Stockholder" thereunder, or, if already a party to the Stockholders Agreement, hereby reaffirms his obligations thereunder.

Executed, in counterpart, as of the date set forth below.

_____

Printed or Typed Name

_____

Signature

Date: , 200

If signing on behalf of an entity, please indicate title below:

Title: _____

December 31, 2008

Joseph A. Yanchik III
Aileron Therapeutics, Inc.
840 Memorial Drive
Cambridge, MA 02139

Dear Joe:

To ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended, Aileron Therapeutics, Inc., a Delaware corporation (the "Company"), and you hereby agree to amend the employment agreement dated March 1, 2008 by and between the Company and you (the "Agreement") as follows:

1. Section 2 of the Agreement is amended by inserting the following at the end:

   "Any bonus payable to you under this letter will be paid between January 1 and March 15 of the calendar year following the calendar year in which such bonus is earned and approved by the Board."

2. Section 7(a), first sentence, clause (iv) of the Agreement is amended by inserting the following after the words "by law":

   "(provided that no payments or benefits will thereby be accelerated unless permitted by Section 409A)"

3. Section 7(b)(i) is amended to read as follows:

   "the Company shall provide the Executive with severance pay equal to one (1) year's Base Salary then in effect, payable in the form of salary continuation for a twelve (12) month period in accordance with the Company's then current payroll practices. The Company will pay the cash severance if, before the sixtieth (60th) day following termination of employment, the Executive signs the release provided in Section 7(c) and any revocation period expires. Payments will begin with the first payroll date after the revocation period ends (or, if the Executive is subject to the six month delay in Section 12, the date that section provides), provided that if the 60th day falls in the calendar year after the year in which the Executive's employment ends, the payment will be made no earlier than the first day of such later calendar year. Payment of premiums under Section 7(b)(ii) shall begin as soon as and if the release becomes irrevocable."

4. Section 7(b)(iv) is amended by adding the following at the end:

   "The accelerated vesting will occur on termination of employment, but, except as the Board may otherwise agree, the Executive may not exercise the

portions of stock options incrementally vested by this clause (iv) nor dispose of any incrementally vested shares under a restricted stock agreement unless and until the release provided under Section 7(c) become irrevocable."

5. Section 7(c) is amended by inserting the word "continued" before "provision of the Severance Benefits" in the second paragraph and by deleting the period at the end of the last sentence of the paragraph and inserting ", with reimbursement to be paid under the timing specified in Section 3(c)."

6. Section 8's definition of "Good Reason" is amended to say:

"Good Reason" shall mean any action on the part of the Company not consented to by the Executive in writing (which action shall not have been cured within thirty (30) days following written notice from the Executive to the Board specifying that such action will give rise to a termination of employment hereunder for Good Reason) having the following effect or effects: (i) a material diminution in the Executive's Primary Responsibilities; (ii) a material reduction in the Executive's Base Salary then in effect, other than a reduction comparable to reductions generally applicable to similarly situated employees of the Company (it being understood that all officers of the Company shall be considered to be "similarly situated" for these purposes); (iii) a material reduction by the Company in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the overall benefits package is materially reduced or (iv) the Company's requiring the Executive's ongoing and regular services to be performed at a location more than fifty (50) miles from the geographic location at which the Executive was providing services before such requirement (it being understood that the Executive's position is expected to entail some significant travel outside the area from time to time); provided, however, that the Executive must give written notice with respect to the proposed Good Reason within ninety (90) days after the action first occurs and that the Executive actually leaves employment within one year after the Company fails to cure the proposed Good Reason."

7. Section 12 of the Agreement is amended to read as follows:

"**409A CONSIDERATIONS**. The Executive acknowledges that this Agreement is intended to comply, to the extent applicable, with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and shall, to the extent practicable, be construed in accordance therewith. Terms defined in this Agreement shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. If and to the extent any portion of any payment, compensation or other benefit provided to the Executive in connection with his separation from service (as defined in Section 409A) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is a "specified employee" as defined in Section

409A(a)(2)(B)(i), as determined by the Company in accordance with its procedures and Treasury Regulation 1.409A-1 (i)(6)(i), by which determination the Executive hereby agrees that he is bound, such portion of the payment, compensation or other benefit shall not be paid before the earlier of (i) the day that is six months plus one day after the date of separation from service or (ii) ten (10) days after the Executive's date of death (either, the "New Payment Date"). The aggregate of any payments that would otherwise have been paid to the Executive during the period between the date of separation from service and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Company, its Board, nor any of its designees, agents, or employees shall be liable to the Executive or any other person for any actions, decisions, or determinations made in good faith under this Agreement after prior consultation with the Executive, or for any resulting adverse tax consequences."

Except as modified by this letter or by other intervening amendments, all other terms and conditions of the Agreement shall remain in full force and effect. This letter may be executed in counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same document.

Very truly yours,

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
NAME JOSEPH A. YANCHIK III
TITLE CEO

Acknowledged and agreed:

/s/ Joseph A. Yanchik III
Joseph A. Yanchik III

Dec 31, 2008
Date

AILERON THERAPEUTICS, INC.
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into by and between Aileron Therapeutics, Inc., a Delaware corporation (the "Company") and **Manuel C. Alves Aivado, MD, PhD** (the "Executive").

W I T N E S S E T H

WHEREAS, the Company and the Executive desire to enter into an employment relationship pursuant to the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. POSITION/DUTIES. The Executive's employment with the Company shall commence on September 1, 2014 (the "Commencement Date"). While employed by the Company under the terms of this Agreement, the Executive shall serve as Senior Vice President, Chief Medical Officer. In this position, the Executive shall report to the Company's Chief Executive Officer ("CEO") and shall have such duties, authorities and responsibilities as are customary with his position, including general supervision and direction of all clinical drug development activities (subject to the control of the CEO and the Board of Directors of the Company (the "Board")), support and management of day-to-day clinical operations, strategic planning activities as well as such other duties as reasonably requested by the CEO (the "Responsibilities"). As an employee of the Company, the Executive will devote his full business time and efforts to the Company, and will not engage in any other gainful employment without the prior written consent of the CEO.

The Executive shall also be required to comply with all Company policies and procedures as in effect from time to time. Without limiting the foregoing, the Executive will in particular be required to familiarize himself with and to comply with the Company's published policy prohibiting unlawful harassment and discrimination and its published policy concerning drugs and alcohol.

Executive shall be permitted to serve on the scientific advisory board and/or the Board of Directors of private or public companies so long as the companies are not competitors of the Company and such service does not create a conflict of interest with Executive's employment with the Company and it does not violate the Confidentiality, Inventions, Non-Solicitation and Non-Competition Agreement between Executive and the Company.

(a) **Location:** The Company and the Executive agree that Executive will work a minimum of three business days per week in the Company's headquarters (currently Cambridge, MA). Executive's schedule will be agreed upon between Executive and the CEO. It is understood that, in addition to managing the Company's clinical activities, Executive is expected to play a leadership role in the Company and that, as such, his working in the Company's headquarters for a minimum of three business days and interacting with employees is a necessary component of his employment. Executive agrees that, when he is working outside

the Company's headquarters, he will be available for calls and to participate in meetings telephonically during regular business hours and as required by business needs. It is further agreed that the needs of the Company may from time-to-time require Executive to spend more than three business days in the Company's headquarters and Executive will agree to do so as reasonably required in consultation with the CEO. Executive further agrees to travel as required by the Company's business needs.

2. **BASE SALARY AND BONUSES**. The Company agrees to pay the Executive a base salary at the rate of $29,583.34 per monthly pay period which if annualized equals three hundred and fifty-five thousand ($355,000) (the "Base Salary"), to be paid in accordance with the Company's normal payroll procedure and policies. Following the end of each calendar year that the Executive is employed by the Company, the Executive may be eligible to receive a discretionary performance bonus of up to thirty percent (30%) of his then current Base Salary, including eligibility for a pro rata bonus for the partial work year in 2014, provided that the Executive has achieved the performance milestones for the previous calendar year that shall be agreed to by him and the CEO and the Board Compensation Committee prior to the commencement of each calendar year, and the Company has met its objectives for that year, both as determined by the CEO and the Board in their sole discretion. The Executive may also be eligible to a pro rata bonus in 2014 Any such discretionary bonus shall be paid to the Executive in the subsequent calendar year in accordance with the Company's customary practices. All compensation payable to the Executive pursuant to this Agreement shall be subject to applicable taxes and withholdings.

The Executive will be paid a one-time transition bonus of fifty thousand dollars ($50,000). The payment will be made 30 days after commencement of employment and will be repayable if Executive is terminated for Cause or terminates employment without Good Reason before the one year anniversary of commencement.

3. **BENEFITS/PERQUISITES**.

(a) **Benefit Plans.** The Executive may participate in all benefit programs that the Company establishes and makes available to its employees from time to time, provided that the Executive is eligible under, and subject to the provisions of the plan documents governing those programs. Benefits are subject to change at any time in the Company's sole discretion.

(b) **Vacation and Sick Leave.** The Executive shall be eligible for four (4) weeks of paid vacation per calendar year (as prorated for partial years). The number of vacation days for which the Executive is eligible shall accrue and be preserved in the manner stated in the Company's Employee handbook. The Executive shall also be entitled to sick leave and all Company holidays as determined by the Board, on the same terms as similarly situated senior executives of the Company.

(c) **Business Expenses.** Upon presentation of appropriate documentation, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business expenses incurred in connection with the performance of his duties hereunder.

(d) **Travel and Commuting Assistance.** Upon presentation of appropriate documentation, Executive will be reimbursed up to $3,750 per month to be applied to travel and living accommodations incurred in order to commute to and live in the Boston area while working in the Company's headquarters as required by this Agreement.

4. **EQUITY**. The Executive will be granted an option under the Company's 2006 Stock Incentive Plan to purchase 1.25% of fully-diluted shares post Series E (current calculated amount is 1,700,000) shares of common stock of the Company upon Board approval which will occur following the Commencement Date (the "Option") at a per share option exercise price equal to the fair market value of the common stock of the Company as of the date of the grant. The Option shall become exercisable ("vest") as follows: 25% of the shares will vest on the twelve (12) month anniversary of the Commencement Date and 1/48th of the remainder will vest on a monthly basis in thirty-six (36) equal monthly installments with the first such installment vesting on the twelve (12) month anniversary of the Commencement Date. No vesting shall occur after termination of the Executive's employment. If Executive is terminated without Cause or terminates employment for Good Reason before the twelve (12) month anniversary of the Commencement Date, 25% of the shares shall vest immediately upon termination. The Option will be subject to all of the terms, conditions and termination provisions of an option agreement evidencing the grant of the Option, which agreement will be consistent with the Plan.

5. **AT WILL EMPLOYMENT; CONFIDENTIALITY, INVENTIONS, NON-COMPETITION, AND NON-SOLICITATION AGREEMENT; RIGHT TO WORK**. It is understood that the Executive's employment by the Company shall be on an "at will" basis and may be terminated at any time at the Executive's option or the option of the Company, as the case may be, on the terms and subject to the conditions set forth in this Agreement. The Executive's commencement of employment with the Company is conditioned upon (1) his signing a Confidentiality, Inventions, Non-Solicitation and Non-Competition Agreement in the form attached hereto (the "Restrictive Covenant Agreement") and (2) his ability to provide the Company with the legally-required proof of identity and authorization to work in the United States, as required by the Immigration Reform and Control Act of 1986.

6. **TERMINATION OF EMPLOYMENT AND SEVERANCE BENEFITS**.

(a) **Termination for Cause, by Reason of Death or Disability, or Resignation Other Than for Good Reason.** If the Executive's employment is terminated by the Company for "Cause," as defined below, or by reason of his death or "Disability," as defined below, or if the Executive resigns other than for "Good Reason," as defined below, the Company shall pay or provide to the Executive (or to the Executive's estate or representative) upon such termination or resignation only (i) any accrued but unpaid Base Salary and any vacation time accrued but unused through the date of termination of employment or resignation; (ii) any bonus amount not yet paid that was earned during the calendar year preceding the date of termination of employment or resignation; (iii) reimbursement for any unreimbursed expenses properly incurred and documented through the date of termination of employment or resignation; and (iv) all other payments or benefits to which the Executive may be entitled through the date of his termination

of employment or resignation under the terms of any applicable compensation arrangement or plan or by law ((i) to (iv) collectively referred to as the "Accrued Benefits"). Other than the Accrued Benefits, the Executive will not be eligible to receive any severance or any other payments or benefits from the Company following the date of termination of employment or resignation.

(b) **Termination by Company Without Cause or by Executive For Good Reason.** If the Executive's employment is terminated by the Company without Cause, as defined below, or if the Executive terminates his employment for Good Reason, as defined below, the Company will not contest Executive's application for unemployment insurance and the Executive shall be entitled to receive, in addition to the Accrued Benefits and subject to the terms set forth in Section 6(c) below, the following severance benefits (the "Severance Benefits"): For a period of twelve (12) months following the Executive's date of termination (the "Severance Period"), the Company shall:

(i) continue to pay to the Executive, in accordance with the Company's regularly established payroll procedure, his Base Salary as severance (the "Severance Pay"); provided, however, that the Severance Pay shall immediately cease if the Executive obtains other employment during the Severance Period, and the Executive is obligated to immediately inform the Company in writing if he obtains other employment during the Severance Period; and

(ii) provided the Executive is eligible for and elects to continue receiving group medical insurance pursuant to the federal "COBRA" law, 29 U.S.C. § 1161 et seq., continue to pay on his behalf the share of the monthly premiums for such coverage that it pays for active and similarly situated employees receiving the same type of coverage. The remaining balance of the premium costs and all premium costs after the Severance Period shall be paid by the Executive on a monthly basis for as long as, and to the extent that, he remains eligible for and elects to continue receiving continued coverage under COBRA; provided, however, that notwithstanding the foregoing, in the event the Executive becomes eligible during the Severance Period for the same or substantially similar group health insurance coverage through another employer, he immediately shall notify the Company in writing of the date of eligibility for such coverage (the "Eligibility Date"), and the Company's obligation to make monthly premium payments pursuant to this Section 6(b)(ii) shall end on the Eligibility Date; and

(c) **Conditions to Payment of Severance Benefits.** As a condition of the Executive's receipt of the Severance Benefits set forth in Section 6(b) above, the Executive must execute and return to the Company a severance and release of claims agreement provided by and satisfactory to the Company (the "Severance Agreement"), and such Severance Agreement must become binding and enforceable within 60 calendar days after the Executive's termination of employment. Payments will begin in the first pay period beginning after the Severance Agreement becomes binding, provided that if the foregoing 60 day period would end in a calendar year subsequent to the year in which the Executive's employment ends, payments will not be made before the first payroll period of the subsequent year. The Executive further agrees that, on or prior to his termination or resignation date, the Company may convene an exit interview to review the status of accounts and matters for which the Executive has most recently been responsible to ensure that the Executive is fully entitled to the benefits which may be available under this Agreement and/or to confirm that the Executive clearly understands the nature and scope of all of his post-employment obligations.

In addition, as a condition of the Executive's receipt of the Severance Benefits set forth in Section 6(b) above, the Executive agrees to (i) reasonably cooperate with the Company at its request in all matters relating to the winding up of his pending work on behalf of the Company and the orderly transfer of such work to other employees of the Company following any termination of employment, (ii) during the Severance Period, upon reasonable notice by the Company, make himself reasonably available to the Company on an as-needed basis in connection with the orderly transition of his duties without receiving any additional compensation other than the Severance Benefits, and (iii) reasonably cooperate in the resolution of any dispute (including, without limitation, litigation of any action) involving the Company that relates in any way to the Executive's activities while employed by the Company. The Company shall reimburse the Executive for all reasonable out-of-pocket expenses incurred by the Executive in order to provide such cooperation.

7. **DEFINITIONS**. For the purpose of this Agreement, the following definitions shall apply:

"Affiliate" shall mean any corporation, partnership, trust or other entity of which the Company and/or any of its Affiliates directly or indirectly owns a majority of the outstanding shares of any class of equity security thereof and any corporation, partnership, trust or other entity which directly or indirectly owns a majority of the outstanding shares of any class of any equity security of the Company or any of its Affiliates.

"Cause" shall mean: (i) the Executive's conviction of, or plea of guilty or nolo contendere to, any felony (other than traffic-related offenses), (ii) the willful misconduct or gross negligence of the Executive with regard to the Company that the Board determines in good faith is, or is reasonably likely to be, materially injurious to the Company and its reputation, (iii) any incurable material breach by the Executive of the Restrictive Covenant Agreement, (iv) the Executive's material violation of the Company's published policies prohibiting unlawful harassment and discrimination or its published policy concerning drugs and alcohol, as in effect from time to time and/or (v) the Executive's refusal to participate in, and fully cooperate during, the exit interview referred to above in Section 6(c).

"Disability" shall mean any long-term disability or incapacity due to physical or mental illness that renders the Executive unable to substantially perform his duties for 90 consecutive days or 120 total days during any twelve (12) month period, provided that it may occur in a shorter period if, after its commencement, it is determined to be total and permanent by a physician selected by the Company and its insurers and such determination is acceptable to the Executive or to the Executive's legal representative (with such agreement on acceptability not to be unreasonably withheld).

"Good Reason" shall mean any action on the part of the Company not consented to by the Executive in writing having the following effect or effects: (i) a material diminution in the Executive's Responsibilities; (ii) a material reduction in the Executive's Base Salary then in effect, other than a reduction comparable to reductions generally applicable to similarly situated employees of the Company; (iii) a material reduction by the Company in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the overall benefits package is materially reduced; (iv) the Company requires Executive to permanently locate and work full-time from its Boston area location (or such other location not located in the Philadelphia area) or (v) the Company relocates its main office/headquarters to a location that makes it unreasonable for Executive to commute to the main office three days per week. The Executive must (i) give notice to the Company of his intention to resign for Good Reason within 90 days after the occurrence of the event (or series of events) that he asserts entitles him to resign for Good Reason, (ii) state in that notice the condition that he considers to provide him with Good Reason to resign, (iii) provide the Company with at least 30 days after his notice to cure the condition, and (iv) if the condition is not cured, resign for Good Reason within 30 days after the end of the 30-day cure period.

8. **INDEMNIFICATION AND INSURANCE**. The Executive shall be entitled to indemnification to the fullest extent permitted by the Company's By-Laws and shall be entitled to coverage under the Company's directors' and officers' liability insurance policy to the same extent as other senior executives of the Company.

9. **NOTICE**. Any purported termination of employment hereunder shall be communicated through written notice from the terminating party and shall indicate the specific provision in this Agreement relied upon. Such notice and all other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and shall be deemed given: (i) if delivered personally, on the date of delivery; (ii) if mailed by certified or registered mail (return receipt requested and postage prepaid), three (3) days after the mailing date; (iii) if sent via a nationally recognized overnight courier, on the next business day thereafter; or (iv) if sent via facsimile confirmed in writing to the recipient, on the next business day thereafter. In each of the above cases, notice to the Company should be sent to the Company's principal place of business, notice to the Executive should be sent to his home address most recently on file with the Company, or notice to either the Company or the Executive should be sent to such other address or addresses as either party shall have designated in writing to the other party hereto.

10. **REPRESENTATION**. The Executive represents that he has disclosed to the Company all confidentiality, non-competition, non-solicitation, rights to inventions and other similar agreements under which he is currently bound. The Executive further represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him from entering into this Agreement or performing all of his obligations hereunder.

11. **PROOF OF LEGAL RIGHT TO WORK**. For purposes of federal immigration law, you will be required to provide the Company with documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to the Company within three (3) business days of your date of hire, or our employment relationship with you may be terminated. You may need to obtain a work visa in order to be eligible to work in the United States. If that is the case, your employment with the Company will be conditioned upon your obtaining a work visa in a timely manner as determined by the Company.

12. **409A CONSIDERATIONS**.

(a) *Six Month Delay*. For purposes of this Agreement, a termination of employment means a "separation from service" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). If and to the extent any portion of any payment, compensation or other benefit provided to the Executive in connection with his separation from service (as defined in Section 409A of Code) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and he is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, as determined by the Company in accordance with its procedures, by which determination he hereby agrees that he is bound, such portion of the payment, compensation or other benefit will not be paid before the earlier of (i) the day that is six months plus one day after the date of separation from service (as determined under Section 409A) or (ii) the tenth day after the date of his death (as applicable, the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to him during the period between the date of separation from service and the New Payment Date will be paid to him in a lump sum in the first payroll period beginning after such New Payment Date, and any remaining payments will be paid on their original schedule.

(b) *General 409A Principles*. For purposes of this Agreement, each amount to be paid or benefit to be provided will be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A or are paid in a manner covered by Treas. Reg. Section 1.409A 1(b)(9)(iii) will not be treated as deferred compensation unless applicable law requires otherwise. Neither the Company nor the Executive will have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. This Agreement is intended to comply with the provisions of Section 409A and the Agreement will, to the extent practicable, be construed in accordance therewith. Terms defined in the Agreement will have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. In any event, the Company makes no representations or warranty and will have no liability to the Executive or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Code Section 409A but not to satisfy the conditions of that section.

13. **MISCELLANEOUS**. This Agreement sets forth the terms of the Executive's employment with the Company and supersedes any prior representations or agreements, whether written or oral, relating to the subject matter of this Agreement. This Agreement may be modified or amended only by an instrument in writing signed by the Executive and the Company. The Executive states and represents that he has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. The Executive further states and represents that he has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs his name of his own free act. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflict of law provisions thereof. This Agreement shall be binding upon, and inure to the benefit of, the Executive and the Company

and the Executive's and the Company's respective heirs, successors, legal representatives and assigns. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, illegible or incapable of being enforced in whole or in part by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect and no covenant or provision shall be deemed dependent upon any other covenant or provision. This Agreement may be signed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages shall be binding originals.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the dates set forth below.

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III Date: July 23, 2014
Joseph A. Yanchik III
President and Chief Executive Officer

MANUEL C. ALVES AIVADO, MD, PhD

/s/ Manuel C. Alves Aivado Date: July 24, 2014

AILERON THERAPEUTICS, INC.
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into by and between Aileron Therapeutics, Inc., a Delaware corporation (the "Company") and **Evan Lippman** of Hingham, MA (the "Executive").

W I T N E S S E T H

WHEREAS, the Company and the Executive desire to enter into an employment relationship pursuant to the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **POSITION/DUTIES**. The Executive's employment with the Company shall commence on January 1, 2015 (the "Commencement Date"). While employed by the Company under the terms of this Agreement, the Executive shall serve as Senior Vice President, Chief Financial Officer and Chief Business Officer. In this position, the Executive shall report to the Company's Chief Executive Officer ("CEO") and shall have such duties, authorities and responsibilities as are customary with his position, including general supervision, direction and control of the financial operations of the Company including audits, budgeting and forecasting, and cash management activities conducted by the Company (subject to the control of the CEO and the Board of Directors of the Company (the "Board")), support and involvement in the management of day-to-day operations and planning activities as well as such other duties as reasonably requested by the CEO (the "Responsibilities"). As an employee of the Company, the Executive will devote his full business time and efforts to the Company, and will not engage in any other gainful employment without the prior written consent of the CEO.

The Executive shall also be required to comply with all Company policies and procedures as in effect from time to time. Without limiting the foregoing, the Executive will in particular be required to familiarize himself with and to comply with the Company's published policy prohibiting unlawful harassment and discrimination and its published policy concerning drugs and alcohol.

2. **BASE SALARY AND BONUSES**. The Company agrees to pay the Executive a base salary at the rate of $26,675.00 per monthly pay period which if annualized equals three hundred and twenty thousand one hundred ($320,100) (the "Base Salary"), to be paid in accordance with the Company's normal payroll procedure and policies. Following the end of each calendar year that the Executive is employed by the Company, the Executive may be eligible to receive a discretionary performance bonus of up to thirty percent (30%) of his then current Base Salary, provided that the Executive has achieved the performance milestones for the previous calendar year that shall be set by the Board or the Compensation Committee, and

the Company has met its objectives for that year, both as determined by the CEO and the Board in their sole discretion. Any such discretionary bonus shall be paid to the Executive in the subsequent calendar year in accordance with the Company's customary practices. All compensation payable to the Executive pursuant to this Agreement shall be subject to applicable taxes and withholdings.

The Executive will be paid a one-time transition bonus of fifteen thousand dollars ($15,000). The payment will be made 90 days after commencement of employment and will be repayable if Executive is terminated for Cause or terminates employment without Good Reason before the first anniversary of the Commencement Date.

3. **BENEFITS/PERQUISITES**.

(a) **Benefit Plans**. The Executive may participate in all benefit programs that the Company establishes and makes available to its employees from time to time, provided that the Executive is eligible under, and subject to the provisions of the plan documents governing those programs. Benefits are subject to change at any time in the Company's sole discretion.

(b) **Vacation and Sick Leave**. The Executive shall be eligible for four (4) weeks of paid vacation per calendar year (as prorated for partial years). The number of vacation days for which the Executive is eligible shall accrue and be preserved in the manner stated in the Company's Employee handbook. The Executive shall also be entitled to sick leave and all Company holidays as determined by the Board, on the same terms as similarly situated senior executives of the Company.

(c) **Business Expenses**. Upon presentation of appropriate documentation, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business expenses incurred in connection with the performance of his duties hereunder.

4. **EQUITY**. The Executive will be granted an option under the Company's 2006 Stock Incentive Plan to purchase 1,167,664 shares of common stock of the Company upon Board approval which will occur following the Commencement Date (the "Option") at a per share option exercise price equal to the fair market value of the common stock of the Company as of the date of the grant. The Option shall become exercisable ("vest") as follows: 25% of the shares will vest on the twelve (12) month anniversary of the Commencement Date and 1/48th of the remainder will vest on a monthly basis in thirty-six (36) equal monthly installments with the first such installment vesting on the thirteenth month following the Commencement Date. No vesting shall occur after termination of the Executive's employment. If Executive is terminated without Cause or terminates employment for Good Reason before the twelve (12) month anniversary of the Commencement Date, then, subject to Section 6(c), 25% of the shares shall vest immediately upon termination. The Option will be subject to all of the terms, conditions and termination provisions of an option agreement evidencing the grant of the Option, which agreement will be consistent with the Plan.

5. **AT WILL EMPLOYMENT; CONFIDENTIALITY, INVENTIONS, NON-COMPETITION, AND NON-SOLICITATION AGREEMENT; RIGHT TO WORK**. It is understood that the Executive's employment by the Company shall be on an "at will" basis and may be terminated at any time at the Executive's option or the option of the Company, as the case may be, on the terms and subject to the conditions set forth in this Agreement. The Executive's commencement of employment with the Company is conditioned upon (1) his signing a Confidentiality, Inventions, Non-Solicitation and Non-Competition Agreement in the form attached hereto (the "Restrictive Covenant Agreement") and (2) his ability to provide the Company with the legally-required proof of identity and authorization to work in the United States, as required by the Immigration Reform and Control Act of 1986.

6. **TERMINATION OF EMPLOYMENT AND SEVERANCE BENEFITS**.

(a) **Termination for Cause, by Reason of Death or Disability, or Resignation Other Than for Good Reason**. If the Executive's employment is terminated by the Company for "Cause," as defined below, or by reason of his death or "Disability," as defined below, or if the Executive resigns other than for "Good Reason," as defined below, the Company shall pay or provide to the Executive (or to the Executive's estate or representative) upon such termination or resignation only (i) any accrued but unpaid Base Salary and any vacation time accrued but unused through the date of termination of employment or resignation; (ii) any bonus amount not yet paid that was earned during the calendar year preceding the date of termination of employment or resignation; (iii) reimbursement for any unreimbursed expenses properly incurred and documented through the date of termination of employment or resignation; and (iv) all other payments or benefits to which the Executive may be entitled through the date of his termination of employment or resignation under the terms of any applicable compensation arrangement or plan or by law ((i) to (iv) collectively referred to as the "Accrued Benefits"). Other than the Accrued Benefits, the Executive will not be eligible to receive any severance or any other payments or benefits from the Company following the date of termination of employment or resignation.

(b) **Termination by Company Without Cause or by Executive For Good Reason**. If the Executive's employment is terminated by the Company without Cause, as defined below, or if the Executive terminates his employment for Good Reason, as defined below, the Executive shall be entitled to receive, in addition to the Accrued Benefits and subject to the terms set forth in Section 6(c) below, the following severance benefits (the "Severance Benefits"): For a period of twelve (12) months following the Executive's date of termination (the "Severance Period"), the Company shall:

(i) continue to pay to the Executive, in accordance with the Company's regularly established payroll procedure, his Base Salary as severance (the "Severance Pay"); provided, however, that the Severance Pay shall immediately cease if the Executive obtains other employment during the Severance Period, and the Executive is obligated to immediately inform the Company in writing if he obtains other employment during the Severance Period; and

(ii) provided the Executive is eligible for and elects to continue receiving group medical insurance pursuant to the federal "COBRA" law, 29 U.S.C. §1161 et. seq., continue to pay on his behalf the share of the monthly premiums for such coverage that it pays for active and similarly situated employees receiving the same type of coverage. The remaining balance of the premium costs and all premium costs after the Severance Period shall be paid by the Executive on a monthly basis for as long as, and to the extent that, he remains eligible for and elects to continue receiving continued coverage under COBRA; provided, however, that notwithstanding the foregoing, in the event the Executive becomes eligible during the Severance Period for the same or substantially similar group health insurance coverage through another employer, he immediately shall notify the Company in writing of the date of eligibility for such coverage (the "Eligibility Date"), and the Company's obligation to make monthly premium payments pursuant to this Section 6(b)(ii) shall end on the Eligibility Date; and

(c) **Conditions to Payment of Severance Benefits**. As a condition of the Executive's receipt of the Severance Benefits set forth in Section 6(b) above and the option acceleration referenced in Section 4 above, the Executive must execute and return to the Company a severance and release of claims agreement provided by and satisfactory to the Company (the "Severance Agreement"), and such Severance Agreement must become binding and enforceable within 60 calendar days after the Executive's termination of employment. Payments will begin in the first pay period beginning after the Severance Agreement becomes binding, provided that if the foregoing 60 day period would end in a calendar year subsequent to the year in which the Executive's employment ends, payments will not be made before the first payroll period of the subsequent year. The Executive further agrees that, on or prior to his termination or resignation date, the Company may convene an exit interview to review the status of accounts and matters for which the Executive has most recently been responsible to ensure that the Executive is fully entitled to the benefits which may be available under this Agreement and/or to confirm that the Executive clearly understands the nature and scope of all of his post-employment obligations.

In addition, as a condition of the Executive's receipt of the Severance Benefits set forth in Section 6(b) above and the option acceleration referenced in Section 4 above, the Executive agrees to (i) reasonably cooperate with the Company at its request in all matters relating to the winding up of his pending work on behalf of the Company and the orderly transfer of such work to other employees of the Company following any termination of employment, (ii) during the Severance Period, upon reasonable notice by the Company, make himself reasonably available to the Company on an as-needed basis in connection with the orderly transition of his duties without receiving any additional compensation other than the Severance Benefits, and (iii) reasonably cooperate in the resolution of any dispute (including, without limitation, litigation of any action) involving the Company that relates in any way to the Executive's activities while employed by the Company. The Company shall reimburse the Executive for all reasonable out-of-pocket expenses incurred by the Executive in order to provide such cooperation.

7. **DEFINITIONS**. For the purpose of this Agreement, the following definitions shall apply:

"Affiliate" shall mean any corporation, partnership, trust or other entity of which the Company and/or any of its Affiliates directly or indirectly owns a majority of the outstanding shares of any class of equity security thereof and any corporation, partnership, trust or other entity which directly or indirectly owns a majority of the outstanding shares of any class of any equity security of the Company or any of its Affiliates.

"Cause" shall mean: (i) the Executive's conviction of, or plea of guilty or nolo contendere to, any felony (other than traffic-related offenses), (ii) the willful misconduct or gross negligence of the Executive with regard to the Company that the Board determines in good faith is, or is reasonably likely to be, materially injurious to the Company and its reputation, (iii) any incurable material breach by the Executive of the Restrictive Covenant Agreement, (iv) the Executive's material violation of the Company's published policies prohibiting unlawful harassment and discrimination or its published policy concerning drugs and alcohol, as in effect from time to time and/or (v) the Executive's refusal to participate in, and fully cooperate during, the exit interview referred to above in Section 6(c).

"Disability" shall mean any long-term disability or incapacity due to physical or mental illness that renders the Executive unable to substantially perform his duties for 90 consecutive days or 120 total days during any twelve (12) month period, provided that it may occur in a shorter period if, after its commencement, it is determined to be total and permanent by a physician selected by the Company and its insurers and such determination is acceptable to the Executive or to the Executive's legal representative (with such agreement on acceptability not to be unreasonably withheld).

"Good Reason" shall mean any action on the part of the Company not consented to by the Executive in writing having the following effect or effects: (i) a material diminution in the Executive's primary Responsibilities; (ii) a material reduction in the Executive's Base Salary then in effect, other than a reduction comparable to reductions generally applicable to similarly situated employees of the Company; (iii) a material reduction by the Company in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the overall benefits package is materially reduced; or (iv) the Company's requiring the Executive's ongoing and regular services to be performed at a location more than fifty (50) miles from the geographic location at which the Executive was providing services before such requirement. The Executive must (i) give notice to the Company of his intention to resign for Good Reason within 90 days after the occurrence of the event (or series of events) that he asserts entitles him to resign for Good Reason, (ii) state in that notice the event that he considers to provide him with Good Reason to resign, (iii) provide the Company with at least 30 days after his notice to cure the event, and (iv) if the event is not cured, resign for Good Reason within 30 days after the end of the 30-day cure period.

8. **INDEMNIFICATION AND INSURANCE**. The Executive shall be entitled to indemnification to the fullest extent permitted by the Company's By-Laws and shall be entitled to coverage under the Company's directors' and officers' liability insurance policy to the same extent as other senior executives of the Company.

9. **NOTICE**. Any purported termination of employment hereunder shall be communicated through written notice from the terminating party and shall indicate the specific provision in this Agreement relied upon. Such notice and all other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and shall be deemed given: (i) if delivered personally, on the date of delivery; (ii) if mailed by certified or registered mail (return receipt requested and postage prepaid), three (3) days after the mailing date; (iii) if sent via a nationally recognized overnight courier, on the next business day thereafter; or (iv) if sent via facsimile confirmed in writing to the recipient, on the next business day thereafter. In each of the above cases, notice to the Company should be sent to the Company's principal place of business, notice to the Executive should be sent to his home address most recently on file with the Company, or notice to either the Company or the Executive should be sent to such other address or addresses as either party shall have designated in writing to the other party hereto.

10. **REPRESENTATION**. The Executive represents that he has disclosed to the Company all confidentiality, non-competition, non-solicitation, rights to inventions and other similar agreements under which he is currently bound. The Executive further represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him from entering into this Agreement or performing all of his obligations hereunder.

11. **PROOF OF LEGAL RIGHT TO WORK**. For purposes of federal immigration law, you will be required to provide the Company with documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to the Company within three (3) business days of your date of hire, or our employment relationship with you may be terminated. You may need to obtain a work visa in order to be eligible to work in the United States. If that is the case, your employment with the Company will be conditioned upon your obtaining a work visa in a timely manner as determined by the Company.

12. **409A CONSIDERATIONS**.

(a) *Six Month Delay*. For purposes of this Agreement, a termination of employment means a "separation from service" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). If and to the extent any portion of any payment, compensation or other benefit provided to the Executive in connection with his separation from service (as defined in Section 409A of Code) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and he is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, as determined by the Company in accordance with its procedures, by which determination he hereby agrees that he is bound, such portion of the payment, compensation or other benefit will not be paid before the earlier of (i) the

day that is six months plus one day after the date of separation from service (as determined under Section 409A) or (ii) the tenth day after the date of his death (as applicable, the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to him during the period between the date of separation from service and the New Payment Date will be paid to him in a lump sum in the first payroll period beginning after such New Payment Date, and any remaining payments will be paid on their original schedule.

(b) *General 409A Principles*. For purposes of this Agreement, each amount to be paid or benefit to be provided will be construed as a separate identified payment for purposes of Section 409A, and any payments that are due within the "short term deferral period" as defined in Section 409A or are paid in a manner covered by Treas. Reg. Section 1.409A 1(b)(9)(iii) will not be treated as deferred compensation unless applicable law requires otherwise. Neither the Company nor the Executive will have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. This Agreement is intended to comply with the provisions of Section 409A and the Agreement will, to the extent practicable, be construed in accordance therewith. Terms defined in the Agreement will have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A. In any event, the Company makes no representations or warranty and will have no liability to the Executive or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Code Section 409A but not to satisfy the conditions of that section.

13. **MISCELLANEOUS**. This Agreement sets forth the terms of the Executive's employment with the Company and supersedes any prior representations or agreements, whether written or oral, relating to the subject matter of this Agreement. This Agreement may be modified or amended only by an instrument in writing signed by the Executive and the Company. The Executive states and represents that he has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. The Executive further states and represents that he has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs his name of his own free act. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflict of law provisions thereof. This Agreement shall be binding upon, and inure to the benefit of, the Executive and the Company and the Executive's and the Company's respective heirs, successors, legal representatives and assigns. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, illegible or incapable of being enforced in whole or in part by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect and no covenant or provision shall be deemed dependent upon any other covenant or provision. This Agreement may be signed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages shall be binding originals.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the dates set forth below.

AILERON THERAPEUTICS, INC.

By: /s/ Joseph A. Yanchik III
Joseph A. Yanchik III
President and Chief Executive Officer

Date: December 18, 2014

EVAN LIPPMAN

/s/ Evan Lippman

Date: December 18, 2014