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

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2013

or

☐ **Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission file number: 0-27756

ALEXION PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**13-3648318**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

352 Knotter Drive, Cheshire Connecticut 06410
(Address of Principal Executive Offices) (Zip Code)

203-272-2596
(Registrant's telephone number, including area code)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

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

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

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. Check One:

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

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

Common Stock, $0.0001 par value	195,146,634
Class	**Outstanding at April 23, 2013**

Alexion Pharmaceuticals, Inc.

Contents

			Page
PART I.		**FINANCIAL INFORMATION**	
	Item 1.	**Condensed Consolidated Financial Statements (Unaudited)**	
		Condensed Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012	2
		Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and 2012	3
		Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012	4
		Notes to Condensed Consolidated Financial Statements	5
	Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operations**	15
	Item 3.	**Quantitative and Qualitative Disclosures about Market Risk**	27
	Item 4.	**Controls and Procedures**	28
PART II.		**OTHER INFORMATION**	29
	Item 1.	**Legal Proceedings**	29
	Item 1A.	**Risk Factors**	29
	Item 2.	**Unregistered Sales of Equity Securities and Use of Proceeds**	50
	Item 5.	**Other Information**	50
	Item 6.	**Exhibits**	51
SIGNATURES			

Alexion Pharmaceuticals, Inc.

Condensed Consolidated Balance Sheets
(unaudited)
(amounts in thousands, except per share amounts)

	March 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,022,960	$ 989,501
Trade accounts receivable, net	323,907	295,598
Inventories	101,856	94,521
Deferred tax assets	19,995	26,086
Prepaid expenses and other current assets	81,323	89,894
Total current assets	1,550,041	1,495,600
Property, plant and equipment, net	164,966	165,629
Intangible assets, net	644,965	646,678
Goodwill	254,073	253,645
Deferred tax assets	11,980	13,954
Other assets	59,856	38,054
Total assets	$ 2,685,881	$ 2,613,560
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 25,586	$ 21,488
Accrued expenses	186,959	249,787
Deferred revenue	29,787	31,266
Current portion of long-term debt	48,000	48,000
Other current liabilities	5,415	9,548
Total current liabilities	295,747	360,089
Long-term debt, less current portion	101,000	101,000
Contingent consideration	141,181	139,002
Deferred tax liabilities	21,120	19,827
Other liabilities	36,780	22,792
Total liabilities	595,828	642,710
Commitments and contingencies (Note 13)		
Stockholders' Equity:		
Preferred stock, $.0001 par value; 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $.0001 par value; 290,000 shares authorized; 195,687 and 194,918 shares issued at March 31, 2013 and December 31, 2012, respectively	20	20
Additional paid-in capital	1,899,987	1,852,221
Treasury stock, at cost, 632 and 227 shares at March 31, 2013 and December 31, 2012, respectively	(49,336)	(14,229)
Accumulated other comprehensive income	30,962	6,635
Retained earnings	208,420	126,203
Total stockholders' equity	2,090,053	1,970,850
Total liabilities and stockholders' equity	$ 2,685,881	$ 2,613,560

The accompanying notes are an integral part of these condensed consolidated financial statements.

Alexion Pharmaceuticals, Inc.

Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(amounts in thousands, except per share amounts)

	Three months ended March 31,	
	2013	**2012**
Net product sales	$ 338,941	$ 244,733
Cost of sales	35,269	28,268
Operating expenses:		
Research and development	74,536	45,408
Selling, general and administrative	108,826	87,242
Acquisition-related costs	3,234	13,673
Amortization of purchased technology	104	104
Total operating expenses	186,700	146,427
Operating income	116,972	70,038
Other income and expense:		
Investment income	437	273
Interest expense	(1,171)	(2,287)
Foreign currency gain (loss)	503	(215)
Income before income taxes	116,741	67,809
Income tax provision	34,524	22,396
Net income	$ 82,217	$ 45,413
Earnings per common share		
Basic	$ 0.42	$ 0.24
Diluted	$ 0.41	$ 0.23
Shares used in computing earnings per common share		
Basic	194,771	185,682
Diluted	199,057	194,560
Comprehensive income	$ 106,544	$ 48,790

The accompanying notes are an integral part of these condensed consolidated financial statements.

Alexion Pharmaceuticals, Inc.

Condensed Consolidated Statements of Cash Flows
(unaudited)
(amounts in thousands)

	Three months ended March 31,	
	2013	**2012**
Cash flows from operating activities:		
Net income	$ 82,217	$ 45,413
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	6,266	5,875
Change in fair value of contingent consideration	2,211	2,908
Share-based compensation expense	16,855	13,318
Deferred taxes	25,820	23,117
Unrealized foreign currency loss (gain)	2,721	(1,543)
(Gains) losses on forward contracts	(7,718)	1,136
Other	25	17
Changes in operating assets and liabilities, excluding the effect of acquisitions:		
Accounts receivable	(26,232)	(20,184)
Inventories	(5,469)	(9,746)
Prepaid expenses and other assets	13,522	5,372
Accounts payable, accrued expenses and other liabilities	(62,321)	(2,845)
Deferred revenue	(1,400)	(33)
Net cash provided by operating activities	46,497	62,805
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,493)	(3,766)
Payments for acquisition of business, net of cash acquired	—	(605,429)
Increase in restricted cash	(76)	(2)
Net cash used in investing activities	(5,569)	(609,197)
Cash flows from financing activities:		
Debt issuance costs	—	(6,109)
Proceeds from revolving credit facility	—	115,000
Proceeds from term loan	—	240,000
Excess tax benefit from stock options	21,332	—
Repurchase of common stock	(35,107)	—
Net proceeds from the exercise of stock options	9,527	15,822
Other	(60)	(91)
Net cash (used in) provided by financing activities	(4,308)	364,622
Effect of exchange rate changes on cash	(3,161)	293
Net change in cash and cash equivalents	33,459	(181,477)
Cash and cash equivalents at beginning of period	989,501	540,865
Cash and cash equivalents at end of period	$ 1,022,960	$ 359,388
Supplemental cash flow disclosures from investing and financing activities:		
Conversion of convertible debt	$ —	$ 718
Contingent consideration issued in acquisition	—	117,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Business

Alexion Pharmaceuticals, Inc. (Alexion, the Company, we, our or us) is a biopharmaceutical company focused on serving patients with severe and ultra-rare disorders through the innovation, development and commercialization of life-transforming therapeutic products. Our marketed product Soliris is the first and only therapeutic approved for patients with two severe and ultra-rare disorders resulting from chronic uncontrolled activation of the complement component of the immune system: paroxysmal nocturnal hemoglobinuria (PNH), a life-threatening and ultra-rare genetic blood disorder, and atypical hemolytic uremic syndrome (aHUS), a life-threatening and ultra-rare genetic disease. We are also evaluating additional potential indications for Soliris in severe and ultra-rare diseases in which uncontrolled complement activation is the underlying mechanism, and we are progressing in various stages of development with additional biotechnology product candidates as treatments for patients with severe and life-threatening ultra-rare disorders. We were incorporated in 1992 and began commercial sale of Soliris in 2007.

2. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. These accounting principles were applied on a basis consistent with those of the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. In our opinion, the accompanying unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States. The condensed consolidated balance sheet data as of December 31, 2012 was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2012 included in our Annual Report on Form 10-K. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the full year.

The financial statements of our subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars using period-end exchange rates for assets and liabilities, historical exchange rates for stockholders' equity and weighted average exchange rates for operating results. Translation gains and losses are included in accumulated other comprehensive income (loss), net of tax, in stockholders' equity. Foreign currency transaction gains and losses are included in the results of operations in other income and expense.

The accompanying unaudited condensed consolidated financial statements include the accounts of Alexion Pharmaceuticals, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Our significant accounting policies are described in Note 1 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012.

New Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued a new standard to improve the reporting of reclassifications out of accumulated other comprehensive income. The new standard requires the disclosure of significant amounts reclassified from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The standard is effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted the provisions of this guidance including the additional disclosure noted above in the first quarter of 2013.

3. Inventories

Inventories are stated at the lower of cost or estimated realizable value. We determine the cost of inventory using the weighted-average cost method.

(amounts in thousands except per share amounts)

The components of inventory are as follows:

	March 31, 2013	December 31, 2012
Raw materials	$ 4,481	$ 6,485
Work-in-process	57,131	43,899
Finished goods	40,244	44,137
	$ 101,856	$ 94,521

4. Intangible Assets and Goodwill

The following table summarizes the carrying amount of our intangible assets and goodwill, net of accumulated amortization:

	March 31, 2013	December 31, 2012
Licenses, patents and purchased technology, net	$ 16,715	$ 18,428
Acquired in-process research and development	628,250	628,250
Intangible assets	$ 644,965	$ 646,678
Goodwill	$ 254,073	$ 253,645

The following table summarizes the changes in the carrying amount of goodwill:

Balance at December 31, 2012	$ 253,645
Change in goodwill associated with prior acquisition	428
Balance at March 31, 2013	$ 254,073

5. Debt

On February 7, 2012, we and our wholly-owned Swiss subsidiary, Alexion Pharma International Sàrl, entered into a Credit Agreement (Credit Agreement) with a syndicate of banks, that provides for a $240,000 senior secured term loan facility payable in equal quarterly installments of $12,000 starting June 30, 2012 and a $200,000 senior secured revolving credit facility through February 7, 2017. In addition to borrowings upon prior notice, the revolving credit facility includes borrowing capacity in the form of letters of credit up to $60,000 and borrowings on same-day notice, referred to as swingline loans, of up to $10,000. Borrowings can be used for working capital requirements, acquisitions and other general corporate purposes. With the consent of the lenders and the administrative agent and subject to satisfaction of certain conditions, we may increase the term loan facility and/or the revolving credit facility by an aggregate amount not to exceed $150,000.

As of March 31, 2013, we had $149,000 outstanding on the term loan. As of March 31, 2013, we had open letters of credit of $13,964, and our borrowing availability under the revolving facility was $186,036.

The fair value of our long term debt, which is measured using Level 2 inputs, approximates book value.

6. Earnings Per Common Share

Basic earnings per common share (EPS) are computed by dividing net income by the weighted-average number of shares of common stock outstanding. For purposes of calculating diluted EPS, the denominator reflects the potential dilution that could occur if stock options, unvested restricted stock, unvested restricted stock units or other contracts to issue common stock were exercised or converted into common stock, using the treasury stock method.

(amounts in thousands except per share amounts)

The following table summarizes the calculation of basic and diluted EPS for the three months ended March 31, 2013 and 2012:

	Three months ended March 31,	
	2013	2012
Net income used for basic and diluted calculation	$ 82,217	$ 45,413
Shares used in computing earnings per common share—basic	194,771	185,682
Weighted-average effect of dilutive securities:		
Stock awards	4,286	8,878
Dilutive potential common shares	4,286	8,878
Shares used in computing earnings per common share—diluted	199,057	194,560
Earnings per common share:		
Basic	$ 0.42	$ 0.24
Diluted	$ 0.41	$ 0.23

The following table represents the potentially dilutive shares excluded from the calculation of EPS for the three months ended March 31, 2013, and 2012 because their effect is anti-dilutive:

	Three months ended March 31,	
	2013	2012
Potentially dilutive securities:		
Options to purchase common stock	2,998	1,448
Unvested restricted stock and restricted stock units	9	5
	3,007	1,453

7. Derivative Instruments and Hedging Activities

We operate internationally and, in the normal course of business, are exposed to fluctuations in foreign currency exchange rates. The exposures result from portions of our revenues, as well as the related receivables, and expenses that are denominated in currencies other than the U.S. dollar, primarily the Euro, Japanese Yen and Swiss Franc. We manage our foreign currency transaction risk within specified guidelines through the use of derivatives. All of our derivative instruments are utilized for risk management purposes, and we do not use derivatives for speculative trading purposes.

We enter into foreign exchange forward contracts, with durations of up to 36 months, to hedge exposures resulting from portions of our forecasted intercompany revenues that are denominated in currencies other than the U.S. dollar. The purpose of the hedges of intercompany revenue is to reduce the volatility of exchange rate fluctuations on our operating results and to increase the visibility of the foreign exchange impact on forecasted revenues. These hedges are designated as cash flow hedges upon contract inception. At March 31, 2013, we have open contracts with notional amounts totaling $802,000 that qualified for hedge accounting.

(amounts in thousands except per share amounts)

The impact on accumulated other comprehensive income (AOCI) and earnings from foreign exchange contracts that qualified as cash flow hedges, for the three months ended March 31, 2013 and 2012 are as follows:

	Three months ended March 31,	
	2013	2012
Gain recognized in AOCI, net of tax	$ 30,924	$ 3,375
Gain reclassified from AOCI to net product sales (effective portion)	$ 4,715	$ 1,125
Gain (loss) reclassified from AOCI to other income and expense (ineffective portion)	$ 432	$ (744)

Assuming no change in foreign exchange rates from market rates at March 31, 2013, $25,314 of a gain recognized in AOCI is expected to be reclassified to revenue over the next 12 months.

We enter into foreign exchange forward contracts, with durations of approximately 30 days, designed to limit the balance sheet exposure of monetary assets and liabilities. We enter into these hedges to reduce the impact of fluctuating exchange rates on our operating results. Hedge accounting is not applied to these derivative instruments as gains and losses on these hedge transactions are designed to offset gains and losses on underlying balance sheet exposures. As of March 31, 2013, the notional amount of foreign exchange contracts where hedge accounting is not applied was $153,908.

We recognized a gain of $6,950 and $109, in other income and expense, for the three months ended March 31, 2013 and 2012, respectively, associated with the foreign exchange contracts not designated as hedging instruments under the guidance. These amounts were largely offset by gains or losses in monetary assets and liabilities.

The following tables summarize the fair value of outstanding derivatives at March 31, 2013 and December 31, 2012:

	March 31, 2013			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign exchange forward contracts	Other current assets	$ 28,679	Other current liabilities	$ 1,213
Foreign exchange forward contracts	Other non-current assets	17,614	Other non-current liabilities	1,124
Derivatives not designated as hedging instruments:				
Foreign exchange forward contracts	Other current assets	3,353	Other current liabilities	412
Total fair value of derivative instruments		**$ 49,646**		**$ 2,749**

(amounts in thousands except per share amounts)

	December 31, 2012			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign exchange forward contracts	Other current assets	$ 15,617	Other current liabilities	$ 3,529
Foreign exchange forward contracts	Other non-current assets	9,378	Other non-current liabilities	4,521
Derivatives not designated as hedging instruments:				
Foreign exchange forward contracts	Other current assets	2,245	Other current liabilities	2,010
Total fair value of derivative instruments		**$ 27,240**		**$ 10,060**

8. Stockholders' Equity

In November 2012, our Board of Directors authorized the repurchase of up to $400,000 of our common stock. This repurchase program does not have an expiration date, and we are not obligated to acquire a particular number of shares. The program may be discontinued at any time at our discretion. Under the program, we repurchased 405 shares of our common stock at a cost of $35,107 during the three months ended March 31, 2013. As of March 31, 2013, there is a total of $353,340 remaining for repurchases under the program.

9. Other Comprehensive Income and Accumulated Other Comprehensive Income

Other comprehensive income includes changes in equity that are excluded from net income, such as foreign currency translation adjustments, changes in pension liabilities and unrealized gains and losses on hedge contracts. Certain of these changes in equity are reflected net of tax.

The following tables summarize other comprehensive income and the changes in accumulated other comprehensive income, by component, for the three months ended March 31, 2013 and 2012:

	Defined Benefit Pension Plan	Net Unrealized Gain(Loss) From Hedging Activities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income(Loss)
Balances, December 31, 2012	$ (5,712)	$ 15,156	$ (2,809)	$ 6,635
Other comprehensive income before reclassifications	(71)	30,924	(1,449)	29,404
Amounts reclassified from other comprehensive income	70	(5,147)	—	(5,077)
Net other comprehensive income (loss)	(1)	25,777	(1,449)	24,327
Balances, March 31, 2013	$ (5,713)	$ 40,933	$ (4,258)	$ 30,962

(amounts in thousands except per share amounts)

	Defined Benefit Pension Plan	Net Unrealized Gain(Loss) From Hedging Activities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income(Loss)
Balances, December 31, 2011	$ (4,183)	$ 11,321	$ (2,959)	$ 4,179
Other comprehensive income before reclassifications	(76)	3,375	383	3,682
Amounts reclassified from other comprehensive income	76	(381)	—	(305)
Net other comprehensive income	—	2,994	383	3,377
Balances, March 31, 2012	$ (4,183)	$ 14,315	$ (2,576)	$ 7,556

The table below provides details regarding significant reclassifications from accumulated other comprehensive income during the three months ended March 31, 2013 and 2012:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified From Accumulated Other Comprehensive Income during the three months ended March 31, 2013	2012	Affected Line Item in the Condensed Consolidated Statements of Comprehensive Income
Unrealized Gains (Losses) on Hedging Activity			
Effective portion of foreign exchange contracts	$ 5,153	$ 1,229	Net product sales
Ineffective portion of foreign exchange contracts	472	(813)	Foreign currency gain (loss)
	5,625	416	
	(478)	(35)	Income tax provision
	$ 5,147	$ 381	
Defined Benefit Pension Items			
Amortization of prior service costs and actuarial losses	$ (76)	$ (83)	(a)
	(76)	(83)	
	6	7	Income tax provision
	$ (70)	$ (76)	

(a) This accumulated other comprehensive income component is included in the computation of net periodic pension benefit cost (see Note 12 for additional details).

10. Fair Value Measurement

Authoritative guidance establishes a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

(amounts in thousands except per share amounts)

The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2013 and December 31, 2012, and indicate the fair value hierarchy of the valuation techniques we utilized to determine such fair value.

		Fair Value Measurement at March 31, 2013			
Balance Sheet Classification	**Type of Instrument**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	Institutional money market funds	$ 853,743	$ —	$ 853,743	$ —
Other current assets	Foreign exchange forward contracts	$ 32,032	$ —	$ 32,032	$ —
Other assets	Foreign exchange forward contracts	$ 17,614	$ —	$ 17,614	$ —
Other current liabilities	Foreign exchange forward contracts	$ 1,625	$ —	$ 1,625	$ —
Other liabilities	Foreign exchange forward contracts	$ 1,124	$ —	$ 1,124	$ —
Other current liabilities	Acquisition-related contingent consideration	$ 2,700	$ —	$ —	$ 2,700
Contingent consideration	Acquisition-related contingent consideration	$ 141,181	$ —	$ —	$ 141,181

		Fair Value Measurement at December 31, 2012			
Balance Sheet Classification	**Type of Instrument**	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	Institutional money market funds	$ 803,550	$ —	$ 803,550	$ —
Other current assets	Foreign exchange forward contracts	$ 17,862	$ —	$ 17,862	$ —
Other assets	Foreign exchange forward contracts	$ 9,378	$ —	$ 9,378	$ —
Other current liabilities	Foreign exchange forward contracts	$ 5,539	$ —	$ 5,539	$ —
Other liabilities	Foreign exchange forward contracts	$ 4,521	$ —	$ 4,521	$ —
Other current liabilities	Acquisition-related contingent consideration	$ 2,668	$ —	$ —	$ 2,668
Contingent consideration	Acquisition-related contingent consideration	$ 139,002	$ —	$ —	$ 139,002

Contingent Consideration

In connection with certain acquisitions, we may be required to pay future consideration that is contingent upon the achievement of specified development, regulatory approval or sales-based milestone events. We determine the fair value of these obligations on the acquisition date using various estimates that are not observable in the market and represent a Level 3 measurement within the fair value hierarchy. The resulting probability-weighted cash flows were discounted using a cost of debt ranging from 4.9% to 5.2% for developmental milestones and a weighted average cost of capital ranging from 13% to 21% for sales-based milestones.

Each reporting period, we adjust the contingent consideration to fair value with changes in fair value recognized in operating earnings. Changes in fair values reflect new information about the probability and timing of meeting the conditions of the milestone payments. In the absence of new information, changes in fair value will only reflect the interest component of contingent consideration related to the passage of time as development work progresses towards the achievement of the milestones.

(amounts in thousands except per share amounts)

Estimated contingent milestone payments related to prior business combinations range from zero if no milestone events are achieved, to a maximum of $879,000 if all development, regulatory and sales-based milestones are reached. As of March 31, 2013, the fair value of acquisition-related contingent consideration was $143,881. The following table represents a roll-forward of our acquisition-related contingent consideration, which are all Level 3 liabilities:

	March 31, 2013
Balance at beginning of period	$ (141,670)
Changes in fair value	(2,211)
Balance at end of period	$ (143,881)

Valuation Techniques

Items classified as Level 2 within the valuation hierarchy, consisting of institutional money market funds held at multinational financial institutions, are valued based upon pricing of securities with similar investment characteristics and holdings. Our derivative assets and liabilities include foreign exchange derivatives that are measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Items classified as Level 3 within the valuation hierarchy, consisting of contingent consideration liabilities related to acquisitions, were valued based on various estimates, including probability of success, discount rates and amount of time until the conditions of the milestone payments are met.

As of March 31, 2013, there has not been any impact to the fair value of our derivative liabilities due to our own credit risk. Similarly, there has not been any significant adverse impact to our derivative assets based on our evaluation of our counterparties' credit risks.

11. Income Taxes

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect for years in which the temporary differences are expected to reverse. We provide a valuation allowance when it is more likely than not that deferred tax assets will not be realized. We recognize the benefit of an uncertain tax position that has been taken or we expect to take on income tax returns if such tax position is more likely than not to be sustained.

We continue to maintain a valuation allowance against certain other deferred tax assets where realization is not certain. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of these deferred tax assets by a valuation allowance to the extent we believe a portion will not be realized.

The following table provides a comparative summary of our income tax provision and effective tax rate for the three months ended March 31, 2013 and 2012:

	Three months ended March 31,	
	2013	2012
Provision for income taxes	$ 34,524	$ 22,396
Effective tax rate	29.6%	33.0%

The tax provision for the three months ended March 31, 2013 is attributable to the U.S. federal, state and foreign income taxes on our profitable operations, offset by a tax benefit of $3,105 attributable to the 2012 U.S. Federal tax credit for research and experimentation. The tax provision for the three months ended March 31, 2012 is principally attributable to the U.S. federal, state and foreign income taxes on our profitable operations.

The U.S. Federal tax credit for research and experimentation expenses expired December 31, 2011. In connection with this expiration, our 2012 tax expense did not include any benefit from the U.S. Federal tax credit for research and experimentation. In January 2013, the American Taxpayer Relief Act of 2012, which retroactively extended the tax credit for research and experimentation back to January 1, 2012 through the end of 2013 was signed into law. The effects of a change in

(amounts in thousands except per share amounts)

tax law is recognized in the period that includes the date of enactment and, therefore, our tax benefit attributable to the 2012 U.S. Federal tax credit for research and experimentation was recorded in the first quarter of 2013.

The Internal Revenue Service (IRS) commenced an examination of our U.S. income tax returns for 2008 and 2009 during the second quarter 2011. This examination is not anticipated to be completed within the next twelve months. We are not able to determine the impact to our unrecognized tax benefits based on the preliminary stage of discussions with the IRS.

12. Employee Benefit Plans

Defined Contribution Plan

We have one qualified 401(k) plan covering all eligible employees. Under the plan, employees may contribute up to the statutory allowable amount for any calendar year. We make matching contributions equal to $1.00 for each dollar contributed up to the first 6% of an individual's base salary and incentive cash bonus.

For the three months ended March 31, 2013, and 2012, we recorded matching contributions of approximately $1,767, and $1,112, respectively.

Defined Benefit Plans

We maintain defined benefit plans for employees in certain countries outside the United States, including retirement benefit plans required by applicable local law. The plans are valued by independent actuaries using the projected unit credit method. The liabilities correspond to the projected benefit obligations of which the discounted net present value is calculated based on years of employment, expected salary increases, and pension adjustments.

The components of net periodic benefit cost are as follows:

	Three months ended March 31,	
	2013	2012
Service cost	$ 1,385	$ 1,210
Interest cost	126	118
Expected return on plan assets	(158)	(131)
Employee contributions	(355)	(284)
Amortization	76	76
Total net periodic benefit cost	$ 1,074	$ 989

13. Commitments and Contingencies

Commitments

License Agreements

In January 2013, we entered into a license agreement for a technology, which provides an exclusive research license and an option for an exclusive commercial license for specific targets and products to be developed. We accounted for the license as an acquisition of an asset and recorded expense for an upfront payment of $3,000 during the first quarter of 2013. We will also be required to pay annual maintenance fees during the term of the arrangement. In addition, for each product we develop, we could be required to pay up to an additional $70,500 in license fees, development and sales milestones as the specific milestones are met over time.

Lonza Agreement

We rely on Lonza Group AG and its affiliates (Lonza), a third party manufacturer, to produce a portion of commercial and clinical quantities of Soliris and for clinical quantities of asfotase alfa, and we have contracted and expect to continue contracting for product finishing, vial filling and packaging through third parties. We have various agreements with Lonza, with remaining total commitments of approximately $151,000 through 2018. Such commitments may be canceled only in limited circumstances. If we terminate certain supply agreements with Lonza without cause, we will be required to pay for

product scheduled for manufacture under our arrangement. Under an existing arrangement with Lonza, we also pay Lonza a royalty on sales of Soliris manufactured at Alexion Rhode Island Manufacturing Facility.

Contingent Liabilities

We are currently involved in various claims and legal proceedings. On a quarterly basis, we review the status of each significant matter and assess its potential financial exposure. If the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Because of uncertainties related to claims and litigation, accruals are based on our best estimates based on available information. On a periodic basis, as additional information becomes available, or based on specific events such as the outcome of litigation or settlement of claims, we may reassess the potential liability related to these matters and may revise these estimates, which could result in a material adverse adjustment to our operating results.

On January 26, 2011, Novartis Vaccines & Diagnostics, Inc. (Novartis) filed a civil action against us and other biopharmaceutical companies in the U.S. District Court for the District of Delaware. Novartis claims willful infringement by us of U.S. Patent No. 5,688,688. Novartis seeks, among other things, monetary damages. If it is finally determined that we infringe the Novartis patent, we may be required to pay royalties to Novartis on sales of Soliris regarding certain manufacturing technology. Although we do not believe that the manufacture of Soliris infringes a valid patent claim owned by Novartis, we cannot guarantee that we will be successful in defending against such action. Given the early stages of this litigation, management does not currently believe a loss related to this matter is probable or that the potential magnitude of such loss or range of loss, if any, can be reasonably estimated.

In addition to the Novartis claim, other third parties may claim that the development, manufacture, use or commercialization of Soliris or other drugs under development infringes patents owned or granted to such third parties. We are aware of broad patents owned by others relating to the manufacture, use and sale of recombinant humanized antibodies, recombinant human antibodies, and recombinant human single chain antibodies. Soliris and many of our product candidates are genetically engineered antibodies, including recombinant humanized antibodies, recombinant human antibodies, or recombinant human single chain antibodies. In respect to some of these patents, we have obtained licenses or expect to obtain licenses. We estimate our obligations for probable contingent liabilities based on our assessment of estimated royalties potentially owed to other third parties. A costly license, or inability to obtain a necessary license, could have a material adverse effect on our business. However, the amount of such loss or a range of loss, if any, beyond amounts currently accrued, cannot be reasonably estimated.

On March 27, 2013, we received a Warning Letter from the U.S. Food and Drug Administration (FDA) regarding compliance with current Good Manufacturing Practices (cGMP) at ARIMF. The Warning Letter followed an FDA inspection which concluded on August 6, 2012. At the conclusion of that inspection, the FDA issued a Form 483 Inspectional Observations, to which we responded in August 2012 and provided additional information to the FDA in September and December 2012. The observations concern commercial and clinical manufacture of Soliris at ARIMF. We continue to manufacture products, including Soliris, in this facility. While the resolution of this Warning Letter may be difficult to predict, we do not currently believe a loss related to this matter is probable or that the potential magnitude of such loss or range of loss, if any, can be reasonably estimated.

Item 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about our industry, management's beliefs, and certain assumptions made by our management, and may include, but are not limited to, statements regarding the potential benefits and commercial potential of Soliris® (eculizumab) for its approved indications and any expanded uses, timing and effect of sales of Soliris in various markets worldwide, pricing for Soliris, level of insurance coverage and reimbursement for Soliris, level of future Soliris sales and collections, timing regarding development and regulatory approvals for additional indications or in additional territories for Soliris, the medical and commercial potential of additional indications for Soliris, failure to satisfactorily address the issues raised by the FDA in the Warning Letter recently disclosed by Alexion, costs, expenses and capital requirements, cash outflows, cash from operations, status of reimbursement, price approval and funding processes in various countries worldwide, progress in developing commercial infrastructure and interest about Soliris and our drug candidates in the patient, physician and payer communities, the safety and efficacy of Soliris and our product candidates, estimates of the potential markets and estimated commercialization dates for Soliris and our drug candidates around the world, sales and marketing plans, any changes in the current or anticipated market demand or medical need for Soliris or our drug candidates, status of our ongoing clinical trials for eculizumab, asfotase alfa and our other product candidates, commencement dates for new clinical trials, clinical trial results, evaluation of our clinical trial results by regulatory agencies, prospects for regulatory approval, need for additional research and testing, the uncertainties involved in the drug development process and manufacturing, performance and reliance on third party service providers, our future research and development activities, assessment of competitors and potential competitors, the outcome of challenges and opposition proceedings to our intellectual property, assertion or potential assertion by third parties that the manufacture, use or sale of Soliris infringes their intellectual property, estimates of the capacity of manufacturing and other service facilities to support Soliris and our product candidates, potential costs resulting from product liability or other third party claims, the sufficiency of our existing capital resources and projected cash needs, assessment of impact of recent accounting pronouncements, declines in sovereign credit ratings or sovereign defaults in countries where we sell Soliris, delay of collection or reduction in reimbursement due to adverse economic conditions or changes in government and private insurer regulations and approaches to reimbursement, the short and long term effects of other government healthcare measures, and the effect of shifting foreign exchange rates. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Such risks and uncertainties include, but are not limited to, those discussed later in this report under the section entitled "Risk Factors". Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether because of new information, future events or otherwise. However, readers should carefully review the risk factors set forth in this and other reports or documents we file from time to time with the Securities and Exchange Commission.

Business

Overview

We are a biopharmaceutical company focused on serving patients with severe and ultra-rare disorders through the innovation, development and commercialization of life-transforming therapeutic products. Our marketed product Soliris is the first and only therapeutic approved for patients with two severe and ultra-rare disorders resulting from chronic uncontrolled activation of the complement component of the immune system: paroxysmal nocturnal hemoglobinuria (PNH), a life-threatening and ultra-rare genetic blood disorder, and atypical hemolytic uremic syndrome (aHUS), a life-threatening and ultra-rare genetic disease. We are also evaluating additional potential indications for Soliris in severe and ultra-rare diseases in which uncontrolled complement activation is the underlying mechanism, and we are progressing in various stages of development with additional biotechnology product candidates as treatments for patients with severe and life-threatening ultra-rare disorders. We were incorporated in 1992 and began commercial sale of Soliris in 2007.

Soliris is designed to inhibit a specific aspect of the complement component of the immune system and thereby treat inflammation associated with chronic disorders in several therapeutic areas, including hematology, nephrology, transplant rejection and neurology. Soliris is a humanized monoclonal antibody that effectively blocks terminal complement activity at the doses currently prescribed. The initial indication for which we received approval for Soliris is PNH. PNH is a debilitating and life-threatening, ultra-rare genetic blood disorder defined by chronic uncontrolled complement activation leading to the

destruction of red blood cells (hemolysis). The chronic hemolysis in patients with PNH may be associated with life-threatening thromboses, recurrent pain, kidney disease, disabling fatigue, impaired quality of life, severe anemia, pulmonary hypertension, shortness of breath and intermittent episodes of dark-colored urine (hemoglobinuria).

Soliris was approved for the treatment of PNH by the U.S. Food and Drug Administration (FDA) and the European Commission (EC) in 2007 and by Japan's Ministry of Health, Labour and Welfare (MHLW) in 2010, and has been approved in several other territories. Additionally, Soliris has been granted orphan drug designation for the treatment of PNH in the United States, Europe, Japan and several other territories.

In September 2011, Soliris was approved by the FDA for the treatment of pediatric and adult patients with aHUS. aHUS is a genetic ultra-rare disease characterized by chronic uncontrolled complement activation and thrombotic microangiopathy (TMA), the formation of blood clots in small blood vessels throughout the body, causing a reduction in platelet count (thrombocytopenia) and life-threatening damage to the kidney, brain, heart and other vital organs. In addition, in November 2011, the EC granted marketing authorization for Soliris to treat pediatric and adult patients with aHUS in Europe. The FDA and EC have granted Soliris orphan drug designation for the treatment of patients with aHUS.

Products and Development Programs

We focus our product development programs on life transforming therapeutics for severe and life-threatening ultra-rare diseases for which we believe current treatments are either non-existent or inadequate. Eculizumab is a humanized antibody known as a C5 terminal complement inhibitor (C5 Inhibitor), which is designed to selectively block the production of inflammation-causing proteins of the complement cascade. We believe that selective suppression of this immune response may provide a significant therapeutic advantage relative to existing therapies. In addition to PNH and aHUS, for which the use of eculizumab has been approved in the United States and Europe, we believe that C5 Inhibitors may be useful in the treatment of a variety of other serious diseases and conditions resulting from uncontrolled complement activation.

Marketed Products

Our marketed products include the following:

Product	Development Area	Indication	Development Stage
Soliris (eculizumab)	Hematology	Paroxysmal Nocturnal Hemoglobinuria (PNH)	Commercial
		PNH Registry	Phase IV
		PNH Pediatric Trial	Phase II
	Hematology/Nephrology	Atypical Hemolytic Uremic Syndrome (aHUS)	Commercial
		aHUS Trials	Phase IV
		aHUS Registry	Phase IV

Paroxysmal Nocturnal Hemoglobinuria (PNH)

Our marketed product Soliris is the first and only therapy approved for the treatment of patients with PNH, a debilitating and life-threatening ultra-rare blood disorder in which an acquired genetic deficiency causes uncontrolled complement activation which leads to life-threatening complications. We continue to work with researchers to expand the base of knowledge in PNH and the utility of Soliris to treat patients with PNH. Additionally, we are sponsoring multinational registries to gather information regarding the natural history of patients with PNH and the longer term outcomes during Soliris treatment.

Atypical Hemolytic Uremic Syndrome (aHUS)

aHUS is a chronic and life-threatening ultra-rare genetic disease in which uncontrolled complement activation causes blood clots in small blood vessels throughout the body (thrombotic microangiopathy, or TMA) leading to kidney failure, stroke, heart attack and death. Our marketed product Soliris is the first and only therapy approved for the treatment of patients with aHUS. As a post marketing requirement, we have now completed enrollment in a prospective open-label trial in adults with aHUS and, separately, enrollment has been completed in a prospective pediatric aHUS study.

Clinical Development Programs

Our programs, including investigator sponsored clinical programs, include the following:

Product	Development Area	Indication	Development Stage
Soliris (eculizumab)	Nephrology	Presensitized Renal Transplant - Living Donor	Phase II
		Presensitized Renal Transplant - Deceased Donor	Phase II
		Delayed Kidney Transplant Graft Function*	Phase II
		ABO Incompatible Renal Transplant*	Phase II
		STEC-HUS (Shiga-toxin producing E. Coli Hemolytic Uremic Syndrome)	Phase II
	Neurology	Neuromyelitis Optica (NMO)*	Phase II
		Myasthenia Gravis (MG)	Phase II
	Hematology	Cold Agglutinin Disease (CAD)*	Phase II
Asfotase alfa	Metabolic Disorders	Hypophosphatasia (HPP)	Phase II
cPMP	Metabolic Disorders	MoCD Type A	Preclinical
ALXN 1102/1103	Hematology	PNH	Phase I
ALXN 1007	Inflammatory Disorders		Phase I

* Investigator Initiated Trial

Soliris (eculizumab)

Nephrology

Acute Humoral Rejection (AHR) in Presensitized Kidney Transplant Patients

We have completed enrollment in a multi-national, multi-site controlled clinical trial of eculizumab in presensitized renal transplant patients at elevated risk for AHR who have received deceased donor grafts. Also, enrollment is ongoing in a multi-national, multi-site controlled clinical trial of eculizumab in presensitized renal transplant patients at elevated risk for AHR who have received living donor grafts.

Delayed Kidney Transplant Graft Function

Enrollment has been completed in an investigator-initiated Phase II study of eculizumab in patients at elevated risk for delayed graft function (DGF) following kidney transplant. DGF is the term used to describe the failure of a kidney or other organs to function immediately after transplantation due to ischemia-reperfusion and immunological injury.

Shiga-toxin producing E. Coli Hemolytic Uremic Syndrome (STEC-HUS)

STEC-HUS is a life-threatening, complement-mediated ultra-rare disorder that results from exposure to Enterohemorrhagic E.Coli (EHEC). Our STEC-HUS development program was initiated in connection with the widespread outbreak of EHEC in Germany in May and June 2011. Many EHEC patients rapidly progressed to STEC-HUS during this outbreak. As in several other conditions with severe and uncontrolled complement activation, including aHUS, complement activation in STEC-HUS results in TMA. Although aHUS and STEC-HUS exhibit similar life-threatening TMA manifestations, aHUS and STEC-HUS are different disorders. aHUS is a chronic genetic disease of uncontrolled complement activation, while STEC-HUS is not genetic and follows an isolated episode of infection. STEC-HUS is an ultra-rare disorder, comprising only a small sub-set of the already rare population of patients with EHEC. Following an authorization by the Paul-Ehrlich-Institut, Germany's health care regulatory body for biologics, and an access program for patients initiated in May 2011, we initiated an open-label clinical trial to investigate eculizumab as a treatment for patients with STEC-HUS. Enrollment in this trial has been completed. We are obtaining and analyzing additional control clinical outcome data from an epidemiologic study in approximately 400 STEC-HUS patients who received only best supportive care. The FDA and the EC have each granted orphan designation for eculizumab as a treatment for patients with STEC-HUS.

Neurology

Neuromyelitis Optica (NMO)

NMO is a severe and ultra-rare autoimmune disease of the central nervous system (CNS) that primarily affects the optic nerves and spinal cord. Preliminary data from the investigator-initiated Phase II clinical trial of eculizumab in severe and relapsing NMO patients was presented to the American Neurological Association (ANA) meeting in October 2012. The study was reported to have achieved its primary efficacy endpoint with a high degree of clinical and statistical significance and several key secondary endpoints were also achieved. We are completing our discussions with regulators to initiate a single pivotal NMO registration trial.

Myasthenia Gravis (MG)

MG is an ultra-rare autoimmune syndrome characterized by complement activation leading to the failure of neuromuscular transmission. Preliminary data from a Phase II trial evaluating the safety and efficacy of eculizumab in patients with severe, refractory MG demonstrated an encouraging disease improvement signal and was presented at the Myasthenia Gravis Foundation Annual Meeting in September 2011. We continue to work with investigators to design the next clinical trial to evaluate eculizumab as a treatment for patients with severe and refractory MG. We are completing our discussions with regulators to initiate a single pivotal MG registration trial.

Hematology

Cold Agglutinin Disease (CAD)

We are aware that dosing is ongoing in an investigator-initiated Phase II study of eculizumab in patients for the treatment of CAD. CAD is a severe, ultra-rare complement-mediated autoimmune disease characterized by the presence of high concentrations of circulating complement-activating antibodies directed against red blood cells. As observed with PNH patients, CAD patients also suffer from the clinical consequences of severe hemolysis.

Asfotase Alfa

Hypophosphatasia (HPP)

HPP is an ultra-rare, genetic, and life-threatening metabolic disease characterized by impaired phosphate and calcium regulation, leading to progressive damage to multiple vital organs including destruction and deformity of bones, profound muscle weakness, seizures, impaired renal function, and respiratory failure.

Asfotase alfa, a targeted enzyme replacement therapy in Phase II clinical trials for patients with HPP, is designed to directly address the morbidities and mortality of HPP by targeting alkaline phosphatase directly to the deficient tissue. In this way, asfotase alfa is designed to normalize the genetically defective metabolic process and prevent or reverse the severe, crippling and life-threatening complications of dysregulated mineral metabolism in patients with HPP. Initial studies with asfotase alfa in HPP patients indicate that the treatment significantly decreases the levels of targeted metabolic substrates. We have completed enrollment in a natural history study in infants with HPP and are currently dosing patients in a separate global trial of severe infant HPP patients. We acquired asfotase alfa in February 2012 in connection with our acquisition of Enobia.

cPMP

Molybdenum Cofactor Deficiency (MoCD) Disease Type A (MoCD Type A)

MoCD Type A is a rare metabolic disorder characterized by severe and rapidly progressive neurologic damage and death in newborns. MoCD Type A results from a genetic deficiency in cyclic Pyranopterin Monophosphate (cPMP), a molecule that enables production of certain enzymes, the absence of which allows neurotoxic sulfite to accumulate in the brain. To date, there is no approved therapy available for MoCD Type A. There has been some early clinical experience with the cPMP replacement therapy in a small number of children with MoCD Type A. Following discussions with regulators, we are planning to file for authorization to initiate testing of our synthetic cPMP replacement therapy in healthy volunteers.

ALXN 1102/1103

ALXN 1102/1103 is a novel alternative pathway complement inhibitor with a mechanism of action unique from Soliris. ALXN 1102 is currently being investigated in a Phase I single dose, dose escalating safety and pharmacology study. ALXN 1103 is being dosed in the same Phase I trial as a subcutaneous formulation.

ALXN 1007

ALXN 1007 is a novel humanized antibody designed to target rare and severe inflammatory disorders and is a product of our proprietary antibody discovery technologies. ALXN 1007 is currently being investigated in a Phase I single dose, dose escalating safety and pharmacology study in healthy volunteers.

Manufacturing

We currently rely on two manufacturing facilities, Alexion's Rhode Island manufacturing facility (ARIMF) and a facility operated by Lonza Group AG and its affiliates (Lonza), to produce commercial and clinical bulk quantities of Soliris, and we rely on a facility operated by Lonza for clinical quantities of asfotase alfa. We produce our clinical and preclinical quantities of our other product candidates at ARIMF. We also depend on a limited number of third party providers for other services with respect to our clinical and commercial requirements, including product finishing, packaging, vialing and labeling.

On March 27, 2013, we received a Warning Letter from the FDA regarding compliance with current Good Manufacturing Practices (cGMP) at ARIMF. The Warning Letter followed an FDA inspection which concluded on August 6, 2012. At the conclusion of that inspection, the FDA issued a Form 483 Inspectional Observations, to which we responded in August 2012 and provided additional information to the FDA in September and December 2012. The observations concern commercial and clinical manufacture of Soliris at ARIMF. We continue to manufacture products, including Soliris, in this facility. While the resolution of the issues raised in this Warning Letter may be difficult to predict, we do not currently believe a loss related to this matter is probable or that the potential magnitude of such loss or range of loss, if any, can be reasonably estimated. To the extent that circumstances related to this matter change, the impact could have a material adverse effect on our financial operations.

Critical Accounting Policies and the Use of Estimates

The significant accounting policies and basis of preparation of our consolidated financial statements are described in Note 1, “Business Overview and Summary of Significant Accounting Policies,” of our financial statements included in our Form 10-K for the year ended December 31, 2012. Under accounting principles generally accepted in the United States, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities in our financial statements. Actual results could differ from those estimates.

We believe the judgments, estimates and assumptions associated with the following critical accounting policies have the greatest potential impact on our consolidated financial statements:

- Revenue recognition;
- Contingent liabilities;
- Inventories;
- Research and development expenses;
- Share-based compensation;
- Valuation of goodwill, acquired intangible assets and in-process research and development (IPR&D);
- Valuation of contingent consideration; and
- Income taxes.

For a complete discussion of these critical accounting policies, refer to “Critical Accounting Policies and Use of Estimates” within “Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations” included within our Form 10-K for the year ended December 31, 2012. We have reviewed our critical accounting policies as disclosed in our Form 10-K, and we have not noted any material changes.

New Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued a new standard to improve the reporting of reclassifications out of accumulated other comprehensive income. The new standard requires the disclosure of significant amounts reclassified from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The standard is effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted the provisions of this guidance including the additional disclosure noted above in the first quarter of 2013.

(amounts in thousands except per share amounts)

Results of Operations

Net Product Sales

The following table summarizes net product sales for the three months ended March 31, 2013 and 2012:

	Three months ended March 31,		$
	2013	2012	Variance
Net product sales	$ 338,941	$ 244,733	$ 94,208

The increase in revenue for the three months ended March 31, 2013, as compared to the same period in 2012, was primarily due to an increased volume of unit shipments, partially offset by a negative impact of price and foreign exchange.

The increase of revenue of 38.5% was due to an increase in unit volumes of 40.1%, offset by a negative price impact of 1.5% and a negative impact on foreign exchange of 0.1%. The increase in volume was largely due to physicians globally requesting Soliris therapy for additional patients. The negative price impact was primarily due to an increased proportion of sales to hospitals in the US that qualify for the Medicaid 340B rebate due to growth in unit volumes for patients treated for aHUS and increased rebates in certain countries in Europe, offset by a price increase in the United States.

The negative impact of foreign exchange of $279, or 0.1%, for the three months ended March 31, 2013 due to changes in foreign currency exchange rates (inclusive of hedging activity) versus the dollar for the three months ended March 31, 2012. The negative impact was primarily due to the Japanese Yen, offset by the positive impact of the Euro, the British Pound and the Australian Dollar. We recorded a gain in revenue of $5,153 and $1,125 related to our foreign currency cash flow hedging program for the three months ended March 31, 2013 and 2012, respectively.

Cost of Sales

Cost of sales were $35,269 and $28,268 for the three months ended March 31, 2013 and 2012, respectively. Cost of sales as a percentage of net revenue decreased to 10.4% for the three months ended March 31, 2013 compared to 11.6% for the three months ended March 31, 2012. This decrease is primarily due to a decrease in royalties in the three months ended March 31, 2013 resulting from the settlement and non-exclusive license agreement we entered into in October 2012 compared to the estimated royalties we accrued in the three months ended March 31, 2012.

Research and Development Expense

Our research and development expense includes personnel, facility and external costs associated with the research and development of our product candidates, as well as product development costs. We group our research and development expenses into two major categories: external direct expenses and all other research and development (R&D) expenses.

External direct expenses are comprised of costs paid to outside parties for clinical development, product development and discovery research. Clinical development costs are comprised of costs to conduct and manage clinical trials related to eculizumab and other product candidates. Product development costs are those incurred in performing duties related to manufacturing development and regulatory functions, including manufacturing of material for clinical and research activities. Discovery research costs are incurred in conducting laboratory studies and performing preclinical research for other uses of eculizumab and other product candidates. Clinical development costs have been accumulated and allocated to each of our programs, while product development and discovery research costs have not been allocated.

All other R&D expenses consist of costs to compensate personnel, to maintain our facility, equipment and overhead and similar costs of our research and development efforts. These costs relate to efforts on our clinical and preclinical products, our product development and our discovery research efforts. These costs have not been allocated directly to each program.

(amounts in thousands except per share amounts)

The following table provides information regarding research and development expenses:

	Three months ended March 31,		$
	2013	2012	Variance
Clinical development	$ 11,495	$ 12,279	$ (784)
Product development	23,595	7,794	15,801
Discovery research	4,330	1,882	2,448
Total external direct expenses	**39,420**	**21,955**	**17,465**
Payroll and benefits	30,718	20,568	10,150
Operating and occupancy	2,236	1,341	895
Depreciation and amortization	2,162	1,544	618
Total other R&D expenses	**35,116**	**23,453**	**11,663**
Research and development expense	**$ 74,536**	**$ 45,408**	**$ 29,128**

For the three months ended March 31, 2013, the increase of $29,128 in research and development expense, as compared to the same period in the prior year, was primarily related to the following:

- Increase of $15,801 in external product development expenses related primarily to the production of asfotase alfa for clinical trials.
- Increase of $10,150 in R&D payroll and benefit expense related primarily to global expansion of staff supporting our increasing number of clinical and development programs.
- Increase of $2,448 in discovery research expenses primarily related to the upfront payment on the license agreement entered into in the first quarter of 2013.

The following table summarizes external direct expenses related to our clinical development programs. Please refer to "Clinical Development Programs" above for a description of each of these programs:

	Three months ended March 31,		$
	2013	2012	Variance
External direct expenses			
Eculizumab	$ 6,743	$ 10,031	$ (3,288)
Asfotase alfa	2,265	924	1,341
cPMP	1,320	—	1,320
Other programs	808	942	(134)
Unallocated	359	382	(23)
	$ 11,495	**$ 12,279**	**$ (784)**

The successful development of our drug candidates is uncertain and subject to a number of risks. We cannot guarantee that results of clinical trials will be favorable or sufficient to support regulatory approvals for our other programs. We could decide to abandon development or be required to spend considerable resources not otherwise contemplated. For additional discussion regarding the risks and uncertainties regarding our development programs, please refer to Item 1A "Risk Factors" in this Form 10-Q.

Selling, General and Administrative Expense

Our selling, general and administrative expense includes commercial and administrative personnel, corporate facility and external costs required to support the marketing and sales of our commercialized products. These selling, general and administrative costs include: corporate facility operating expenses and depreciation; marketing and sales operations in support of Soliris; human resources; finance, legal, information technology and support personnel expenses; and other corporate costs such as telecommunications, insurance, audit, government affairs and legal expenses.

(amounts in thousands except per share amounts)

The table below provides information regarding selling, general and administrative expense:

	Three months ended March 31,		$
	2013	2012	Variance
Salary, benefits and other labor expense	$ 67,929	$ 53,629	$ 14,300
External selling, general and administrative expense	40,897	33,613	7,284
Total selling, general and administrative expense	**$ 108,826**	**$ 87,242**	**$ 21,584**

For the three months ended March 31, 2013, the increase of $21,584 in selling, general and administrative expense, as compared to the same period in the prior year, was related to the following:

- Increase in salary, benefits and other labor expenses of $14,300. The increase was a result of increased headcount related to commercial development activities, including increases in payroll and benefits costs of $11,300 related to our global commercial staff to support global expansion. This increase was also due to increases in payroll and benefits of $3,000 within our general and administrative functions to support our infrastructure growth as a global commercial entity.
- Increase in external selling, general and administrative expenses of $7,284. The increase was primarily due to an increase in costs associated with marketing and professional services of $6,300.

Acquisition-related Costs

Acquisition-related costs for the three months ended March 31, 2013 and 2012 associated with our business combinations included the following:

	Three months ended March 31,	
	2013	2012
Separately-identifiable employee costs	$ 248	$ 2,296
Professional fees	775	8,469
Changes in fair value of contingent consideration	2,211	2,908
	$ 3,234	**$ 13,673**

The following table provides information for acquisition-related costs for each business combination:

	Three months ended March 31,	
	2013	2012
Enobia Pharma Corp.	$ 2,991	$ 12,401
Taligen Therapeutics, Inc.	115	1,180
Orphatec Pharmaceuticals GmbH	128	92
	$ 3,234	**$ 13,673**

Other Income and Expense

The following table provides information regarding other income and expense:

	Three months ended March 31,		$
	2013	2012	Variance
Investment income	437	273	164
Interest expense	(1,171)	(2,287)	1,116
Foreign currency gain (loss)	503	(215)	718
Total interest and other expense	**$ (231)**	**(2,229)**	**1,998**

(amounts in thousands except per share amounts)

We incur interest on our term notes, revolving credit facility, and capital lease obligations. Interest expense was $1,171 and $2,287, for the three months ended March 31, 2013 and 2012, respectively. The decrease in interest expense is primarily due to a decrease in amounts outstanding under our credit facility.

Foreign currency transaction gains and losses relate to changes in the fair value of monetary assets and liabilities denominated in foreign currencies. The foreign currency transaction gains (losses) totaled $503 and $(215), for the three months ended March 31, 2013 and 2012, respectively. The amounts recorded in these periods were a result of the costs of hedging our exposures, as well as the fluctuation in exchange rates on the portion of our monetary assets and liabilities that were not fully hedged as part of our hedging programs.

Income Taxes

During the three months ended March 31, 2013, we recorded an income tax provision of $34,524 and an effective tax rate of 29.6%, compared to an income tax provision of $22,396 and an effective tax rate of 33.0% for the three months ended March 31, 2012. The change in the effective tax rate is primarily attributable to our favorable jurisdictional profitability mix, as well as the recognition of the 2012 U.S. Federal tax credit for research and experimentation which was discretely recorded in Q1 2013.

The tax provision for the three months ended March 31, 2013 is attributable to the U.S. federal, state and foreign income taxes on our profitable operations, offset by the tax benefit of $3,105 attributable to the 2012 U.S. Federal tax credit for research and experimentation. The U.S. Federal tax credit for research and experimentation expenses expired December 31, 2011. In connection with this expiration, our 2012 tax expense did not include any benefit from the U.S. Federal tax credit for research and experimentation. In January 2013, the American Taxpayer Relief Act of 2012, which retroactively extended the tax credit for research and experimentation back to January 1, 2012 through the end of 2013 was signed into law. The effects of a change in tax law is recognized in the period that includes the date of enactment and, therefore, our tax benefit attributable to the 2012 U.S. Federal tax credit for research and experimentation was recorded in the first quarter of 2013.

The tax provision for the three months ended March 31, 2012 is principally attributable to the U.S. federal, state and foreign income taxes on our profitable operations.

We continue to maintain a valuation allowance against certain other deferred tax assets where realization is not certain. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of these deferred tax assets by a valuation allowance to the extent we believe a portion will not be realized.

Financial Condition, Liquidity and Capital Resources

The following table summarizes the components of our financial condition as of March 31, 2013 and December 31, 2012:

	March 31, 2013	December 31, 2012	$ Variance
Cash and cash equivalents	$ 1,022,960	$ 989,501	$ 33,459
Long-term debt (includes current portion)	$ 149,000	$ 149,000	$ —
Current assets	$ 1,550,041	$ 1,495,600	$ 54,441
Current liabilities	295,747	360,089	(64,342)
Working capital	$ 1,254,294	$ 1,135,511	$ 118,783

The increase in cash and cash equivalents was primarily attributable to cash generated from operations and net proceeds from the exercise of stock options and reduction of income taxes payable due to excess tax benefits from stock options, offset by cash used for the repurchase of common stock.

We expect continued growth in our expenditures, particularly those related to research and product development, clinical trials, regulatory approvals, international expansion, commercialization of products and capital investment. However, we anticipate that cash generated from operations and our existing available cash and cash equivalents should provide us adequate resources to fund our operations as currently planned for the foreseeable future.

Since the commercial launch of Soliris in 2007, we have financed our operations and capital expenditures primarily through positive cash flows from operations. We expect to continue to be able to fund our operations, for the foreseeable future, including principal and interest payments on our credit facility and contingent payments from our acquisitions principally through our cash flows from operations. We may, from time to time, also seek additional funding through a combination of equity or debt financings or from other sources, if necessary, for future acquisitions or other strategic purposes.

(amounts in thousands except per share amounts)

Financial Instruments

Until required for use in the business, we may invest our cash reserves in money market funds or high-quality marketable securities in accordance with our investment policy. The stated objectives of our investment policy is to preserve capital, provide liquidity consistent with forecasted cash flow requirements, maintain appropriate diversification and generate returns relative to these investment objectives and prevailing market conditions.

Financial instruments that potentially expose us to concentrations of credit risk are limited to cash equivalents, accounts receivable and our foreign exchange derivative contracts. At March 31, 2013, one individual customer accounted for 19% of the accounts receivable balance. At December 31, 2012, two individual customers accounted for 18% and 12% of the accounts receivable balance. For the three months ended March 31, 2013, one customer accounted for 20% of our product sales. For the three months ended March 31, 2012, two customers accounted for 20% and 11% of our product sales, respectively.

We continue to monitor economic conditions, including volatility associated with international economies and the sovereign debt crisis in Europe, and the associated impacts on the financial markets and our business. The credit and economic conditions in Greece, Italy and Spain, among other members of the European Union, have deteriorated over the last several years. These conditions have resulted in, and may continue to result in, an increase in the average length of time it takes to collect our outstanding accounts receivable in these countries. Substantially all of our accounts receivable due from these countries are due from or backed by sovereign or local governments, and the amount of non-sovereign accounts receivable is not material. Our exposure to the sovereign debt crisis in Greece is limited, as we do not have a material amount of accounts receivable in Greece.

As of March 31, 2013 and December 31, 2012, our gross accounts receivable in Italy and Spain totaled approximately $79,443 and $82,200, respectively. The decrease during the first quarter reflects an improved rate of collections in the quarter: as of March 31, 2013 and December 31, 2012, approximately $18,873 and $21,100, respectively, of these amounts has been outstanding for greater than one year, and we have recorded an allowance of approximately $1,657 and $2,000, respectively, related to these gross receivables. As of March 31, 2013 and December 31, 2012, we recorded $11,209 and $21,334, respectively, of accounts receivable in Spain within other non-current assets, which approximates the amount of the receivables that we estimate with collection periods beyond one year. During the three months ended March 31, 2013 and 2012, we have recorded (income)/expense of approximately $(286) and $950, respectively, related to the expectation of delayed payment from these countries. Our net accounts receivable from these countries as of March 31, 2013 and December 31, 2012 are summarized as follows:

	Total Accounts Receivable, net		Accounts Receivable, net > one year	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Italy	$ 36,884	$ 35,758	$ 6,994	$ 7,197
Spain	$ 40,902	$ 44,465	$ 10,568	$ 12,873

We manage our foreign currency transaction risk within specified guidelines through the use of derivatives. All of our derivative instruments are utilized for risk management purposes, and we do not use derivatives for speculative trading purposes. As of March 31, 2013, we have foreign exchange forward contracts with notional amounts totaling $955,908. These outstanding foreign exchange forward contracts had a net fair value of $46,897, of which an unrealized gain of $49,646 is included in other assets, offset by an unrealized loss of $2,749 included in other liabilities. The counterparties to these foreign exchange forward contracts are large multinational commercial banks, and we believe the risk of nonperformance is not material.

At March 31, 2013, our financial assets and liabilities were recorded at fair value. We have classified our financial assets and liabilities as Level 1, 2 or 3 within the fair value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, but substantially the full term of the financial instrument. Our Level 2 assets consist primarily of money market funds and foreign exchange forward contracts. Our Level 2 liabilities consist also of foreign exchange forward contracts. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. Our Level 3 liabilities consist of contingent consideration related to acquisitions.

Business Combinations and Contingent Consideration Obligations

The purchase agreements for our business combinations include contingent payments totaling up to $879,000 if and when certain development and commercial milestones are achieved. Of these milestone amounts, $564,000 and $315,000 of the contingent payments relate to development and commercial milestones, respectively. We do not expect that significant

contingent payments will be made in the next 12 months and, accordingly, we do not expect these amounts to have an impact on our liquidity in the near-term. As future payments become probable, we will evaluate methods of funding payments, which could be made from available cash, cash generated from operations or proceeds from other financing.

License Agreements

In January 2013, we entered into a license agreement for a technology, which provides an exclusive research license and an option for an exclusive commercial license for specific targets and products to be developed. We accounted for the license as an acquisition of an asset and recorded expense for an upfront payment of $3,000 during the first quarter of 2013. We will also be required to pay annual maintenance fees during the term of the arrangement. In addition, for each product we develop, we could be required to pay up to an additional $70,500 in license fees, development and sales milestones as the specific milestones are met over time.

Long-term Debt

In February 2012, we and our wholly-owned Swiss subsidiary, Alexion Pharma International Sàrl, entered into a Credit Agreement (Credit Agreement) with a syndicate of lenders and other parties named in the Credit Agreement that provides for a $240,000 senior secured term loan facility payable in equal quarterly installments of $12,000 starting June 30, 2012 and a $200,000 senior secured revolving credit facility, which includes up to a $60,000 sublimit for letters of credit and a $10,000 sublimit for swingline loans. We may also use the facilities for working capital requirements, acquisitions and other general corporate purposes. Any of Alexion's wholly-owned foreign subsidiaries may borrow funds under the facilities upon satisfaction of certain conditions described in the Credit Agreement. As of March 31, 2013, we had $149,000 outstanding on the term loan. As of March 31, 2013, we had open letters of credit of $13,964, and our borrowing availability under the revolving facility was $186,036 at March 31, 2013. We expect that cash generated from operations will be sufficient to meet debt service obligations.

Lonza Agreement

We have various agreements with Lonza, with remaining total commitments of approximately $151,000 through 2018. Such commitments may be canceled only in limited circumstances. If we terminate certain supply agreements with Lonza without cause, we will be required to pay for product scheduled for manufacture under our arrangement. Under an existing arrangement with Lonza, we also pay Lonza a royalty on sales of Soliris manufactured at ARIMF.

Taxes

We do not record U.S. tax expense on the undistributed earnings of our non-U.S. subsidiaries as these earnings are intended to be permanently reinvested in the businesses offshore. We do not have any present or anticipated future need for cash held by our non-U.S. subsidiaries, as cash generated in the U.S., as well as borrowings, are expected to be sufficient to meet future U.S. liquidity needs. At March 31, 2013, approximately $126,000 of our cash and cash equivalents was held by foreign subsidiaries, a significant portion of which is required for liquidity needs of our foreign subsidiaries. Our foreign subsidiaries have bank debt which remains outstanding as of March 31, 2013. Due to the liability position of our foreign subsidiaries, these subsidiaries will repay the bank debt, as well as any outstanding intercompany debt, prior to having excess cash available which could be used to repatriate to our entities in the United States. While our expectation is that all foreign undistributed earnings are permanently invested, there could be certain unforeseen future events that could impact our permanent reinvestment assertion. Such events include acquisitions, corporate restructurings or tax law changes not currently contemplated.

Common Stock Repurchase Program

In November 2012, we announced that our Board of Directors authorized the repurchase of up to $400,000 of our common stock. This repurchase program does not have an expiration date. We expect that cash generated from operations and our existing available cash and cash equivalents are sufficient to fund any share repurchases.

(amounts in thousands except per share amounts)

Cash Flows

The following summarizes our net change in cash and cash equivalents:

	Three months ended March 31,		
	2013	2012	$ Variance
Net cash provided by operating activities	$ 46,497	$ 62,805	$ (16,308)
Net cash used in investing activities	(5,569)	(609,197)	603,628
Net cash provided by financing activities	(4,308)	364,622	(368,930)
Effect of exchange rate changes on cash	(3,161)	293	(3,454)
Net change in cash and cash equivalents	$ 33,459	$ (181,477)	$ 214,936

The increase in cash and cash equivalents was primarily attributable to cash generated from operations and net proceeds from the exercise of stock options, offset by cash used for the repurchase of common stock.

Operating Activities

The components of cash flows from operating activities, as reported in our Condensed Consolidated Statements of Cash Flows, are as follows:

- Our net income was $82,217 and $45,413 for the three months ended March 31, 2013 and 2012, respectively.
- Non-cash items included depreciation and amortization, change in fair value of contingent consideration, share-based compensation expense, deferred taxes, unrealized foreign currency gains and losses, gains and losses on forward contracts, and currency translation adjustments, and were $46,180 and $44,828 for the three months ended March 31, 2013 and 2012, respectively.
- Net cash outflow due to changes in operating assets and liabilities was $81,900 and $27,436 for the three months ended March 31, 2013 and 2012, respectively. The $81,900 change in operating assets and liabilities primarily relates to:
  - Increase in accounts receivable of $26,232 due to an increased number of patients treated with Soliris globally.
  - Increase in inventory of $5,469 related to increased production of inventory to support commercial growth.
  - Decrease in prepaid expenses and other assets of $13,522, primarily related to decreases in prepaid manufacturing expenses and prepaid taxes, partially offset by an increase in the fair value of foreign exchange forward contracts.
  - Decrease of $62,321 in accounts payable and accrued expenses and other liabilities primarily related to a decrease in accrued income taxes as a result of the cash tax payment of approximately $50,000 related to structuring activities of the Enobia Pharma Corp. acquisition, as well as a decrease in accrued compensation, offset by an increase in accrued rebates.

Investing Activities

The components of cash flows from investing activities consisted of the following:

- Additions to property, plant and equipment were $5,493 and $3,766 for the three months ended March 31, 2013 and 2012, respectively.
- Payments of $605,429 related to the acquisition of Enobia in the first quarter of 2012.

Financing Activities

Net cash flows from financing activities reflected proceeds from the exercise of stock options of $9,527 and $15,822 for the three months ended March 31, 2013 and 2012, respectively. Net cash flows for the three months ended March 31, 2013 also include $21,332 of excess tax benefits from stock options attributable to the utilization of the excess tax benefit portion of federal and state net operating losses and tax credits.

In connection with the acquisition of Enobia in February 2012, we borrowed $240,000 under the term loan facility and $80,000 under the revolving facility, and we used our available cash for the remaining purchase price.

During the first quarter of 2013, we repurchased $35,107 worth of shares of our common stock under a repurchase program that was approved by our Board of Directors in November 2012. As of March 31, 2013, there is a total of $353,340 remaining for repurchases under the program.

Contractual Obligations

The disclosure of payments we have committed to make under our contractual obligations are summarized in our Annual Report on Form 10-K for the twelve months ended December 31, 2012, in the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations” under the caption “Contractual Obligations.”

Item 3. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.***

Interest Rate Risk

As of March 31, 2013, we held all of our cash and cash equivalents in bank accounts and money market funds, and we do not believe a change in interest rates would have a material impact on our financial statements.

In February 2012, we entered into the Credit Agreement with a floating rate of interest based on LIBOR, Prime Rate, Federal Funds Rate or Eurodollar Rate, at our election, plus an applicable credit spread. We do not expect changes in interest rates related to the Credit Agreement to have a material effect on our financial statements. At March 31, 2013, we had approximately $149,000 of variable rate debt outstanding. If interest rates were to increase or decrease by 1% for the year, annual interest expense would increase or decrease by approximately $1,490.

Foreign Exchange Market Risk

As a result of our foreign operations, we face exposure to movements in foreign currency exchange rates, primarily the Euro, Japanese Yen, Swiss Franc and British Pound against the US dollar. The current exposures arise primarily from cash, accounts receivable, intercompany receivables and payables, and product sales denominated in foreign currencies. Both positive and negative impacts to our international product sales from movements in foreign currency exchange rates are partially mitigated by the natural, opposite impact that foreign currency exchange rates have on our international operating expenses. We have substantial operations based in Switzerland to support our business outside the US, and accordingly, our expenses are impacted by fluctuations in the value of the Swiss Franc against the US dollar.

We currently have a derivative program in place to achieve the following: 1) limit the foreign currency exposure of our monetary assets and liabilities on our balance sheet, using contracts with durations of up to 30 days and 2) hedge a portion of our forecasted intercompany product sales, using contracts with durations of up to 36 months. The objectives of this program are to reduce the volatility of exchange rate fluctuations on our operating results and to increase the visibility of the foreign exchange impact on forecasted revenues. This program utilizes foreign exchange forward contracts intended to reduce, not eliminate, the impact of fluctuations in foreign currency rates.

As of March 31, 2013, we held foreign exchange forward contracts with notional amounts totaling $955,908. As of March 31, 2013, our outstanding foreign exchange forward contracts had a net fair value of $46,897.

We do not use derivative financial instruments for speculative trading purposes. The counterparties to these foreign exchange forward contracts are multinational commercial banks. We believe the risk of counterparty nonperformance is not material.

Since our foreign currency hedges are designed to offset gains and losses on our monetary assets and liabilities, we do not expect that a hypothetical 10% adverse fluctuation in exchange rates would result in a material change in the fair value of our foreign currency sensitive net assets, which include our monetary assets and liabilities and our foreign exchange forward contracts. The analysis above does not consider the impact that hypothetical changes in foreign currency exchange rates would have on future transactions such as anticipated sales.

Credit Risk

As a result of our foreign operations, we are exposed to changes in the general economic conditions in the countries in which we conduct business. We continue to monitor economic conditions, including volatility associated with international economies and the sovereign debt crisis in Europe, and the associated impacts on the financial markets and our business. The credit and economic conditions in Greece, Italy and Spain, among other members of the European Union, have deteriorated over the last several years. These conditions have resulted in, and may continue to result in, an increase in the average length of time it takes to collect our outstanding accounts receivable in these countries. Substantially all of our accounts receivable due from these countries are due from or backed by sovereign or local governments, and the amount of non-sovereign accounts receivable is not material. Our exposure to the sovereign debt crisis in Greece is limited, as we do not have a material amount

of accounts receivable in Greece. We have provided detail on amounts outstanding in Italy and Spain in the "Financial Condition, Liquidity and Capital Resources" section in Item 2 above.

Item 4. ***CONTROLS AND PROCEDURES***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of March 31, 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2013, our disclosure controls and procedures were effective to provide reasonable assurance that information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, and ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***LEGAL PROCEEDINGS.***

On January 2011, Novartis Vaccines & Diagnostics, Inc. (Novartis) filed a civil action against Alexion and other biopharmaceutical companies in the U.S. District Court for the District of Delaware. Novartis claims willful infringement by Alexion of a Novartis patent and seeks, among other things, monetary damages.

Item 1A. ***Risk Factors.***

(amounts in thousands, except percentages)

You should carefully consider the following risk factors before you decide to invest in Alexion and our business because these risk factors may have a significant impact on our business, operating results, financial condition, and cash flows. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected.

Risks Related to Our Lead Product Soliris

We depend heavily on the success of our lead product, Soliris. If we are unable to increase sales of Soliris, or obtain approval or commercialize Soliris in new territories for the treatment of PNH, aHUS or for additional indications, or if we are significantly delayed or limited in doing so, our business may be materially harmed.

Our ability to generate revenues will continue to depend on commercial success of Soliris in the United States, Europe, Japan and in a number of key markets in the rest of the world and whether physicians, patients and health care payers view Soliris as therapeutically effective and safe relative to cost. Since we launched Soliris in the United States in April 2007, essentially all of our revenue has been attributed to sales of Soliris, and we expect that Soliris product sales will continue to contribute to a significant percentage or almost all of our total revenue over the next several years.

In September and November 2011 we obtained marketing approval in the United States and the European Union, respectively, for Soliris for the treatment of a second indication, aHUS.

We dedicate significant resources to the worldwide commercialization of Soliris. We have established sales and marketing capabilities in the United States and in many countries throughout the world. We cannot guarantee that any marketing application for Soliris for the treatment of PNH, aHUS or any other indication, will be approved or maintained in any country where we seek marketing authorization to sell Soliris. In certain countries, we continue discussions with authorities to finalize operational, reimbursement, price approval and funding processes so that we may, upon conclusion of such discussions, commence commercial sales of Soliris for the treatment of PNH in those countries. We have had and will continue to have similar discussions with authorities to facilitate the commercialization of Soliris for the treatment of aHUS in certain countries in the European Union.We have not concluded such discussions in any of the major markets of the European Union for the treatment of aHUS. Our ability to complete such processes successfully is subject to the risks and uncertainties described in this Quarterly Report on Form 10-Q. We cannot guarantee that we will be able to obtain reimbursement for Soliris or successfully commercialize Soliris in any additional countries, or that we will be able to maintain coverage or reimbursement at anticipated levels in any country in which we have already received marketing approval. As a result, sales in certain countries may be delayed or never occur, or may be subsequently reduced.

The commercial success of Soliris and our ability to generate and increase revenues will depend on several factors, including the following:

- receipt of marketing approvals for Soliris for the treatment of PNH in new territories and the maintenance of marketing approvals for the treatment of PNH in the United States, the European Union, Japan and other territories;
- receipt and maintenance of marketing approvals for Soliris for the treatment of aHUS in Japan and other territories and the maintenance of the marketing approval in the United States and the European Union;
- our ability to obtain sufficient coverage or reimbursement by government or third-party payers and our ability to maintain coverage or reimbursement at anticipated levels;
- establishment and maintenance of commercial manufacturing capabilities ourselves or through third-party manufacturers; and

- the number of patients with PNH and aHUS, and the number of those patients who are diagnosed with PNH and aHUS and identified to us;
- the number of patients with PNH and aHUS that may be treated with Soliris;
- successful continuation of commercial sales in the United States, Japan and in European countries where we are already selling Soliris for the treatment of PNH, and successful launch in countries where we have not yet obtained, or only recently obtained, marketing approval or commenced sales;
- successfully launching commercial sales of Soliris for the treatment of aHUS in the United States and Europe, and in countries where we have not yet obtained marketing approval;
- acceptance of Soliris and maintenance of safety and efficacy in the medical community; and
- our ability to develop, register and commercialize Soliris for indications other than PNH, including aHUS.

If we are not successful in increasing sales of Soliris in the United States, Europe and Japan and commercializing in the rest of the world, or are significantly delayed or limited in doing so, we may experience surplus inventory, our business may be materially harmed and we may need to significantly curtail operations.

Because the target patient populations of Soliris for the treatment of PNH and aHUS are small and have not been definitively determined, we must be able to successfully identify patients in order to maintain profitability and growth.

PNH and aHUS are each ultra-rare diseases with small patient populations that have not been definitively determined. There can be no guarantee that any of our programs will be effective at identifying patients and the number of patients in the United States, Europe and elsewhere may turn out to be lower than expected, may not be otherwise amenable to treatment with Soliris, or new patients may become increasingly difficult to identify, all of which would adversely affect our results of operations and our business.

If we are unable to obtain, or maintain at anticipated levels, reimbursement for Soliris from government health administration authorities, private health insurers and other organizations, our pricing may be affected or our product sales, results of operations or financial condition could be harmed.

We may not be able to sell Soliris on a profitable basis or our profitability may be reduced if we are required to sell our product at lower than anticipated prices or reimbursement is unavailable or limited in scope or amount. Soliris is significantly more expensive than traditional drug treatments and almost all patients require some form of third party coverage to afford its cost. Our future revenues and profitability will be adversely affected if we cannot depend on governmental payers, such as Medicare and Medicaid in the United States or country specific governmental organizations, and private third-party payers to defray the cost of Soliris to patients. These entities may refuse to provide coverage and reimbursement with respect to Soliris, determine to provide a lower level of coverage and reimbursement than anticipated, or reduce previously approved levels of coverage and reimbursement, including in the form of higher mandatory rebates or modified pricing terms. In any such case, our pricing or reimbursement for Soliris may be affected and our product sales, results of operations or financial condition could be harmed.

In certain countries where we sell or are seeking or may seek to commercialize Soliris, including certain countries where we both sell Soliris for the treatment of PNH and sell or seek to commercialize Soliris for the treatment of aHUS, if approved by the appropriate regulatory authority, pricing, coverage and level of reimbursement of prescription drugs are subject to governmental control. We may be unable to timely or successfully negotiate coverage, pricing, and reimbursement on terms that are favorable to us, or such coverage, pricing, and reimbursement may differ in separate regions in the same country. For example, in January 2013, we were informed by the Advisory Group for National Specialised Services that although Soliris would help save lives and improve the quality of life for children and adults with aHUS, the U.K. Health Ministers decided not to recommend national commissioning of Soliris for the treatment of aHUS and at that time determined to refer the evaluation of Soliris for treatment of patients with aHUS to National Institute for Health and Clinical Excellence (NICE) for further review as part of its new Highly Specialised Technologies programme. NICE review is pending. In some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country, and we cannot guarantee that we will have the capabilities or resources to successfully conclude the necessary processes and commercialize Soliris in every or even most countries in which we seek to sell Soliris. Reimbursement sources are different in each country and in each country may include a combination of distinct potential payers, including private insurance and governmental payers.

For example, the European Union member states' authorities may restrict the range of medicinal products for which their national health insurance systems provide reimbursement and adopt additional measures to control the prices of medicinal products for human use. This includes the use of reference pricing and HTA. HTA is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of the use of a given medicinal

product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost, and cost-effectiveness of individual medicinal products as well as their potential implications for the healthcare system. These elements of medicinal products are compared with other treatment options available on the market. The national authorities of some European Union member states may from time to time approve a specific price for the medicinal product. Others may adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the national market. Some countries have or may seek to impose limits on the aggregate reimbursement for Soliris or for the use of Soliris for certain indications. In such cases, our commercial operations in such countries and our results of operations and our business are and may be adversely affected. Our results of operations may suffer if we are unable to successfully and timely conclude reimbursement, price approval or funding processes and market Soliris in such foreign countries or if coverage and reimbursement for Soliris is limited or reduced. If we are not able to obtain coverage, pricing or reimbursement on terms acceptable to us or at all, or if such terms should change in any foreign countries, we may not be able to or we may determine not to sell Soliris for one or more indications in such countries, or we could decide to sell Soliris at a lower than anticipated price in such countries, and our revenues may be adversely affected as a result.

The potential increase in the number of patients receiving Soliris may cause third-party payers to modify or limit coverage or reimbursement for Soliris for the treatment of PNH, aHUS, or both indications.

Changes in pricing or the amount of reimbursement in countries where we currently commercialize Soliris may also reduce our profitability and worsen our financial condition. In the United States, the European Union member states, and elsewhere, there have been, and we expect there will continue to be, efforts to control and reduce health care costs. Government and other third-party payers in the United States and the European Union member states are challenging the prices charged for health care products and increasingly limiting and attempting to limit both coverage and level of reimbursement for prescription drugs. For example, during 2010 the German government adopted legislation to increase mandatory discounts on pharmaceutical products and impose a temporary freeze on pharmaceutical pricing, including Soliris. A significant reduction in the amount of reimbursement or pricing for Soliris in one or more countries may have a material adverse effect on our business. See additional discussion below under the headings “Government initiatives that affect coverage and reimbursement of drug products could adversely affect our business” and “The credit and financial market conditions may aggravate certain risks affecting our business.” In addition, certain countries establish pricing and reimbursement amounts by reference to the price of the same or similar products in other countries. If coverage or the level of reimbursement is limited in one or more countries, we may be unable to obtain or maintain anticipated pricing or reimbursement in current or new territories.

Many third-party payers cover only selected drugs, making drugs that are not preferred by such payer more expensive for patients, and require prior authorization or failure on another type of treatment before covering a particular drug. Third-party payers may be especially likely to impose these obstacles to coverage for higher-priced drugs such as Soliris.

Even in countries where patients have access to insurance, their insurance co-payment amounts or annual or lifetime caps on reimbursements may represent a barrier to obtaining or continuing Soliris. We have financially supported non-profit organizations which assist patients in accessing treatment for PNH and aHUS, including Soliris. Such organizations assist patients whose insurance coverage leaves them with prohibitive co-payment amounts or other expensive financial obligations. Such organizations' ability to provide assistance to patients is dependent on funding from external sources, and we cannot guarantee that such funding will be provided at adequate levels, if at all. We have also provided Soliris without charge to patients who have no insurance coverage for drugs for related charitable purposes. We are not able to predict the financial impact of the support we may provide for these and other charitable purposes; however, substantial support could have a material adverse effect on our profitability in the future.

We are also focusing development efforts on the use of eculizumab for the treatment of additional diseases. The success of these programs depends on many factors, including those described under the heading "Risks Related to Development, Clinical Testing and Regulatory Approval of Our Product Candidates." As eculizumab is approved by regulatory agencies for indications other than PNH, the potential increase in the number of patients receiving Soliris may cause third-party payers to refuse coverage or reimbursement for Soliris for the treatment of PNH or for any other approved indication, or provide a lower level of coverage or reimbursement than anticipated or currently in effect.

We may not be able to gain or maintain market acceptance among the medical community or patients, which would prevent us from maintaining profitability or growth in the future.

We cannot be certain that Soliris will gain or maintain market acceptance in a particular country among physicians, patients, health care payers, and others. Although we have received regulatory approval for Soliris in certain territories, including the United States, Japan and the European Union, such approvals do not guarantee future revenue. We cannot predict whether physicians, other health care providers, government agencies or private insurers will determine or continue to accept that Soliris is safe and therapeutically effective relative to its cost. Medical doctors' willingness to prescribe, and patients' willingness to accept, Soliris depends on many factors, including prevalence and severity of adverse side effects in both clinical

trials and commercial use, effectiveness of our marketing strategy and the pricing of Soliris, publicity concerning Soliris, our other product candidates or competing products, our ability to obtain and maintain third-party coverage or reimbursement, and availability of alternative treatments, including bone marrow transplant as an alternative treatment for PNH. The likelihood of medical doctors to prescribe Soliris for patients with aHUS may also depend on how quickly Soliris can be delivered to the hospital or clinic and our distribution methods may not be sufficient to satisfy this need. In addition, we are aware that medical doctors have determined not to continue Soliris treatment for some patients with aHUS . If Soliris fails to achieve or maintain market acceptance among the medical community or patients in a particular country, we may not be able to market and sell it successfully in such country, which would limit our ability to generate revenue and could harm our overall business.

If we or our contract manufacturers fail to comply with continuing United States and foreign regulations, we could lose our approvals to market Soliris or our manufacturers could lose their approvals to manufacture Soliris, and our business would be seriously harmed.

We cannot guarantee that we will be able to maintain our regulatory approvals for Soliris. If we do not maintain our regulatory approvals for Soliris, the value of our company and our results of operations will be materially harmed. We and our current and future partners, contract manufacturers and suppliers are subject to rigorous and extensive regulation by the FDA, other federal and state agencies, and governmental authorities in other territories. For example, in March 2013, we received a Warning Letter (Warning Letter) from the FDA regarding concerns relating to compliance with current Good Manufacturing Practices (cGMP) at ARIMF. While we believe that we will resolve outstanding concerns expressed by the FDA in the Warning Letter, we cannot guarantee that we will do so to the satisfaction of the FDA, EMA or other regulatory agencies and approval of the facility by any such agencies could be withdrawn as a result.

Regulations continue to apply after product approval, and cover, among other things, testing, manufacturing, quality control, finishing, vialing, labeling, advertising, promotion, risk mitigation, adverse event reporting requirements, and export of biologics. For example, the risk management program established in 2007 upon the FDA's approval of Soliris for the treatment of PNH was replaced with a Risk Evaluation and Mitigation Strategy (REMS) program, approved by the FDA in 2010. The REMS program requires mandatory physician certification in the United States. Each physician must certify that the physician is aware of the potential risks associated with the administration of Soliris and that the physician will inform each patient of these risks using educational material approved by the FDA.

As a condition of approval for marketing Soliris, governmental authorities may require us to conduct additional studies. For example, in connection with the approval of Soliris in the United States, European Union and Japan, for the treatment of PNH, we agreed to establish a PNH Registry, monitor immunogenicity, monitor compliance with vaccination requirements, and determine the effects of anticoagulant withdrawal among PNH patients receiving eculizumab, and, specifically in Japan, we agreed to conduct a trial in a limited number of Japanese PNH patients to evaluate the safety of a meningococcal vaccine. Further, in connection with the approval of Soliris in the United States for the treatment of aHUS, we agreed to establish an aHUS Registry and complete additional human clinical studies in adult and pediatric patients. In the United States, for example, the FDA can propose to withdraw approval for a product if it determines that such additional studies are inadequate or if new clinical data or information shows that a product is not safe for use in an approved indication. We are required to report any serious and unexpected adverse experiences and certain quality problems with Soliris to the FDA, the EMA, the competent authorities of the European Union member states, MHLW, and certain other health agencies. We or any health agency may have to notify health care providers of any such developments.

The discovery of any previously unknown problems with Soliris, a manufacturer or a facility may result in restrictions on Soliris, a manufacturer or a facility, including withdrawal of Soliris from the market, batch failures, or interruption of production. Certain changes to an approved product, including the way it is manufactured or promoted, often require prior regulatory approval before the product as modified may be marketed. Our manufacturing and other facilities and those of any third parties manufacturing Soliris will be subject to inspection prior to grant of marketing approval by each regulatory authority where we seek marketing approval and subject to continued review and periodic inspections by the regulatory authorities, such as the inspections that resulted in issuance of the Warning Letter. We and any third party we would use to manufacture Soliris for sale, including Lonza, must also be licensed by applicable regulatory authorities.

Failure to comply with the laws and requirements, including statutes and regulations, administered by the FDA, the EMA, the competent authorities of the European Union member states, the MHLW or other agencies, including without limitation, failures or delays in resolving the concerns raised by the FDA in the Warning Letter, could result in:

- a product recall or withdrawal;
- significant administrative and judicial sanctions, including, warning letters or untitled letters;
- significant fines and other civil penalties;
- suspension or withdrawal of a previously granted approval for Soliris;

- interruption of production;
- operating restrictions, such as a shutdown of production facilities or production lines;
- suspension of ongoing clinical trials;
- delays in approving or refusal to approve Soliris or a facility that manufactures Soliris;
- seizing or detaining product;
- injunctions; and/or
- criminal prosecution.

If the use of Soliris harms people, or is perceived to harm patients even when such harm is unrelated to Soliris, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims.

The testing, manufacturing, marketing and sale of drugs for use in humans exposes us to product liability risks. Side effects and other problems from using Soliris could (1) lessen the frequency with which physicians decide to prescribe Soliris, (2) encourage physicians to stop prescribing Soliris to their patients who previously had been prescribed Soliris, (3) cause serious adverse events and give rise to product liability claims against us, and (4) result in our need to withdraw or recall Soliris from the marketplace. Some of these risks are unknown at this time.

We tested Soliris in only a small number of patients. The FDA marketing approval for the treatment of patients with aHUS was based on two prospective studies in a total of 37 adult and adolescent patients, together with a retrospective study that included 19 pediatric patients. PNH and aHUS are ultra-rare diseases. As more patients use Soliris, including more children and adolescents, new risks and side effects may be discovered, the rate of known risks or side effects may increase, and risks previously viewed as less significant could be determined to be significant. Previously unknown risks and adverse effects of Soliris may also be discovered in connection with unapproved uses of Soliris, which may include administration of Soliris under acute emergency conditions, such as the Enterohemorrhagic E. coli health crisis in Europe, primarily Germany, that began in May 2011. We do not promote, or in any way support or encourage the promotion of Soliris for unapproved uses in violation of applicable law, but physicians are permitted to use products for unapproved purposes and we are aware of such uses of Soliris. In addition, we are studying and expect to continue to study Soliris in diseases other than PNH and aHUS in controlled clinical settings, and independent investigators are doing so as well. In the event of any new risks or adverse effects discovered as new patients are treated for approved indications and as Soliris is studied in or used by patients for other indications, regulatory authorities may delay or revoke their approvals, we may be required to conduct additional clinical trials and safety studies, make changes in labeling of Soliris, reformulate Soliris or make changes and obtain new approvals for our and our suppliers' manufacturing facilities. We may also experience a significant drop in the potential sales of Soliris, experience harm to our reputation and the reputation of Soliris in the marketplace or become subject to lawsuits, including class actions. Any of these results could decrease or prevent any sales of Soliris or substantially increase the costs and expenses of commercializing and marketing Soliris.

We may be sued by people who use Soliris, whether as a prescribed therapy, during a clinical trial, during an investigator initiated study, or otherwise. Many patients who use Soliris are already very ill. Any informed consents or waivers obtained from people who enroll in our trials or use Soliris may not protect us from liability or litigation. Our product liability insurance may not cover all potential types of liabilities or may not cover certain liabilities completely. Moreover, we may not be able to maintain our insurance on acceptable terms. In addition, negative publicity relating to the use of Soliris or a product candidate, or to a product liability claim, may make it more difficult, or impossible, for us to market and sell Soliris. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

Patients who use Soliris already often have severe and advanced stages of disease and known as well as unknown significant pre-existing and potentially life-threatening health risks, including, for example, bone marrow failure, kidney failure and thrombosis. During the course of treatment, patients may suffer adverse events, including death, for reasons that may or may not be related to Soliris. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market Soliris, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to Soliris, the investigation into the circumstance may be time consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process in other countries, or impact and limit the type of regulatory approvals Soliris receives or maintains.

Some patients treated with Soliris for PNH and other diseases, including patients who have participated in our clinical trials, have died or suffered potentially life-threatening diseases either during or after ending their Soliris treatments. In particular, use of C5 Inhibitors, such as Soliris, is associated with an increased risk for certain types of infection, including

meningococcal infection. Serious cases of meningococcal infection can result in severe illness, including but not limited to brain damage, loss of limbs or parts of limbs, kidney failure, or death. Under controlled settings, patients in our eculizumab trials all receive vaccination against meningococcal infection prior to first administration of Soliris and patients who are prescribed Soliris in most countries are required by prescribing guidelines to be vaccinated prior to receiving their first dose. A physician may not have the opportunity to timely vaccinate a patient in the event of an acute emergency episode, such as in a patient presenting with aHUS or during the health crisis that began in May 2011 in Europe, principally in Germany, due to the epidemic of infections from Enterohemorrhagic E.coli. Vaccination does not, however, eliminate all risk of meningococcal infection. Additionally, in some countries there may not be any vaccine approved for general use or approved for use in infants and children. Some patients treated with Soliris who had been vaccinated have nonetheless experienced meningococcal infection, including patients who have suffered serious illness or death. Each such incident is required to be reported to appropriate regulatory agencies in accordance with relevant regulations.

We are also aware of a potential risk for PNH patients who delay a dose of Soliris or discontinue their treatment of Soliris. Treatment with Soliris blocks complement and allows complement-sensitive PNH red blood cells to increase in number. If treatment with Soliris is thereafter delayed or discontinued, a greater number of red blood cells therefore would become susceptible to destruction when the patient's complement system is no longer blocked. The rapid destruction of a larger number of a patient's red blood cells may lead to numerous complications, including death. Several PNH patients in our studies of Soliris have received delayed doses or discontinued their treatment. In none of those circumstances were significant complications shown to be due to rapid destruction of a larger number of PNH red blood cells; however, we have not studied the delay or termination of treatment in enough patients to determine that such complications in the future are unlikely to occur. Additionally, such delays or discontinuations may be associated with significant complications without evidence of such rapid cell destruction.

We are aware of a risk for aHUS patients who delay or miss a dose of Soliris or discontinue their treatment of Soliris. Treatment with Soliris blocks complement and inhibits complement-mediated TMA. After missing a dose or discontinuing Soliris, blood clots may form in small blood vessels throughout the body, causing a reduction in platelet count. The reduction in platelet count may lead to numerous complications, including changes in mental status, seizures, angina, thrombosis, renal failure or even death. In our aHUS clinical studies, such TMA complications were observed in some patients who missed a dose.

Clinical evaluations of outcomes in the post-marketing setting are required to be reported to appropriate regulatory agencies in accordance with relevant regulations. Determination of significant complications associated with the delay or discontinuation of Soliris could have a material adverse effect on our ability to sell Soliris.

Although we obtained regulatory approval to market and sell Soliris for PNH and aHUS in the United States and European Union, and Soliris for PNH in Japan and other territories, we cannot guarantee that we will obtain the regulatory approval or reimbursement approval for Soliris for the treatment of PNH, aHUS or other diseases in each territory where we seek approvals.

Governments in countries where we seek to commercialize Soliris regulate the distribution of drugs and the facilities where such drugs are manufactured, and obtaining their approvals can be lengthy, expensive and highly uncertain. The approval process varies from country to country, and the requirements governing the conduct of clinical trials, product manufacturing, product licensing, pricing and reimbursement vary greatly from country to country. In certain jurisdictions, we are required to finalize operational, reimbursement, price approval and funding processes prior to marketing our products, even in countries where marketing approval has been obtained. We have received regulatory approval for Soliris for treatment of patients with PNH in the United States, the European Union, Japan and other territories. In September and November 2011 we received regulatory approval for Soliris for the treatment of patients with aHUS in the United States and the European Union, respectively. We may not receive regulatory or reimbursement approval for Soliris for the treatment of PNH, aHUS or any other disease in any other territories on a timely basis, if ever.

Regulatory agencies may require additional information or data with respect to our submissions for Soliris, including the marketing authorization applications submitted to the EMA for the treatment of patients with aHUS. We may have to conduct additional lengthy clinical testing and other costly and time-consuming procedures to satisfy foreign regulatory agencies. Even with approval of Soliris in certain countries, the regulatory agencies in other countries may not agree with our interpretations of our clinical trial data for Soliris and may decide that our results are not adequate to support approval for marketing of Soliris. In those circumstances, we would not be able to obtain regulatory approval in such country on a timely basis, if ever. Even if approval is granted in such country, the approval may require limitations on the indicated uses for which the drug may be marketed. The foreign regulatory approval process includes all of the risks associated with FDA approval as well as country-specific regulations. We must obtain approval of a product by the comparable regulatory authorities and ethics committees of foreign countries before we can commence clinical trials or marketing of the product in those countries. We were required to conduct clinical studies with Soliris in patients with PNH in Japan prior to obtaining marketing approval in that country and

Japanese authorities could require additional studies in Japan for Soliris for the treatment of patients with aHUS. We are also conducting prospective clinical trials in adult and pediatric patients to confirm the benefit of Soliris for the treatment of aHUS. Commercialization of Soliris for the treatment of PNH, aHUS or any other indication could be delayed, limited or may not occur in territories where we seek marketing approval if the applicable regulatory agency requires additional information or data.

Our commercialization of Soliris may be stopped, delayed or made less profitable if we or any other third party provider fails to provide sufficient quantities of Soliris. Commercial quantities of Soliris can only be manufactured at two facilities, including our own facility in Rhode Island. Vial filling can only be performed at two third party facilities.

Commercial quantities of Soliris are manufactured by us at ARIMF and by Lonza. Manufacturing processes must comply with applicable regulations and manufacturing practices, as well as our own quality standards. In particular, the manufacture of Soliris is heavily regulated by governmental authorities around the world, including the FDA, EMA, the competent authorities of the European Union member states, and MHLW. If we do not resolve outstanding concerns expressed by the FDA in the Warning Letter to the satisfaction of the FDA, EMA or any other regulatory agency, or we or our third-party providers, including our product vialers, packagers and labelers, fail to comply fully with applicable regulations then we may be required to initiate a recall or withdrawal of our products. We may also lose any redundancy in our manufacturing capabilities if we are no longer able to perform operations at ARIMF or any other facility. Regulatory agencies could take action that leads to product shortages. Such action may include:

- issuing warning or untitled letters, such as the Warning Letter;
- requiring corrective action or restrictions on operations, including costly and time-consuming new manufacturing requirements;
- ordering shutdown of production facilities or production lines;
- seizing or detaining product;
- suspending or withdrawing the approval of Soliris;
- imposing significant civil penalties and criminal fines;
- suspending ongoing clinical studies for Soliris;
- require us or our partners to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance; and/or
- refusing to approve pending BLAs or BLA supplements for Soliris.

The manufacture of Soliris is difficult. Manufacture of a biologic requires a multi-step controlled process and even minor problems or deviations could result in defects or failures. We cannot be certain that we, Lonza or our other third party providers will be able to perform uninterrupted supply chain services. The failure to manufacture appropriate supplies of Soliris, on a timely basis, or at all, may prevent or interrupt the commercialization of Soliris. If we, Lonza or our other third party providers were unable to manufacture Soliris for any period, or if we, Lonza or our other third party providers do not obtain approval for the manufacturing of Soliris in the respective facility by the applicable regulatory agencies, we may incur substantial loss of sales. If we are forced to find an alternative supplier or other third party providers for Soliris, in addition to loss of sales, we may also incur significant costs and experience significant delay in establishing a new arrangement.

We are authorized to sell product that is manufactured at ARIMF in the United States, the European Union, Japan and certain other territories. However, we will not be capable of manufacturing Soliris at ARIMF for commercial sale in certain other territories until such time as we have received the required regulatory approval for our facility, if ever. We will continue to depend entirely on one company, Lonza, to manufacture Soliris for commercial sale in such other territories until that time.

In September and November 2011 we received marketing approval for Soliris for the treatment of patients with aHUS in the United States and European Union, respectively. If Soliris is approved in other territories for the treatment of patients with aHUS, or for additional indications, we expect that the demand for Soliris will increase. We may underestimate demand, or experience product interruptions at ARIMF, Lonza or a facility of a third party provider, including as a result of risks and uncertainties described in this report. If we, Lonza or our other third party providers do not manufacture sufficient quantities of Soliris to satisfy demand, our business will be materially harmed.

We depend on a very limited number of third party providers for other services with respect to our clinical and commercial requirements, including product finishing, packaging, vialing and labeling. We have changed or added third party vialers in the past in order to support uninterrupted supply, and may do so in the future. We currently rely on two third party vialers to support our commercial requirements in the United States and the European Union, and a single third party vialer to

support requirements in Japan. No guarantee can be made that any third party vialer will be able to perform such services for sufficient product volumes for any country or territory. We do not have control over any third party provider's compliance with our internal or external specifications or the rules and regulations of the FDA, EMA, competent authorities of the European Union member states, MHLW or any other applicable regulations or standards. In the past, we have had to write off and incur other charges and expenses for production that failed to meet requirements. Any difficulties or delays in our third party manufacturing of Soliris, or any failure of our third party providers to comply with our internal and external specifications or any applicable rules, regulations and standards could increase our costs, constrain our ability to satisfy demand for Soliris from customers, cause us to lose revenue or incur penalties for failure to deliver product, make us postpone or cancel clinical trials, or cause our products to be recalled or withdrawn.

Many additional factors could cause production interruptions at ARIMF or at the facilities of Lonza or our third party providers, including natural disasters, labor disputes, acts of terrorism or war, human error, equipment malfunctions, contamination, or raw material shortages. The occurrence of any such event could adversely affect our ability to satisfy demand for Soliris, which could materially and adversely affect our operating results.

We are dependent upon a small number of customers for a significant portion of our revenue, and the loss of, or significant reduction or cancellation in sales to, any one of these customers could adversely affect our operations and financial condition.

For the three months ended March 31, 2013, our largest customer accounted for 20% of our global Soliris net product sales, and our three largest customers accounted for approximately 39% of our global net product sales. As of March 31, 2013, our single largest customer accounted for 19% of the global accounts receivable balance. We expect such customer concentration to continue for the foreseeable future. We typically sell Soliris to third party distributors, such as specialty pharmacies, who in turn sell to patient health care providers. We do not promote Soliris to these distributors, and they do not set or determine demand for Soliris. Our ability to successfully commercialize Soliris will depend, in part, on the extent to which we are able to provide adequate distribution of Soliris to patients. Although a number of specialty distributors and specialty pharmacies, which supply physician office clinics, hospital outpatient clinics, infusion clinics, home health care providers, and governmental organizations, distribute Soliris, they generally carry a very limited inventory and may be reluctant to distribute Soliris in the future if demand for the product does not increase. Further, it is possible that our distributors could decide to change their policies or fees, or both, at some time in the future. This could result in their refusal to distribute smaller volume products such as Soliris, or cause higher product distribution costs, lower margins or the need to find alternative methods of distributing our product. Although we believe we can find alternative distributors on a relatively short notice, our revenue during that period of time may suffer and we may incur additional costs to replace a distributor. The loss of any large customer, a significant reduction in sales we make to them, any cancellation of orders they have made with us or any failure to pay for the products we have shipped to them could materially and adversely affect our results of operations and financial condition.

If we are unable to establish and maintain effective sales, marketing and distribution capabilities, or to enter into agreements with third parties to do so, we will be unable to successfully commercialize Soliris.

We are marketing and selling Soliris ourselves in the United States, Europe, Japan and several other territories. If we are unable to establish and/or expand our capabilities to sell, market and distribute Soliris for the treatment of PNH, aHUS or, if approved by the necessary regulatory agencies, other future indications, either through our own capabilities or by entering into agreements with others, or to maintain such capabilities in countries where we have already commenced commercial sales, we will not be able to successfully sell Soliris. In that event, we will not be able to generate significant revenues. We cannot guarantee that we will be able to establish and maintain our own capabilities or enter into and maintain any marketing or distribution agreements with third-party providers on acceptable terms, if at all. Even if we hire the qualified sales and marketing personnel we need to support our objectives, or enter into marketing and distribution agreements with third parties on acceptable terms, we may not do so in an efficient manner or on a timely basis. We may not be able to correctly judge the size and experience of the sales and marketing force and the scale of distribution capabilities necessary to successfully market and sell Soliris. Establishing and maintaining sales, marketing and distribution capabilities are expensive and time-consuming. Our expenses associated with building up and maintaining the sales force and distribution capabilities around the world may be disproportionate compared to the revenues we may be able to generate on sales of Soliris. We cannot guarantee that we will be successful in commercializing Soliris.

If we market Soliris in a manner that violates health care fraud and abuse laws and other laws regulating marketing and promotion, we may be subject to investigations and civil or criminal penalties.

In addition to FDA and related regulatory requirements, we are subject to health care “fraud and abuse” laws, such as the Federal False Claims Act, the anti-kickback provisions of the federal Social Security Act, and other state and federal laws and

regulations. Federal and state anti-kickback laws prohibit, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for purchasing, leasing, ordering or arranging for the purchase, lease or order of any health care item or service reimbursable under Medicare, Medicaid, or other federally or state financed health care programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, patients, purchasers and formulary managers on the other. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing, or recommending may be subject to scrutiny or penalty if they do not qualify for an exemption or safe harbor. We seek to comply with the anti-kickback laws and with the available statutory exemptions and safe harbors. However, our practices may not in all cases fit within the safe harbors, and our practices may therefore be subject to case-by-case scrutiny.

The Federal False Claims Act prohibits any person from knowingly presenting, or causing to be presented, a false claim for payment to the Federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Pharmaceutical companies have been investigated and have reached substantial financial settlements with the Federal government under this Act for a variety of alleged promotional and marketing activities, such as allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product; providing consulting fees and other benefits to physicians to induce them to prescribe products; reporting inflated prices to private publications that were then used by federal programs to set reimbursement rates; engaging in promotion for uses that the FDA has not approved, or "off-label" uses, that caused claims to be submitted to Federal programs for non-covered off-label uses; and submitting inflated best price information to the Medicaid Rebate Program.

Although physicians are permitted to, based on their medical judgment, prescribe products for indications other than those cleared or approved by the FDA, manufacturers are prohibited from promoting their products for such off-label uses. In the United States, we market Soliris for PNH and aHUS and provide promotional materials and training programs to physicians regarding the use of Soliris for PNH and aHUS. Although we believe our marketing materials and training programs for physicians do not constitute off-label promotion of Soliris, the FDA may disagree. If the FDA determines that our promotional materials, training or other activities constitute off-label promotion of Soliris, it could request that we modify our training or promotional materials or other activities or subject us to regulatory enforcement actions, including the issuance of a warning letter, injunction, seizure, civil fine and criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they believe that the alleged improper promotion led to the submission and payment of claims for an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Even if it is later determined we are not in violation of these laws, we may be faced with negative publicity, incur significant expenses defending our position and have to divert significant management resources from other matters.

The majority of states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payer. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines, and imprisonment. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which would also harm our financial condition. Because of the breadth of these laws and the narrowness of the safe harbors and because government scrutiny in this area is high, it is possible that some of our business activities could come under that scrutiny.

In recent years, several states and localities, including California, the District of Columbia, Minnesota, Nevada, New Mexico, Vermont, and West Virginia, have enacted legislation requiring pharmaceutical companies to establish marketing compliance programs, file periodic reports with the state or make periodic public disclosures on sales, marketing, pricing, clinical trials, and other activities. Similar legislation is being considered in other states. Additionally, as part of the Patient Protection and Affordable Care Act, the federal government has enacted the Physician Payment Sunshine provisions, which when implemented will require manufacturers to publicly report gifts and payments made to physicians and teaching hospitals. Many of these requirements are new and uncertain, and the penalties for failure to comply with these requirements are unclear. Nonetheless, if we are found not to be in full compliance with these laws, we could face enforcement action and fines and other penalties, and could receive adverse publicity.

Similar strict restrictions are imposed on the promotion and marketing of drug products in the European Union and other countries. Laws in the European Union, including in the individual European Union member states, require promotional materials and advertising for drug products to comply with the product's Summary of Product Characteristics (SmPC), which is approved by the competent authorities. Promotion of a drug product which does not comply with the SmPC is considered to constitute off-label promotion. The off-label promotion of drug products is prohibited in the European Union. Laws in the European Union, including in the individual European Union member states, also prohibit the direct-to-consumer advertising of

prescription-only drug products. Violations of the rules governing the promotion of drug products in the European Union could be penalized by administrative measures, fines and imprisonment.

Interactions between pharmaceutical companies and physicians are also governed by strict laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct in the individual European Union member states. The provision of any inducements to physicians to prescribe, recommend, endorse, order, purchase, supply, use or administer a drug product is prohibited. A number of European Union member states have introduced additional rules requiring pharmaceutical companies to publicly disclose their interactions with physicians and to obtain approval from employers, professional organizations and/or competent authorities before entering into agreements with physicians. Violations of these rules could lead to the imposition of fines or imprisonment.

Laws, including those governing promotion, marketing and anti-kickback provisions, industry regulations and professional codes of conduct are often strictly enforced. Increasing regulatory scrutiny of the promotional activities of pharmaceutical companies has been observed in a number of European Union member states. We are also subject to the United States Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and other anti-corruption laws and regulations pertaining to our financial relationships with government officials. Worldwide regulators are increasing their regulatory and enforcement efforts in this area. For example, the Bribery Act in the United Kingdom entered into force in July 2011 applies to any company incorporated in or "carrying on business" in the United Kingdom, regardless of the country in which the alleged bribery activity occurs and even if the inappropriate activity is undertaken by our international distribution partners.

Risks Related to Development, Clinical Testing and Regulatory Approval of Our Product Candidates

None of our product candidates except for Soliris has received regulatory approvals. Soliris has not been approved for any indication other than for the treatment of patients with PNH and aHUS. If we are unable to obtain regulatory approvals to market one or more of our product candidates, including asfotase alfa and Soliris for other indications, our business may be adversely affected.

All of our product candidates except Soliris are in early stages of development, and we do not expect our other product candidates to be commercially available for several years, if at all. Similarly, Soliris has not been approved for any indication other than for the treatment of patients with PNH in the United States, the European Union, Japan and other territories, and for patients with aHUS in the United States and the European Union. We do not know when or if our product candidates, including asfotase alfa and Soliris for other indications, will be approved. Our product candidates are subject to strict regulation by regulatory authorities in the United States, in the European Union and in other territories. We cannot market any product candidate until we have completed all necessary preclinical studies and clinical trials and have obtained the necessary regulatory approvals. We do not know whether regulatory agencies will grant approval for any of our product candidates. Even if we complete preclinical studies and clinical trials successfully, we may not be able to obtain regulatory approvals or we may not receive approvals to make claims about our products that we believe to be necessary to effectively market our products. Data obtained from preclinical studies and clinical trials are subject to varying interpretations that could delay, limit or prevent regulatory approval, failure to comply with regulatory requirements, resolve pending concerns described in the Warning Letter, and inadequate manufacturing processes are examples of other problems that could prevent approval. In addition, we may encounter delays or rejections due to additional government regulation from future legislation, administrative action or changes in the FDA policy. Even if the FDA approves a product, the approval will be limited to those indications covered in the approval.

Outside the United States, our ability to market any of our potential products is dependent upon receiving marketing approvals from the appropriate regulatory authorities. These foreign regulatory approval processes include all of the risks associated with the FDA approval process described above. If we are unable to receive regulatory approvals, we will be unable to commercialize our product candidates, and our business may be adversely affected.

Completion of preclinical studies or clinical trials does not guarantee advancement to the next phase of development.

Completion of preclinical studies or clinical trials does not guarantee that we will initiate additional studies or trials for our product candidates, including asfotase alfa, that if further studies or trials are initiated what the scope and phase of the trial will be or that they will be completed, or that if these further studies or trials are completed, that the design or results will provide a sufficient basis to apply for or receive regulatory approvals or to commercialize products. Results of clinical trials could be inconclusive, requiring additional or repeat trials. If the design or results achieved in our clinical trials are insufficient to proceed to further trials or to regulatory approval of our product candidates, including asfotase alfa, our company could be materially adversely affected. Failure of a clinical trial to achieve its pre-specified primary endpoint generally increases the likelihood that additional studies or trials will be required if we determine to continue development of the product candidate,

reduces the likelihood of timely development of and regulatory approval to market the product candidate, and may decrease the chances for successfully achieving the primary endpoint in scientifically similar indications.

There are many reasons why drug testing could be delayed or terminated.

For human trials, patients must be recruited and each product candidate must be tested at various doses and formulations for each clinical indication. In addition, to ensure safety and effectiveness, the effect of drugs often must be studied over a long period of time, especially for the chronic diseases that we are studying. Many of our programs focus on diseases with small patient populations and insufficient patient enrollment in our clinical trials could delay or cause us to abandon a product development program. We may decide to abandon development of a product candidate, including asfotase alfa, at any time due to unfavorable results or other reasons, or we may have to spend considerable resources repeating clinical trials or conducting additional trials, either of which would increase costs and delay any revenue from those product candidates, if any.

Additional factors that can cause delay, impairment or termination of our clinical trials or our product development efforts include:

- delay or failure in obtaining institutional review board (IRB), approval or the approval of other reviewing entities to conduct a clinical trial at each site;
- delay or failure in reaching agreement on acceptable terms with prospective contract research organizations(CROs), and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- withdrawal of clinical trial sites from our clinical trials as a result of changing standards of care or the ineligibility of a site to participate in our clinical trials;
- clinical sites and investigators deviating from trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial;
- slow patient enrollment, including, for example, due to the rarity of the disease being studied;
- delay or failure in having patients complete a trial or return for post-treatment follow-up;
- long treatment time required to demonstrate effectiveness;
- lack of sufficient supplies of the product candidate;
- disruption of operations at the clinical trial sites;
- adverse medical events or side effects in treated patients, and the threat of legal claims and litigation alleging injuries;
- failure of patients taking the placebo to continue to participate in our clinical trials;
- insufficient clinical trial data to support effectiveness of the product candidates;
- lack of effectiveness or safety of the product candidate being tested;
- lack of sufficient funds;
- inability to meet required specifications or to manufacture sufficient quantities of the product candidate for development or commercialization activities in a timely and cost-efficient manner;
- decisions by regulatory authorities, the IRB, ethics committee, or us, or recommendation by a data safety monitoring board, to suspend or terminate clinical trials at any time for safety issues or for any other reason;
- failure to obtain the necessary regulatory approvals for the product candidate or the approvals for the facilities in which such product candidate is manufactured; and
- decisions by competent authorities, IRBs or ethics committees to demand variations in protocols or conduct of clinical trials.

The regulatory approval process is costly and lengthy and we may not be able to successfully obtain all required regulatory approvals.

The preclinical development, clinical trials, manufacturing, marketing and labeling of pharmaceuticals are all subject to extensive regulation by numerous governmental authorities and agencies in the United States, the European Union and other territories. We must obtain regulatory approval for each of our product candidates, including asfotase alfa, before marketing or selling any of them. It is not possible to predict how long the approval processes of the FDA or any other applicable federal or foreign regulatory authority or agency for any of our product candidates will take or whether any such approvals ultimately will

be granted. The FDA and foreign regulatory agencies have substantial discretion in the drug approval process, and positive results in preclinical testing or early phases of clinical studies offer no assurance of success in later phases of the approval process. The approval process varies from country to country and the requirements governing the conduct of clinical trials, product manufacturing, product licensing, pricing and reimbursement vary greatly from country to country. Generally, preclinical and clinical testing of product candidates can take many years and require the expenditure of substantial resources, and the data obtained from these tests and trials can be susceptible to varying interpretations that could delay, limit or prevent regulatory approval. If we encounter significant delays in the regulatory process that result in excessive costs, this may prevent us from continuing to develop our product candidates, including asfotase alfa. Any delay in obtaining, or failure to obtain, approvals could adversely affect the marketing of our products and our ability to generate product revenue. The risks associated with the approval process include:

- failure of our product candidates to meet a regulatory agency's requirements for safety, efficacy and quality;
- disagreement over interpretation of data from preclinical studies or clinical trials;
- restricted distribution or limitation on the indicated uses for which a product may be marketed;
- unforeseen safety issues or side effects and potential requirements to establish REMS;
- disapproval of the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- governmental or regulatory delays and changes in regulatory requirements and guidelines.

Even if asfotase alfa and our other product candidates obtain regulatory approval, they may not gain market acceptance among physicians, patients and health care payers.

Physicians may elect not to recommend our drugs even if they receive marketing approval for a variety of reasons, including the timing of the market introduction of competitive drugs; lower demonstrated clinical safety and efficacy compared to other drugs; perceived lack of cost-effectiveness; lack of availability of reimbursement from third-party payers; convenience and ease of administration; prevalence and severity of adverse side effects; other potential advantages of alternative treatment methods; and ineffective marketing and distribution support. Sales of pharmaceutical products depend in significant part on the coverage and reimbursement policies of government programs, including Medicare and Medicaid in the United States and similar programs in other countries, and other third-party payers. These health insurance programs may restrict coverage of some products by using payer formularies under which only selected drugs are covered, variable co-payments that make drugs that are not preferred by the payer more expensive for patients, and by using utilization management controls, such as requirements for prior authorization or failure on another type of treatment. Payers may especially impose these obstacles to coverage for higher-priced drugs, and consequently our drug candidates may be subject to payer-driven restrictions. In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, European Union member states may restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices and/or reimbursement of medicinal products for human use. A European Union member state may approve a specific price or level of reimbursement for the medicinal product, or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. The reimbursement or budget identified by a government or non-government payer for Soliris in a new indication, if obtained, may be adversely affected by the reimbursement or budget for Soliris in previously approved indications and/or adversely affect the reimbursement or budget for Soliris in such previously approved indication by that payer.

Inability to contract with third party manufacturers and other third party providers on commercially reasonable terms, or failure or delay by us or our third party manufacturers or other third party providers to provide services with respect to our drug products, including asfotase alfa if approved, in the volumes and quality required, would have a material adverse effect on our business.

Clinical quantities of eculizumab are manufactured by us at ARIMF and by Lonza. Clinical quantities of our other product candidates are manufactured by us at ARIMF or by a third party. We also depend on a very limited number of third party providers for other services with respect to our clinical and commercial requirements, including product finishing, packaging, vialing and labeling. We have changed or added third party vialers in the past in order to support uninterrupted supply, and may do so in the future. No guarantee can be made that regulators will approve additional third party vialers in a timely manner or at all, or that any third party vialer will be able to perform such services for sufficient product volumes for any country or territory. Manufacture of our drug products, including asfotase alfa, is highly technical, and only a small number of companies have the ability and capacity to manufacture our drug products for our development and commercialization needs. Due to the highly technical requirements of manufacturing our drug products and the strict quality and control specifications, we and our third party providers may be unable to manufacture or supply our drug products despite

our and their efforts. In addition, we cannot be certain that any third party will be able or willing to honor the terms of its agreement, including any obligations to manufacture the drug products in accordance with regulatory requirements and to our quality specifications and volume requirements. Further, we have limited experience manufacturing the drug candidates that we acquired from Enobia, Taligen Therapeutics, Inc. (Taligen) and Orphatec Pharmaceuticals GmbH (Orphatec), such as asfotase alfa, ALXN1102 and cPMP. We cannot guarantee that we or any third party provider will be able to manufacture or supply such drug candidates, or that we or a third party provider will be able to manufacture or supply sufficient quantities to satisfy our requirements.

Manufacture of drug products, including the need to develop and utilize manufacturing processes that consistently produce our drug products to their required quality specifications, is highly regulated by the FDA, EMA and other domestic and foreign authorities. Regulatory authorities must approve the facilities in which our products are manufactured vialed, packaged and labeled prior to granting marketing approval for any product candidate. Such facilities are also subject to ongoing inspections, and minor changes in manufacturing or other related processes may require additional regulatory approvals. For example, if future inspections by regulatory authorities of our facilities or the facilities of our third party providers identify issues, including issues similar to those raised in the Warning Letter, then manufacture of some of our product candidates and our business may be adversely affected. Further, we cannot assure you that we or our third party providers will successfully comply with all requirements and regulations, which failure could have a material adverse effect on our business.

We currently have limited experience in manufacturing drug products in volumes that would be necessary to support commercial sales, and we can provide no assurance that we will be able to do so successfully. We acquired ARIMF in July 2006. The EC, the FDA and MHLW have approved the use of ARIMF for the production of Soliris, and we are authorized to sell Soliris manufactured in ARIMF in the United States, the European Union, Japan and certain other territories. We are entirely dependent on only one third party provider for commercial vialing in certain territories, including Japan. We have limited experience in developing commercial-scale manufacturing. We can provide no assurance that we will be able to manufacture our drug products at ARIMF under conditions required by the FDA or foreign regulatory agencies on a timely basis, if at all. ARIMF is subject to approval by other national and regional regulatory agencies before we can begin sales of Soliris or other drug products manufactured in this facility in the applicable countries or regions, and we will continue to be subject to ongoing regulatory inspections thereafter.

We, and our third party providers, may experience higher failure rates than in the past if and when we attempt to increase production volume. If we experience interruptions in the manufacture or supply of our products, our drug development and commercialization efforts will be delayed. If any of our outside third party providers stops manufacturing or supplying our products or reduces the amount manufactured or supplied, or is otherwise unable to provide our required amounts at our required quality, we may need to find other alternatives, which is likely to be expensive and time consuming, and also may result in reduced revenue during this period. Even if we are able to find alternatives they may ultimately be insufficient for our needs. As a result, our ability to conduct testing and drug trials and our plans for commercialization could be materially adversely affected. Submission of products and new development programs for regulatory approval, as well as our plans for commercialization, would be delayed or suspended. Our competitive position and our prospects for achieving or maintaining profitability could be materially and adversely affected.

Due to the nature of the current market for third-party commercial manufacturing, many arrangements require substantial penalty payments by the customer for failure to use the manufacturing capacity for which it contracted. Penalty payments under these agreements typically decrease over the life of the agreement, and may be substantial initially and de minimis or non-existent in the final period. The payment of a substantial penalty could harm our financial condition.

Risks Related to Intellectual Property

If we cannot obtain new patents, maintain our existing patents and protect the confidentiality and proprietary nature of our trade secrets and other intellectual property, our business and competitive position will be harmed.

In order to protect our drugs and technology more effectively, we need to obtain and maintain patents covering the drugs and technologies we develop. We have and may in the future obtain patents or the right to practice patents through ownership or license. Our patent applications may not result in the issue of patents in the United States or other countries. Our patents may not afford adequate protection for our products. Third parties may challenge our patents. If any of our patents are narrowed, invalidated or become unenforceable, competitors may develop and market products similar to ours that do not conflict with or infringe our patents rights, which could have a material adverse effect on our financial condition. We may also finance and collaborate in research conducted by government organizations, hospitals, universities or other educational or research institutions. Such research partners may be unwilling to grant us exclusive rights to technology or products developed through such collaborations. There is also a risk that disputes may arise as to the rights to technology or products developed in collaboration with other parties. Soliris and our drug candidates are expensive and time-consuming to test and develop. Even if

we obtain and maintain patents, our business may be significantly harmed if the patents are not broad enough to protect our drugs from copycat products.

In addition, our business requires using sensitive technology, techniques and proprietary compounds that we protect as trade secrets. However, we may also rely heavily on collaboration with, or discuss the potential for collaboration with, suppliers, outside scientists and other drug companies. Collaboration and discussion of potential collaboration present a strong risk of exposing our trade secrets. If our trade secrets were exposed, it would help our competitors and adversely affect our business prospects.

If we are found to be infringing on patents owned by others, we may be forced to pay damages to the patent owner and/or obtain a license to continue the manufacture, sale or development of our drugs. If we cannot obtain a license, we may be prevented from the manufacture, sale or development of our drugs, including Soliris, which would adversely affect our business.

Parts of our technology, techniques and proprietary compounds and potential drug candidates, including those which are or may be in-licensed, may be found to infringe patents owned by or granted to others. On January 26, 2011, Novartis filed a civil action against us and other biopharmaceuticals companies claiming willful infringement by us of its patent. If it is finally determined that we infringe the Novartis patent, we may be required to pay royalties to Novartis on sales of Soliris regarding certain manufacturing technology. Although we do not believe that the manufacture of Soliris infringes a valid patent claim owned by Novartis, we cannot guarantee that we will be successful in defending against such action. In addition to Novartis, other third parties may claim that the manufacture, use or sale of Soliris or other drugs under development infringes patents owned or granted to such third parties. We are aware of broad patents owned by others relating to the manufacture, use and sale of recombinant humanized antibodies, recombinant human antibodies, and recombinant human single chain antibodies. Soliris and many of our product candidates are genetically engineered antibodies, including recombinant humanized antibodies, recombinant human antibodies, or recombinant human single chain antibodies. In addition to the actions described above, we have received and may receive notices from the owners of some of these broad patents claiming that their patents may be infringed by the development, manufacture or sale of Soliris or some of our drug candidates. We are also aware of other patents owned by third parties that might be claimed by such third parties to be infringed by the development and commercialization of Soliris and some of our drug candidates. In respect to some of these patents, we have obtained licenses, or expect to obtain licenses. However, with regard to such other patents, we have determined in our judgment that:

- Soliris and our product candidates do not infringe the patents;
- the patents are not valid; or
- we have identified and tested or are testing various modifications that we believe should not infringe the patents and which should permit commercialization of our product candidates.

Any holder of these patents or other patents covering similar technology could sue us for damages and seek to prevent us from manufacturing, selling or developing our drugs. Legal disputes can be costly and time consuming to defend. If we cannot successfully defend against any future actions or conflicts, if they arise, we may incur substantial legal costs and may be liable for damages, be required to obtain costly licenses or need to stop manufacturing, using or selling Soliris, which would adversely affect our business. We may seek to obtain a license prior to or during legal actions in order to reduce further costs and the risk of a court determination that our product infringes the third party's patents. A required license may be costly or may not be available on acceptable terms, if at all. A costly license, or inability to obtain a necessary license, could have a material adverse effect on our business.

There can be no assurance that we would prevail in a patent infringement action or that we would be able to obtain a license to any third-party patent on commercially reasonable terms or any terms at all; successfully develop non-infringing alternatives on a timely basis; or license alternative non-infringing technology, if any exists, on commercially reasonable terms. Any impediment to our ability to manufacture, use or sell approved forms of Soliris or our product candidates could have a material adverse effect on our business and prospects.

Risks Related to Our Operations

We cannot guarantee that we will achieve our financial goals, including our ability to maintain profitability on a quarterly or annual basis in the future.

Until the quarter ended June 30, 2008, we had never been profitable since we were incorporated in January 1992. We have maintained profitability on a quarterly basis since the quarter ended June 30, 2008 and on an annual basis beginning with the year ended December 31, 2008. We believe that we formulate our annual operating budgets with reasonable assumptions and targets, however we cannot guarantee that we will be able to generate sufficient revenues or control expenses to achieve our financial goals, including continued profitability. Even if we do achieve profitability in any subsequent quarters, we may

not be able to sustain or increase profitability on a quarterly or annual basis. You should not consider our revenue growth in recent periods as indicative of our future performance. Our revenue in future periods could decline. We may make errors in predicting and reacting to relevant business trends or our business may be subject to factors beyond our control, which could harm our operations. Since we began our business, we have focused on research and development of product candidates. We launched Soliris for sale for the treatment of patients with PNH in the United States and Europe during 2007. We obtained marketing approval from the FDA and the EC for Soliris for the treatment of patients with aHUS in September and November 2011, respectively, and have not obtained marketing approval for aHUS in any other country or territory. We cannot guarantee that we will be successful in marketing and selling Soliris on a continued basis in countries or regions where we have obtained marketing approval, including the United States, Europe and Japan, and we do not know when we will have Soliris available for sale in territories where we have applied or will apply for marketing approval, if ever. We incurred significant debt to finance the acquisition of Enobia and we will have substantial expenses as we continue our research and development efforts, continue to conduct clinical trials and continue to develop manufacturing, sales, marketing and distribution capabilities in the United States and abroad. The achievement of our financial goals, including the extent of our future profitability, depends on many factors, including our ability to successfully market Soliris in the United States, the European Union and Japan and other territories, our ability to obtain regulatory, pricing, coverage, and reimbursement approvals of Soliris in additional countries and regions and for aHUS and other indications, our ability to successfully market Soliris in additional countries and regions, our ability to successfully manufacture and commercialize our drug candidates and our ability to successfully bring our other product candidates, including product candidates we acquired from Enobia, Taligen and Orphatec, to the major commercial markets throughout the world.

If our competitors get to the marketplace before we do, or with better or less expensive drugs, it may not be profitable to continue to produce Soliris and our product candidates.

The FDA, EC and the MHLW granted orphan drug designation for Soliris in the treatment of PNH and the FDA and EC granted orphan drug designation for aHUS. Orphan drug status which entitles Soliris to market exclusivity for a total of seven years in the United States and for ten years in the European Union and Japan. However, if a competitive product that is the same as or similar to Soliris, as defined under the applicable regulations, is shown to be clinically superior to Soliris in the treatment of PNH or aHUS, or if a competitive product is different from Soliris, as defined under the applicable regulations, the orphan drug exclusivity we have obtained may not block the approval of such competitive product. Several biotechnology and pharmaceutical companies throughout the world have programs to develop complement inhibitor therapies or have publicly announced their intentions to develop drugs which target the inflammatory effects of complement in the immune system. Pharmaceutical companies have publicly announced intentions to establish or develop rare disease programs and these companies may introduce products that are competitive with ours. These and other companies, many of which have significantly greater resources than us, may develop, manufacture, and market better or cheaper drugs than Soliris or our product candidates. They may establish themselves in the marketplace before us for Soliris for other indications or for any of our other product candidates. Other pharmaceutical companies also compete with us to attract academic research institutions as drug development partners, including for licensing these institutions' proprietary technology. If our competitors successfully enter into such arrangements with academic institutions, we will be precluded from pursuing those unique opportunities and may not be able to find equivalent opportunities elsewhere.

If we fail to satisfy our debt service obligations or obtain the capital necessary to fund our operations, we will be unable to continue the commercialization of Soliris or continue or complete our product development.

We have used our cash on hand and incurred debt under the terms of a senior secured credit facility to finance acquisitions. In addition, we are party to definitive agreements relating to these acquisitions that include contingent payments totaling $879,000 if and when certain development and commercial milestones are achieved. In May 2012, Alexion issued 5,000 shares of its common stock in a public offering resulting in net proceeds of approximately $462,000. We believe that revenues and collections from sales of Soliris along with our existing cash and cash equivalents will provide sufficient capital to satisfy our debt service obligations and the contingent consideration required by the acquisitions, and to fund our operations and product development for at least 12 months. We may need to raise additional capital before or after that time to complete or continue the development or commercialization of our products and product candidates or for other purposes. We are currently selling or preparing for the commercialization of Soliris in the United States, the European Union, Japan, and several other territories, evaluating and preparing regulatory submissions for Soliris in several countries, and conducting, preparing or evaluating several clinical trials. Funding needs may shift between projects and potentially accelerate and increase as we continue launch and commercialization activities throughout the world and as we initiate or continue clinical trials for our product candidates.

Additional financing could take the form of public or private debt or equity offerings, equity line facilities, bank loans, including additional borrowing under our existing credit facility, collaborative research and development arrangements with

corporate partners and/or the sale or licensing of some of our property. The amount of capital we may need depends on many factors, including:

- the cost necessary to sell, market and distribute Soliris;
- the rate of new patient sales and drug utilization by treated patients;
- the time and cost necessary to obtain and maintain regulatory approvals for Soliris in multiple countries;
- the ability to obtain and maintain reimbursement approvals and funding for Soliris and the time necessary to obtain such approvals and funding;
- the time and cost necessary to develop sales, marketing and distribution capabilities outside the United States;
- the time and cost necessary to purchase or to further develop manufacturing processes, arrange for contract manufacturing or build manufacturing facilities and obtain and maintain the necessary regulatory approvals for those facilities;
- changes in applicable governmental regulatory policies or requests by regulatory agencies for additional information or data;
- the progress, timing and scope of our research and development programs;
- the progress, timing and scope of our preclinical studies and clinical trials;
- any new collaborative, licensing or other commercial relationships that we may establish; and
- the cost of any acquisition.

We may not receive additional funding when we need it or funding may only be available on unfavorable terms. Financial markets in the United States, Europe and the rest of the world have been experiencing significant volatility in security prices, substantially diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. There can be no assurance that we will be able to access additional credit or the equity markets in order to finance our operations, grow our operations in any territory, or expand development programs for our product candidates, or that there will not be a further deterioration in financial markets and confidence in economies. If we cannot raise adequate funds to satisfy our capital requirements, we may have to delay, scale-back or eliminate our research and development activities or future operations. We might have to license our technology to others or relinquish commercialization rights. This could result in sharing revenues that we might otherwise retain for ourselves. Any of these actions would harm our business.

If we fail to recruit and retain personnel, we may not be able to implement our business strategy.

We are highly dependent upon the efforts of our senior management and scientific personnel, particularly Dr. Leonard Bell, M.D., our Chief Executive Officer and a member of our Board of Directors, and Dr. Stephen P. Squinto, Ph.D., our Executive Vice President and Head of Research and Development. There is intense competition in the biopharmaceutical industry for qualified scientific and technical personnel. Since our business is science-oriented and specialized, we need to continue to attract and retain such people. We may not be able to continue to attract and retain the qualified personnel necessary for developing our business. We have employment agreements with Dr. Bell and Dr. Squinto. None of our key personnel is nearing retirement age or to our knowledge, planning to retire. To our knowledge, there is no tension between any of our key personnel and the Board of Directors. If we are unable to retain and recruit highly qualified personnel, our ability to execute our business plan will be materially and adversely affected.

In particular, we highly value the services of Dr. Bell, our Chief Executive Officer. The loss of his services could materially and adversely affect our ability to achieve our objectives.

The terms of our Credit Agreement may restrict our current and future operations, including our ability to respond to changes or to take certain actions.

In February 2012 we and our wholly-owned Swiss subsidiary, Alexion Pharma International Sàrl, entered into the Credit Agreement with a syndicate of banks. The Credit Agreement provides for a $240,000 senior secured term loan facility and a $200,000 senior secured revolving credit facility, which includes up to a $60,000 sublimit for letters of credit and a $10,000 sublimit for swingline loans. Our obligations under the credit facilities are unconditionally guaranteed, jointly and severally, by certain of our existing domestic subsidiaries and are required to be guaranteed by certain of our future domestic subsidiaries. The obligations of Alexion Pharma International Sàrl under the credit facilities are unconditionally guaranteed, jointly and severally, by us, certain of our existing domestic subsidiaries, and certain of our foreign subsidiaries, and are required to be guaranteed by certain of our future subsidiaries. All obligations of each borrower under the credit facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of each borrower's assets and the assets of

certain guarantors, including the pledge of the equity interests of certain of our subsidiaries and real estate located in Smithfield, Rhode Island, but excluding intellectual property and assets of certain foreign subsidiaries.

The Credit Agreement requires us to comply with certain financial covenants on a quarterly basis. Further, the Credit Agreement includes negative covenants, subject to exceptions, restricting or limiting our ability and the ability of our subsidiaries to, among other things, incur additional indebtedness, grant liens, engage in certain investment, acquisition and disposition transactions, pay dividends, repurchase capital stock and enter into transactions with affiliates. The Credit Agreement also contains customary representations and warranties, affirmative covenants and events of default, including payment defaults, breach of representations and warranties, covenant defaults and cross defaults.

The credit facilities, and the contingent consideration payable in connection with our acquisitions remain outstanding or available, and the degree to which we are leveraged could, among other things:

- make it difficult for us to make payments on the credit facilities;
- make it difficult for us to obtain financing for additional acquisitions or in-licensing opportunities or other purposes on favorable terms, if at all;
- make us more vulnerable to industry downturns and competitive pressures; and
- limit our flexibility in planning for, or reacting to changes in, our business.

Our ability to meet our debt service obligations will depend upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control. A breach of the covenants under the Credit Agreement could result in an event of default. If an event of default occurs, the interest rate would increase and the administrative agent would be entitled to take various actions, including the acceleration of amounts due under the Credit Agreement. Furthermore, if we were unable to repay the amounts due and payable under our Credit Agreement, those lenders could proceed against the collateral granted to them to secure that indebtedness, which could force us into bankruptcy or liquidation. In the event our administrative agent or lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

We are subject to environmental laws and potential exposure to environmental liabilities.

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including our manufacturing operations at ARIMF, the handling and disposal of non-hazardous and hazardous wastes, such as medical and biological wastes, and emissions and discharges into the environment, such as air, soils and water sources. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities. We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating its property or locations to which wastes were sent from its facilities, without regard to whether the owner or operator knew of, or necessarily caused, the contamination. Such obligations and liabilities, which to date have not been material, could have a material impact on our business and financial condition.

We may expand our business through acquisitions or in-licensing opportunities that could disrupt our business and harm our financial condition.

Our business strategy includes expanding our products and capabilities. In 2011, we acquired Taligen and certain assets of Orphatec. In February 2012 we acquired Enobia. We may seek additional acquisitions or in-licensing of businesses or products to expand our products and capabilities. Acquisitions of new businesses or products and in-licensing of new products may involve numerous risks, including:

- substantial cash expenditures;
- potentially dilutive issuance of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- diverting our management's attention away from other business concerns;
- risks of entering markets in which we have limited or no direct experience;
- the potential loss of our key employees or key employees of the acquired companies; and

- failure of any acquired businesses or products or in-licensed products to achieve the scientific, medical, commercial or other results anticipated.

We have limited experience in the acquisition and integration of other companies. We cannot assure you that any acquisition or in-licensing of new products, will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of an acquired company or business or an acquired or in-licensed product. In addition, the future success of such transactions would depend in part on our ability to manage the rapid growth associated with any such acquisitions or in-licensing. We cannot assure you that we will be able to make the combination of our business with that of any acquired businesses or companies work or be successful.

We compete with pharmaceutical companies that have significantly greater resources than we for many of the same acquisition and in-licensing opportunities. Such pharmaceutical companies may be less leveraged and have better access to capital resources that may preclude us from completing any acquisition or in-licensing. In addition, several pharmaceutical companies have publicly announced intentions to establish or develop rare disease programs. For these and other reasons, we may not be able to acquire the rights to additional product candidates and approved products on terms that we find acceptable, or at all. Furthermore, the development or expansion of our business, any acquired business or any acquired or in-licensed products may require a substantial capital investment by us. We may not have these necessary funds or they might not be available to us on acceptable terms or at all. We may also seek to raise funds by selling shares of our capital stock, which could dilute current stockholders' ownership interest in our company, or securities convertible into our capital stock, which could dilute current stockholders' ownership interest in our company upon conversion.

Our ability to use net operating loss carry forwards to reduce future tax payments may be limited if there is a change in ownership of Alexion, or if taxable income does not reach sufficient levels.

As of December 31, 2012, we had $453,617 of U.S. federal net operating loss carryforwards (NOL's), available to reduce taxable income in future years. Included in our U.S. federal net operating losses is $10,337 associated with the acquisition of Enobia. A portion of these NOL's are currently subject to an annual limitation under section 382 of the Internal Revenue Code of 1986, as amended (section 382). We believe it is more likely than not that we will use the majority of net operating losses. However, the ability to use net operating loss carryforwards will be dependent on our ability to generate taxable income. The net operating loss carryforwards may expire before we generate sufficient taxable income.

Our ability to utilize the NOL's may be further limited if we undergo an ownership change, as defined in section 382. This ownership change could be triggered by substantial changes in the ownership of our outstanding stock, which are generally outside of our control. An ownership change would exist if the stockholders, or group of stockholders, who own or have owned, directly or indirectly, 5% or more of the value of our stock, or are otherwise treated as 5% stockholders under section 382 and the regulations promulgated there under, increase their aggregate percentage ownership of our stock by more than 50 percentage points over the lowest percentage of our stock owned by these stockholders at any time during the testing period, which is generally the three-year period preceding the potential ownership change. In the event of an ownership change, section 382 imposes an annual limitation on the amount of post-ownership change taxable income a corporation may offset with pre-ownership change NOL's. The limitation imposed by section 382 for any post-change year would be determined by multiplying the value of our stock immediately before the ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Any unused annual limitation may be carried over to later years, and the limitation may under certain circumstances be increased by built-in gains which may be present with respect to assets held by us at the time of the ownership change that are recognized in the five-year period after the ownership change. Our use of NOL's arising after the date of an ownership change would not be affected.

We may have exposure to additional tax liabilities which could have a material impact on our results of operations and financial position.

As a company with international operations, we are subject to income taxes, as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide tax liabilities. Although we believe our estimates are reasonable, the ultimate outcome with respect to the taxes we owe may differ from the amounts recorded in our financial statements. If the Internal Revenue Service, or other taxing authority, disagrees with the positions we take, we could have additional tax liability, and this could have a material impact on our results of operations and financial position. In addition, the United States government and other governments are considering and may adopt tax reform measures that significantly increase our worldwide tax liabilities which could materially harm our business, financial condition and results of operations.

Our sales and operations are subject to the economic, political, legal and business conditions in the countries in which we do business, and our failure to operate successfully or adapt to changes in these conditions could cause our sales and operations to be limited or disrupted.

Since 2007, we have significantly expanded our operations and expect to continue to do so in the future. Our operations in foreign countries subject us to the following additional risks:

- fluctuations in currency exchange rates;
- political or economic determinations that adversely impact pricing or reimbursement policies;
- economic problems or political instability that disrupt health care payment systems;
- difficulties or inability to obtain financing in markets;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- difficulties enforcing contractual and intellectual property rights;
- changes in laws, regulations or enforcement practices with respect to our business, including without limitation laws relating to reimbursement, competition, pricing and sales and marketing of our products;
- trade restrictions and restrictions on direct investments by foreign entities;
- compliance with tax, employment and labor laws;
- costs and difficulties in recruiting and retaining qualified managers and employees to manage and operate the business in local jurisdictions;
- costs and difficulties in managing and monitoring international operations; and
- longer payment cycles.

Our business and marketing methods are also subject to regulation by the governments of the countries in which we operate. The FCPA and similar anti-bribery laws in other countries prohibit companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business. We have policies and procedures designed to help ensure that we and our representatives, including our employees, comply with such laws, however we cannot guarantee that these policies and procedures will protect us against liability under the FCPA or other anti-bribery laws for actions taken by our representatives. Failure to comply with the laws and regulations of the countries in which we operate could materially harm our business.

We conduct, or anticipate that we will conduct, a substantial portion of our business in currencies other than the U.S. dollar. We are exposed to fluctuations in foreign currency exchange rates in the normal course of our business. The exposures result from portions of our revenues, as well as the related receivables, and expenses that are denominated in currencies other than the U.S. dollar, primarily the Euro, Japanese Yen and Swiss Franc. We manage our foreign currency transaction risk within specified guidelines through the use of derivatives. All of our derivative instruments are utilized for risk management purposes, and we do not use derivatives for speculative trading purposes. We enter into foreign exchange forward contracts, with durations of up to 36 months, to hedge exposures resulting from portions of our forecasted intercompany revenues that are denominated in currencies other than the U.S. dollar. The purpose of the hedges of intercompany revenue is to reduce the volatility of exchange rate fluctuations on our operating results and to increase the visibility of the foreign exchange impact on forecasted revenues. Further, we enter into foreign exchange forward contracts, with durations of approximately 30 days, designed to limit the balance sheet exposure of monetary assets and liabilities. We enter into these hedges to reduce the impact of fluctuating exchange rates on our operating results. Gains and losses on these hedge transactions are designed to offset gains and losses on underlying balance sheet exposures. While we attempt to hedge certain currency risks, currency fluctuations between the U.S. dollar and the currencies in which we do business have, in the past, caused foreign currency transaction gains and losses and have also impacted the amounts of revenues and expenses calculated in U.S. dollars and will likely do so in the future. Likewise, past currency fluctuations have at times resulted in foreign currency transaction gains, and there can be no assurance that these gains can be reproduced. See also Footnote 7, Derivative Instruments and Hedging Activities, in the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

The credit and financial market conditions may aggravate certain risks affecting our business.

Sales of Soliris are dependent, in large part, on reimbursement from government health administration organizations and private and governmental third-party payers, and also co-payments from individual patients in certain situations. As a result of adverse credit and financial market conditions, and the overall financial climate, these governmental organizations and payers, and/or individuals, may reduce or delay initiation of treatment, may be unable to satisfy their reimbursement obligations, may delay payment or may seek to reduce reimbursement for Soliris in the future, which could have a material adverse effect on our

business and results of operations. For example, in July 2011, we received non-interest bearing bonds issued by the Greek government that mature in 2012 and 2013 for payment on receivables from 2008 and 2009 as part of the Greek government's plan repayment of its debt to international pharmaceutical companies. We sold the associated bonds in July 2011 and recorded expense of approximately $4,100 through December 31, 2011 related to the reduction of value of the Greek bonds and other delays impacting the book value of our accounts receivable in other countries. Soliris is approved for the treatment of patients with PNH and aHUS in the United States and the European Union and for the treatment of PNH in several other territories. If Soliris is approved in additional territories for PNH, aHUS, or for additional indications that are under clinical development, the reimbursement risks and uncertainties associated with adverse credit and financial market conditions may be exacerbated due to increases in the number of patients receiving Soliris that require reimbursement. Payment defaults by a government payer could require us to expense previously recorded revenue as uncollectible, and might cause us to end or restrict sales to patients in that country. Further, the risk of payment default by a government payer could require us to revise our revenue recognition policies in regard to that payer, causing revenue to be recorded only on a cash basis, and we may be required to end or restrict sales to patients in that country.

We continue to monitor economic conditions, including volatility associated with international economies, associated impacts on the financial markets and our business, and the sovereign debt crisis in Europe. The credit and economic conditions in Greece, Italy and Spain, among other members of the European Union deteriorated in 2011 and 2012. These conditions have resulted in, and may continue to result in, an increase in the average length of time it takes to collect our outstanding accounts receivable in these countries. We have recorded an allowance related to all or a portion of receivables in each of Greece, Italy and Spain that have been outstanding for greater than one year as of March 31, 2013.

We may not be able to successfully mitigate or prevent our exposures to volatile economic and financial conditions and our failure to operate successfully or adapt to changes in these conditions could cause our sales and operations to be limited or disrupted or otherwise harm our business.

Additionally, we rely upon third-parties for certain parts of our business, including Lonza, licensees, wholesale distributors of Soliris, contract clinical trial providers, contract manufacturers and other third-party suppliers and financial institutions. Because of the volatility in the financial markets, there may be a disruption or delay in the performance or satisfaction of commitments to us by these third parties which could have a material adverse effect on our business and results of operations.

Government initiatives that affect coverage and reimbursement of drug products could adversely affect our business.

Governments in countries where we operate have adopted or have shown significant interest in pursuing legislative initiatives to reduce costs of health care. Any such government-adopted health care measures could adversely impact the pricing of Soliris or the amount of coverage and reimbursement available for Soliris from governmental agencies or other third-party payers. For example, in March 2010, the President signed the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Act of 2010 (the PPACA), which substantially changes the way healthcare is financed by both governmental and private insurers in the U.S., and significantly impacts the pharmaceutical industry. PPACA contains a number of provisions that are expected to impact our business and operations, in some cases in ways we cannot currently predict. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, rules regarding prescription drug benefits under health insurance exchanges, and fraud and abuse enforcement. While the constitutionality of key provisions of PPACA have been upheld by the Supreme Court, legislative changes remain possible. In addition, our industry may be affected by broader legislation addressing federal spending, including, for example, a sequester that took effect in March 2013 and cuts to most Medicare spending by 2%. As another example, the governments of Germany and Spain each approved increases to mandatory rebates on the sales of pharmaceutical products. Further in January 2013, Alexion was informed by the Advisory Group for National Specialised Services within the U.K. National Health Service that although Soliris would help save lives and improve the quality of life for children and adults with aHUS, the U.K. Health Ministers decided not to recommend national commissioning of Soliris for the treatment of aHUS at this stage. Rather, Soliris will be referred to NICE for further review as part of its new Highly Specialised Technologies programme.

We expect that the implementation of current laws and policies, the amendment of those laws and policies in the future, as well as the adoption of new laws and policies, could have a material adverse effect on our industry generally and on our ability to maintain or increase our product sales or successfully commercialize our product candidates, or could limit or eliminate our future spending on development projects. In many cases, these government initiatives, even if enacted into law, are subject to future rulemaking by regulatory agencies. Although we have evaluated these government initiatives and the impact on our business, we cannot know with certainty whether any such law, rule or regulation will adversely affect coverage and reimbursement of Soliris, or to what extent, until such laws, rules and regulations are promulgated, implemented and enforced. The announcement or adoption of regulatory or legislative proposals could delay or prevent our entry into new markets, affect

our reimbursement or sales in the markets where we are already selling Soliris and materially harm our business, financial condition and results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers, customers and business partners, and personally identifiable information. The secure maintenance of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation which could adversely affect our business.

Natural disasters, acts of war or terrorism, shipping embargoes, labor unrest or political instability, could adversely affect our operations, including our ability to supply and commercialize Soliris.

Natural disasters such as earthquakes, hurricanes, tsunamis or other adverse weather and climate conditions, whether occurring in the U.S. or abroad, and the effects of these natural disasters, as well as acts of war or terrorism, shipping embargoes, labor unrest or political instability could disrupt our operations, or the operations of our vendors and other suppliers. Such events could adversely impact our facilities, or interfere with the manufacture or distribution of Soliris and our product candidates.

Risks Related to Our Common Stock

If the trading price of our common stock continues to fluctuate in a wide range, our stockholders will suffer considerable uncertainty with respect to an investment in our common stock.

The trading price of our common stock has been volatile and may continue to be volatile in the future. Factors such as announcements of fluctuations in our or our competitors' operating results or clinical or scientific results, fluctuations in the trading prices or business prospects of our competitors and collaborators, changes in our prospects, particularly with respect to sales of Soliris, failure to resolve, delays in resolving or other developments with respect to the issues raised in the Warning Letter, and market conditions for biopharmaceutical stocks in general could have a significant impact on the future trading prices of our common stock. In particular, the trading price of the common stock of many biopharmaceutical companies, including ours, has experienced extreme price and volume fluctuations, which have at times been unrelated to the operating performance of the companies whose stocks were affected. This is due to several factors, including general market conditions, sales of Soliris, the announcement of the results of our clinical trials or product development and the results of our efforts to obtain regulatory approval for our products. While we cannot predict our future performance, if our stock price continues to fluctuate in a wide range, an investment in our common stock may result in considerable uncertainty for an investor.

Anti-takeover provisions of Delaware law, provisions in our charter and bylaws and our stockholders' rights plan, or poison pill, could make a third-party acquisition of us difficult and may frustrate any attempt to remove or replace our current management.

Because we are a Delaware corporation, the anti-takeover provisions of Delaware law could make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to stockholders. We are subject to the provisions of Section 203 of the Delaware General Laws, 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.

Our corporate charter and by-law provisions and stockholder rights plan may discourage certain types of transactions involving an actual or potential change of control that might be beneficial to us or our stockholders. Our bylaws provide that special meetings of our stockholders may be called only by the Chairman of the Board, the President, the Secretary, or a majority of the Board of Directors, or upon the written request of stockholders who together own of record 50% of the outstanding stock of all classes entitled to vote at such meeting. Our bylaws also specify that the authorized number of directors may be changed only by resolution of the board of directors. Our charter does not include a provision for cumulative voting for directors, which may have enabled a minority stockholder holding a sufficient percentage of a class of shares to elect one or more directors. Under our charter, our board of directors has the authority, without further action by stockholders, to designate up to 5,000 shares of preferred stock in one or more series. The rights of the holders of common stock will be subject

to, and may be adversely affected by, the rights of the holders of any class or series of preferred stock that may be issued in the future.

Pursuant to our stockholder rights plan, each share of common stock has an associated preferred stock purchase right. The rights will not trade separately from the common stock until, and are exercisable only upon, the acquisition or the potential acquisition through tender offer by a person or group of 20% or more of the outstanding common stock. The rights are designed to make it more likely that all of our stockholders receive fair and equal treatment in the event of any proposed takeover of us and to guard against the use of partial tender offers or other coercive tactics to gain control of us. These provisions could delay or discourage transactions involving an actual or potential change in control of us or our management, including transactions in which stockholders might otherwise receive a premium for their shares over then current prices. These provisions could also limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests and could adversely affect the price of our common stock.

Item 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.***

ISSUER PURCHASE OF EQUITY SECURITIES *(amounts in thousands except per share amounts)*

The following table summarizes our common stock repurchase activity during the first quarter of 2013:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
January 2013	—	$ —	—	$ 388,447
February 2013	405	$ 86.63	405	$ 353,340
March 2013	—	$ —	—	$ 353,340
Total	405	$ 86.63	405	

On November 8, 2012, we announced that our Board of Directors authorized the repurchase of up to $400,000 of our common stock. This repurchase program does not have an expiration date.

Item 5. ***OTHER INFORMATION.***

None.

Item 6. ***EXHIBITS.***

(a) **Exhibits:**

10.1	Lease, dated November 15, 2012, between Alexion and WE Route 34, LLC*
31.1	Certificate of Chief Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 Sarbanes Oxley Act of 2002.
31.2	Certificate of Chief Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes Oxley Act of 2002.
32.1	Certificate of Chief Executive Officer pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act.
32.2	Certificate of Chief Financial Officer pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act.
101	The following materials from the Alexion Pharmaceuticals, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets at March 31, 2013 and December 31, 2012, (ii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and 2012, (iii) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012 and (iv) Notes To Condensed Consolidated Financial Statements.

* Confidential treatment requested under 17 C.F.R. §§200.80(b)(4) and 24b-2. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been filed separately with the SEC pursuant to the confidential treatment request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALEXION PHARMACEUTICALS, INC.

By: /s/ Leonard Bell

Leonard Bell, M.D.
Chief Executive Officer, Treasurer and Director (principal executive officer)

Date: April 30, 2013

By: /s/ Vikas Sinha

Vikas Sinha, M.B.A., C.A.
Executive Vice President and Chief Financial Officer
(principal financial officer)

Date: April 30, 2013

Exhibit 10.1

LEASE

WE ROUTE 34, LLC
(LANDLORD)

AND
ALEXION PHARMACEUTICALS, INC.
(TENANT)

DATED: AS OF NOVEMBER 15, 2012

---

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

TABLE OF CONTENTS

ARTICLE 1	DEFINITIONS	1
ARTICLE 2	DEMISE; PREMISE; TERM	2
ARTICLE 3	OCCUPANCY OF THE PREMISES, LANDLORD WORK AND FINISH WORK	3
ARTICLE 4	RENT	4
ARTICLE 5	USE	4
ARTICLE 6	ADDITIONAL RENT	6
ARTICLE 7	INSURANCE	10
ARTICLE 8	COMPLIANCE WITH LAWS	12
ARTICLE 9	ALTERATIONS; IMPROVEMENTS	14
ARTICLE 10	REPAIRS	15
ARTICLE 11	UTILITIES AND SERVICES	16
ARTICLE 12	DAMAGE TO OR DESTRUCTION OF THE PREMISES	21
ARTICLE 13	EMINENT DOMAIN	22
ARTICLE 14	CONDITIONS OF LIMITATION	23
ARTICLE 15	RE-ENTRY BY LANDLORD; REMEDIES	24
ARTICLE 16	CURING TENANT'S DEFAULT; FEES AND EXPENSES	28
ARTICLE 17	NON-LIABILITY AND INDEMNIFICATION	28
ARTICLE 18	SURRENDER	29
ARTICLE 19	ASSIGNMENT, MORTGAGING AND SUBLETTING	31
ARTICLE 20	SUBORDINATION AND ATTORNMENT	33
ARTICLE 21	ACCESS; CHANGE IN FACILITIES	35
ARTICLE 22	INABILITY TO PERFORM	36
ARTICLE 23	PRE-JUDGMENT REMEDY, REDEMPTION, COUNTERCLAIM AND JURY TRIAL	36
ARTICLE 24	WAIVERS	36
ARTICLE 25	QUIET ENJOYMENT	37
ARTICLE 26	ENVIRONMENTAL COMPLIANCE	37
ARTICLE 27	BROKERAGE	41
ARTICLE 28	NOTICES	42
ARTICLE 29	ESTOPPEL CERTIFICATE, MEMORANDUM; FINANCIALS	42
ARTICLE 30	PARTIES BOUND	43

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission

TABLE OF CONTENTS
(continued)

		Page
ARTICLE 31	ENTIRE AGREEMENT; NO OTHER REPRESENTATIONS; GOVERNING LAW; SEPARABILITY; TIME IS OF THE ESSENCE	43
ARTICLE 32	FORCE MAJEURE	44
ARTICLE 33	EXTENSION OPTION	44
ARTICLE 34	SIGNAGE	45
ARTICLE 35	LANDLORD DEFAULT	45
ARTICLE 36	EXPANSION	46
ARTICLE 37	RIGHT OF FIRST OFFER	49
ARTICLE 38	TENANT'S CONTRACTORS AND SERVICE PROVIDERS	50
ARTICLE 39	MEASUREMENT STANDARD	50
ARTICLE 40	OTHER TENANT RIGHTS AND BUILDING LEASING	50
ARTICLE 41	ROOFTOP RIGHTS	51
ARTICLE 42	PREMISES CONTRACTION	54

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission

TABLE OF CONTENTS

EXHIBIT

Exhibit 1.2 Land

Exhibit 1.6 Tenant's Property

Exhibit 2.1 Premises

Exhibit 2.1(a) Title Documents

Exhibit 2.3 Notice of Commencement

Exhibit 3.2 Work Letter

Exhibit 4.1 Annual Rent Schedule

Exhibit 5.5 Rules and Regulations

Exhibit 11.1 Landlord Services and Building Standards

Exhibit 11.7 Approved PDM Covenants

Exhibit 20.1 Form of Subordination, Non-disturbance and Attornment Agreement

Exhibit 26.1 Hazardous Materials

Exhibit 29.2 Notice of Lease

Exhibit 36.1 Expansion Space

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission

LEASE

AGREEMENT OF LEASE dated as of the 15th day of November, 2012 (the "**Effective Date**", between **WE ROUTE 34, LLC**, a Delaware limited liability company, with an office at c/o Winstanley Enterprises, LLC, 150 Baker Street Extension, Suite 303, Concord Massachusetts 01742 ("**Landlord**"), and **ALEXION PHARMACEUTICALS, INC.**, a Delaware corporation with offices at 352 Knotter Drive, Cheshire, Connecticut 06410 ("**Tenant**").

W I T N E S S E T H:

Landlord and Tenant hereby covenant and agree as follows:

ARTICLE 1
DEFINITIONS

For the purposes of this Lease, unless the context otherwise requires:

1.1 "**Governmental Authority**" shall mean any federal, state, county, municipal or local government and all departments, commissions, boards, bureaus and offices thereof having or claiming jurisdiction over the "**Property**" (as defined below).

1.2 "**Land**" shall mean the parcel of land situated in the County of New Haven, State of Connecticut and City of New Haven, known as 100 College Street, being more particularly described on Exhibit 1.2 attached hereto.

1.3 "**Laws**" shall mean all present and future laws, ordinances, requirements, orders, directives, rules and regulations of federal, state, county and city governments and all other Governmental Authorities.

1.4 "**Lease Year**" shall mean twelve (12) consecutive months commencing on and including the Rent Commencement Date through the day immediately preceding the lst anniversary of the Rent Commencement Date and each twelve (12) consecutive month period during the Term thereafter; notwithstanding the foregoing, the last Lease Year shall end on the Expiration Date (as defined below).

1.5 "**Property**" shall mean the Building, the Land, the Garage and the common areas and facilities appurtenant thereto.

1.6 "**Tenant's Property**" shall mean all of Tenant's personal property and all trade fixtures, furniture, equipment, and other personal property installed at the sole expense of Tenant that is not a Fixture (as defined in Section 9.1), in each case with respect to which Tenant has not been granted any credit or allowance by Landlord, whether any replacement is made at Tenant's expense or otherwise. Tenant's Property shall include without limitation, items described on **Exhibit 1.6** attached hereto (and including enhancements to and replacements of such items, if any, identified by Tenant in writing to Landlord, upon request, but no more often than once in each year), but shall not include any Fixtures or any lab benches (whether or not demountable).

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

1.7 **"Successor Entity"** means an entity acquiring all or substantially all of the stock or assets of Tenant, whether by way of merger, consolidation, acquisition or otherwise.

1.8 "**Superior Mortgages**" shall have the meaning given in Section 20.1.

ARTICLE 2
DEMISE; PREMISES; TERM

2.1 **Demise.** Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the premises hereinafter described ("**Premises**"), consisting of approximately 328,053 rentable square feet on a portion of the ground floor and first floor and all of the fourth through eleventh floors in a building, associated parking garage, and associated subsurface improvements to be constructed at property to be known as 100 College Street, New Haven, Connecticut (the "**Building**"), as shown on the plan attached hereto as **Exhibit 2.1** (the "**Premises Plans**"), together with the non-exclusive right to use the common areas for their intended purposes, for the term hereinafter stated, for the rents hereinafter reserved, and upon and subject to the terms, restrictions and reservations hereinafter provided in this Lease and those matters of record set forth on **Exhibit 2.1(a)**, all of which Tenant shall conform to (Landlord represents that none of such matters of record prohibit use of the Premises for the Permitted Use). The common areas of the Property include the portions thereof designated by Landlord for the common use of tenants (including Tenant) and others, such as sidewalks, parking areas, grounds, lobby areas, boiler and mechanical rooms and areas. Landlord shall permit Tenant to have access to the common areas of the Building for installing and maintaining specific services or utilities designated for and/or dedicated to the specific use of Tenant (that is not with respect to shared services or utilities) with Landlord's prior consent (which consent shall not be unreasonably withheld). Tenant has advised Landlord that it will put a training program in place for persons requiring access to the Premises in a manner comparable to that of Tenant's program at its existing premises in Cheshire, Connecticut, a written description of which has been provided to Landlord. Landlord covenants and agrees that it will require its employees and property managers to attend such program and it will use reasonable efforts to cause other tenants at the Building moving into the Building after the Rent Commencement Date to have such of their employees as may require access to Tenant's Premises to attend such training program. Subject to the immediately following sentence, no person shall enter Tenant's Premises unescorted by an authorized employee of Tenant unless (a) an emergency threatening life or property exists (in which case Landlord shall provide Tenant with notice of such entry as soon as reasonably possible), (b) such entry is by emergency response personnel of a Governmental Authority, or (c) such person has, or is accompanied by a Landlord representative that has, attended such training program, is subject to the confidentiality provision in Article 43 below, and undergone such background check as may be required by Tenant in Tenant's reasonable discretion. Furthermore, and notwithstanding the foregoing or anything to the contrary herein, Landlord acknowledges that Tenant shall have (x) [*] and (y) up to 6,000 contiguous rentable square feet for pre-clinical studies that will be subject to access only by Landlord's representatives and emergency response personnel in accordance with this Lease and in no event by third parties such as lenders or prospective tenants.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Tenant shall have the exclusive right to use one (1) loading dock in the basement of the Building in addition to its rights in common with others to use the two (2) common loading docks in the Building and the trash and recycling dumpsters serving Building tenants (provided, however, that no such trash and recycling dumpsters shall be available for use by tenants for the disposal of Hazardous Materials (other than ordinary recycling associated with customary first class office use), the responsibility for which belongs to the respective tenants).

Tenant shall have the exclusive right to use the dedicated freight elevator identified on **Exhibit 2.1** as "Premises Freight Elevator".

2.2 **Premises.** The Premises are located in the Building, substantially as shown on the Premises Plans, and shall include all fixtures, Alterations and appurtenances which, at the commencement of the Term or at any time during the Term, are attached thereto or installed therein, other than Tenant's Property. The Premises exclude common areas and facilities of the Building, including without limitation exterior walls, the common stairways and stairwells, the Garage (as defined in Section 11.7) and any pedestrian bridges connecting the Building to other buildings, entranceways and the main lobby, elevators and elevator wells, fan rooms, electric and telephone closets (other than those exclusively serving the Premises, if any), janitor closets, freight elevators other than that Premises Freight Elevator, and common pipes, ducts, conduits, wires and appurtenant fixtures serving other parts of the Building and other common areas and facilities from time to time designated as such by Landlord; provided that, in any event, the designation of such common areas and facilities does not unreasonably affect the Premises, Tenant's use of the Premises, or access to the Premises. If the Premises include less than the entire rentable area of any floor from time to time, then the Premises also exclude the common corridors, elevator lobby and toilets located on such floor.

2.3 **Term**. The Premises are leased for a term (as it may be extended, the "**Term**") which shall commence on the date (the "**Delivery Date**") that is the earlier to occur of (x) five (5) days after Delivery Condition occurs pursuant to **Exhibit 3.2** or (y) the date that Tenant first takes possession of all (or any portion in excess of 15,000 rentable square feet) of the Premises for the conduct of its business (as opposed to for the construction of the Finish Work or installation of any of Tenant's furniture, fixtures or equipment, or for the commissioning or validation of Tenant's equipment), provided, however, that if Tenant elects to take possession of the Premises for the conduct of its business prior to the final determination of rentable square footage of the Premises pursuant to the dispute resolution mechanism provided for in Section 39.1 hereof, then Tenant shall pay any Fixed Rent and Additional Rent due and payable under this Lease during the pendency of such dispute based on Tenant's architect's calculation of rentable square footage using the Measurement Standard until such time as the dispute is resolved and, following such resolution, the parties shall reconcile such Fixed Rent and Additional Rent based on the final determination of rentable square footage. It is anticipated that the Delivery Date will occur on or prior to March 31, 2015 (the "**Estimated Delivery Date**"). The Term shall expire at 11:59 p.m. on the last day of the calendar month in which the twelfth ($12^{th)}$ anniversary of the Rent Commencement Date occurs ("**Expiration Date**") unless the Term shall be extended or sooner terminated pursuant to any of the terms, covenants or conditions of this Lease or pursuant to Laws. The parties will promptly after the Delivery Date execute a notice of commencement in the form attached hereto as **Exhibit 2.3**. Landlord's failure to

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

complete the Landlord Work or achieve Delivery Condition on or before the Estimated Delivery Date, for any reason, shall not give rise to any liability of Landlord hereunder, shall not constitute a Landlord's default, shall not affect the validity of this Lease, and shall have no effect on the beginning or end of the Term as otherwise determined hereunder or on Tenant's obligations associated therewith except as expressly provided in Exhibit 3.2.

ARTICLE 3
OCCUPANCY OF THE PREMISES, LANDLORD WORK AND FINISH WORK

3.1 **Representations and Warranties.** Except as expressly set forth herein, neither Landlord nor Landlord's agents have made any representations or promises with respect to the condition of the Premises or the Property, and no rights easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in this Lease.

3.2 **Landlord Work.** Landlord shall, at Landlord's expense, and pursuant to the provisions of **Exhibit 3.2**, attached hereto, perform the Landlord Work (as defined therein).

3.3 **Finish Work.** The Tenant shall complete the Finish Work (as defined in **Exhibit 3.2**) subject to and in accordance with the provisions of the Work Letter attached hereto as **Exhibit 3.2**.

ARTICLE 4
RENT

4.1 **Rent.** Tenant shall pay to Landlord, without notice or demand, in lawful money of the United States of America, at the office of Landlord or at such other place as Landlord may designate (which may, if required by Landlord, be by electronic fund transfer pursuant to wire instructions to be provided by Landlord), the following:

(1) annual fixed rent ("**Fixed Rent**") at the rates and in the amounts set forth on Exhibit 4.1. Annual Fixed Rent shall be payable in equal monthly installments (in amounts as set forth on Exhibit 4.1) in advance on the first day of each and every calendar month commencing on the date set forth on **Exhibit 4.1** and continuing throughout the remainder of the Term.

(2) additional rent ("**Additional Rent**") consisting of all other sums of money as shall become due and payable by Tenant hereunder.

(3) If Tenant shall fail to pay within ten (10) days of the date when due any installment of Fixed Rent or any Additional Rent (provided that no such interest shall accrue with respect to Additional Rent, other than Parking Rent, Operating Expenses, and Real Estate Taxes, unless Tenant is first given notice of such late payment), Tenant shall pay interest thereon at the annual rate of interest (the "**Default Rate**") equal to the lesser of (i) six (6) percentage points per annum above the so-called prime rate (the "**Prime Rate**") as published in the Money Rates section of The Wall Street Journal (the

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

"**Journal**") (or if the Journal ceases to be published or to publish such rates, then any successor reasonably designated by Landlord), or (ii) the then prevailing maximum legal rate chargeable to Tenant, from the date when such installation or payment shall have become due to the date of the payment thereof, and such interest shall be deemed Additional Rent.

(4) There shall be no abatement of, deduction from, counterclaim or setoff against Fixed Rent or Additional Rent except as otherwise specifically provided in this Lease.

(5) If the Rent Commencement Date is other than the first day of a month, Fixed Rent for the first partial month of the Term shall be apportioned in that percentage which the number of days from the Rent Commencement Date to the end of that month shall bear to the total number of days in the month in which such Rent Commencement Date occurs.

ARTICLE 5
USE

5.1 **Use.** Tenant shall use and occupy the Premises for executive and general offices and as a research and development facility (the "Permitted Use") and for no other purpose without first obtaining Landlord's written consent. Landlord represents that, as of the date hereof, (i) the Building is in an BD-3 zoning district in the City of New Haven and that the Permitted Use is permitted in the BD-3 zoning district and (ii) there are no City of New Haven zoning approvals or permits applicable to the Property that prohibit use of the Property for the Permitted Use, generally. Notwithstanding the foregoing to the contrary, in no event shall Tenant or anyone claiming by through or under Tenant (x) perform work at or above the risk category Biosafety Level 3 as established by the Department of Health and Human Services ("**DHHS**") and as further described in the DHHS publication Biosafety in Microbiological and Biomedical Laboratories (5th Edition) (as it may be or may have been further revised, the "**BMBL**") or such nationally recognized new or replacement standards as the parties may agree) if applicable to similar facilities in the City of Haven (provided that nothing in this clause (x) shall be deemed to prohibit work that is below Biosafety Level 3 under the BMBL as it exists on the Effective Date, regardless of subsequent changes in the BMBL), (y) [*], or (z) use the Premises for any of the following purposes: a discount department store, a "dollar store", a charity thrift shop, a "five and dime" store or other such retailer that regularly markets all or most of its merchandise for sale as discounted merchandise, a commercial establishment of any nature related to "adult" use/entertainment, an establishment related to the sale or use of firearms or weaponry, a dance/music hall, a tattoo parlor, an automotive repair or sales establishment, or a package store.

5.2 **Limitations on Use.** Tenant shall not use or occupy, suffer or permit the Premises or any part thereof to be used in any manner, or anything to be done therein, or suffer or permit anything to be brought into or kept therein, which would in any way, (a) cause, or be likely to cause, physical damage to the Building or any part thereof, (b) constitute a public or private nuisance, (c) discharge objectionable fumes, vapors or odors in a manner as may be

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

detected outside of the Premises and unreasonably offend other occupants in a manner inconsistent with a Class A laboratory and office building, (d) cause substantial or objectionable noise as may be detected outside of the Premises and unreasonably offend other occupants in a manner inconsistent with a Class A laboratory and office building, (e) impair or interfere with any of the Building's services, including the furnishing of electrical energy, or the proper and economic cleaning, air conditioning or other servicing of the Building or the Premises or impair or interfere with the use of any of the other areas of the Building other than for such brief interruptions of services as may be reasonably necessary for Tenant to perform the Finish Work and permitted future Alterations subject to and in accordance with the terms and conditions of Article 9 below and the terms and conditions of this Lease, or (f) cause Tenant to default in any of its other obligations under this Lease.

5.3 **Licenses and Permits.** If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Premises or any part thereof, then Tenant, at its expense, shall duly procure and thereafter maintain such license or permit and, upon Landlord's request, submit the same to inspection by Landlord. Tenant shall at all times comply with the terms and conditions of each such license or permit, but in no event shall failure to procure and maintain same by Tenant affect Tenant's obligations hereunder.

5.4 **Floor Load.** Tenant shall not place a load upon any floor of the Premises that exceeds the floor load per square foot that such floor was designed to carry and which is allowed by certificate, rule, regulation, permit or Law.

5.5 **Rules and Regulations.** Tenant shall comply with Landlord's rules and regulations attached hereto as **Exhibit 5.5** and as otherwise promulgated or revised from time to time (the "**Rules and Regulations**"), provided the same are not inconsistent with or in limitation of the provisions of this Lease and are reasonable, and Tenant shall use reasonable efforts to cause its agents, contractors, customers and business invitees to comply therewith. If there is any inconsistency between this Lease and the Rules and Regulations, this Lease shall govern. Landlord shall not discriminate in its application and enforcement of the Rules and Regulations against Tenant and shall use commercially reasonable efforts to enforce the same in a non-discriminatory manner.

ARTICLE 6
ADDITIONAL RENT

6.1 **Operating Expenses.** This Lease is intended by the parties hereto to be a so-called net lease throughout the Term and the Fixed Rent shall be received by Landlord net of all costs and expenses for Real Estate Taxes, Operating Expenses and other Additional Rent, and free of cost, charge, offset, diminution or other deduction except as otherwise expressly provided herein. Tenant shall pay to Landlord, in addition to Tenant's obligations with respect to the payment of Tenant's Pro Rata Percentage of Real Estate Taxes (as defined below) and Operating Expenses (as defined below), all other costs which are specifically set forth herein, in the same manner as Fixed Rent, upon demand (or as otherwise provided herein) as Additional Rent, together with reasonable attorney's fees incurred by the Landlord in connection with consents to

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

subleases and assignments of this Lease requested by Tenant, where such consent is required. Tenant shall not raise any counterclaims (other than any compulsory counterclaims) in any action to recover Fixed Rent or Additional Rent hereunder.

As set forth above, commencing on the Delivery Date, Tenant shall pay to Landlord, its Tenant's Pro Rata Percentage of the aggregate of Operating Expenses (as hereinafter defined) and Real Estate Taxes (as hereinafter defined) incurred by Landlord during each year or portion thereof of the Term. Tenant's Pro Rata Percentage is set forth on Exhibit 4.1, provided that Tenant's Pro Rata Percentage may not be adjusted unless (i) Landlord or another tenant constructs an addition to the Building or (ii) Tenant consents in writing to an adjustment being made for any other reason (which consent will not be unreasonably delayed, conditioned or withheld).

"**Operating Expenses**" shall mean all reasonable expenses paid or incurred by Landlord or on Landlord's behalf in respect of the proper management, repair, operation and maintenance of the Property, including but not limited to (1) properly allocated salaries, wages and benefits of employees of Landlord engaged in the management, repair, operation and maintenance of the Property; (2) payroll taxes, workmen's compensation, uniforms and related expenses for such employees; (3) the cost of all charges for oil, gas, steam, oxygen, compressed air, electricity, any alternate source of energy, heating, ventilation, air conditioning, water, sewers and other utilities furnished to the Property , together with any taxes on such utilities; (4) the cost of painting common areas; (5) the cost of all charges for insurance required to be, or permitted to be, carried by Landlord (with regard to the Property and operations therein) including without limitation rent, casualty, environmental, comprehensive general liability and fidelity insurance with regard to the Property and the maintenance or operation thereof; (6) the cost of all supplies (including cleaning supplies), materials and equipment, the rental thereof and sales and other taxes thereon; (7) depreciation of hand tools and other movable equipment regularly used in the repair, operation or maintenance of the Property; (8) the cost of all charges for window and other cleaning and janitorial services for the common areas only, snow and ice removal, and any security services to patrol or monitor the common areas; (9) charges of independent contractors, including, without limitation, the cost of a security firm, in each case provided such are unaffiliated with Landlord (or if affiliated provided such charges are competitive) and all such charges are properly allocated to the Property; (10) repairs and replacements made by Landlord at its expense (provided that if such cost would, under tax basis accounting, be required to be capitalized, then such costs shall be reasonably amortized over the useful life, as determined in accordance with real estate accounting principles, together with interest at four (4%) percent over the Prime Rate per annum (but in no event to exceed eleven (11%) percent, except to the extent Landlord's actual third party lending rate for such capital expenditure, if any, is in excess of eleven (11%) percent) (provided, however, that repairs required by reason of Landlord's gross negligence or willful misconduct shall not be included in Operating Expenses); (11) exterior and interior landscaping; (12) alterations and improvements to the Property made by reason of and to the extent required to meet the minimum requirements of Laws or the requirements of insurance bodies to the extent such Laws or insurance requirements come into effect after the Delivery Date; (13) reasonable management fees which shall not exceed the lesser of (i) those customarily charged by third party managers for bio-tech buildings in New Haven County, or (ii) four (4%) percent (except that during any period where Tenant's Pro Rata Percentage is 100%, it shall be

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

three (3%) percent) of the amount of gross rents (i.e. including Operating Expenses and Real Estate Taxes) payable under leases (including this Lease) in place at the Property, together with reimburseables, provided that if no managing agent is employed by Landlord, a sum in lieu thereof which is not in excess of the lesser of (y) the then prevailing rates for management fees payable to third party managers of other similar buildings located in New Haven County, or (z) four (4%) percent (except that during any period where Tenant's Pro Rata Percentage is 100%, it shall be three (3%) percent) of the amount of gross rents payable under leases (including this Lease) in place at the Property; (14) the cost of any capital improvements or additions to the Property and of any machinery or equipment installed at the Property which improve the safety, comfort or amenities available to tenants of the Property or which have the effect of reducing the expenses which otherwise would be included in Operating Expenses provided that such costs shall be reasonably amortized over the useful life, as determined in accordance with real estate accounting principles, together with interest at four (4%) percent over the Prime Rate per annum (but in no event to exceed eleven (11%) percent, except to the extent Landlord's actual third party lending rate for such capital expenditure, if any, is in excess of eleven (11%) percent); (15) reasonable legal, accounting and other professional fees incurred in connection with the operation, maintenance and management of the Property; (16) all other charges properly allocable to the repair, operation and maintenance of the Property in accordance with generally accepted accounting principles; (17) the costs and expenses incurred by Landlord to comply with the Parking Demand Management plan for the Property; and (18) amounts due under, or on account of any obligations of Landlord pursuant to, any Title Document. As used herein, the term "**Title Documents**" means the agreements set forth on **Exhibit 2.1(a)** and any and all easements, covenants, conditions, and restrictions, park association agreements, and other agreements, encumbrances, and restrictions of record affecting all or part of the Property, as the same may hereafter be created or amended by Landlord, to the extent that such hereafter created Title Documents do not expand the obligations of Tenant in more than a de minimis manner or unreasonably and adversely affect Tenant's rights hereunder without Tenant's approval (which approval shall not be unreasonably withheld), but excluding any mortgage placed on the Property by Landlord. Landlord may, in the event the Building is less than 95% leased, adjust expenses for only the following categories or items: snow plowing, landscaping, Property-specific on-site personnel costs and supplies, repairs and maintenance, cleaning, and common area utilities. Landlord will pass through the actual Operating Expenses and shall not mark-up or add-on to Operating Expenses.

Notwithstanding the foregoing, excluded from Operating Expenses shall be the following: (aa) depreciation (except as provided above); (bb) interest on and amortization of debts; (cc) leasehold improvements including redecorating made for tenants of the Property or the Garage; (dd) brokerage commissions, legal fees, advertising expenses and other expenses incurred to procure new tenants of the Property or the Garage or to retain existing tenants; (ee) refinancing costs (including legal, accounting and other professional costs in connection thereof); (ff) Real Estate Taxes; (gg) the cost of any item included in Operating Expenses under clauses (1) - (16) to the extent that such cost (y) is reimbursed by an insurance company or a condemnor or a tenant (except as a reimbursement of Operating Expenses) or any other party or (z) was reimbursable by an insurance company, condemnor, tenant (except as a reimbursement of Operating Expenses), or other party but not reimbursed by reason of Landlord's default or is otherwise covered pursuant the Landlord Work contractor's warranty for labor and services or

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

any other warranty obtained by Landlord; (hh) salaries of employees above the grade of building manager or building superintendent; (ii) legal, accounting and professional fees incurred by Landlord in negotiating or enforcing any lease of any other tenant in the Property or the Garage; (jj) the cost of repairs made to the Property or the Garage if the need for such repair is due to the gross negligence or willful misconduct of Landlord; (kk) the cost of performance of Landlord Work; (ll) legal fees incurred in connection with summary proceedings to dispossess any other tenant; (mm) any expenses associated with any special requirements of a particular tenant in connection with the common areas or the maintenance thereof; (nn) auditing fees; (oo) any fines or penalties incurred as a result of a violation by Landlord of any Laws; (pp) costs incurred in the removal, containment, disposal, or repair or cleaning of any area affected by any Hazardous Materials (other than any costs expressly allocated to Tenant as set forth in Article 26 below); (qq) costs incurred in connection with a transfer or disposition of all or any part of the Property; and (rr) legal fees arising out of the construction, operation, use, occupation (including lease and sublease) or maintenance of the Property, and costs associated with the enforcement of the provisions of any agreements, affecting the Property, and claims, disputes, and issues concerning interpretation of documents relating to such agreements, in each case including the costs of settlement, collection and court and arbitration proceedings.

Landlord agrees that prior to incurring any capital expenditures (which would be of such a nature that it would be included in Operating Expenses) that would be in excess of $100,000 in a calendar year, it will give notice to Tenant of the anticipated expenditure (which notice may be delivered in connection with the Operating Expense budget process hereinafter described). Tenant shall have ten (10) days within which to respond to such notice and Tenant's failure to respond within such ten (10) day period shall be deemed to constitute approval of the expenditure. If Tenant, within such ten (10) day period, notifies Landlord that it objects to such expenditure, it shall specify the reason(s) for such objection. Landlord and Tenant shall, in good faith, attempt to resolve any such objection. If Tenant's objection is based, in whole or in part, on the cost of the anticipated expenditure, Tenant may put the matter out for bid to reputable contractors or suppliers and present such bids to Landlord in connection with their attempts to resolve the objection. If the cost of the anticipated expenditure is less than $100,000, and despite such good faith efforts, Landlord and Tenant fail to reach agreement, Landlord, in its sole, but reasonable, discretion, may elect to incur such expense and it shall, as appropriate, be included in Operating Expenses. If the cost of the anticipated expenditure is equal to or greater than $100,000, and despite such good faith efforts, Landlord and Tenant fail to reach agreement, Landlord shall not incur the expense unless it is required to (w) repair or maintain the Building to the extent necessary to meet repair and maintenance obligations consistent with a first class building imposed by Landlords' lenders, other tenants or Legal Requirements (provided that Landlord consults with Tenant prior to incurring any such expense and provides Tenant with a reasonable explanation describing the obligation giving rise to such expenditure, and expressly prohibiting any new capital improvements to the Building for the sole benefit of other tenants in the Building unless such costs are entirely excluded from Operating Expenses hereunder), (x) meet the minimum requirements of Laws (provided that if such Laws were in effect on the Delivery Date, such capital expenditure will not be included in Operating Expenses), (y) meet the requirements of insurance bodies, or (z) protect life or property, and Landlord shall not be deemed to be in breach of the Lease on account of such failure to incur the expense.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

"**Real Estate Taxes**" shall mean and include: (i) all general and special taxes, assessments, duties and levies, if any, of any kind which are assessed, levied, charged, confirmed or imposed by any public authority upon the Property, its operations or the rent provided for hereunder, which are payable (adjusted after protest or litigation, if any) for any part of the Term, including without limitation personal property taxes paid by Landlord with respect to equipment used in connection with the operation of the Building, exclusive of penalties or discounts, business improvement district charges (including special services districts), and any payments in lieu of taxes; and (ii) the reasonable expenses of contesting the amount or validity of any such taxes, charges or assessments, such expenses to be applicable to the period of the Term subject to such contest and, if an abatement or other reduction in Real Estate Taxes results from such contest, such expense to be capped at the amount by which taxes, charges or assessments are reduced as a result of such contest. Excluded from Real Estate Taxes shall be any capital levy, net income, estate, succession, inheritance, transfer sales and use, and franchise taxes payable by Landlord.

Landlord shall estimate the amount of Operating Expenses and Real Estate Taxes which may be payable hereunder. Said estimates shall be based upon careful and reasonable examination of all available economic data and projections. Landlord shall consult with Tenant before finalizing the Operating Expense budget for each year of the Term and shall periodically bid recurring contracts with an anticipated annual cost in excess of $10,000 (other than the property management contract). Tenant may request that any contract (other than the property management contract) with an anticipated annual cost in excess of $10,000 be bid, provided that Tenant shall not make such request with respect to any particular contract more often than once every two years. The amounts of said estimates shall be divided into equal monthly payments which shall be paid by Tenant in advance, along with Tenant's regular monthly payment of Fixed Rent. Should the actual amount of Operating Expenses and Real Estates Taxes provided for above be more or less than Landlord's estimate, then Tenant's monthly payment as aforesaid shall be adjusted to more nearly reflect the same. Landlord shall use commercially reasonable efforts to manage Operating Expenses efficiently, but Tenant acknowledges that Landlord has an obligation to maintain and operate the Building in a first class manner in accordance with this Lease.

Within thirty (30) days from the date Landlord presents each annual bill to Tenant for payments of Operating Expenses and Real Estate Taxes, Tenant will pay to Landlord in a lump sum that amount by which Tenant's actual Pro Rata Percentage exceeds the amount of Tenant's estimated payments theretofore. Should the amount of Tenant's estimated payments exceed Tenant's Pro Rata Percentage, then Landlord shall, at Landlord's option, either credit the amount of the overpayment to the payment of Additional Rent (and, if such credit is in excess of three months' Additional Rent, Fixed Rent) next coming due or within said thirty (30) day period refund such overpayment to Tenant. A certified bill (from the Building Manager) for Operating Expenses, accompanied by reasonable and satisfactory summary of expenses against the budget, and a real estate tax bill (or copy thereof) submitted by Landlord to Tenant shall be sufficient evidence of the amount of Operating Expenses and Real Estate Taxes with respect to the Property. Upon Tenant's request, Landlord shall provide Tenant with such additional back-up as is reasonably required with respect to such costs. Tenant's Pro Rata Percentage of any Operating Expenses and Real Estate Taxes in such payments hereunder shall be adjusted in the first and last

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

years of the Lease to take into consideration the fact that Tenant may only be in possession for a partial year. Notwithstanding anything herein to the contrary, in the event that any Operating Expenses are incurred solely for the benefit of any tenant (including Tenant) in the building, such Operating Expenses shall be allocated entirely to such tenant(s).

Tenant may, within one hundred and twenty (120) days after receiving Landlord's statement of Operating Expenses, give Landlord written notice ("**Review Notice**") that Tenant intends to review Landlord's records of the Operating Expenses for the applicable year of the Term. Within a reasonable time after receipt of the Review Notice (which period shall not exceed sixty (60) days), Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. Tenant may inspect the records at the office of Landlord or Landlord's property manager. If Tenant retains an agent to review Landlord's records, the agent must be with a licensed CPA firm. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit provided, however that if such audit should result in a reduction of three percent (3%) or greater in Tenant's liability for Operating Expenses, then Landlord shall reimburse Tenant for its reasonable out of pocket costs for such audit. Within sixty (60) days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "**Objection Notice**") stating in reasonable detail any objection to Landlord's statement of Operating Expenses for the applicable year of the Term. Tenant may give an Objection Notice based on its own review or that of an agent. Tenant may object to an individual component of Operating Expenses or Landlord's calculation on the whole. If Tenant fails to give Landlord an Objection Notice within the sixty (60) day period or fails to provide Landlord with a Review Notice within the one hundred and twenty (120) day period described above, Tenant shall be deemed to have approved Landlord's statement of Operating Expenses and shall be barred from raising any claims regarding the Operating Expenses for the applicable year of the Term. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that Operating Expenses for the applicable year of the Term are less than reported, Landlord shall provide Tenant at Landlord's option either a refund of the amount of overpayment or with a credit against the next installment of Additional Rent (and, if such credit is in excess of three months' Additional Rent, Fixed Rent) in the amount of any overpayment by Tenant. Likewise, if Landlord and Tenant determine that Operating Expenses for the applicable year of the Term are greater than reported, Tenant shall pay Landlord the amount of any underpayment within thirty (30) days. The records obtained by Tenant shall be treated as confidential. In no event shall Tenant be permitted to examine Landlord's records or to dispute any statement of Operating Expenses unless Tenant has paid and continues to pay all Fixed Annual Rent and Additional Rent when due.

Tenant shall pay for all ad valorem taxes on Tenant's Property and on the value of Alterations relating to the Premises, to the extent that same are (i) separately assessed and taxed and (ii) exceed standard building allowances.

If Landlord shall receive a refund of Real Estate Taxes for any period during the Term, then Landlord shall pay over to Tenant the Pro Rata Percentage of Real Estate Taxes paid by Tenant as set forth above, to the extent Tenant shall have borne any portion of such taxes so

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

refunded, after deducting from any such taxes so refunded the reasonable third party fees and expenses incurred by Landlord in obtaining such refund.

Landlord shall, upon the written request of Tenant, commence a proceeding for abatement of Real Estate Taxes, provided Landlord shall thereafter have the right to settle such proceeding for the benefit of tenants in its reasonable discretion. So long as Tenant is not in default of its obligations under this Lease beyond any applicable notice and cure periods and Tenant continues to pay its Pro Rata Percentage of Landlord's estimate of Real Estate Taxes pending a final determination of the amount of Real Estate Taxes, and if Landlord is not contesting the Real Estate Taxes pursuant to the immediately preceding sentence or otherwise, Tenant or its designees shall have the right to contest all such Real Estate Taxes by appropriate legal proceedings, (which, if instituted, Tenant or its designees shall conduct properly and promptly at its own cost and expense, in compliance with applicable Laws, and free of any expense to Landlord, and, if necessary, Landlord will cooperate with Tenant and shall execute all documents necessary to accomplish the foregoing). After deducting from any such taxes so refunded the reasonable third party fees and expenses incurred by Tenant in obtaining such refund, any proceeds of such abatement proceeding shall belong to Landlord, subject to the provisions of the immediately preceding paragraph.

6.2 **Payment of Additional Rent.** Any Additional Rent payable pursuant to Article 6 shall be collectable by Landlord in the same manner as Fixed Rent and Landlord shall have the same remedies for nonpayment thereof as Landlord has hereunder for non payment of Fixed Rent.

ARTICLE 7
INSURANCE

7.1 **Fire and Safety Rules and Regulations.** Tenant, at Tenant's expense, shall comply with all rules, regulations or requirements of the Connecticut Board of Fire Underwriters and the Connecticut Fire Insurance Rating Organization or any similar body applicable to the Premises. Tenant, at Tenant's expense, shall further comply with any and all reasonable safety recommendations of Landlord's or Tenant's insurance companies. Landlord shall comply with all rules, regulations or requirements of the Connecticut Board of Fire Underwriters and the Connecticut Fire Insurance Rating Organization or any similar body applicable to the common areas of the Building. Landlord shall further comply with any and all reasonable safety recommendation of Landlord's insurance companies with respect to the common areas of the Building. Landlord's costs and expenses in connection with the foregoing shall be deemed to be part of Operating Expenses payable under the provisions of this Lease.

7.2 **Increases in Fire Insurance Rates.** If by any reason of any act or omission of the part of Tenant, the rate of fire insurance with extended coverage on the Building or equipment or other property of Landlord located at the Property shall be higher than it otherwise would be, Tenant shall reimburse Landlord, on demand, for that part of the premiums for fire insurance and extended coverage paid by Landlord because of such act or omission on the part of

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

the Tenant. Landlord will include a provision in the leases of other tenants in the Building substantially similar to the provisions of this Section 7.2.

7.3 **Tenant's Insurance.** (a) Tenant shall obtain and keep in full force and effect during the Term, at its own cost and expense and in the following amounts or such greater amounts as Landlord or the holder of the Superior Mortgages may reasonably request, provided that such request may not be made more often than every four (4) years and such amounts or coverages must be comparable to those carried by tenants at similar buildings) for the benefit of and protecting Landlord, its property managers and the holder of the Superior Mortgages (i) ISO Simplified Commercial General Liability insurance (with contractual liability rider) against claims for bodily injury, death or property damage occurring to, upon or about the Premises. The limits of liability of such insurance shall be an amount of not less than (i) One Million and 00/100 Dollars ($1,000,000.00) per occurrence and Two Million and 00/100 Dollars ($2,000,000.00) in the aggregate for Bodily Injury including death; (ii) One Million and 00/100 Dollars ($1,000,000.00) per occurrence and Two Million and 00/100 Dollars ($2,000,000.00) in the aggregate for Property Damage Liability; and (iii) Fifteen Million and 00/100 Dollars ($15,000,000.00) of excess liability for Bodily Injury including death and Property Damage Liability, naming Landlord and the holder of the Superior Mortgage as additional insureds; and (ii) insurance against loss or damage by fire, and such other risks and hazards as are insurable under present and future standard forms of so-called "All Risk" insurance policies, to Tenant's Property for the full insurable value thereof, protecting Landlord, the holder of the Superior Mortgages, and Tenant as insureds as their respective interests may appear.

(2) Tenant shall obtain such other insurance in such amounts as may from time to time be reasonably required by Landlord against other insurable hazards which at the time are commonly and generally insured against by tenants having similar uses to Tenant's use, with due regard being given to the type of building, its location, construction, use and occupancy.

(3) Said insurance is to be written in form and substance reasonably satisfactory to Landlord by a good and solvent insurance company of recognized standing, admitted to do business in the State of Connecticut, which shall be reasonably satisfactory to Landlord and Superior Mortgagee but in all events such insurance company will have a claims paying ability rating of "A" or better by at least two rating agencies (one of which shall be S&P) and/or a general policy rating of "A" or better and a financial class of A or better by A.M. Best Company, Inc.. Tenant shall procure, maintain and place such insurance and pay all premiums and charges therefor and upon failure to do so and following ten (10) days' written notice Landlord may, but shall not be obligated to, procure, maintain and place such insurance or make such payments, and in such event Tenant agrees to pay the amount thereof, plus interest at the Default Rate, to Landlord on demand and said sums shall be in each instance collectable as Additional Rent on the first day of the month following the date of payment by Landlord. Tenant shall use reasonable efforts to cause the insurance certificates issued to Landlord from time to time to include a provision to the effect that the policies described therein will be not be canceled or terminated except upon thirty (30) days' prior written notice to Landlord, and in any event Tenant shall give Landlord at least thirty (30) days' prior written notice to Landlord prior to any such cancellation or termination. On the earlier to occur of the date Tenant enters onto the Premises or the Delivery Date, appropriate certificates or, if requested by Landlord, the

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

original or certified duplicate insurance policies shall be deposited with Landlord. Any renewals, replacements, or endorsements thereto shall also be deposited with Landlord prior to the expiration of the policies to make certain that said insurance shall be in full force and effect during the Term. Tenant's liability insurance shall be primary with respect to matters within the Premises.

7.4 **Landlord's Insurance.** The Landlord shall maintain (the cost of which shall be an Operating Expense):

(1) ISO Simplified Commercial General Liability Insurance. The limits of liability of such insurance shall be an amount not less than (i) One Million and 00/100 Dollars ($1,000,000.00) per occurrence and Two Million and 00/100 Dollars ($2,000,000) in aggregate for Bodily Injury including death; (ii) One Million and 00/100 Dollars ($1,000,000.00) per occurrence and Two Million and 00/100 Dollars ($2,000,000) in aggregate for Property Damage Liability; and (iii) Fifteen Million and 00/100 Dollars ($15,000,000.00) of excess liability for Bodily Injury including death and Property Damage Liability. combined single limit for Bodily Injury and Property Damage Liability. Such policies shall name Tenant as additional insured and include Contractual Liability coverage;

(2) Property insurance on the Building, the Premises and the Common Areas insuring the full replacement value thereof, on a so-called "All Risk" basis and shall include, but not be limited to, fire and extended coverage perils. The property to be insured by the Landlord shall also include all improvements made by Landlord to the Premises;

(3) If applicable, Boiler and Machinery coverage in an amount that is adequate for the exposure at risk.

(4) Landlord shall maintain a pollution limited liability policy issued by Zurich Insurance or another issuer reasonably approved by Tenant, substantially in the form that has been previously provided to Tenant, commencing on a period beginning no later than the Start Date and continuing for the duration of the applicable policy period and Tenant shall be identified as an additional insured thereon (such policy being referred to herein as the "**Environmental Policy**").

(5) Landlord may carry such other reasonable insurance coverages in such amounts as Landlord reasonably determines is necessary or as is required by any Mortgagee provided they are commonly carried by similar landlords of similar buildings in the area, and may carry such coverages as are required by the Title Documents. Landlord may use blanket or excess umbrella coverage to satisfy any of the requirements of this Section 7.4. Landlord's liability insurance shall be primary with respect to all matters occurring in the common areas of the Property.

7.5 **Waiver of Subrogation.** Each party agrees to include in each of its fire and extended coverage insurance policies (insuring the Building and Landlord's property therein, in the case of Landlord, and insuring Tenant's Property and business interest in the Premises, in the

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

case of Tenant, against loss, damage or destruction by fire or other casualty) a waiver of the insurer's right of subrogation against the other party, provided such waiver shall be obtainable without additional charge, unless the other party shall agree in writing to pay the insurer's additional charge therefor. The certificate thereof delivered to Landlord shall include reference to the waiver of subrogation referred to above.

ARTICLE 8
COMPLIANCE WITH LAWS

8.1 **Future Laws.** The Tenant agrees that its obligations to make payment of the Fixed Rent, Additional Rent and all other charges on its part to be paid, and to perform all of the covenants and agreements on its part to be performed during the Term hereunder shall not, except as herein set forth in the event of condemnation by public authority, be affected by any present or future law, by-law, ordinance, code, rule, regulation, order or other lawful requirement regulating or affecting the use which may be made of the Premises.

8.2 **Landlord's Compliance with Laws.** Landlord shall comply with all Laws (excluding those relating to Tenant's specific manner of use of the Premises, including without limitation any Alterations) or appurtenances or any part thereof as enforced by the applicable Governmental Authority. Without limiting the generality of the foregoing, Landlord shall, in performing Landlord Work and in construction and operation of the common areas by Landlord, comply with Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (the "**ADAAG**"). Except for the Landlord Work to be performed under Article 3 of this Lease and Laws in effect on the Delivery Date, the expenses incurred by Landlord under this Paragraph shall be deemed Operating Expenses under Paragraph 6 of the Lease.

8.3 **Tenant's Compliance with Laws.** During the Term the Tenant shall comply, at its own cost and expense, with: all Laws (including, without limitation, the ADAAG) of the Governmental Authorities having jurisdiction, which are applicable to, or by reason of, the Tenant's particular manner of use of the Premises (including without limitation any Alterations) or the fixtures and equipment therein and thereon; the orders, rules and regulations of the National Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, which may be applicable to Tenant's particular use of the Premises, the fixtures and equipment therein or thereon or the use thereof; and the requirements of all policies of public liability, fire and all other types of insurance at any time in force with respect to the Premises or the Property and the fixtures and equipment therein and thereon (provided the Tenant has been given notice of the requirements of such policies).

8.4 **Emergency Evacuation Drills.** In connection with the operation by Tenant of its business, it is necessary that Tenant conduct emergency evacuation drills. Landlord shall coordinate and cooperate with Tenant in the conduct of such drills, and shall use reasonable efforts to cause any other tenants in the Building to conduct drills in conjunction and cooperatively with each other. Tenant agrees that it shall cooperate with Landlord in connection with the conduct of such drills. Landlord shall, at its sole cost and expense, coordinate emergency evacuation drills as may be required by the local fire marshal, to the extent required

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

by Laws in addition to those undertaken by Tenant. Tenant shall have the right to perform its own emergency evacuation drills within its Premises in its own discretion and without Landlord cooperation at any time.

8.5 **Tenant May Contest Application of Laws**. Tenant or its designees shall have the right, in good faith, to contest or review the applicability or scope of the application of Laws as they affect the Building (unless Landlord is contesting or reviewing the same), the Premises or the Tenant's operations therein by appropriate legal proceedings, (which, if instituted, Tenant or its designees shall conduct properly and promptly at its own cost and expense, and free of any expense to Landlord, and, if necessary, Landlord will use commercially reasonable efforts to cooperate with Tenant (at no cost to Landlord), provided that: (i) Tenant shall agree to indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord harmless from and against any and all liability, costs, damages, or expenses arising in connection with the matters subject to such contest, (ii) Tenant shall promptly cure any violation in the event that it exhausts all available appeals without success, and (iii) Tenant shall certify to Landlord's reasonable satisfaction that Tenant's decision to delay such cure shall not result in any actual or threatened bodily injury or property damage. Notwithstanding the foregoing, Tenant shall promptly comply with any and all Laws if at any time the Building or any part thereof shall then be immediately subject to forfeiture, or if Landlord or Tenant shall be subject to any civil or criminal liability or penalty arising out of any non-compliance or claimed non-compliance, or if failure to comply may result in a lien being placed against the Premises.

ARTICLE 9
ALTERATIONS; IMPROVEMENTS

9.1 **Alterations.** Tenant shall make no changes, improvements, additions, installations or alterations (collectively, "**Alterations**", which shall include the Finish Work) in or to the Premises of any nature without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned (provided that Tenant may make interior, non-structural Alterations which do not affect the building systems (including the heating, ventilating and air conditioning systems, plumbing, electrical and mechanical systems) or the roof and which cost less than $100,000.00 without the Landlord's consent), provided that (i) Tenant delivers plans and specifications to Landlord for such Alterations; (ii) Tenant otherwise complies with the provisions of Section 9.2 below; (iii) Landlord's engineer and/or architect reviews and approves, which approval shall not be unreasonably withheld, conditioned or delayed, all plans and specifications for and inspects the Alterations that affect the Building systems (including the heating, ventilating and air conditioning systems, plumbing, electrical and mechanical systems) or the roof; (iv) Tenant's architects and engineers involved in the preparation of the plans provide Landlord with a certification that such plans comply with all applicable Laws and that the Alterations, as constructed, will not overload or overburden Building systems, and (v) the same are conducted in accordance with the terms of Superior Mortgages. Tenant shall provide Landlord notice of Alterations that do not require Landlord approval within thirty (30) days of completion of such Alterations (the "**Alteration Notice**"). The Finish Work, except for demountable walls, shall remain upon and be surrendered with the Premises. All fixtures, partitions (other than demountable walls) and items of personal property

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

that are permanently affixed to the Premises or the Building systems, railings and like installations, installed in the Premises at any time, either by Tenant or by Landlord, such that removal of the same shall cause more than a de minimis amount of damage to the Premises or Building ("**Fixtures**") shall remain upon and be surrendered with the Premises. It shall be reasonable for Landlord to condition its consent to any specialty Alteration (other than Finish Work) not customarily found in multi-tenant Class A laboratory and office buildings (such as vaults, raised computer floors, internal stair cases, and the like) (collectively, "**Specialty Alterations**") upon the removal of the same prior to the expiration or earlier termination of the Term if Landlord, at the time it consents to any such Specialty Alteration or, in connection with Alterations that do not require Landlord consent, within thirty (30) days of receipt of the Alteration Notice, elects in writing to have such Specialty Alterations removed by Tenant. Landlord agrees that Tenant may remove the Tenant's Property, including items described on **Exhibit 1.6** (and enhancements to and replacements of such items as shall be identified by Tenant to Landlord) at any time prior the expiration or termination of the Lease and Tenant agrees that it shall remove the same no later than the expiration or termination of the Lease. Nothing in this Section shall be construed to prevent Tenant's removal of Tenant's Property, but upon removal of any Tenant's Property from the Premises or upon removal of Specialty Alterations as may be required by Landlord, Tenant shall immediately, and at its expense, repair and restore the Premises to the condition existing prior to installation and repair any damage to the Premises or the Building due to such removal. All property permitted or required by the terms of this Lease to be removed from the Premises at the end of the Term remaining in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the Premises by Landlord at Tenant's expense. Except as expressly set forth in this Section 9.1, Tenant shall have no obligation to remove any Alterations made to the Premises by Tenant at the expiration or earlier termination of the Term. Tenant shall not install any art works in the Premises that are subject to The Visual Artists Rights Act of 1990 (17 U.S.C. § 106A) unless Tenant obtains a written waiver for the benefit of Landlord permitting the Landlord to remove the same at the expiration or earlier termination of the term on terms and conditions reasonably satisfactory to Landlord.

Tenant shall, before making any Alterations, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and subcontractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may reasonably require. Notwithstanding anything in this Lease to the contrary Tenant shall, unless Landlord in the exercise of its sole discretion otherwise permits Tenant to use its contractors, use Landlord's contractors in connection with any work involving tie-ins to building systems or roof penetrations and, if Tenant does not then hold at least fifty million US dollars ($50,000,000) in cash or cash equivalents, and if the cost of such Alterations exceeds $500,000, Tenant shall also obtain and maintain such bonds or other assurances of satisfactory completion and payment as Landlord may reasonably require, in each case for the benefit of Landlord. As permitted by Law, Tenant agrees to obtain and deliver to Landlord written and unconditional waivers or subordinations of mechanic's liens upon the Property for all work, labor and services to be performed and all materials to be furnished in

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

connection with such work and certificates of full payment, signed by all contractors, sub contractors materialmen and laborers to become involved in such work. Notwithstanding the foregoing, if any mechanic's lien is filed against the Premises or the Property for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this Article, the same shall be discharged by Tenant within twenty (20) days of notice thereof, at Tenant's expense, by filing the bond required by Law or by paying the claim or by any other means permitted by Laws. Following the completion of any Alterations, Tenant shall provide Landlord with a marked-up set of as-built plans for the applicable Alterations promptly upon receipt from Tenant's contractor and, if requested by Landlord and at Landlord's sole cost and expense, a record set of the plans for the applicable Alterations certified by Tenant's architect or contractor in Autocad format (or such other format reasonably required by Landlord and customarily available in the industry) and shall provide Landlord with an assignment of any warranties and guaranties received by Tenant with respect to such Alterations.

ARTICLE 10
REPAIRS

10.1 **Tenant's Obligations.** Tenant shall take care of the Premises and any fixtures, appurtenances, systems, or facilities exclusively serving the same, wherever located in the Building (whether or not part of the Landlord Work or Finish Work) and, at Tenant's sole cost and expense, shall (i) make all repairs and replacements, as and when needed to preserve the Premises in good working order and condition, whether ordinary or extraordinary, foreseen or unforeseen, except that Tenant shall not be required to make any structural repairs or structural replacements to the Premises unless necessitated or occasioned by the acts, omissions or negligence of Tenant, or any of its servants, employees, contractors, agents, visitors, invitees, or licensees, or by the use or occupancy or manner of use or occupancy of the Premises by Tenant or any such person; and (ii) provide for janitorial and rubbish removal services for the Premises and keep and maintain the Premises, clean and free of debris. Landlord shall provide Tenant access twenty-four hours per day, seven days per week to any fixtures, appurtenances, systems, or facilities serving the Premises but not located in the Premises, subject to the terms of other tenant leases, the Rules and Regulations, and Landlord's reasonable security measures.

10.2 **Landlord's Obligations.** Landlord shall keep and maintain the foundation, footings, roof and roof membrane system, structural columns, floor slabs, curtain and exterior walls, and mechanical and utility systems of the Building that serve all tenants (i.e. other than those exclusively serving the Premises) and the common areas in good working order, condition and repair in a manner consistent with similar first class buildings in the City of New Haven and shall make all repairs, structural and otherwise, interior and exterior, as and when needed, the costs of which shall be included in the Operating Expenses, except for (i) those repairs for which Tenant is responsible pursuant to any other provision, including but not limited to Section 10.1 above, or (ii) repairs to Tenant's Property provided, however, that Landlord shall have no obligation or liability for repairs in the Premises until receipt of written notice from Tenant specifying the repairs required.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

10.3 **Tenant's Contact Person.** Tenant shall, at all times, designate a contact person(s) having availability 24 hours a day, 7 days a week, to (i) provide Landlord with access to the Premises in the event of an emergency; and (ii) respond to alarms.

ARTICLE 11
UTILITIES AND SERVICES

11.1 **Landlord Services.** Landlord shall furnish the services described on **Exhibit 11.1** to the Premises and/or Building, as applicable.

11.2 **Electricity.** (a) From and after the Delivery Date, Tenant shall pay for all electricity, gas, water and all other utilities used or consumed by Tenant, as Additional Rent.

(2) Tenant shall pay for its electrical use based on check-meters installed as part of the Finish Work. Additional Rent for electricity shall be invoiced by Landlord based on Landlord's readings of check meters serving the Premises or, if not check metered at any time during the Term, based on Tenant's usage of such utilities which shall be reasonably estimated by Landlord's Building engineer. Additional Rent for electricity may be estimated monthly by Landlord, based upon the reasonable estimate of Landlord's engineer, and shall be paid monthly by Tenant as billed with a final accounting based upon actual bills following the conclusion of each Lease Year. The cost of electricity shall be determined with no mark-up on the basis of the rate charged for such load and usage in the service classification in effect from time to time pursuant to which Landlord then purchased electric current for the entire Building. If Landlord charges Tenant for electricity on an estimated basis, then such charges shall be reconciled with the actual costs annually thereafter. Any such estimate may be adjusted, if necessary, from time to time by Landlord, to appropriately reflect the cost of electricity delivered to and consumed at the Premises. In the event that Tenant disputes Landlord's Building engineer's estimate of Tenant's usage, Landlord's estimates of Landlord's usage or the cost of electricity charged by Landlord in writing within thirty (30) days following Tenant's receipt of the same, Tenant and Landlord shall cooperate to resolve such dispute. In the event Landlord and Tenant cannot resolve such dispute within thirty (30) days, such dispute shall be submitted to arbitration. The parties shall direct the Connecticut office of the AAA (or, if none, the nearest AAA office responsible for case management in Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within ten (10) days of appointment, the arbitrator shall determine Tenant's and/or Landlord's electricity usage and/or applicable charges. The arbitrator's decision shall be final and binding on the parties.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(3) Tenant's use of any utility service or Building system shall not exceed the Building standards set forth on **Exhibit 11.1**. If Tenant requests permission to consume excess utility services, Landlord may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, additional submeters, air handlers or cooling units), and the additional usage, installation and maintenance costs shall be paid by Tenant. Electrical service to the Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. Landlord shall have the exclusive right to select any company providing electrical service to the Premises, to aggregate the electrical service for the Property and Premises with other building, to purchase electricity through a broker and/or buyers group and to change the providers and manner of purchasing electricity; provided, however, that Landlord shall maintain compliance with any energy contracts, governmental or quasi-governmental programs governing the same or governmental or quasi-governmental grants affecting the same to which Landlord, or, to the extent Landlord has prior actual knowledge of such contracts or programs, Tenant is a party. In the event that Tenant's use of any utility service exceeds the Building standards set forth on **Exhibit 11.1** and Tenant does not decrease such use within ten (10) days of receipt of notice from Landlord of such excessive use, then Landlord may, at Tenant's sole cost and expense, undertake any upgrades to the utility service or Building systems servicing the Premises reasonably necessary to address such overburdening and Tenant shall pay, as Additional Rent, the cost of any such excess service or system within thirty (30) days after invoice.

(4) If either the quantity or character of utility service is changed by the public utility corporation supplying such service to the Building or the Premises or is no longer available or suitable for Tenant's requirements, no such change, unavailability or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or Landlord's agents unless due to the gross negligence or willful misconduct of Landlord or Landlord's agents.

11.3 **Water.** (a) Tenant shall pay for all water consumed or utilized at the Premises. Tenant shall install a water meter or submeter and thereby measure Tenant's consumption of water for all purposes as part of the Finish Work. Tenant, at Tenant's sole cost and expense, shall keep any such meter or submeter and any such installation equipment in good working order and repair. Tenant shall pay for water consumed as shown on said meter or submeter and sewer charges thereon as Additional Rent, as and when bills are rendered, or, if not check metered at any time during the Term, based on the reasonable estimate of Tenant's usage of such utilities by Landlord's Building engineer. Additional Rent for water use may be estimated monthly by Landlord, based upon the reasonable estimate of Landlord's engineer, and shall be paid monthly by Tenant as billed with a final accounting based upon actual bills following the conclusion of each Lease Year. The cost of water shall be determined without mark-up by Landlord. If Landlord charges Tenant for water on an estimated basis, then such charges shall be reconciled

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

with the actual costs annually thereafter. Any such estimate may be adjusted, if necessary, from time to time by Landlord, to appropriately reflect the cost of water delivered to and consumed at the Premises. In the event that Tenant disputes Landlord's Building engineer's estimate of Tenant's usage, Landlord's estimates of Landlord's usage or the water or sewer charges charged by Landlord in writing within thirty (30) days following Tenant's receipt of the same, Tenant and Landlord shall cooperate to resolve such dispute. In the event Landlord and Tenant cannot resolve such dispute within thirty (30) days, such dispute shall be submitted to arbitration. The parties shall direct the Connecticut office of the AAA (or, if none, the nearest AAA office responsible for case management in Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within ten (10) days of appointment, the arbitrator shall determine Tenant's water usage and water and sewer charges. The arbitrator's decision shall be final and binding on the parties.

(2) Tenant agrees that (i) all waste water discharged from the Premises, including from laboratories, shall be free of all Hazardous Materials other than those Tenant is permitted to discharge pursuant to applicable Laws and/or valid permits into the Building's sanitary sewer system; and (ii) it shall collect all Hazardous Materials into appropriate hazardous waste storage receptacles supplied by Tenant and discard the same in accordance with applicable Laws and shall not dispose of the same through the Building's plumbing system, unless, and only to the extent, Tenant is permitted to do so by Law and/or valid permits.

11.4 **Utilities.** Tenant shall pay for any other utility charges that are the responsibility of Tenant hereunder either based on check-meters installed as part of the Finish Work (in which case such charges shall be reconciled in the manner set forth above with respect to electricity) or shall pay such costs directly to the provider therefor based on separate metering installed and maintained by Tenant. Any utility costs payable by Tenant under this paragraph shall be treated as Additional Rent for the purposes of this Lease.

11.5 **Landlord Repairs.** Landlord reserves the right to stop the service of the air conditioning, elevator, plumbing, electrical, sanitary mechanical or other service or utility systems of the Building when necessary by reason of accident or emergency, or mechanical breakdown, or requirement of Laws or any cause beyond Landlord's reasonable control or, after notice to Tenant, for repairs, alterations, replacements or improvements, which in the judgment of Landlord, are desirable or necessary. Except in the event of an emergency or systems failure caused by an accident or other cause beyond Landlord's reasonable control, Landlord shall use commercially reasonable efforts to give Tenant as much prior notice as possible prior to the stoppage and to minimize interference and disruption to Tenant's business. Any routine repairs, alterations, replacements or improvements that could reasonably be expected to cause system shutdown shall be made outside of normal business hours to the extent practicable.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

11.6 **Service Interruptions.** The Landlord shall not be required to provide heat, air conditioning, or ventilation to the Premises if any action of the Tenant, or any force majeure event as defined in Section 32.1, makes it impossible for the Landlord reasonably to do so. Further, Landlord shall not be liable for the interruption, curtailment, stoppage or suspension of services and utilities when necessary by reason of accident or emergency or suspension of utility services or when necessary for repairs, alterations, replacements or improvements desirable or necessary in the reasonable judgment of Landlord or for any cause beyond the reasonable control of Landlord. Landlord shall use commercially reasonable efforts to restore services after an interruption shall occur. In the event of any such interruption, curtailment, stoppage or suspension, there shall be no diminution or abatement of rent, additional rent or other charges due from Tenant to Landlord hereunder, Tenant's obligations hereunder shall not be affected or reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage or suspension. Notwithstanding anything to the contrary contained in this Section 11.6, in the event there shall be an interruption, curtailment or a suspension of a building system or a latent defect in the Landlord Work of which Landlord has notice prior to the expiration of the initial term of the Lease ("**Service Interruption**") and (i) if such Service Interruption shall continue for more than five (5) consecutive business days (except in the event of an interruption caused by events described in Article 32, in which case it shall be ten (10) consecutive business days); and (ii) such Service Interruption shall materially impair the operation of Tenant's business in the Premises, rendering all or any material part of the Premises inaccessible or untentantable and, where applicable, Tenant's generator (if any) has not functioned in a manner that would permit Tenant to continue to operate in all or a material portion of the Premises and (iii) such Service Interruption has not been caused by the public utility servicing or supplying the Building, by an act of Tenant or Tenant's servants, employees or contractors or anyone claiming by through or under Tenant, by fire or other casualty (the occurrence of which is governed by Article 12), then as Tenant's sole remedy in connection with such Service Interruption, Tenant shall be entitled to an abatement of Fixed Rent and Additional Rent for Operating Expenses and Real Estate Taxes (based on the square footage of the Premises subject to the Service Interruption) beginning on the sixth or 11th, as applicable, consecutive business day of such Service Interruption and ending on the date such Service Interruption ceases. Where used in this Lease, the term "**business day**" shall mean Monday through Friday other than state and Federal holidays on which banks in the City of New Haven are not open for business.

11.7 **Parking.** Tenant shall have the non exclusive right to use its Pro Rata Percentage (which shall be no fewer than 630 spaces, subject to the provisions of Articles 12, 13 and 42) of the 850 parking spaces located in the parking garage at the Building (the "**Garage**") and the right together with the other tenants and occupants of the Building and others entitled thereto, and its and their employees, agents, and invitees, to use any driveways appurtenant thereto for the purposes of egress and ingress, parking of vehicles for itself, its customers, and employees in connection with and incidental to the business conducted by Tenant in the Premises. Landlord shall maintain, or cause to be maintained, the Garage in a first-class manner. Tenant's parking spaces shall be located on the fourth through the ninth floors of the Garage, and shall be reserved for Tenant's use except as expressly provided in this Section 11.7. Tenant shall pay for parking passes for each of such spaces (whether or not so used) at the following rate (the "**Parking Rent**"):

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Period	Per Space
Lease Years 1-3	$[*]
Lease Years 4-6	$[*]
Lease Years 7-9	$[*]
Lease Year 10- Expiration Date	$[*]

Parking Rent for the Extension Term is as set forth on Exhibit 4.1, attached.

Such payments shall constitute Additional Rent for purposes of the Lease. Payments under this Section shall be made at the places and times and subject to the conditions specified for payments of Fixed Rent or at such other places and times as Landlord shall specify in writing, which may include paying the applicable amounts to the parking garage operator. To the extent applicable to Tenant's use of the parking spaces, the provisions of the Lease shall apply, including the Rules and Regulations.

Notwithstanding anything to the contrary herein, Tenant shall have the right to freely sublease (but not assign) its rights to use such parking spaces (other than to other tenants or tenants with whom Landlord is negotiating for premises in the Building prior to such time as the Building is 100% occupied). Tenant shall not be deemed to be in default on account of the sublet or assignment of parking spaces to a prospective tenant with whom Landlord is negotiating for premises in the Building if Tenant is not on notice of such negotiations, but shall promptly terminate the applicable parking space arrangements thereafter upon notice from Landlord. Furthermore, Tenant shall have the option to lease additional parking spaces then available on a month-to-month basis and otherwise on the terms and conditions set forth herein by at least thirty (30) days' prior written notice to Landlord, subject and subordinate to the rights of other tenants in the Building. In the event that Tenant leases more than its Pro Rata Percentage of parking spaces in the Garage and Landlord requires additional spaces to provide spaces to another tenant in the Building, provided that such tenant shall not be entitled to more than its pro rata percentage of parking spaces in the Garage, Tenant agrees to release such spaces upon sixty (60) days' prior written notice provided that in no event shall Tenant's total number of spaces be less than its Pro Rata Percentage at any time. Landlord may employ so-called stacked or valet parking within the Garage (but not to achieve its parking obligations under this Lease), but any use of valet parking cannot take place between the hours of 6:00 a.m. and 10:00 a.m. and must be pursuant to reasonable written protocols agreed upon between Landlord and Tenant). No person using the Garage by, through or under Tenant's rights hereunder shall be obligated to use valet parking and shall be provided the opportunity to self-park at all times. Landlord may assign all or any of its obligations under this Section 11.7 to a parking garage operator.

Tenant acknowledges that during the first five years following the opening of the Garage for use, Landlord is obligated to provide certain public access to the Garage for use on weekday evenings after 6 p.m. pursuant to the Title Documents and the parties shall cooperate as reasonably required to accommodate such access (including, without limitation, by instituting

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

similar arrangements to those described in clauses (ii) (without regard for the limitation to 50% of Tenant's spaces on the lower floors), (iii) and (iv) below, where appropriate and applicable). Any use of Tenant's parking spaces by the public pursuant to the immediately preceding sentence shall be limited to transient use of no greater than 12 hours (and in any event out by 6 a.m.), shall be managed by Landlord in a manner to first allocate such public use to other portions of the Garage not designated for use by Tenant, and shall be prohibited with respect to spaces that are in fact then being used by Tenant (or, for up to 50% of Tenant's parking, designated by Tenant for after hours utilization in writing to Landlord when such utilization is reasonably likely to occur in Tenant's judgment). Following such five year period, subject to Landlord's obtaining Tenant's prior written approval (which approval shall be in Tenant's sole discretion), Landlord may continue such use in the Garage for the benefit of the general public by lease (terminable on 30 days notice) or otherwise on a transient basis (any such use, a "Public Parking Arrangement") so long as (i) the Premises does not consist of the entire Building, (ii) Landlord and Tenant agree on a mutually acceptable operating protocol for such use (which shall provide that in no event shall such use include more than fifty percent (50%) of Tenant's parking spaces located on the lowest floors of the Garage available to Tenant pursuant to this Section 11.7, and shall require any such parkers to be in after 6 p.m. and out by 6 a.m. or such other times as the parties may reasonably agree), (iii) Landlord pays for the installation and maintenance of any parking control measures necessary to enforce such protocols, which shall include the installation of a retractable parking gate prior to Tenant's occupancy of the Premises for business use to provide controlled access to the top three floors of Tenant's initial parking areas, (iv) Landlord pays to Tenant twenty-five percent (25%) of any parking receipts generated from use of Tenant's parking in excess of Landlord's reasonable third party costs to operate and manage the same (Landlord agreeing to operate such parking by use of a third party manager such as Pro Park or equivalent), and (v) subject to Tenant's right to terminate such use upon thirty (30) days' prior written notice if such use interferes with Tenant's then-business use of the Garage spaces. If Tenant denies Landlord's request to have a Public Parking Arrangement after the initial five year period or subsequently terminates a Public Parking Arrangement pursuant to clause (v) of the preceding sentence, then Tenant shall reimburse Landlord for the unamortized reasonable third party costs (amortized on a straight line basis over the then-remaining balance of the term of this Lease with no interest) incurred by Landlord to install any new control measures referenced in the immediately preceding clause (iii), above, including without limitation the retractable parking gate. Landlord and Tenant shall enter into a separate written agreement evidencing any Public Parking Arrangement instituted pursuant to this Section 11.7 prior to Landlord commencing such use. Any public use of the Garage pursuant to this paragraph shall be first satisfied out of the first through third floors of the Garage (i.e. the lowest three floors).

Tenant shall comply with the terms of the Parking Demand Management plan to be entered into by Landlord and shall cooperate with Landlord as reasonably required in fulfilling any reporting obligations therein, provided that such plan does not increase Tenant's obligations by more than a de minimis amount or unreasonably and adversely affect Tenant's use of the Premises and/or the Garage without Tenant's written consent (not to be unreasonably withheld, conditioned or delayed). Tenant agrees that the covenants described on **Exhibit 11.7**, attached, if contained in the plan, would not violate the terms of the immediately preceding sentence.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

11.8 **Additional Landlord Services.** Landlord agrees, in a first-class manner, to (a) maintain a central security system and fire alarm system to the Building with twenty-four (24)-hour monitoring capabilities, which security system may be through the installation and maintenance of a card access system (Tenant shall be able to access the Premises and Garage twenty-four (24) hours a day, seven (7) days a week, subject to Landlord's reasonable security measures, casualty and condemnation); (b) maintain and repair the Garage, the parking areas, driveways, curbs and sidewalks on the Property (other than those portions of the sidewalks and driveways maintained by the City), (c) to keep the surface of the parking area, driveways and sidewalks located on the Property reasonably free from snow, ice, dirt and rubbish and (d) to insure, protect and maintain the common areas located on the Property, whether or not sheltered, including the maintenance of shrubbery and grass areas in and around the Building; (e) maintain a back-up generator to provide power for emergency services to the Building; and (f) at all times designate a contact person(s) having availability twenty-four (24) hours a day seven (7) days a week to respond to Tenant in the event of an emergency. Landlord's expense in performing such obligations shall be part of the Operating Expenses as provided in Article 6. Tenant shall, at Tenant's sole election, cost and expense, install, maintain, repair and operate any back-up generator necessary or desirable for the conduct of its operations. Any such generator shall be located outside the Premises in a location mutually acceptable to Tenant and Landlord, each acting reasonably. Tenant shall maintain and operate such generator in good operating condition, in compliance with the provisions of this Lease, in substantial conformance with all manufacturer's operating manuals and warranties, and in accordance with Laws. The installation of such generator shall be subject to Landlord's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed, of the plans and specifications associated with such installation and such generator. Tenant shall pay the reasonable costs and expense of third-party consultants reasonably designated by Landlord in connection with the review and approval of such installation plans. Tenant shall be responsible for obtaining any permits and approvals necessary for the installation and maintenance of such generator at its sole cost and expense.

Tenant shall be solely responsible, at Tenant's sole cost and expense, to provide any security measures that Tenant requires within, and at the entries to, the Premises including, without limitation, its own contract security force within the Premises. Tenant shall provide Landlord with a written description of its security plan upon reasonable written request from Landlord, outlining Tenant's security measures to the extent applicable to visitors, guests, and others entitled to access the Premises (Landlord having no obligation to comply with aspects of such security plan of which it has no prior notice). Tenant's security plan shall include the designation of a person or persons who shall be on the Premises twenty-four (24) hours a day, seven (7) days a week respond to Building emergencies (Landlord acknowledging that such person may be a third-party contractor or designee thereof) or another protocol reasonably agreed upon by Landlord to accommodate access to the Premises in the event of an emergency.

Landlord shall develop jointly with Tenant and subject to Tenant approval, such approval not to be unreasonably withheld, conditioned or delayed, a commercially reasonable security and operations plan including, without limitation, an electronic access system, electronic security system and video surveillance system and establishment of guard coverage in the Garage and common areas of the Building (collectively, the "**Security Plan**") for the exterior perimeter and common areas of the Building and the Garage, which Security Plan shall take into account any

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

rights of others under the Title Documents and any rights of the public, generally. If Tenant or any other tenant of the Building requires security services outside of the Premises that are in excess of security services typically procured for Class A laboratory space in the general Cambridge, Massachusetts area (the parties acknowledging that, as of the date of the Lease, the general Cambridge, Massachusetts area represents the appropriate standard of comparison notwithstanding that the Property is located in Connecticut) or are in excess of security services required by any other tenants in the Building, the costs attributable to such increased services will be allocated entirely to Tenant or such other tenant, as applicable. Landlord shall provide for security to the Property in accordance with the Security Plan. Notwithstanding the fact that Landlord provides security services at the Property at any time during the Term, to the extent permitted by applicable Law, Landlord shall not be deemed to owe Tenant, or any person claiming by, through or under Tenant, any special duty or standard of care as a result of Landlord's provision of such security services other than the duty or standard of care that would have applied without such services and in no event shall Landlord be responsible for the efficacy of any such security measures provided, however, that at all times Landlord shall be liable for its gross negligence and willful misconduct. Tenant acknowledges that the general public will have the right to use certain open spaces on the Property pursuant to the Title Documents and that the Security Plan shall take such use into account.

11.9 **Property Management.** Landlord shall operate the Property in a first class manner consistent with Class A laboratory space in the greater Cambridge, Massachusetts area. Landlord agrees that, during the first twelve (12) months following the Rent Commencement Date, it shall not terminate or replace the company providing property/facilities management to the Building unless for cause.

ARTICLE 12
DAMAGE TO OR DESTRUCTION OF THE PREMISES

12.1 **Landlord's Obligation to Repair and Replace.** Except as provided below, in the event of partial or total destruction of the Premises during the Term by fire or other casualty, the Landlord shall, as promptly as practicable after receipt of any insurance proceeds available as a result of such casualty, repair, reconstruct or replace the portions of the Premises destroyed as nearly as possible to their condition prior to such destruction, except that in no event shall the Landlord be obligated to expend more for such repair, reconstruction or replacement than the amounts of any such insurance proceeds actually received. Commencing on the date of such casualty and during the period of such repair, reconstruction and replacement there shall be an equitable abatement of Fixed Rent hereunder from the date of such casualty in proportion to the loss of usable floor area in the Premises.

12.2 **Extensive Damage.** If (i) the Building is so extensively destroyed by fire or other casualty that an independent general contractor reasonably selected by Landlord estimates that the Premises cannot reasonably be expected to be susceptible of repair, reconstruction or replacement within a period of 18 months from the Deemed Start Date (as defined below) and if the damage shall materially and adversely interfere with the conduct of Tenant's business; or (ii) any damage results from causes or risks not required to be insured against by the Landlord hereunder and Landlord does not agree to fund the uninsured cost of restoration; or (iii) any

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

holder of a Superior Mortgage refuses to promptly make such net proceeds available for such repair, reconstruction or replacement; or (iv) a casualty occurs during the last two (2) years of the Term and an independent engineer or architect certifies that the Premises cannot reasonably be expected to be susceptible to repair, reconstruction or replacement within one-half of the then-remaining Term following the Deemed Start Date, then either of the Landlord or Tenant may terminate this Lease by giving written notice to the other within sixty (60) days after the date of such destruction. Following any fire or casualty damaging the Building, Landlord shall provide Tenant with the estimated restoration period (the "Restoration Estimate") as determined by the independent general contractor chosen by Landlord. Provided further, that if, despite diligent efforts, the Landlord has been unable to substantially complete the restoration the Premises to their condition prior to such destruction within the longer of 18 months or the period set forth in the Restoration Estimate, plus an additional contingency period equal to 10% of the Restoration Estimate, then (y) Tenant may terminate this Lease by giving Landlord thirty (30) days' prior written notice, unless Landlord substantially completes the repair and restoration work within said thirty (30) day period or performs a sufficient amount of work so that it appears likely that Landlord will complete restoration within the applicable period, in which event the termination notice shall be null and void; or (z) Landlord may terminate this Lease by written notice to the Tenant. In the event of any such notice of termination, this Lease shall terminate as of, and Fixed Rent and Additional Rent shall be appropriately apportioned through and abated from and after, the date of such notice of termination. The "**Deemed Start Date**" shall mean the earlier to occur of the (i) date work on rebuilding or restoration actually commences; or (ii) date which is ninety (90) days after the date of the casualty, provided, however, if arson or another criminal investigation concerning the origins of the casualty is pending, then the Deemed Start Date shall mean the date work actually commences.

12.3 **Landlord's Obligations in Event of Casualty.** Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage by fire or other casualty or the repair thereof. Landlord will not carry insurance of any kind on Tenant's Property or any Alterations (except as otherwise expressly provided pursuant to Section 7.4(b) of the Lease), and Landlord shall not be obligated to repair any damage thereto or replace the same, the restoration of which shall be the responsibility of Tenant promptly following Landlord's completion of its restoration obligations hereunder.

ARTICLE 13
EMINENT DOMAIN

13.1 **Condemnation of More than Twenty-Five Percent.** If more than twenty-five percent (25%) of the usable floor area of the Premises, or more than thirty-three percent (33%) of the Garage (unless Landlord elects to provide Tenant with alternate parking spaces within one-half mile of the Garage) shall be taken by eminent domain or appropriated by public authority or if the Tenant shall be permanently deprived of all reasonable vehicular or pedestrian access to the Premises or the Property by virtue of such a taking or appropriation, then either of the Landlord or the Tenant may terminate this Lease by giving written notice to the other within thirty (30) days after such taking or appropriation. In the event of such a termination, this Lease shall terminate as of the date the Tenant must surrender possession or, if later, the date the Tenant

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

actually surrenders possession, and the Fixed Rent and Additional Rent reserved shall be apportioned and paid to and as of such date.

13.2 **Landlord's Obligations Following Condemnation.** If all or any part of the Premises is taken or appropriated by public authority as aforesaid and this Lease is not terminated as set forth above, the Landlord shall, subject to the rights of any holder of any Superior Mortgagee, as promptly as practicable, apply any such damages and compensation awarded (net of the costs and expenses, including reasonable attorneys' fees, incurred by the Landlord in obtaining the same) to secure and close so much of the Premises as remain and shall restore the Building to an architectural whole and except that in no event shall the Landlord be obligated to expend more for such replacement than the net amount of any such damages, compensation or award which the Landlord may have received as damages in respect of the Building and any other improvements situated on the Property as they existed immediately prior to such taking or appropriation; in such event there shall be an equitable abatement of Fixed Rent in proportion to the loss of usable floor area in the Premises after giving effect to such restoration, from and after the date the Tenant must surrender possession or, if later, the date the Tenant actually surrenders possession.

13.3 **Condemnation Award.** In the event of any such acquisition or condemnation of all or any part of the Building and/or Property, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation. Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term and Tenant hereby expressly assigns to Landlord all of its right, title and interest in any to any such award, and also agrees to execute any and all further documents that may be required in order to facilitate the collection thereof by Landlord. Nothing contained in this Section shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings (but not against Landlord) for any moving expenses or any other expenses, claims or damages to which Tenant may be entitled, provided the award thereof does not diminish the award otherwise payable to Landlord and for the value of any Tenant's Property which would be removable at the end of the Term pursuant to the provisions of Article 9.

13.4 **Temporary Taking.** In the event of any taking or condemnation of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking that is within the Term, provided that if such taking shall remain in force at the expiration or earlier termination of this Lease, then Tenant shall pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations hereunder with respect to surrender of the Premises and upon such payment shall be excused from such obligations.

ARTICLE 14
CONDITIONS OF LIMITATION

14.1 **Events of Default.** This Lease and the Term and estate hereby granted are subject to the limitation that;

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(1) if Tenant shall file a voluntary petition in bankruptcy or insolvency, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable Law, or shall make an assignment for the benefit of creditors or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any part of Tenant's Property; or

(2) if, within sixty (60) days after the commencement of any such proceeding against Tenant, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment of any trustee, receiver or liquidator of Tenant, or of all or any part of Tenant's property, without the consent or acquiescence of Tenant, such appointment shall not have been vacated or otherwise discharged, or if any execution or attachment shall be issued against Tenant or any of Tenant's Property pursuant to which the Premises shall be taken or occupied or attempted to be taken or occupied; or

(3) if Tenant shall default in the payment when due of any installment of Fixed Rent or in the payment when due of any Additional Rent (provided that Landlord shall provide Tenant with ten (10) days' written notice and opportunity to cure Tenant's failure to pay Rent, other than Fixed Rent, Parking Rent or estimated payments of monthly Operating Expenses and Real Estate Taxes, for which such cure period shall be limited to five (5) business days, and provided that in no event shall Landlord's obligation to give any notice pursuant to this sentence obligate Landlord to give more than two such notices for payments past due in any 12 month period); or

(4) if Tenant shall default in the observance or performance of any term, covenant or condition of this Lease on Tenant's part to be observed or performed (other than the covenants for the payment of Fixed Rent and Additional Rent) and Tenant shall fail to remedy such default within thirty (30) days after notice by Landlord to Tenant of such default; however, if such non performance requires more than thirty (30) days to cure, such period shall be reasonably extended in the case of any such non-performance that cannot be cured by the payment of money where such non-performance can be cured, and Tenant begins promptly within said thirty (30) day period and thereafter diligently completes the cure; or

(5) if any event shall occur or any contingency shall arise whereby the estate hereby granted or the unexpired balance of the Term would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Tenant except as is expressly permitted under Article 19 and Tenant shall fail to remedy such event or contingency within ten (10) days after written notice; or

(6) if more than 66% of the rentable square footage of the Premises shall be unoccupied or unused in Tenant's business operations such that they are not being repaired or maintained in the condition required by this Lease, actively marketed for sublet or assignment, and such portion of the Premises is not lit during business hours in a manner that creates the appearance of activity for a period of at least 180 consecutive

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

days other than (a) on account of events described in Articles 12 and 13, (b) within the last two years of the then-scheduled Term of the Lease, (c) where Tenant is in the process of designing and constructing Alterations within the applicable portion of the Premises; then in any of said events described in clauses (1)-(6) (each, an "**Event of Default**") Landlord may, to the extent permitted by Law, immediately or at any time thereafter, and without notice or demand, terminate this Lease.

14.2 **Rent Received Pending Insolvency Proceedings.** Any monies received by Landlord from or on behalf of Tenant during the pendency of any proceeding of the types referred to in said Subsections (a) and (b) of Section 14.1 shall be deemed paid as compensation for the use and occupation of the Premises and the acceptance of any such compensation by Landlord shall not be deemed an acceptance of rent or a waiver on the part of Landlord of any rights under Section 14.1.

14.3 **Bankruptcy.** In the event Tenant becomes the subject debtor in a case pending under the Bankruptcy Code (11 U.S.C. Section 10 et. seq.), Landlord's right to terminate this Lease shall be subject to the rights of the Trustee in bankruptcy to assume or assign this Lease. To the extent permitted or allowed by Law, the Trustee shall not have the right to assume or assign this Lease until the Trustee (a) promptly cures all defaults under this Lease, (b) promptly compensates Landlord for monetary damages incurred as a result of such default, and (c) provides "adequate assurance of future performance" which shall mean, in addition to any other requirements of 11 U.S.C. Section 365(b)(3), that all of the following have been satisfied: (i) in addition to rent payable under the Lease, the Trustee shall establish with Landlord a security deposit equal to three (3) months' Fixed Rent; (ii) maintain said security deposit in said amount whenever it is drawn upon by Landlord; (iii) Trustee must agree that Tenant's business shall be conducted in a first-class manner; and (iv) the use of the Premises cannot change. If all the foregoing are not satisfied, Tenant shall be deemed not to have provided Landlord with adequate assurance of future performance of this Lease.

ARTICLE 15
RE-ENTRY BY LANDLORD; REMEDIES

15.1 **Landlord's Remedies.** If this Lease and the Term shall terminate as provided in Article 14;

(1) To the extent permitted by Law, Landlord and Landlord's agents may immediately, or at any time after such default or after the date upon which this Lease shall terminate, re-enter the Premises or any part thereof, without notice, either by summary proceeding or by any other applicable legal action or proceeding, and may repossess the Premises and dispossess Tenant and any other persons from the Premises and remove any and all of its or their property and effects from the Premises and in no event shall re entry be deemed an acceptance of surrender of this Lease; and

(2) Landlord, at Landlord's option, may relet the whole or any part or parts of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Expiration Date, at

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its reasonable discretion, may determine. Subject to the provisions of the immediately preceding sentence, Landlord shall use commercially reasonable efforts to relet the Premises following the termination of this Lease, but any obligation to relet imposed by Law will be subject to Landlord's reasonable objectives of developing the Property in a harmonious manner with appropriate mixes of tenants, uses, floor areas, terms and the like. Landlord at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole, but commercially reasonable, discretion, considers advisable or necessary in connection with any such reletting or proposed lease. Tenant shall be liable for the amount of all expenses incurred by Landlord in connection with such repairs, replacements, alterations additions, improvements, decorations and other physical changes made by Landlord and the costs of such reletting, including without limitation, brokerage and reasonable legal expenses.

15.2 **Tenant's Waiver.** Subject to applicable Law, Tenant waives any rights to (a) redeem the Premises, (b) re enter or repossess the Premises, or (c) restore the operation of this Lease, after Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or after any re entry by Landlord, or after any expiration or termination of this lease and the Term, whether such dispossess, reentry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease. The words "re-enter", "re-entry" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings.

15.3 **Landlord's Rights and Remedies.** In the event of any breach (and, as to such threatened breach, if a breach occurred there would be a reasonable likelihood of imminent danger to person or property) or threatened breach by Tenant or any persons claiming through or under Tenant of any of the agreements, terms, covenants or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease.

15.4 **Termination of Lease.** If this Lease and the Term shall terminate as provided in Article 14, or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re enter the Premises as provided in this Article, or by or under any summary proceeding or any other legal action or proceeding then, in any of said events:

(1) Until Landlord elects lump sum liquidated damages described in paragraph (5) below, Tenant shall pay to Landlord all Fixed Rent and Additional Rent to the date upon which this Lease and the Term shall have terminated or to the date of re entry upon the Premises by Landlord, as the case may be;

(2) Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as advance rent, security or otherwise, but such monies shall be credited by Landlord against any Fixed Rent or Additional Rent due at the time of such termination or re entry, or at Landlord's option, against any damages payable by Tenant;

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(3) Tenant shall be liable for and shall pay to Landlord any deficiency between (i) the Fixed Rent or Additional Rent payable hereunder for the period which otherwise would have constituted the unexpired portion of the Term (conclusively presuming the Additional Rent to be the same as was payable for the year immediately preceding such termination or re entry) and (ii) the net amount, if any, of rents ("**Net Rent**") collected under any reletting effected pursuant to the provisions of Section 15.1(b) for any part of such period (first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease or Landlord's re entry upon the Premises and in connection with such reletting including but not limited to all repossession costs, brokerage commissions, legal expenses, attorneys' fees, alteration costs and other expenses for preparing the Premises for such reletting);

(4) Any such deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for the payment of installments of Fixed Rent. Landlord shall be entitled to recover from Tenant each monthly deficiency as the same shall arise and no suit to collect the amount of the deficiency for any month shall prejudice Landlord's right to collect the deficiency for any subsequent month by a similar proceeding. Alternatively, suit or suits for the recovery of such deficiencies may be brought by Landlord from time to time at its election;

(5) Whether or not Landlord shall have collected any monthly deficiencies as aforesaid, Landlord shall, at its sole option, be entitled to recover from Tenant, and Tenant shall pay Landlord, on demand, as and for liquidated and agreed final damages, an amount equal to the sum of (i) all sums to be paid by Tenant and not then paid at the time of such election, plus (ii) the amount by which the Fixed Rent and Additional Rent payable hereunder for the period which otherwise would have constituted the unexpired portion of the Term following such election (conclusively presuming the Additional Rent to be the same as was payable for the year immediately preceding such termination or re entry) exceeds then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of ten percent (10%) per annum. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting, provided said reletting is on commercially reasonable terms. In no event shall Landlord recover double damages from Tenant by pursuing alternative recoveries.

(6) In no event (i) shall Tenant be entitled to receive any excess of such Net Rent over the sums payable by Tenant to Landlord hereunder, or (ii) shall Tenant be entitled in any suit for the collection of deficiencies or damages pursuant to this Section to a credit in respect of any Net Rent from a reletting except to the extent that such Net Rent is actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such reletting and of the expenses of reletting.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

15.5 **Tenant's Covenants.** (1) If this Lease be terminated as provided in Article 14 or by or under any summary proceeding or any other legal action or proceeding, or if Landlord shall re enter the Premises, Tenant covenants and agrees, notwithstanding anything to the contrary contained in this Lease;

(a) That the Premises shall be, upon such earlier termination or re entry, in the same condition as that in which the Tenant has agreed to surrender them to Landlord at the expiration of the Term hereof;

(b) That Tenant, on or before the occurrence of any event of default, shall have performed every covenant contained in this Lease for the making of any improvement, alteration or betterment to the Premises, or for restoring or rebuilding any part hereof; and

(c) That, for the breach of either Subdivision (a) or (b) of this Subsection, or both, Landlord shall be entitled immediately, without notice or other action by Landlord, to recover, and Tenant shall pay the then cost of performing such covenant, plus interest thereon at the Default Rate for the period between the occurrence of any event of default and the time when any such work or act, the cost of which is computed, should have been performed under the other provisions of this Lease had such event of default not occurred.

(2) Each and every covenant contained in this Section shall be deemed separate and independent, and not dependent on other provisions of this Lease or the use and occupation of the Premises by Tenant, and the performance of any such covenant shall not be considered to be rent or other payment for the use of said Premises. It is understood that the consideration for the covenants in this Section is the making of this Lease, and the damages for failure to perform the same shall be deemed to be in addition to and separate and independent of the damages accruing by reason of default in observing any other covenant contained in this Lease.

15.6 **Damages.** Nothing herein contained shall be construed as limiting or precluding the proceeding by Landlord against the Tenant to obtain 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 on the part of Tenant. Landlord shall have the right to obtain specific performance in any proceeding against Tenant.

ARTICLE 16
CURING TENANT'S DEFAULT; FEES AND EXPENSES

16.1 **Landlord Cure of Tenant Default.** If Tenant shall default, beyond applicable notice and cure periods, in the observance or performance of any term, covenant, or condition of this Lease on Tenant's part to be observed or performed, Landlord, without thereby waiving such Event of Default, may perform the same for the account and at the reasonable expense of Tenant, without notice in a case of emergency and in any other case if such Event of Default continues after thirty (30) days from the date of the giving by Landlord to Tenant of notice of intention so to do or such lesser period of notice in the event that a condition might constitute a default under

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

a Superior Mortgage or threaten life or property. If necessary to exercise its rights pursuant to the preceding sentence, Landlord may enter the Premises at any time to cure an Event of Default upon reasonable prior notice (except in a case of emergency), and otherwise subject to the provisions of Section 21.3 of the Lease. Bills for any expense incurred by Landlord in connection with any such performance by it for the account of Tenant, as well as bills for any property, material, labor or services provided, furnished or rendered by Landlord to Tenant and any charges for services provided under this Lease, may be sent by Landlord to Tenant monthly or immediately, and Tenant shall reimburse Landlord within thirty (30) days after invoice for all reasonable costs and expenses incurred by Landlord in connection therewith. Tenant's obligations under this Section shall survive the Expiration Date or sooner termination of the Term. In the event that Tenant disputes Landlord's right to exercise self-help pursuant to this Section 16.1 or the amount of the charges billed to Tenant on account of the same, Tenant and Landlord shall cooperate to resolve such dispute. In the event Landlord and Tenant cannot resolve such dispute within thirty (30) days, such dispute shall be submitted to arbitration. The parties shall direct the Connecticut office of the AAA (or, if none, the nearest AAA office responsible for case management in Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within ten (10) days of appointment, the arbitrator shall render judgment in such dispute. The arbitrator's decision shall be final and binding on the parties.

16.2 **Attorney's Fees.** The prevailing party in any legal or arbitration proceeding arising out of this Lease shall be entitled to all reasonable expenses incurred in an action arising out of this Lease, including reasonable attorney's fees.

ARTICLE 17
NON-LIABILITY AND INDEMNIFICATION

17.1 **Damage to Tenant's Property.** Except as provided in Section 17.3(2) below, neither Landlord nor any agent or employee of Landlord, shall be liable to Tenant, its employees, agents, contractors, invitees and licensees, and Tenant shall save Landlord and Landlord's agents harmless of and from all loss, cost, liability, claim, damage and expense including reasonable counsel fees, penalties and fines incurred in connection with or arising from any injury to Tenant or for any damage to, or loss (by theft or otherwise) of any of Tenant's Property, irrespective of the cause of such injury, damage or loss (including the acts of negligence of Tenant), but excluding Landlord's and Landlord's agents and employees, breach of this Lease beyond applicable notice and cure periods, negligence or willful misconduct. Any Building employees to whom any property shall be entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agents with respect to such property and neither Landlord nor Landlord's agents shall be liable for any loss of or damage to any such property by theft or otherwise.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

17.2 **Injury to Person or Property.** Except as provided in Section 17.3(2), neither Landlord, nor any agent or employee of Landlord, shall be liable for (a) any injury or damage to any person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, dust, water or snow, or leaks from any part of the Building or from the pipes, appliances or plumbing system, or from the roof, street or subsurface or any other place or by dampness, or from any other cause whatsoever, or (b) any such damage caused by other occupants or persons in the Building or by construction of any private, public or quasi public work

17.3 **Indemnification.** (a) Tenant agrees to indemnify and save Landlord and Landlord's agents and employees harmless of and from all losses, costs, liabilities, claims, damages and expenses including reasonable counsel fees, penalties and fines, incurred in connection with or arising from (i) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (ii) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person claiming through or under Tenant, or (iii) any negligent or willful acts or omissions of Tenant or its assignees or subtenants, or the contractors, agents, servants, employees, visitors or licensees of any of them, in or about the Premises or the Building either prior to, during, or after the expiration of, the Term including any personal injury or property damage resulting from negligent acts or omissions in the making or performing of any Alterations. If any action or proceeding shall be brought against Landlord or Landlord's agents or employees based upon any such claim and if Tenant, upon notice from Landlord, shall cause such action or proceeding to be defended at Tenant's expense by counsel reasonably satisfactory to Landlord without any disclaimer of liability by Tenant in connection with such claim, Tenant shall not be required to indemnify Landlord and Landlord's agents or employees for counsel fees in connection with such action or proceeding. The provisions of this Section 17.3 (1) shall survive the expiration or termination of this Lease.

(3) Landlord agrees to indemnify and save Tenant and Tenant's agents and employees harmless of and from all losses, cost, liabilities, claims, damages and expenses including reasonable counsel fees, penalties and fines incurred in connection with or arising from (i) any default by Landlord in the observance of performance of any of the terms, covenants or conditions of this Lease on Landlord's part to observed or performed; or (ii) any negligent or willful acts or omissions of Landlord or the contractors, agents, servants, employees, visitors or licensees of Landlord in or about the Building either prior to, during or after the expiration of the Term including any personal injury or property damage arising from the negligent acts or omissions in the making or performing of any improvements by Landlord including Landlord Work. If any action or proceeding shall be brought against Tenant or Tenant's agents or employees based upon such claim and if Landlord, upon notice from Tenant, shall cause such action or proceeding to be defended at Landlord's expense by counsel reasonably satisfactory to Tenant but without any disclaimer of liability by Landlord in connection with such claim, Landlord shall not be required to indemnify Tenant or Tenant's agents or employees for counsel fees in connection with the proceeding or action. The provisions of this Section 17.3(2) shall survive the expiration or termination of this Lease.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ARTICLE 18
SURRENDER

18.1 **Surrender.** On the last day of the Term or upon any earlier termination of this Lease, or upon any re entry by Landlord upon the Premises, Tenant shall, at its own expense, quit and surrender the Premises to Landlord, together with all improvements which have been made upon the Premises, in broom clean, good order, condition and repair except (i) for ordinary wear and tear; and (ii) for damage by fire or other insured casualty that is the responsibility of Landlord to repair or restore. In accordance with and subject to the provisions of Article 9 above, Tenant shall remove from the Premises and the Building (x) Tenant's Property, (y) such Specialty Alterations as Tenant may be required to remove pursuant to Article 9, and (z) the personal property and personal effects of all persons claiming through or under Tenant and shall, in each instance, pay the cost of repairing all damage to the Premises and the Building occasioned by such removal.

18.2 **Abandonment.** Any Tenant's Property or other personal property which shall remain in the Premises after the Expiration Date or the date of sooner termination of this Lease shall be deemed to have been abandoned and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit at Tenant's cost and expense.

18.3 **Initial Holdover Period.** Tenant shall have the one-time right to holdover in its Premises for a period extending beyond the scheduled expiration of the Term upon at least six months' prior notice (the "**Holdover Notice**") to Landlord, which permitted holdover period shall not exceed twelve (12) months (as specified in the Holdover Notice, such period being referred to herein as the "**Holdover Period**"), and which tenancy shall be on the same terms and conditions of the existing Lease but with the rent payable for the first month being at a rental rate equal to one hundred and ten percent (110%) of the rental rate payable in the last month of the Term. For months two through twelve (2-12) of such Holdover Period, as applicable, the rental rate shall be one hundred and fifty percent (150%) of the rental rate payable in the last month of the Term; in addition, Tenant shall be responsible for any and all damages suffered by Landlord for such holding over after such initial twelve (12) month period, including without limitation, any loss of any tenancy or any damages paid to any tenant on account of failure to deliver the space when and as required to be delivered by Landlord together with Landlord's other costs including reasonable legal fees and litigation expenses of enforcing the Lease.

18.4 **Subsequent Holdover Period.** If the Premises are not surrendered at the expiration or earlier termination of the Term (as it may be extended pursuant to this Lease, including without limitation for the Holdover Period), Tenant shall (i) pay for the use and occupancy of the Premises at a rate equal to two times the rate of Fixed Rent in effect immediately prior to the expiration of the Term, on a daily basis, for each day until the date of surrender of the Premises; and (ii) indemnify Landlord against any and all damages, costs, expenses, loss or liability resulting from delay by Tenant in so surrendering the Premises, including without limitation, any loss of any tenancy or any damages paid to any tenant on account of failure to deliver the space when and as required to be delivered by Landlord together

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

with Landlord's other costs including reasonable legal fees and litigation expenses of enforcing the Lease.

18.5 **No Right to Additional Holdover.** Except as expressly set forth in Section 18.3, above, Tenant shall have no right to hold over after expiration of the Term. Except as expressly set forth in Section 18.3, any holding over by Tenant after the expiration of the Term of this Lease shall be treated as a tenancy at sufferance; otherwise, such holding over shall be on the terms and conditions set forth in this Lease as far as applicable (except that the provisions of Articles 33, 36, 40 and 42 shall not apply). Nothing in this Article 18 shall be deemed to be a waiver of any of Landlord's rights or remedies under this Lease, at law or otherwise except as expressly set forth herein.

18.6 **Survival.** Tenant's obligation under this Article shall survive the Expiration Date or sooner termination of this Lease.

ARTICLE 19
ASSIGNMENT, MORTGAGING AND SUBLETTING

19.1 **Mortgage, Pledge, Encumbrance, Assignment and Sublet of Premises.**

(1) Except as expressly set forth below, neither this Lease, nor the Term and estate hereby granted, nor any part hereof or thereof, nor the interest of Tenant in any sublease or the rentals thereunder, shall be assigned, mortgaged, pledged, encumbered or otherwise transferred by Tenant, Tenant's legal representatives or successors in interest by operation of law or otherwise, and neither the Premises, nor any part thereof, shall be encumbered in any manner by reason of any act or omission on the part of Tenant or anyone claiming under or through Tenant, or shall be sublet or be used or occupied or permitted to be used or occupied, or for any purpose other than as permitted by this Lease, without the prior consent of Landlord in each case except as expressly otherwise provided in this Article. Notwithstanding the foregoing, Landlord's consent shall not be required with respect to any assignment of this Lease made after the fifth anniversary of the Effective Date or a sublet or granting of a license of the Premises made after the fifth anniversary of the Effective Date and Landlord shall not unreasonably withhold, condition or delay its consent to any assignment or sublet prior to such date. In the event that Tenant shall desire to assign this Lease or to sublease all or any portion of the Premises prior to the fifth anniversary of the Effective Date, then Tenant shall submit in writing to Landlord the name of the assignee or subtenant, the nature of its business and the terms and conditions of the proposed assignment or subletting prior to the effective date of such assignment or sublease. In the event that Tenant assigns this Lease, then Tenant's assignee must assume in writing Tenant's obligations from and after the effective date of an assignment in an instrument that is reasonably approved by Landlord. For purposes of this Lease, any change of control of Tenant (other than by sale or issuance of stock on a nationally recognized stock exchange), whether direct or indirect, shall be deemed an assignment of this Lease. "Control" shall mean the ownership, directly or indirectly, of more than 50% of the beneficial interests in Tenant or the power to control and manage the affairs of the Tenant either directly or by election of directors and/or officers.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Notwithstanding the foregoing to the contrary, the following transactions (any of them, a "Permitted Transfer") shall not require the consent of Landlord prior to the fifth anniversary of the Effective Date provided that Landlord shall receive prior notice thereof plus reasonable evidence upon closing that the transaction is in fact one of the following (and provided further that the proposed transfer complies with all other provisions of this Lease, including, without limitation, this Article 19, does not alter Landlord's rights under this Lease, and does not impose any additional obligation on Landlord): any sublet or assignment to an entity acquiring all or substantially all of the stock or assets of Tenant, whether by way of merger, consolidation, acquisition or otherwise, so long as the resulting tenant under the Lease is either (i) a publicly traded company on a nationally recognized stock exchange with either (A) a market capitalization of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied or (ii) a non publicly traded company with either (A) a tangible net worth of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied.

(2) Any assignment of this Lease, or of the interest of Tenant hereunder, or sublease as aforesaid, without full compliance with any and all requirements set forth in this Lease shall be a breach of this Lease and a default hereunder and shall, at Landlord's option, render any such purported assignment or subletting null and void and of no force or effect.

19.2 **Tenant's Obligations.** If this Lease be assigned, whether or not in violation of the provisions of this Lease, Landlord may collect rent from the assignee. If the Premises or any part hereof be sublet or be used or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected to the rents herein reserved, but no such assignment subletting, occupancy or collection shall be deemed a waiver of any of the provision of this Article, or the acceptance of the assignee, subtenant or occupant as tenant, or a release by Tenant from the further performance by Tenant of Tenant's obligations under this Lease. The consent of Landlord to an assignment, mortgaging or subletting pursuant to any provision of this Lease, where required, shall not in any way be considered to relieve Tenant from obtaining the express consent of Landlord to any other or further assignment, mortgaging or subletting. Tenant agrees to pay to Landlord reasonable counsel fees incurred by Landlord in connection with any proposed assignment of Tenant's interest in this Lease or any proposed subletting of the Premises or any part thereof to the extent Landlord's consent is required hereunder. Neither any assignment of Tenant's interest in this Lease nor any subletting, occupancy or use of the Premises or any part thereof by any person other than Tenant, nor any collection of rent by Landlord from any person other than Tenant as provided in this Article, nor any application of any such rent as provided in this Article, shall under any circumstances, relieve or release Tenant of its obligation fully to observe and perform the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, except that Tenant shall be released from its obligations under this

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Lease from and after the date of an assignment of this Lease in accordance with this Article 19 if the assignee is (x) Yale University or (y) an unaffiliated publicly traded business entity on a nationally recognized stock exchange with a market capitalization equal to the lesser of (i) seventeen billion five hundred million US dollars ($17,500,000,000) or (ii) the then-market capitalization or tangible net worth of Tenant, as the case may be, but in any event no less than one billion US dollars ($1,000,000,000) or (z) an unaffiliated non publicly traded business entity with a tangible net worth equal to the lesser of (i) seventeen billion five hundred million US dollars ($17,500,000,000) or (ii) the then-market capitalization or tangible net worth of Tenant, as the case may be, but in any event no less than one billion US dollars ($1,000,000,000).

19.3 **Other Building Tenants.** Notwithstanding anything to the contrary herein, in no event shall Tenant assign this Lease or sublet all or any portion of the Premises to any other tenant in the Building or any entity directly or indirectly controlled by, controlling, or under the common control with, any other tenant in the Building, unless there is no comparable space then available to be offered for lease by Landlord in the Building; or any party then negotiating with Landlord (as evidenced by a then-effective lease term sheet or proposal prepared by any party to the proposed transaction or its agents) to lease other space at the Building, unless there is no comparable space then available to be offered for lease by Landlord at the Building.

19.4 **Sublets.** (a) In case of a subletting approved by Landlord or otherwise permitted hereunder, within ten (10) days of the effective date of such sublease, a duly executed and acknowledged original of the sublease shall be delivered to Landlord, the same to provide that (i) such sublease is and shall be subject and subordinate to this Lease and any then present or future modifications thereof (including without limitation any restrictions on the use of the Premises); and (ii) in the event of termination, re entry or dispossess by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not (A) be liable for any previous acts or omissions of Tenant, as sublessor under such sublease; (B) be subject to any offsets against Landlord or (C) be bound by any previous modification of such sublease to which Landlord shall not have consented in writing (where required) or otherwise of which Landlord had not received notice in compliance herewith, or by any previous prepayments of more than one month's rent.

(2) In the case of any approved assignment or subletting or an assignment or subletting otherwise permitted hereunder, Tenant, as assignor or as sublessor, as the case may be, shall remain liable for the performance or observance of all of the terms and provisions on Tenant's part to be performed or observed under this Lease except as expressly set forth in Section 19.2, above.

ARTICLE 20
SUBORDINATION AND ATTORNMENT

20.1 **Subordination and Non-Disturbance.** This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate in all respect to (a) all future ground leases, overriding leases and underlying leases and/or grants of term of the Property and/or the Building

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

or the portion thereof in which the Premises are located in whole or in part, (b) all mortgages and building loan agreements, including leasehold mortgages and building loan agreements, which may now or hereafter affect the Property and/or the Building (collectively, the "**Superior Mortgages**") whether or not the Superior Mortgages shall also cover other lands and/or buildings and (c) each and every advance made or hereafter to be made under the Superior Mortgages and to all renewals, modifications, replacements substitutions and extensions of the Superior Mortgages and spreaders and consolidations of the Superior Mortgages, provided, however that the Mortgagee (defined below) agrees in writing that for so long as Tenant is not in default of its obligations set forth in this Lease beyond any applicable notice and cure period, the Mortgagee will not, in foreclosing against, or taking possession of the Premises or otherwise exercising its right under the Superior Mortgage, disturb the Tenant's right of possession under this Lease. In confirmation of such subordination, Tenant shall within ten (10) days after receipt of a request for the same, provided the provisions of the foregoing sentence are complied with to Tenant's benefit, execute and deliver at its own cost and expense any instrument, in recordable form if required, and reasonably satisfactory to Tenant, that Landlord or the Mortgagee or any of their respective successors in interest may reasonably request to evidence such subordination. Tenant acknowledges and agrees that a Subordination, Non-Disturbance and Attornment Agreement substantially in the form attached as Exhibit 20.1 (the "SNDA") meets the requirements of this Section 20.1 and Article 20.

20.2 **No Superior Mortgage.** Landlord represents and warrants that, as of the date hereof, there is no Superior Mortgage encumbering all or any portion of the Property from whom Tenant has not received a Subordination, Non-Disturbance and Attornment Agreement as required pursuant to Section 20.1.

20.3 **Attornment.** Subject to the provisions of Section 20.1 being complied with to Tenant's benefit, if, at any time prior to the expiration of the Term, the Mortgagee shall become the owner of the Property as a result of foreclosure of its mortgage or conveyance of the Property, or become a mortgagee in possession of the Property or the Building, Tenant agrees, at the election and upon demand of any owner of the Property or the Building, or of the holder of any Superior Mortgage (including a leasehold mortgagee) in possession of the Property or the Building, to attorn from time to time to any such owner, holder or lessee upon the then executory terms and conditions of this Lease, provided that such owner, holder or lessee, as the case may be, shall then be entitled to possession of the Premises. Such successor in interest to Landlord ("Successor") shall not be bound by (i) any payment of rent or additional rent for more than one month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under the Lease, or (ii) any amendment, modification or termination of this Lease made or entered into after the date of execution of the Superior Mortgage without the consent of the Mortgagee or Successor whose name is disclosed to Tenant (except that any Successor agrees to be bound by and subject to any termination of the Lease after the date hereof as a result of Tenant exercising Tenant's termination rights under Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter on the terms and conditions contained therein), or (iii) any offsets which may be asserted by the Tenant against payments of rent as a result of any default by or claims against Landlord hereunder arising prior to the date such Successor takes possession of the Premises (except that any Successor agrees to be bound by and subject to any abatement or offset against rent after the date hereof as a result of Tenant exercising Tenant's rights under

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Sections 11.6, 12.1, 13.2, 35.1, 36.1, and 37.2 of the Lease and Section 13 of the Work Letter on the terms and conditions contained therein), or (iv) other than repair and maintenance obligations arising from and after the date of such succession and the obligations contained in the third paragraph of Section 5 of the SNDA, any obligation by Landlord as lessor hereunder to perform any work or grant any concession without the mortgagee's express assumption of such obligation to perform work or grant such concession. The foregoing provisions of this Section shall inure to the benefit of any such owner, holder or lessee, shall be self operative upon any such demand, and no further instrument shall be required to give effect to said provisions, although Tenant shall execute such an instrument upon the request of the Mortgagee, provided the provisions of Section 20.1 are complied with to Tenant's benefit.

20.4 **Collateral Assignment of Lease.** Tenant acknowledges that Landlord may assign the Lease and the rents thereunder to Mortgagee as additional collateral for the loan secured by the Superior Mortgage. Tenant agrees that if Mortgagee, pursuant to the assignment, and whether or not it becomes a mortgagee in possession, shall give written notice to Tenant that Mortgagee has elected to require Tenant to pay to Mortgagee the rent and other charges payable by Tenant under the Lease, Tenant shall, until Mortgagee shall have canceled such election, thereafter pay to Mortgagee all rent and other sums payable under the Lease and such payments to Mortgagee shall be treated as payments made under the Lease. Tenant hereby covenants and agrees that Tenant shall not subordinate the Lease to any lien or encumbrance (other than the Superior Mortgage) without Mortgagee's prior written consent.

20.5 **Notice to Mortgagee.** Provided that the Tenant has been provided with notice of the name and address of any holder of a Superior Mortgage (a "**Mortgagee**"), no notice from the Tenant of any default by the Landlord in its obligations shall be valid, and the Tenant shall not attempt to exercise any remedy which may arise under law or this Lease by reason of any such default, unless the Tenant first gives such notice to any Mortgagees and provides such Mortgagees with notice of such default, and an opportunity to cure the same within a period of time that shall be not less than the period afforded to the Landlord to cure the default under the provisions of this Lease (the "Basic Notice and Opportunity to Cure"), and a reasonable period of time in addition thereto (i) if the circumstances are such that said default cannot reasonably be cured within such period and Mortgagee has commenced and is diligently pursuing such cure, plus (ii) an unlimited period (not to exceed 240 days) during any litigation or enforcement action or proceeding, including a foreclosure, bankruptcy, reorganization, possessory action or a combination thereof. It is specifically agreed that Tenant shall not require Mortgagee to cure any bankruptcy, insolvency or reorganization default on the part of landlord or any breach by landlord of any representation or warranty. Notwithstanding anything to the contrary contained herein, nothing in this Section 20.3 shall require Tenant to provide any such Mortgagee with any notice or longer opportunity to cure other than the Basic Notice and Opportunity to Cure with respect to (a) Tenant's express rights to terminate the Lease pursuant to Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter or (b) to receive an abatement or offset against rent pursuant to Sections 11.6, 12.1, 13.2, 35.1, 36.1, and 37.2 of the Lease and Section 13 of the Work Letter on the terms and conditions contained therein and nothing in this Section 20.3 shall prohibit Tenant from exercising such express rights.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

20.6 **Subordination of Superior Mortgage.** Any Mortgagee may, at any time, by giving written notice to, and without any further consent from, the Tenant, subordinate its mortgage to this Lease, and thereupon the interest of the Tenant under this Lease shall automatically be deemed to be prior to the lien of such mortgage without regard to the relative dates of execution, delivery or filing thereof or otherwise.

20.7 **Insurance Proceeds.** Landlord shall endeavor to have each Mortgagee provide in connection with the application of insurance proceeds received by such Mortgagee, that, so long as (i) Landlord is not in default of its obligations under the Superior Mortgage and all financial covenants and other reasonable covenants required by such Mortgagee have been and are anticipated to continue to be satisfied; (ii) Tenant is not in default of its obligations under this Lease beyond any applicable notice and/or cure periods; and (iii) Tenant will not exercise any right it may have under Section 12.2 of this Lease by virtue of the occurrence of such casualty to terminate the Lease such Mortgagee will disburse such proceeds, in accordance with requirements set forth in the Superior Mortgage (or other loan documents) for the repair and restoration of the Building.

ARTICLE 21
ACCESS; CHANGE IN FACILITIES

21.1 **Changes to the Building.** Landlord reserves the right, at any time without incurring any liability to Tenant therefor, to make such changes and additions in or to the Building and the fixtures and equipment of the Building, as well as in the entrances, passageways, halls, doors, doorways, corridors, elevators, escalators, stairs, toilets and other public parts of the Building as it may deem necessary or desirable, provided any such change or addition does not (x) unreasonably and adversely affect Tenant's access to the Premises; (y) materially or unreasonably interfere with the use of the Premises or the conduct of business therein; nor (z) reduce the usable area of the Premises in excess of one percent (1%) of the total rentable area thereof so long as such reduction shall not unreasonably and adversely affect the Tenant's current use (with an appropriate adjustment in Fixed Rent due to such reduction in the area of the Premises). Landlord further reserves the right to grant easements and other rights, in addition to those described on **Exhibit 2.1(a)**, with respect to the Property (provided such grants do not adversely affect Tenant's rights under this Lease in more than a de minimis manner) and Tenant shall comply with the same.

21.2 **Installations in the Premises.** Subject to the provisions of Section 41.1, Tenant shall permit Landlord to install, use and maintain pipes, ducts and conduits within or through the Premises, or through the walls, columns and ceilings therein, provided that the installation work is performed at such times and by such methods as will not reduce the usable space in the Premises or unreasonably interfere with Tenant's use and occupancy of the Premises, or damage the appearance thereof.

21.3 **Landlord's Entry.** Landlord or Landlord's agents shall have the right to enter the Premises at all times for any of the purposes specified in this Article and (a) to examine the Premises or for the purpose of performing any obligation of Landlord or exercising any right or

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

remedy reserved to Landlord in this Lease; (b) to exhibit the Premises to a prospective purchaser, mortgagee, ground lessor of the Building, or others having a reasonable basis to inspect the same, and, during the last 12 months of the lease term (unless Tenant has exercised its right to extend the Term pursuant to Section 33.1 of the Lease) to exhibit the Premises to prospective tenants; (c) make such repairs, alterations, improvements or additions or to perform such maintenance as Landlord may deem necessary or desirable; and (d) to take all materials into and upon the Premises that may be required in connection with any such repairs, alterations improvements, additions or maintenance. Notwithstanding the foregoing, except in emergencies, all entries by Landlord under this Section shall be, after notice to Tenant, at reasonable times and shall be conducted in accordance with Tenant's customary rules and regulations concerning access to the Premises including, but not limited to labs, research and administrative offices located therein and so as not to unduly or unreasonably, interfere with Tenant's use and occupancy of the Premises. Any person entering the Premises pursuant to this Section 21.3 shall be subject to the provisions of Section 2.1, above.

21.4 **Constructive Eviction.** The exercise of any right reserved to Landlord in this Article in compliance with the terms and conditions of this Lease shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent (except as specifically provided herein), or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or Landlord's agents, or upon the holder of a Superior Mortgage.

ARTICLE 22
INABILITY TO PERFORM

22.1 **Inability to Perform.** The obligations of Tenant to pay rent and perform all of the terms, covenants and conditions on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord, due to the occurrence of an event described in Article 32 hereof is (a) unable to fulfill any of its obligations under this Lease or (b) unable to supply or delayed in supplying any service expressly or impliedly to be supplied, or (c) unable to make or delayed in making any repairs, replacements, additions, alterations or decorations or (d) unable to supply or delayed in supplying any equipment or fixtures. Landlord shall in each instance exercise commercially reasonable diligence to effect performance when and as soon as possible. Notwithstanding anything to the contrary contained herein, Landlord and Tenant agree that the terms and conditions of this Section 22.1 shall not apply to the terms and conditions contained in Exhibit 3.2.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ARTICLE 23
REDEMPTION, COUNTERCLAIM AND JURY TRIAL

23.1 **Redemption, Counterclaim and Jury Trial.**

(a) If Landlord shall acquire possession of the Premises by summary proceedings, or in any other lawful manner without judicial proceedings, it shall be deemed a reentry within the meaning of that word as used in this Lease. In the event that Landlord commences any summary proceedings or action for nonpayment of rent or other charges provided for in this Lease, Tenant shall not interpose any non-compulsory counterclaim of any nature or description in any such proceeding or action.

(b) TENANT AND LANDLORD BOTH WAIVE A TRIAL BY JURY OF ANY OR ALL ISSUES ARISING IN ANY ACTION OR PROCEEDING BETWEEN THE PARTIES HERETO OR THEIR SUCCESSORS, UNDER OR CONNECTED WITH THIS LEASE, OR ANY OF ITS PROVISIONS, OR TENANT'S POSSESSION OF THE PREMISES.

ARTICLE 24
WAIVERS

24.1 **Waivers.** The failure of either Landlord or Tenant to insist in any one or more instances upon the strict performance of any one or more of the arguments, terms, covenants, conditions or obligations of this Lease, or to exercise any right, remedy or election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Lease or of the right to exercise such election, but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission whether of a similar nature or otherwise. The manner of enforcement or the failure of Landlord to enforce any of the 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.

24.2 **Surrender of Keys and Acceptance of Rent.** The following specific provisions of this Section shall not be deemed to limit the generality of the foregoing provisions of this Article:

(1) No agreement to accept a surrender of all or any part of the Premises shall be valid unless in writing and signed by Landlord. No delivery of keys shall operate as a termination of this Lease or a surrender of the Premises.

(2) The receipt or acceptance by Landlord of rents with knowledge of breach by Tenant of any term, covenant or condition of this Lease shall not be deemed a waiver of such breach.

(3) No payment by Tenant or receipt by Landlord of a lesser amount than the correct Fixed Rent or Additional Rent shall be deemed to be other than a payment on

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law provided.

ARTICLE 25
QUIET ENJOYMENT

25.1 **Quiet Enjoyment.** If, and so long as Tenant pays the Fixed Rent and Additional Rent and keeps and performs each and every term, covenant and condition herein contained on the part and on behalf of Tenant to be kept and performed prior to the expiration of any applicable notice and cure period, Tenant shall lawfully and quietly hold, occupy and enjoy the Premises during the Term of this Lease without hinderance or molestation by Landlord, subject to the terms, covenants, and conditions of this Lease and the Superior Mortgages (provided, with regard to the Superior Mortgages, Tenant shall have the benefit of the right of non-disturbances granted herein and of any non-disturbance agreement delivered to Tenant by any holder of a Superior Mortgage).

ARTICLE 26
ENVIRONMENTAL COMPLIANCE

26.1 **Tenant's Environmental Obligations.** Tenant hereby covenants to Landlord that Tenant shall (a) (i) comply with all Environmental Laws (defined below) applicable to the discharge, generation, manufacturing, removal, transportation, treatment, storage, disposal and handling of Hazardous Materials (as defined below) as apply to the activities of the Tenant, its directors, officers, employees, agents, contractors, subcontractors, licensees, invitees, sublessees, assignees, successors and assigns at the Property (together with Tenant, the "**Tenant Parties**") and, without limiting the generality of the foregoing, obtain and comply with any and all required permits for the use, discharge, storage, and transport of Hazardous Materials, and prior to the expiration or termination of this Lease, complete the closure of any Hazardous Materials storage area in the Premises (any such area, a "**Hazardous Waste Storage Area**") in accordance with all applicable Laws; (ii) promptly remove any Hazardous Materials caused, stored, Released (as defined below) or generated by the Tenant Parties from the Premises in accordance with all applicable Environmental Laws and orders of Governmental Authorities having jurisdiction; (iii) pay or cause to be paid all costs associated with such removal of such Hazardous Materials caused, stored, Released or generated by Tenant or the Tenant Parties including any remediation and restoration of the Premises; and (iv) indemnify, defend and hold harmless Landlord from and against all losses, claims and costs arising out of the migration of Hazardous Materials caused or generated by the Tenant Parties from or through the Premises into or onto or under other portions of the Building or the Property or other properties; (b) keep the Property free of any lien imposed pursuant to any applicable Law in connection with the existence of Hazardous Materials in or on the Premises caused or generated by Tenant or the Tenant Parties; (c) not install or permit to be installed or to exist in the Premises any asbestos, asbestos-containing materials, urea formaldehyde insulation or any other chemical or substance which has been determined to be a hazard to health and environment, the installation, presence, use or existence of which would be

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

in or cause a violation of any applicable Law; (d) not cause or permit to exist, as a result of an intentional or unintentional act or omission on part of Tenant, any Tenant Parties or any occupant of the Premises, a releasing, spilling, leaking, pumping, emitting (other than from one containment area to another), pouring, discharging, emptying or dumping of any Hazardous Materials that is not permitted or authorized by an applicable Law (collectively hereafter, "Release" or "Releasing") onto the Premises or the Property; (e) identify on **Exhibit 26.1** all Hazardous Materials currently used by Tenant and shall notify Landlord of any changes or addition to the Hazardous Materials so used; (f) give all notifications and prepare all reports required by Environmental Laws or any other Laws with respect to Hazardous Materials caused or generated by the Tenant Parties existing on, Released from the Premises (and shall give copies of all such notifications and reports to Landlord); (g) promptly notify Landlord in writing of any Release known to Tenant in or on the Premises; (h) if Landlord has a reasonable basis of belief that Tenant, or the Tenant Parties permitted a Release to occur, pay for periodic environmental monitoring by Landlord as well as subsurface testing paid as Additional Rent; and (i) promptly notify Landlord in writing of any summons, citation, directive, notice, letter or other communication, written or oral, from any Governmental Authority, or of any claim or threat of claim known to Tenant, made by any third party relating to the presence or Release of any Hazardous Material caused or generated by the Tenant Parties onto the Premises. In addition to the foregoing, Tenant shall be responsible for and bear all costs in connection with the treatment and discharge of its Hazardous Materials (including without limitation laboratory waste and waste water) disposal. Notwithstanding anything to the contrary set forth in this Lease, Tenant shall not be responsible or liable for any Hazardous Materials located at, in, or around the Premises which was (i) Released or generated prior to the Delivery Date (unless Released or generated by Tenant or anyone claiming by, through or under Tenant); or (ii) was Released or generated by Landlord or another party other than Tenant or any Tenant Parties. If any act or omission of Tenant or any Tenant Parties cause Tenant's business operations at the Premises or the Property, or the Premises or Property (or any portion thereof, to become an "establishment" (as defined in the Connecticut Transfer Act, C.G.S. § 22a-134 et seq. (the "CTA")), then, in connection with any "transfer" (as defined in the CTA) of the Tenant's business operations at Premises, or the Premises or the Property (or any portion thereof), Tenant, at its sole cost and expense, shall comply with the CTA, but only to the commercial standard required by the Remediation Standard Regulations ("RSRs") in Sections 22a-133k-1 through 22a-133k-3 of the Regulations of Connecticut State Agencies ("RCSA") (provided that compliance with such standard does not unreasonably interfere with the use of the Building for the Permitted Use or the use of the Premises by any other tenant in a manner consistent with first class office and laboratory buildings) and only to the extent the remediation of any part of the Premises or Property is due to Tenant's acts or omissions in a manner consistent with first class office and laboratory projects and any other applicable Laws related thereto, including without limitation, the payment of all fees associated with any filings under the CTA, and Tenant agrees to be the "certifying party" with respect to all forms filed with the applicable regulatory authorities. Upon the termination or earlier expiration of the Lease, or at such earlier time, if any, that Tenant assigns this Lease, Tenant, its assignee, or both, shall at their sole cost and expense and utilizing the services of a Licensed Environmental Professional ("LEP", as defined in CGS Sec. 22a-133y), conduct an investigation of the Premises and Property consistent with the Site Characterization Guidance Document of the Connecticut Department of Energy and

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Environmental Protection applicable at that time and if that investigation discloses a Release that has not been investigated, remediated or monitored in compliance with the RSRs, then , Tenant, its assignee, or both, shall either (a) immediately perform such investigation, remediation and monitoring as required to render the Premises or Property compliance with the RSRs in a manner reasonably approved by Landlord; or (b) escrow all funds reasonably determined by Landlord to perform such investigation, remediation and monitoring.

Tenant's obligation to close the Hazardous Waste Storage Area, at Tenant's sole cost and expense, shall survive termination of the Lease. Tenant agrees that, in connection therewith, and as security for Tenant's obligation to close any Hazardous Waste Storage Area then, on Landlord's request made no earlier than one year prior to the Expiration Date and no later than ten (10) business days after the Expiration Date, (or if the Lease is sooner terminated, on the termination date), Tenant shall deposit with Landlord a reasonable sum, not to exceed $200,000, which Landlord shall be entitled to continue to hold as security for the proper and lawful closure of the Hazardous Waste Storage Area (the "**Closure Obligation**"). In lieu of cash, Tenant may provide Landlord with an unconditional, irrevocable, assignable letter of credit, (the "**Letter of Credit**") for all or a portion of such amount. In the event Tenant furnishes the Letter of Credit, the Letter of Credit shall be on the following terms and conditions: (i) issued by a commercial bank reasonably acceptable to Landlord, which bank must have an office in New Haven, Connecticut; (ii) having a term which shall have an expiration date not sooner than the date which is two (2) years from the Expiration Date (as such date may be extended by virtue of Tenant exercising its right to extend the Term) or sooner termination date, however, if the Letter of Credit has an earlier expiration date, it shall contain a so-called "**evergreen clause**"; (iii) available for negotiation by draft(s) at sight accompanied by a statement signed by Landlord stating that the amount of the draw represents funds due to Landlord (or its successors and assigns) due to the failure of Tenant to perform its Closure Obligation or (iv) be otherwise on terms and conditions reasonably satisfactory to Landlord. It is agreed that in the event Tenant fails to perform its Closure Obligation, Landlord may draw upon the Letter of Credit to the extent required to perform the same. In the event that Tenant shall fully and faithfully perform its Closure Obligation (as shall be evidenced by a sign-off or other definitive communication from applicable Governmental Authorities), the Letter of Credit and/or funds on deposit with Landlord shall be returned to Tenant. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the Letter of Credit or any funds on deposit and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Prior to the expiration of this Lease (or within sixty (60) days after any earlier termination), Tenant shall clean and otherwise decommission (where applicable pursuant to applicable Laws) all interior surfaces (including floors, walls, ceilings, and counters), piping, supply lines, waste lines and plumbing out of and/or serving the Premises, and all exhaust or other ductwork in and/or serving the Premises, in each case which has carried or Released or been exposed to any Hazardous Materials, and shall otherwise clean the Premises so as to permit the report hereinafter called for to be issued. Prior to the expiration of this Lease (or within sixty (60) days after any earlier termination), Tenant, at Tenant's expense, shall obtain for Landlord a report addressed to Landlord (and, at Tenant's election, Tenant) by an LEP that is designated by

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Tenant and acceptable to Landlord in Landlord's reasonable discretion, which report shall be based on the LEP's inspection of the Premises and shall show:

(1) that the Hazardous Materials described in the first sentence of the immediately preceding paragraph, to the extent, if any, existing prior to such cleaning or decommissioning (where applicable pursuant to applicable Laws), have been removed in accordance with acceptable limits generally accepted in the industry and applicable Environmental Laws (including without limitation the requirements of the Nuclear Regulatory Commission); and

(2) that the Premises, may be reused by a subsequent tenant without said subsequent tenant incurring special costs or undertaking special procedures for demolition, disposal, investigation, assessment, cleaning or removal of such Hazardous Materials and without any party having the requirement to provide notice in connection with such Hazardous Materials; and

(3) that the Premises may be reoccupied for office or laboratory use, as applicable, demolished or renovated without the need to incur special costs or to undertake special procedures for disposal, investigation, assessment, cleaning or removal of Hazardous Materials and without the need to incur regulatory requirements or to provide notice in connection with Hazardous Materials.

Further, for purposes of clauses (2) and (3), "**special costs**" or "**special procedures**" shall mean costs or procedures, as the case may be, that would not be incurred but for the nature of the Hazardous Materials (and in no event shall "special costs" or "special procedures" mean costs or procedures incurred in the removal of any materials, property or equipment that (i) contain Hazardous Materials as a component material, or which component materials are inherently hazardous (i.e., copper piping/wiring), and (ii) are ordinarily and customarily used in connection with first class office use, such as the component parts of light bulbs, joint compounds, ordinary building materials and the like). The report shall include reasonable detail concerning the clean-up location, the tests run and the analytic results.

If Tenant fails to perform its obligations to clean or decommission (where applicable pursuant to applicable Laws) and provide the report required under this Section 26.1 prior to the expiration or earlier termination of the Term, without limiting any other right or remedy, Landlord may, on five (5) business days' prior written notice to Tenant perform such obligations at Tenant's expense, and Tenant shall reimburse Landlord within 10 days following demand for all reasonable costs and expenses incurred by Landlord in connection with such work. Tenant's obligations under this Section 26.1 shall survive the expiration or earlier termination of this Lease.

26.2 **Environmental Laws.** The term "Environmental Law" means all statutes, laws, rules, regulations, codes, ordinances, authorizations and orders of federal, state and local public authorities pertaining to any Hazardous Materials or to environmental compliance, contamination, cleanup or disclosures of any release or threat of release to the environment, of any Hazardous Materials, including, without limitation, the Toxic Substances Control Act, 15 U.S.C. § 2601, et

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

seq.; the Clean Water Act, 33 U.S.C. § 1251, et seq.; the Clean Air Act, 42 U.S.C. § 7401, et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f-300j, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1321, et seq.; the Solid Waste Disposal Act, 42 U.S.C § 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq.; the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Superfund Amendments and Reauthorization Act of 1986, Public Law No. 99-499 (signed into law October 17, 1986); paragraph (a) of Section 22a-449 of the Connecticut General Statutes; Section 22a-115 of the Connecticut General Statutes; the Occupational Safety and Health Act, 20 U.S.C. Section 651 et seq., and any other state and local counterparts or related statutes, laws, regulations, and order and treaties of the United States; as any of the same are from time to time amended, and the rules and regulations promulgated thereunder, and any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments, and all other federal, state and local statutes, laws, rules, regulations, codes, ordinances, standards, guidelines, authorizations and orders regulating the generation, storage, containment or disposal of any Hazardous Materials, including but not limited to those relating to lead paint, radon gas, asbestos, storage and disposal of oil, biological, chemical, radioactive and hazardous wastes, substances and materials, and underground and above-ground oil storage tanks; and any amendments, modifications or supplements of any of the foregoing.

26.3 **Hazardous Materials.** "Hazardous Materials" means, but shall not be limited to, any hazardous substances, hazardous waste, environmental, biological, chemical, radioactive substances, oil, petroleum products and any waste or substance, which because of its quantitative concentration, chemical, biological, radioactive, flammable, explosive, infectious or other characteristics, constitutes or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including without limitation any asbestos (whether or not friable) and any asbestos-containing materials, lead paint, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants, pickling and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes, or any other similar materials that are regulated by any Environmental Law.

26.4 **Indemnity in Favor of Landlord.** Tenant hereby agrees to defend, indemnify and hold harmless Landlord, its employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns from and against any and all claims, losses, damages, liabilities, judgments, costs and expenses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims or remediation of contamination) incurred by such indemnified parties as a result of or in connection with the presence at or removal of Hazardous Materials caused or generated by Tenant or any of the Tenant Parties from the Premises or as a result of or in connection with activities prohibited under, or breaches by Tenant of, this Article 26. Tenant shall bear, pay and discharge, as and when the same become due and payable, any and all such judgments or claims for damages, penalties or otherwise against such indemnified parties, shall hold such indemnified parties harmless against all claims, losses, damages, liabilities, costs and expenses, and shall assume the burden and expense of defending all suits, administrative proceedings, and negotiations of any description with any and all persons, political subdivisions or government agencies arising out of any of the occurrences set

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

forth in this Paragraph 26.4. The provisions of this Section shall survive termination of this Lease.

26.5 **Existing Conditions; Indemnity in Favor of Tenant**. Tenant acknowledges that it has received and reviewed that certain Phase I/II Environmental Site Assessment dated March 2010 and prepared by Fuss & O'Neill regarding the condition of the Property and that, upon the Delivery Date, subject to the provisions of this paragraph, Tenant shall accept the Property in the condition existing as of the date of this Lease with respect to the presence of Hazardous Materials. Notwithstanding the foregoing, Landlord shall and hereby does agrees to defend, indemnify and hold harmless Tenant, its employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns from and against any and all claims, losses, damages, liabilities, judgments, costs and expenses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims or remediation of contamination) incurred by such indemnified parties as a result of or in connection with the presence at or removal of Hazardous Materials caused or generated, or Released, by Landlord, its employees, agents, contractors, and subcontractors at the Property. Landlord shall bear, pay and discharge, as and when the same become due and payable, any and all such judgments or claims for damages, penalties or otherwise against such indemnified parties, shall hold such indemnified parties harmless against all such claims, losses, damages, liabilities, costs and expenses, and shall assume the burden and expense of defending all suits, administrative proceedings, and negotiations of any description with any and all persons, political subdivisions or government agencies arising out of any of the occurrences subject to this Paragraph 26.5. The provisions of this Section shall survive termination of this Lease.

ARTICLE 27
BROKERAGE

27.1 **Brokerage.** Each of Landlord and Tenant represents that in the negotiation of this Lease it dealt with no real estate broker or salesman other than O, R & L Commercial, LLC for Tenant (the "**Broker**"). Each party shall indemnify and hold harmless the other party from any and all losses, damages and expenses arising out of any inaccuracy or alleged inaccuracy of the above representation and/or Tenant's failure to pay the fees or commissions due to the Broker, including court costs and attorneys' fees. The foregoing indemnity shall also cover all fees, costs and expenses, including attorneys' fees, which the claiming party incurs to defend against any such claim (which the indemnifying party shall pay upon demand). Landlord shall have no liability for brokerage commissions arising out of a sublease by Tenant and Tenant shall and does hereby indemnify Landlord and hold harmless from any and all liability for brokerage commissions arising out of any such sublease. Tenant shall pay any fees or commissions due to the Broker pursuant to a separate agreement. The provisions of this Article 27 shall survive the expiration or termination of this Lease.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ARTICLE 28
NOTICES

28.1 **Notices.** All notices, demands or communications given under this Lease shall be sent to the addresses set forth above (except that from and after the Rent Commencement Date, Tenant's notice address shall be 100 College Street, New Haven, Connecticut 06511), with a copy to Wiggin and Dana LLP, 450 Lexington Avenue, 38th Floor, New York, New York 10017-3913, Attention: Andrew J. Pal or at such other addresses as the parties may designate by written notice and shall be hand delivered or sent by private next business day courier service or by prepaid registered or certified mail, return receipt requested, and shall be deemed given on the date delivered or, if refused, the date of such refusal. Notices under this Lease may be given by counsel for the respective parties.

ARTICLE 29
ESTOPPEL CERTIFICATE, NOTICE OF LEASE, FINANCIALS

29.1 **Estoppel Certificates.** At any time and from time to time within ten (10) days' prior of delivery of written notice by Landlord or Tenant to the other, Landlord or Tenant, as applicable, shall execute, acknowledge and deliver to the other 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 the Fixed Rent and Additional Rent have been paid in advance, if any, stating whether, to the best of Tenant's knowledge, there are any offsets to the Tenant's obligation to pay rent thereunder and describing them, if any, stating whether or not to the best knowledge of party providing the certificate that Landlord is in default in performance of any term, covenant or condition contained in this Lease, and if so, specifying each such default of which the party may have knowledge, and stating such other information with respect this Lease as may be reasonably requested, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective subtenant or assignee of the Premises or purchaser of the Property and the Building or any part thereof or of the interest of Landlord in any part thereof, by any mortgagee or prospective mortgagee thereof, by any lessor or prospective lessor thereof, or by any lessee or prospective lessee thereof, or by any prospective assignee of any mortgagee thereof.

29.2 **Notice of Lease.** Simultaneously with the execution of this Lease, Landlord and Tenant shall promptly execute, acknowledge and deliver a Notice of Lease sufficient for recording in the form of **Exhibit 29.2**, attached, which Tenant may record in the applicable land records at its sole cost and expense. Such Notice of Lease shall not state the Fixed Rent. Such Notice of Lease shall not in any circumstances be deemed to change or otherwise affect any of the terms, covenants and conditions of this Lease. Neither party shall record this Lease or a copy of the same in the land records.

29.3 **Financial Statements.** Unless and to the extent Tenant or such assignee is a publicly traded entity on a nationally recognized stock exchange, Tenant, and each and every assignee of Tenant, shall deliver to Landlord, within 10 days following Landlord's written

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

request in connection with a sale or potential sale, financing or recapitalization of the Property, following an Event of Default, or in the event of an assignment of this Lease or sublet of more than 33% of the Premises requiring Landlord's written consent pursuant to Article 19, a copy of such entity's most recent audited year end and unaudited quarterly financial statements prepared in accordance with generally accepted accounting principles, or, if such entity is then subject to consolidated financial reports with a parent entity, unaudited year end and quarterly financial statements for such entity's most recent year end and quarter certified in each case by the entity's chief financial officer or other authorized officer having familiarity with such entity's financial condition as being true, accurate and complete in all material respects. Upon written request by Tenant or such assignee, Landlord shall enter into a commercially reasonable confidentiality agreement covering any confidential information that is disclosed by Tenant or such assignee.

ARTICLE 30
PARTIES BOUND

30.1 **Successors and Assigns.** The terms, covenants and conditions contained in this Lease shall bind and benefit the successors and assigns of the parties with the same effect as if mentioned in each instance where a party is named or referred to except that no violation of the provisions of Article 19 shall operate to vest any rights in any successor or assignee of Tenant and that the provisions of this Article shall not be construed as modifying the conditions of limitation contained in Article 14.

30.2 **Landlord's Sale of the Building.** The obligations of Landlord under this Lease shall no longer be binding upon Landlord named herein after the sale, assignment or transfer by Landlord named herein (or upon any subsequent landlord) of its interest in the Building as owner or lessee and the deemed assumption of this Lease by the grantee, assignee or transferee of such interest, and in the event of such sale, assignment or transfer, such obligations shall thereafter be binding upon the grantee, assignee or other transferee of such interest, and any such grantee, assignee or transferee, by accepting such interest, shall be deemed to have assumed such obligations. A lease of Landlord's entire interest in the Building shall be deemed a transfer for the purposes of this Section, provided the transferee assumes the obligations of the Landlord hereunder.

30.3 **Limitations of Liability.** In connection with the provisions of this Lease and the obligations and covenants of Landlord herein set forth, Tenant shall look solely to the estate and property of such Landlord in the Property (and, to the extent applicable, the Letter of Credit as defined in the Work Letter), which estate and property shall be deemed to include rents, sales proceeds, casualty proceeds and condemnation proceeds received by Landlord, for the satisfaction of Tenant's remedies, for the collection of a judgment (or other Judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and/or performed by Landlord, and no other property or assets of such Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies. In no event shall any individual partner, officer, shareholder, trustee, beneficiary, director, agent or similar party be liable for the performance of or by Landlord or Tenant under this Lease or any

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

amendment, modification or agreement with respect to this Lease. Whenever in this Lease it says "results from" or "caused by" or words to similar effect, it shall be hereby deemed to mean proximately "resulting from" or proximately "caused by" or words to similar effect.

ARTICLE 31
ENTIRE AGREEMENT; NO OTHER REPRESENTATIONS; GOVERNING LAW; SEPARABILITY; TIME IS OF THE ESSENCE

31.1 **Entire Agreement.** This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged in this Lease. This Lease may not be changed, modified or discharged, in whole or in part, except by a written instrument executed by the party against whom enforcement of the change, modification or discharge is sought.

31.2 **No Other Representations.** Tenant expressly acknowledges that neither Landlord nor Landlord's agents has made or is making, and Tenant, in executing and delivering this Lease, is not relying upon any warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Lease, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

31.3 **Governing Law.** This Lease shall be governed in all respects by the laws of the State of Connecticut.

31.4 **Separability.** Each covenant and agreement in this Lease shall be construed to be a separate and independent covenant and agreement and the breach of any such covenant or agreement by Landlord or Tenant shall not discharge or relieve the other from its obligation to perform every covenant and agreement of this Lease to be performed by it. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

31.5 **Time is of the Essence.** The parties agree that with respect to payments to be made and obligations to be performed under this Lease, time is of the essence.

ARTICLE 32
FORCE MAJEURE

32.1 **Force Majeure.** Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder (other than the terms and conditions of Exhibit 3.2 which shall be governed by the terms and conditions contained therein), when prevented from so doing by cause or causes beyond Landlord's or Tenant's, as the case may be, reasonable control which shall include, without limitation, all strikes, lockouts, or labor disputes, civil commotion, war, war like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material or services (including without limitation utility services), or Acts of God provided:

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Nothing contained in this Article 32 or elsewhere in this Lease shall be deemed to excuse or permit any delay in the payment of any sums of money required hereunder, or any delay in the cure of any default which may be cured by the payment of money;

Neither Landlord nor the Tenant shall be entitled to rely upon this Article 32 unless it shall advise the other in writing of the existence of any force majeure event preventing the performance of any obligation of the Landlord or the Tenant, as the case may be, within five (5) days after the commencement of the force majeure; and

Landlord and Tenant shall each use commercially reasonable efforts to alleviate or curtail any force majeure occurrence.

ARTICLE 33
EXTENSION OPTION

33.1 **Extension Option.** If this Lease shall be in full force and effect and if the Tenant shall not be in default (beyond any applicable notice and grace period) of any of the terms, conditions, covenants and provisions hereof, at the time of exercise of the option and as of the commencement of the Extension Term, Tenant shall have the one-time right to extend the Term for one (1) additional term of (x) seven (7) years, if Tenant does not timely exercise the Expansion Option pursuant to Section 36.1, below or (y) ten (10) years beyond the Expansion Extension Term (defined below), if Tenant does timely exercise the Expansion Option, provided that it gives Landlord written notice at least twelve (12) months prior to expiration of then-current term (the "**Extension Notice**") of its exercise of such extended term option, time being of the essence (the applicable seven (7) or ten (10) year extension term being referred to herein as the "**Extension Term**"). The Fixed Rent and Parking Rent during such Extension Term shall be paid at the times and in the manner provided in the Lease for payment of Fixed Rent and Parking Rent, but in the amounts set forth on **Exhibit 4.1**. Tenant's occupancy during such Extension Term shall otherwise be governed by all of the other terms, conditions, covenants and provisions of this Lease, including, with respect to payment of Additional Rent, and, except as expressly otherwise provided in this Article, as this Lease shall have hereafter been amended, if at all. Time is of the essence with respect to the matters set forth in this Section 33.1.

ARTICLE 34
SIGNAGE; NAMING RIGHTS

34.1 **Signage and Naming Rights.** Landlord shall not name the Building other than for a street address. Tenant shall have the exclusive right, subject to Landlord's reasonable approval, to assign a customary alternative name to the Building, consistent with Class A laboratory and office buildings in the general City of Cambridge area, that does not identify any person or business entity (e.g. Tenant may elect to name the Building "The Life Sciences Center" or similar name). Tenant shall have the exclusive right, at Tenant's sole cost and expense, to install and maintain exterior signage on the Building (a) indicating the street address and/or name of the Building (as identified pursuant to the immediately preceding sentence) or (b) identifying

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Tenant by use of Tenant's corporate name and logo, in each case above the floor located on the street level of the Building (including the screening around the mechanical mezzanine level of the Building) at its sole cost and expense, subject to applicable Laws. Subject to compliance with all applicable Laws, Tenant in its sole discretion, shall have the right to determine the size and location of such signage. The provisions of this paragraph are personal to Tenant and its permitted successors and assignees, but shall not inure to the benefit of any subtenants or licensees of Tenant. Landlord shall have the right to place exterior signage on the ground floor level of the Building for the benefit of any retail tenants in the Building and for no more than one non-retail tenant from time to time provided that such signage complies with Laws and reasonable signage guidelines that are prepared by Landlord and reasonably approved by Tenant, and provided that, if Landlord places exterior signage on the ground floor level for any non-retail tenant, Landlord shall also place Tenant's exterior signage on the ground floor level of the Building, consistent in size and type with the non-retail tenant's ground floor signage. Tenant shall be solely responsible for the installation and maintenance of its signage, including obtaining and maintaining any permits and approvals required in connection therewith. Upon the expiration or earlier termination of the Term, Tenant shall remove any signage installed pursuant to this Section 34.1 at its sole cost and expense and repair any damage caused by such removal. Except as expressly set forth in this paragraph and subject to compliance with all applicable Legal Requirements, no curtains, blinds, shades, screens or signs shall be attached to, hung in, or used in connection with any exterior window or door of the Building without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 35
LANDLORD DEFAULT

35.1 **Landlord Default**. Tenant shall give notice of Landlord's failure to perform any of its obligations under this Lease to Landlord, and to any Mortgagee whose name and address have been given to Tenant. Landlord shall not be in default under this Lease unless Landlord (or such Mortgagee) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non performance requires more than thirty (30) days to cure, such period shall be reasonably extended in the case of any such non-performance that cannot be cured by the payment of money where such non-performance can be cured, and Landlord begins promptly within said thirty (30) day period and thereafter diligently completes the cure. In no event shall either party under this Lease be liable for indirect or consequential damages except as expressly set forth herein or to the extent covered by insurance maintained by the party against whom such liability is claimed.

If Landlord is in default in the performance of any of its obligations under this Lease, beyond applicable notice and cure periods, then, as Tenant's sole remedy (except as set forth below), Tenant shall have the right to remedy such default on Landlord's behalf (provided that Tenant uses reasonable efforts to avoid violating or rendering void any warranties maintained by Landlord), in which event Landlord shall reimburse Tenant within thirty (30) days after invoice for all reasonable costs and expenses incurred by Tenant in connection therewith. If (i) Landlord disputes Tenant's right to have undertaken any such remedy or the amount of reimbursement claimed by Tenant, (ii) Tenant obtains a final, unappealable judgment against Landlord for failure to reimburse Tenant for such costs, and (iii) Landlord fails to pay such costs to Tenant

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

within thirty (30) days following notice from Tenant of such judgment, then Tenant shall have the right to recover the same by an abatement of Fixed Rent, provided that such abatement (and the accrual of any interest on such amounts) shall cease at such time as and to the extent that payment is tendered to Tenant. Notwithstanding the foregoing, if the amount of the abatement is more than ten percent (10%) of the aggregate amount of Fixed Rent due in any month, then the amount abated in any one month shall not exceed ten percent (10%) of the Fixed Rent and the excess amount of the abatement shall be carried forward with interest at the Default Rate provided that at the time of termination of the Lease, Landlord shall pay all accrued amounts due and owing to Tenant pursuant to this section.

Tenant's self-help rights under this Section 35.1 shall be exercised by Tenant only (i) with respect to conditions actually existing within the Premises (and not affecting the structural components of the Building or systems serving other tenants of the Building) and (ii) after Tenant has provided Landlord with notice of Tenant's intention to exercise such right, and Landlord has failed to commence action to remedy the condition complained of within ten (10) days after its receipt of such notice (or if Landlord commences to do the act required within such period but fails to proceed diligently thereafter). Tenant's remedies under this Section 35.1 are personal to Tenant and may not be exercised by any subtenants or assignees (other than a Successor Entity) against Landlord. Tenant shall indemnify, save harmless and defend Landlord and its members, managers, officers, mortgagees, agents, employees, independent contractors, invitees and other persons acting under them from and against all liability, claim or cost (including reasonable attorneys' fees) arising in whole or in part out of any negligent act or omission or willful misconduct in connection with Tenant's exercise of its remedies pursuant to this Section 35.1.

Tenant shall have the right to pursue such other remedies as may be available at equity, such as specific performance or injunctive relief, in addition to the specific remedies set forth in this Lease, where applicable, in the event of a Landlord default beyond applicable notice and cure periods.

ARTICLE 36
EXPANSION

36.1 **Expansion Option.** So long as Tenant (or Successor Entity that is the tenant hereunder) is either (i) a publicly traded company on a nationally recognized stock exchange with either (A) a market capitalization of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied, or (ii) a non publicly traded company with either (A) a tangible net worth of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied, provided that Tenant is not in default (beyond applicable notice or cure period(s)) of its obligations under this

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Lease at the time Tenant makes such election or at the time that the Expansion Space (as defined below) is added to the Lease, Tenant shall have the one-time right to expand the Premises (the "**Expansion Option**") to include the remaining rentable area of the Building consisting of approximately 95,816 rentable square feet of area as shown on the attached **Exhibit 36.1** (the "**Expansion Space**") effective on the tenth (10^{th}) anniversary of the Rent Commencement Date (the "**Expansion Delivery Date**") by providing prior written notice to Landlord at least 18 months prior to the Expansion Delivery Date. The expansion rights set forth above are personal to Tenant and any Successor Entity and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of the Lease by Landlord or pursuant to Law; (ii) the termination or surrender of Tenant's right of possession to the Premises; (iii) the assignment of this Lease by Tenant to an entity other than a Successor Entity; (iv) the sublease by Tenant of more than fifty percent (50%) of the rentable area of the Premises, which sublease(s) have expiration dates within six (6) months of the termination date or expiration date of this Lease; (v) the failure of Tenant to timely and/or properly exercise the option set forth above.

If Tenant timely exercises the Expansion Option under this Section (i) the Term shall be automatically extended for ten (10) years from the Expansion Delivery Date (the **"Expansion Extension Term**"); (ii) Landlord shall deliver the Expansion Space to Tenant on the Expansion Delivery Date in the same condition in which Tenant is required to surrender its premises to Landlord pursuant to this Lease, including but not limited to Articles 18 and 26 hereof (other than the obligation to remove any Specialty Alterations, provided that Landlord shall use commercially reasonable efforts to require the removal of any such Specialty Alterations); and (iii) upon Landlord's delivery of the Expansion Space to Tenant, the Expansion Space shall be leased by Tenant on all of the terms of the Lease in effect with respect to the remainder of the Premises except that the Fixed Rent for the Expansion Space shall be as set forth on **Exhibit 4.1**, attached, Tenant's parking allocation and Parking Rent shall be increased accordingly, and the Tenant's Pro Rata Percentage shall be increased to reflect the addition of the Expansion Space to the Premises. At the request of either party, Landlord and Tenant shall promptly execute and deliver an agreement confirming such expansion of the Premises and the estimated date the Premises are to be expanded pursuant to this paragraph with a provision for establishing the effective date of such expansion based on actual delivery. Landlord's failure to deliver, or delay in delivering, all or any part of the Expansion Space, for any reason, shall not give rise to any liability of Landlord, shall not alter Tenant's obligation to accept such space when delivered, shall not constitute a default of Landlord, and shall not affect the validity of the Lease; provided, however, that (A) if Landlord fails to deliver possession of the Expansion Space in the condition required by this Section 36.1 within two hundred forty (240) days after the Expansion Delivery Date, Tenant in its sole discretion, shall have the right upon written notice to Landlord, to withdraw its exercise of the Expansion Option and upon such withdrawal, all obligations of the parties under this Section 36.1 shall cease, and (B) if Landlord fails to deliver possession of the Expansion Space in the condition required by this Section 36.1 within 30 days following the Expansion Delivery Date and Tenant does not elect to withdraw its Expansion Option, Landlord shall provide Tenant with (I) one (1) day of Fixed Rent abatement for Expansion Space for the 31st through 90th day of such late delivery, and (II) two (2) days of Fixed Rent abatement for the Expansion Space for each day thereafter that the Landlord fails to deliver the Expansion Space as required by this Section 36.1. If the prior tenant holds over in the Expansion Space beyond the

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

term of its lease, then Landlord shall, no later than 30 days following the Expansion Delivery Date, commence and diligently pursue eviction proceedings against such tenant.

ARTICLE 37
RIGHT OF FIRST OFFER

37.1 **Right of First Offer.** In the event that at any time following the 2nd anniversary of the Effective Date and during the Term, any leasable space in the Building (the "**ROFO Space**") is or is to become available for rental and Landlord wishes to lease such space to any person other than the then current occupant(s) thereof (if any), and, in the further event, that Tenant or Successor Entity that is the tenant hereunder is either (i) a publicly traded company on a nationally recognized stock exchange with either (A) a market capitalization of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied, or (ii) a non publicly traded company with either (A) a tangible net worth of at least one billion US dollars ($1,000,000,000), (B) at least two hundred fifty million US dollars ($250,000,000) of annual revenue for the immediately prior four quarters, or (C) at least one hundred million US dollars ($100,000,000) in cash or cash equivalents, each determined in accordance with generally accepted accounting principles, consistently applied and is not then in default (beyond any applicable grace or notice period) of its obligations to Landlord under this Lease, Landlord shall, before entering into a Lease for all or any portion of such space, make a written offer to lease the same to Tenant ("**Landlord's RFO Offer**"). If within ten (10) business days after receipt of Landlord's RFO Offer, Tenant agrees in writing to lease the applicable ROFO Space, the applicable ROFO Space shall, subject to the following paragraph below and without further action by the parties, be leased by Tenant on all of the terms of the Lease in effect with respect to the remainder of the Premises except that the Fixed Rent for the ROFO Space shall be as set forth on **Exhibit 4.2**, attached. At the request of either party, Landlord and Tenant shall promptly execute and deliver an agreement confirming such expansion of the Premises and the estimated date the Premises are to be expanded pursuant to this paragraph with a provision for establishing the effective date of such expansion based on actual delivery. Landlord's failure to deliver, or delay in delivering, all or any part of the ROFO Space, for any reason, shall not give rise to any liability of Landlord, shall not alter Tenant's obligation to accept such space when delivered, shall not constitute a default of Landlord, and shall not affect the validity of the Lease except as expressly provided herein. If such notice of acceptance by Tenant is not so given, the Landlord shall be free to lease such space to a third party at an effective rent (which shall include Fixed Rent, Additional Rent and other monetary considerations amortized over the term of such lease) and (where applicable) Parking Rent not substantially more favorable to said third party (i.e., Landlord shall not offer an effective rent that is less than ninety percent (90%) of the effective rent offered to Tenant or a Parking Rent that is less than eighty percent (80%) of the Parking Rent offered to Tenant) than that set forth in the Landlord's RFO Offer; if Landlord desires to enter into a lease with a third party at an effective rent or Parking Rent that is substantially more favorable to said third party in accordance with this sentence, then Landlord shall first re-offer to lease the ROFO Space to Tenant on the terms set forth herein. This Right of First Offer is

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

personal to the named Tenant and any Successor Entity and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of this Lease by Landlord or pursuant to Law; (ii) the termination or surrender of Tenant's right to possession of the Premises; (iii) the assignment of this Lease by Tenant (to other than a Successor Entity); (iv) the sublease by Tenant of more than fifty percent (50%) of the rentable area of the Premises, which sublease(s) have expiration dates within six (6) months of the Termination Date or Expiration Date of this Lease; or (v) the failure of Tenant to timely and properly exercise its rights under this provision. In no event shall the rights under this Section 37.1 apply to any space in the Building offered to lease for use as a building amenity, such as a cafeteria or fitness center, or a management office, or that is located on the ground floor and is required to be leased for so-called "Activated Uses" pursuant to the terms and conditions of the Title Documents. Time is of the essence with respect to the provisions of this Article 37.

37.2 **Delivery of ROFO Space.** Landlord's failure to deliver, or delay in delivering, all or any part of the ROFO Space in the condition described in Landlord's RFO Offer, for any reason, shall not give rise to any liability of Landlord, shall not alter Tenant's obligation to accept such space when delivered, shall not constitute a default of Landlord, and shall not affect the validity of the Lease; provided, however, that (A) if Landlord fails to deliver possession of the ROFO Space in the condition described in Landlord's RFO Offer within two hundred forty (240) days after the delivery date set forth in the Landlord's RFO Offer (the "**ROFO Delivery Date**"), then Tenant, in its sole discretion, shall have the right upon written notice to Landlord to withdraw its agreement to lease the ROFO Space, and (B) if Landlord fails to deliver possession of the ROFO Space in the condition described in Landlord's RFO Offer within 30 days after the ROFO Delivery Date and Tenant does not elect to withdraw its agreement to lease the ROFO Space, Landlord shall provide Tenant with (I) one (1) day of Fixed Rent abatement for the applicable ROFO Space for the 31st through 90th day of such late delivery, and (II) two (2) days of Fixed Rent abatement for the applicable ROFO Space for each day thereafter that the Landlord fails to deliver the applicable ROFO Space as required by this Article 37. If the prior tenant holds over in applicable ROFO Space beyond the term of its lease, then Landlord shall, no later than 30 days following the ROFO Delivery Date, commence and diligently pursue eviction proceedings against such tenant.

ARTICLE 38
TENANT'S CONTRACTORS AND SERVICE PROVIDERS

38.1 **Tenant's Contractors and Service Providers.** Tenant may, in the exercise of its commercially reasonable judgment, enter into contracts with service providers. For example, Tenant may enter into contracts with a caterer to service a cafeteria located within the Premises, a security firm and/or a janitorial firm to provide services to the Premises. Tenant shall, from time to time, give notice to Landlord of the name and address of the contractors or the service providers and such other information as Landlord may reasonably request. Landlord and Tenant agree that in the event Landlord elects to retain a security firm to provide security to the common areas of the Building, that Landlord and Tenant shall cooperate and coordinate in the delivery of security services to the common areas of the Building and to the Premises.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ARTICLE 39
MEASUREMENT STANDARD

39.1 The parties agree that the rentable area figures set forth in this Lease are conclusive except as expressly provided in this Section 39.1. Landlord and Tenant agree that it is the intent of the parties for Landlord to complete the design of the Building in a manner providing for approximately 325,000-328,053 rentable square feet of Premises and approximately 428,600 rentable square feet of Building as measured pursuant to the Measurement Standard (as defined below). Following the completion of the construction documents for the Landlord Work, Landlord's architect shall calculate the rentable area of the Premises and Building in accordance with Office Buildings: Standard Methods for Measurement as published by the Secretariat, Building Owners and Managers Association International ("**BOMA**") (ANSI/BOMA Z65.1-2010, Method B), as modified by the inclusion of any floor area serving laboratory exhaust or elevator shafts that are 100% dedicated to Tenant's use (collectively, the "**Measurement Standard**"), and certify the rentable square footage of the Premises and Building to Landlord and Tenant. Tenant shall have the right to review such certification and, so long as the Premises is not greater than 328,053 rentable square feet or less than 325,000 rentable square feet pursuant to such measurement, the parties shall enter into an amendment to this Lease confirming the rentable square footage of the Premises and the Building (subject to the following provisions of this Section 39.1) as well as proportional changes in the Fixed Rent due and any other charges due under this Lease based upon the rentable square footages of the Premises and the Building, and a proportionate adjustment in any other rights of Tenant apportioned based on the rentable square footages of the Premises and the Building hereunder. If the Premises are less than 325,000 rentable square feet or more than 328,053 rentable square feet based on such measurement, then Landlord shall make such changes to the construction documents that are required so as to bring the Premises within such parameters and Tenant will cooperate in connection with the same. Within thirty (30) days following the substantial completion of the Landlord Work, Landlord shall direct its architect to calculate the rentable square footages of the Premises and the Building pursuant to the Measurement Standard and certify the same to Tenant. If such measurement of the Premises is between 325,000 and 328,053 rentable square feet, inclusive, then Landlord and Tenant shall enter into an amendment to this Lease confirming the final rentable square footages of the Premises and the Building, as modified, as well as proportional changes in the Fixed Rent due and any other charges due under the Lease based upon the rentable square footages of the Premises and the Building, and a proportionate adjustment in any other rights of Tenant apportioned based on the rentable square footages of the Premises and the Building hereunder. Notwithstanding the foregoing, if Tenant disputes such final measurement of the Premises and the Building within fifteen (15) business days following delivery of such certification to Tenant, then the parties shall submit such dispute for resolution pursuant to Section 14 of the Work Letter. In no event shall (x) Landlord be obligated to design the Premises to be less than 325,000 rentable square feet or the Building to be less than 428,600 rentable square feet, or (y) Landlord be obligated to approve any proposed Tenant plans or revisions thereto pursuant to the process described in the Work Letter that would result in the Premises being less than 325,000 rentable square feet or the Building being less than 428,600 rentable square feet, and (z) Tenant be obligated to pay Fixed Rent and any other charge due under the Lease based upon a rentable

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

square footage of the Premises being in excess of 328,053 rentable square feet (other than in connection with an expansion of the Premises).

In the event that a future adjustment is required due to the expansion or reduction of the (a) Premises in accordance with this Lease (other than pursuant to Articles 36 and 37) or (b) the Building, then Landlord shall provide Tenant with a certification of such measurement by the Landlord's architect in accordance with the Measurement Standard. If Tenant disputes the results within ten (10) business days following the receipt of such certification, then Landlord, Landlord's architect, if any, Tenant, and Tenant's architect shall meet and resolve the dispute within such ten (10) business day period. If the parties are unable to resolve such dispute within such ten (10) business days, either of the parties may elect to submit such dispute to arbitration by directing the Connecticut office of the AAA (or, if none, the nearest AAA office with case management for Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within five (5) days of appointment, the arbitrator shall render a decision and the appropriate resolution, if any. The arbitrator's decision shall be final and binding on the parties.

ARTICLE 40
OTHER TENANT RIGHTS AND BUILDING LEASING

40.1 **Other Tenant Rights and Building Leasing.** If during the term of this Lease, Landlord desires to enter into a lease with a new tenant to the Building that requires additional, new shaft space (i.e. shaft space not shown on the Landlord Work Plans) that would be located within the Premises, such shaft area shall require the approval of Tenant. Subject to the provisions of the immediately preceding sentence, Landlord shall not require the approval of the Tenant to enter into a lease with a new tenant to the Building so long as that tenant is: (i) Yale University or any affiliate thereof; (ii) a tenant occupying its premises primarily for laboratory purposes with a minimum lease of 20,000 rentable square feet, or that is publicly traded or has known and reputable institutional or venture capital investors as reasonably evidenced by Landlord (provided however that in no event shall any laboratory tenant be permitted in the Building that (x) performs work at or above a risk category at or above Biosafety Level 3 as established by DHHS and as further described in the BMBL or such nationally recognized new or replacement standards as may be reasonably selected by Landlord if applicable to similar facilities in the City of New Haven (provided that nothing in this clause (x) shall be deemed to prohibit work that is below Biosafety Level 3 under the BMBL as it exists on the date such tenant enters into its lease, regardless of subsequent changes in the BMBL), or (y) [*], in each case without the consent of Tenant, such consent not to be unreasonably withheld, conditioned or delayed); or (iii) any tenant occupying its premises primarily for office purposes or retail purposes (other than retail tenants primarily engaged in food service that are so-called "fast-

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

food" tenants, or national retail food service franchise tenants, or retail food service tenants inconsistent with the first class nature of the Building, for which Tenant shall have the right of approval (not to be unreasonably withheld, conditioned or delayed; provided that it shall be reasonable for Tenant to deny its consent if such food service tenants are primarily engaged in selling prepared foods that are not consistent with a healthy, balanced diet in accordance with US Department of Agriculture standards as then exist)). Landlord shall include language in other tenant leases in the Building containing the restrictions set forth in clauses (i), (ii) and (iii) above should the tenants under such leases seek to sublease or assign all or any portion of their leased premises. Except where expressly set forth above, any approval sought by Landlord under this Section 40.1 shall be granted or withheld in the sole discretion of Tenant. Tenant shall respond to any request by Landlord for approval under this Section 40.1 within five (5) days following Landlord's request for the same. If Tenant fails to review and approve, or disapprove by written notice in sufficient detail for Landlord to be able to reply within such five (5) days, the matters submitted for approval by Landlord hereunder (accompanied by a cover letter with a statement, in bold and prominent print and referencing this Section 40.1 stating that failure to respond may result in deemed approval), and Tenant shall fail to reply within an additional five (5) day period following delivery of a second, subsequent written notice from Tenant, then Tenant shall be deemed to have approved the matters submitted to Tenant for approval. The provisions of this Section 40.1 are personal to Tenant and any Successor Entity and shall automatically terminate and become null, void and of no force and effect upon the earlier to occur of (i) the expiration or termination of the Lease by Landlord or pursuant to Law; (ii) the termination or surrender of Tenant's right of possession to the Premises; (iii) the assignment of this Lease by Tenant to an entity other than a Successor Entity; (iv) the sublease by Tenant of more than fifty percent (50%) of the rentable area of the Premises.

In the event of any dispute with respect to the matters set forth in this Section 40.1, either of the parties may elect to submit such dispute to arbitration by directing the Connecticut office of the AAA (or, if none, the nearest AAA office with case management for Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within five (5) days of appointment, the arbitrator shall render a decision and the appropriate resolution, if any. The arbitrator's decision shall be final and binding on the parties.

ARTICLE 41
ROOFTOP RIGHTS

41.1 **Rooftop Rights.** Landlord grants Tenant the appurtenant, non exclusive, and irrevocable (except upon the expiration or earlier termination of this Lease) license at no additional charge, but otherwise subject to the terms and conditions of this Lease, to use a

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

contiguous portion of the roof of the Building approved by Landlord (the "**Rooftop Installation Areas**") to operate, maintain, repair and replace telecommunications, electrical, alternative energy generation (including but not limited to solar panels, fuel cells, wind turbines, and co-generation facilities), and mechanical equipment for Tenant's own use, such as a satellite dish, microwave dish, and the like or HVAC equipment, appurtenant to the uses permitted under Section 5.1 of the Lease ("**Rooftop Equipment**"). The exact location and layout of the Rooftop Installation Areas shall be approved by Landlord and Tenant in their reasonable discretion and the square footage of the Rooftop Installation Areas shall be equal to Tenant's Pro Rata Percentage of total rooftop areas made available to tenants in the Building for similar purposes (unless Tenant desires to use a smaller area).

Tenant shall install Rooftop Equipment at its sole cost and expense, at such times and in such manner as Landlord may reasonably designate and in accordance with all of the provisions of this Lease, including without limitation Article 9. Tenant shall not install or operate Rooftop Equipment until it receives prior written approval of the plans for such work in accordance with Article 9. Landlord may withhold approval if the installation or operation of Rooftop Equipment reasonably would be expected to damage the structural integrity of the Building. Tenant shall cooperate with Landlord as reasonably required to accommodate any re-roofing of the Building during the Term and Tenant shall be responsible for any costs associated with working around, moving or temporarily relocating Tenant's Roof Equipment. Landlord shall use commercially reasonable efforts to complete any such re-roofing as soon as is practicable. Tenant shall have access to the rooftop for the purposes of exercising its rights and obligations under this Article 41 twenty-four (24) hours per day and seven (7) days per week, subject to Landlord's reasonable security measures.

Tenant shall engage Landlord's roofer before beginning any rooftop installations or repairs of Rooftop Equipment, whether under this Article 41 or otherwise, and shall always comply with the roof warranty governing the protection of the roof and modifications to the roof. Tenant shall obtain a letter from Landlord's roofer following completion of such work stating that the roof warranty remains in effect. Tenant, at its sole cost and expense, shall cause a qualified employee or contractor to inspect the Rooftop Installation Areas at least quarterly and as often as recommended by the manufacturer of any Rooftop Equipment and correct any loose bolts, fittings or other appurtenances and shall repair any damage to the roof caused by the installation or operation of Rooftop Equipment. Tenant shall pay Landlord following a written request therefor, with the next payment of Fixed Rent, (i) all applicable taxes or governmental charges, fees, or impositions imposed on Landlord because of Tenant's use of the Rooftop Installation Areas and (ii) the amount of any increase in Landlord's insurance premiums as a result of the installation of Rooftop Equipment. All Rooftop Equipment shall be screened or otherwise designed so that it is not visible from the ground level of the Property.

Tenant agrees that the installation, operation and removal of Rooftop Equipment shall be at its sole risk. Tenant shall indemnify and defend Landlord and Landlord's agents and employees against any liability, claim or cost, including reasonable attorneys' fees, incurred in connection with the loss of life, personal injury, damage to property or business or any other loss or injury (except to the extent due to the negligence or willful misconduct of Landlord or its employees, agents or contractors) arising out of the installation, use, operation, or removal of

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Rooftop Equipment by Tenant or its employees, agents, or contractors, including any liability arising out of Tenant's violation of this Article 41. Landlord agrees it shall include in each lease with each tenant in the Building that has access to the roof substantially the same terms and conditions imposed on rooftop installations as apply to Tenant pursuant to this Section 41.1 and that Landlord shall use commercially reasonable efforts to enforce such terms and conditions against the other tenants in the Building. Excepting the responsibility to enforce the conditions described in the preceding sentence, Landlord assumes no responsibility for interference in the operation of Rooftop Equipment caused by other tenants' equipment, or for interference in the operation of other tenants' equipment caused by Rooftop Equipment, and Tenant hereby waives any claims against Landlord arising from such interference. The provisions of this paragraph shall survive for one (1) year following the expiration or earlier termination of this Lease.

Landlord may have granted and may hereafter grant roof rights to other parties, and Landlord shall use commercially reasonable efforts to cause such other parties to minimize interference with Rooftop Equipment and shall not permit installations on the rooftop by other tenants or occupants except for equipment of the nature of the Rooftop Equipment. Tenant shall conduct, and Landlord shall conduct or require such other tenants to conduct, wind studies at any time that such equipment is installed on the roof, or any changes are made to the roof, by Tenant or any other tenant, as applicable, that may impact the Building's exhaust patterns and ensure that any such equipment or other changes to the roof minimize impacts on such exhaust patterns. If Rooftop Equipment (i) causes physical damage to the structural integrity of the Building, (ii) materially interferes with any telecommunications, mechanical or other systems located at or servicing the Building or any building, premises or location in the vicinity of the Building, (iii) interferes with any other service provided to other tenants in the Building by rooftop installations installed prior to the installation of Rooftop Equipment or (iv) interferes with any other tenants' business, in each case in excess of that permissible under Laws, including F.C.C. or other regulations (to the extent that such regulations apply and do not require such tenants or those providing such services to correct such interference or damage) (each of (i) through (iv) above being a "**Rooftop Interference**"), Tenant shall within two (2) business days of notice of a claim of Rooftop Interference cooperate with Landlord or any other tenant or third party making such claim to determine the source of the Rooftop Interference and effect a prompt solution at Tenant's expense (if Rooftop Equipment caused such interference or damage). In the event Tenant disputes Landlord's allegation that Tenant is causing or has caused a Rooftop Interference in writing delivered within five(5) business days of receiving Landlord's notice claiming such Rooftop Interference, then Landlord and Tenant shall meet to discuss a solution, and if within seven (7) days of their initial meeting Landlord and Tenant are unable to resolve the dispute, then the matter shall be submitted to arbitration in accordance with the provisions set forth below.

The parties shall direct the Connecticut office of the AAA (or, if there is none, the nearest AAA office with case management in Connecticut) to appoint an arbitrator who shall have a minimum of ten (10) years' experience in commercial real estate disputes and who shall not be affiliated with either Landlord or Tenant. Both Landlord and Tenant shall have the opportunity to present evidence and outside consultants to the arbitrator. The arbitration shall be conducted in accordance with the expedited commercial real estate arbitration rules of the AAA insofar as such rules are not inconsistent with the provisions of this Lease (in which case the provisions of this Lease shall govern). The cost of the arbitration (exclusive of each party's witness and

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

attorneys' fees, which shall be paid by such party) shall be borne equally by the parties. Within ten (10) days of appointment, the arbitrator shall determine whether or not Rooftop Equipment is causing a problem with the Building and/or any other Building tenants' equipment in the Building, and the appropriate resolution, if any. The arbitrator's decision shall be final and binding on the parties. If Tenant shall fail to cooperate with Landlord in resolving any such interference or if Tenant shall fail to implement the arbitrator's decision within ten (10) days after it is issued, Landlord may at any time thereafter (i) declare an event of default and/or (ii) relocate the item(s) of Rooftop Equipment in dispute in a manner consistent with the arbitral decision at Tenant's expense.

Based on Landlord's good faith determination that such relocation is necessary, Landlord reserves the right to cause Tenant to relocate Rooftop Equipment located on the roof to comparably functional space on the roof by giving Tenant prior notice of such intention to relocate. If within thirty (30) days after receipt of such notice Tenant has not agreed with Landlord on the space to which Rooftop Equipment is to be relocated, the timing of such relocation, and the terms of such relocation, then Landlord shall have the right to make all such determinations in its reasonable judgment. Landlord agrees to pay the reasonable cost of moving Rooftop Equipment to such other space, taking such other steps necessary to ensure comparable functionality of Rooftop Equipment, and finishing such space to a condition comparable to the then condition of the current location of Rooftop Equipment. Tenant shall arrange for the relocation of Rooftop Equipment within sixty (60) days after a comparable space is agreed upon or selected by Landlord, as the case may be. In the event Tenant fails to arrange for said relocation within the sixty (60) day period, Landlord shall have the right to arrange for the relocation of Rooftop Equipment at Landlord's expense, all of which shall be performed in a manner designed to minimize interference with Tenant's business.

ARTICLE 42
PREMISES CONTRACTION

42.1 **Early Termination Right.** Tenant shall have the one time right (the "**Early Termination Right**") to terminate the Lease with respect to one full floor (whether used as laboratory or office space) of the Premises (but not less or more than one full floor of the Building) (the "**Terminated Floor**") and the applicable *pro rata* share of Tenant's parking spaces effective on the date (the "**Early Termination Date**") that is immediately following the eighth (8th) anniversary of the Rent Commencement Date, provided that: (i) Tenant is not in default beyond any applicable grace or notice and cure period under the Lease at the time of exercise of its Early Termination Right, nor at any time thereafter up to and including the Early Termination Date; and (ii) Tenant gives prior written notice on or before the seventh (7th) anniversary of the Rent Commencement Date to Landlord (the "**Termination Notice**") of its election to terminate on the Early Termination Date, time being of the essence; and provided, further, that Tenant pays Landlord, at the time of delivery of the Termination Notice, a fee (and not as a penalty) an amount equal to the sum of (x) six (6) months Fixed Rent with respect to the Terminated Floor, calculated at the rate per rentable square foot for the Terminated Floor as of the Termination Date, (y) six (6) months of Operating Expenses and Real Estate Taxes with respect to the Terminated Floor at the rate payable as of the day immediately preceding the Early Termination

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Notice, and (z) six (6) months Parking Rent with respect to the Terminated Floor described in Section 11.7 of this Lease, at the rate payable effective as of the day immediately preceding the Early Termination Date. Effective as of the Early Termination Date, Tenant's Pro Rata Percentage shall be equitably adjusted; provided, however, that if, as of the date Tenant provides the Termination Notice, the square footage of Tenant's Rooftop Installation Areas exceeds the area to which Tenant would otherwise be entitled taking into consideration such contraction, Tenant shall not be required to decrease or adjust the Rooftop Installation Areas until sixty (60) days after written notice from Landlord that another tenant or tenants require use of such areas to achieve their proportionate share of rooftop space at which time Landlord and Tenant shall cooperate to identify a mutually acceptable alternative location for the affected Rooftop Equipment (which, if permitted pursuant to Legal Requirements, may include the construction of additional Rooftop Equipment areas above the then-existing areas (i.e. by use of dunnage or otherwise), provided that any such additional vertical arrangements do not cause interference with other then-existing rooftop equipment.

ARTICLE 43
CONFIDENTIALITY

43.1 **Confidentiality**. Tenant and Landlord each agrees to keep the material terms and conditions (including, without limitation, rental rates) of this Lease confidential, except that such information may be disclosed to Tenant's and Landlord's respective and potential investors, advisors, consultants, attorneys, agents and lenders, whom Tenant and Landlord, as applicable, shall cause to keep such information confidential, and except as required by Laws. In addition, (a) Landlord agrees, on behalf of itself and its agents and employees, to keep confidential any information regarding Tenant's use, business or operations obtained in the course of Landlord's negotiation of this Lease or in Landlord's performance of its rights and obligations pursuant to this Lease and (b) Tenant agrees, on behalf of itself and its agents and employees, to keep confidential any information regarding Landlord or the Property obtained in the course of Tenant's negotiation of this Lease or in Tenant's performance of its rights and obligations pursuant to this Lease. Notwithstanding the foregoing, either party may disclose the terms and conditions of this Lease or information otherwise required to be kept confidential hereunder in connection with any legal proceeding brought under this Agreement. In no event shall information that is available to the general public or from sources other than the parties (provided that the supplying party is not violating any confidentiality obligation hereunder) be subject to the provisions of this Article 43.

*Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

Witness:

_____

_____

LANDLORD:

WE ROUTE 34, LLC

By: Winstanley Enterprises LLC, its Manager

By: /s/ Carter J. Winstanley
Its: Carter J. Winstanley, Manager

TENANT:

Witness:

_____

_____

ALEXION PHARMACEUTICALS, INC.

By: /s/ Vikas Sinha
Its Executive Vice President and Chief Financial Officer

STATE OF Massachusetts)

) ss.

COUNTY OF Middlesex)

On this the 15 day of November, 2012, before me, the undersigned officer, personally appeared Carter J. Winstanley who acknowledged himself to be the Manager of Winstanley Ent. LLC, a Delaware LLC, and that he as such, being authorized so to do, executed the foregoing instrument as his free act and deed for the purposes therein contained by signing his name in his capacity as Manager of Winstanley Enterprises LLC the manager of WE Route 34, LLC.

In witness whereof I hereunto set my hand.

/s/ Pamela D' Ambrosio
Notary Public
My commission expires: April 16, 2015

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

STATE OF Connecticut)

) ss.

COUNTY OF New Haven)

On this the 15 day of November, 2012, before me, the undersigned officer, personally appeared Vikas Sinha who acknowledged himself to be the Executive Vice President and Chief Financial Officer of Alexion Pharmaceuticals, Inc., a Delaware corporation, and that he as such, being authorized so to do, executed the foregoing instrument as his free act and deed for the purposes therein contained by signing his name in his capacity as Executive Vice President and Chief Financial Officer of Alexion Pharmaceuticals, Inc..

In witness whereof I hereunto set my hand.

/s/ Jasmine Crespo
Notary Public
My commission expires: October 31, 2016

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 1.2

LAND

All that certain piece or parcel of land situated in the City of New Haven, County of New Haven and State of Connecticut, bounded as follows:

Northeasterly: by the Southwesterly highway line of North Frontage Road;

Southeasterly: by the Northwesterly easement line of College Street Extension, a distance of 230 feet, more or less, as shown on a map entitled "TOWN OF NEW HAVEN MAP SHOWING LAND TO BE GRANTED TO THE CITY OF NEW HAVEN BY THE STATE OF CONNECTICUT OAK STREET CONNECTOR" Town No. 92, Project No. 93, Serial No. 174B, Sheet 1 of 3, certified substantially correct February 6, 1962;

Southwesterly: by the Northeasterly highway line of South Frontage Road; and

Northwesterly: by the Southeasterly line of the "Air Rights Parking Garage" located at 60 York Street, a distance of 230 feet, more or less, said line being the Southeasterly line of Parcel 7 described in the deed from the State of Connecticut Department of Transportation to the Department of Economic and Community Development dated October 8, 2003 and recorded February 17, 2004 in Volume 6701 at Page 20 of the New Haven Land Records.

Tenant acknowledges that, as of the date of the Lease, Landlord's sole interest in the foregoing land is pursuant to Landlord's rights as developer under that certain Development and Land Disposition Agreement by and among the City of New Haven, the New Haven Parking Authority and WE Route 34, LLC dated September 1, 2012 (the "DLDA"). The foregoing property description is subject to revision based upon the results of a land survey to be made in connection with the transfer of the property from the City to the Landlord. Upon completion of the survey, the parties shall, if necessary, update **Exhibit 1.2** to the Lease accordingly.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission .

EXHIBIT 1.6

TENANT'S PROPERTY

Equipment that may be removed

Access control system

Air dryers

Autoclaves

Cold Boxes

Computer servers / data center hardware

Demountable walls

Electrical power conditioners

Fuel Cells

Glasswashers

Micro Turbines

Modular walls

pH adjustment systems

Phone system

Process back-up Generators and automatic transfer switches

Process boilers and stills

Process chillers and condensing units

Process pressure reducing stations

RODI pure water skid

Security System

Server room Liberts

Tow Motor and charger

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

UPS's

Vacuum pumps

Video surveillance system

Washing Machines

Water for Injections systems (WFI)

Wind Turbines

Workstations

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 2.1

PREMISES

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 2.1(a)

TITLE DOCUMENTS

1. The applicable conditions and requirements of State Traffic Commission Certificate No. 311-A recorded September 21, 2006 in Volume 7723 at Page 11 of the New Haven Land Records, to which is attached Traffic Investigation Report No. 092-0605-01 which was recorded September 1, 2006 in Volume 7703 at Page 216 of said Land Records; Notice of a one-year extension for Certificate No. 311-A, dated August 29, 2008 and recorded September 10, 2008 in Volume 8276 at Page 175 of said Land Records, as it is to be modified or replaced in connection with the Landlord Work.

2. Total applicable conditions and requirements of State Traffic Commission Certificate Nos. 631 and 311, also recorded September 1, 2006 in Volume 7703 at Page 216 of the New Haven Land Records, referenced in aforesaid Traffic Investigation Report No. 092-0605-01 as it is to be modified or replaced in connection with the Landlord Work.

3. Development and Land Disposition Agreement by and among the City of New Haven, the New Haven Parking Authority and WE Route 34, LLC dated September 1, 2012 (the "DLDA").

4. Reservations in a deed from the City of New Haven to WE Route 34, LLC, including temporary and permanent easements for a drainage pipe and access to and maintenance and repair of said drainage pipe to be hereafter created pursuant to the terms of the DLDA.

5. Permanent easement in favor of the City of New Haven and the New Haven Parking Authority for the maintenance, repair and replacement of the Air Rights Garage and for the footings and foundations of the Air Rights Garage, as defined in the DLDA, to be hereafter created pursuant to the terms of the DLDA.

6. Permanent easement in favor of the City of New Haven for the operation, maintenance, repair and replacement of the Tunnels and Driveways, as defined in the DLDA, to be hereafter created pursuant to the terms of the DLDA.

7. Permanent easement in favor of the City of New Haven for repair and replacement of public improvements situated on the land to be hereafter created, to be hereafter created pursuant to the terms of the DLDA.

8. Temporary nonexclusive easement in favor of the City of New Haven for the construction of the westerly side of College Street fill structure to be hereafter created pursuant to the terms of the DLDA.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

9. Temporary slope easements along MLK Boulevard and South Frontage Road in favor of the City of New Haven for the purpose of supporting the embankments bordering such roads to be hereafter created pursuant to the terms of DLDA.

10. Temporary construction easements along MLK Boulevard and South Frontage Road in favor of the City of New Haven for the purpose of widening such roads to be hereafter created.

11. Environmental Land Use Restriction in favor of the Connecticut Department of Energy and Environmental Protection to be hereafter created.

12. Terms and provisions of a Site Plan Review and Planned Development Action and Special Permit by the City of New Haven City Plan Commission to be hereafter created.

13. Terms and provision of such rights and easements as may be agreed to by and between the City of New Haven, the New Haven Parking Authority and WE Route 34, LLC pursuant to the Development and Land Disposition Agreement.

14. Rights of the City of New Haven and the public in and to that portion of the land dedicated as a public street, which public street passes under the building improvements situated on the land.

15. Rights of others in and to any utilities located within the parcel to the extent serving other property.

16. Rights of utility providers to be hereafter created in and to any utility easements located within the parcel and serving the property.

17. Matters shown on that certain draft survey entitled “Compilation Plan, Town of New Haven, Map Showing Land Released to _____ by the State of Connecticut Department of Transportation” dated August 2012 and prepared by Thomas A. Harley, P.E.

Any encumbrance to be created in the future pursuant to this Exhibit 2.1(a) shall not expand the obligations of Tenant in more than a de minimis manner or unreasonably and adversely affect Tenant’s rights under the Lease without Tenant’s approval (which approval shall not be unreasonably withheld).

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 2.3

FORM OF CONFIRMATION OF COMMENCEMENT DATE

Reference is made to the Lease for a portion of the building known as 100 College Street, New Haven, Connecticut dated _____between WE Route 34, LLC, as landlord, and Alexion Pharmaceuticals Inc., as tenant (the "Lease"). The terms listed below are used as defined in the Lease.

Landlord and Tenant confirm the following:

Delivery Date: _____

Rent Commencement Date:

Expiration Date: _____

LANDLORD:

WE ROUTE 34, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

TENANT:

ALEXION PHARMACEUTICALS INC., a Delaware corporation

By: _____

Name: _____

Title: _____

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 3.2
WORK LETTER

(1) Definitions

All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to said terms in the Lease to which this Work Letter is attached as Exhibit 3.2. This Work Letter is expressly subject to the provisions of the Lease and supplements the Lease. The provisions herein should be read consistently with the Lease, provided, however, in the event of any inconsistency between this Work Letter and the Lease, the terms and conditions of the Lease shall, in all instances, and for all purposes, control.

"**Delay**" means a Tenant Delay or a Landlord Delay, each as defined in Section 11, below.

"**Construction Force Majeure**" means extraordinary and unforeseeable acts of nature (*e.g.* tornado, hurricane, flood, earthquake, or unusually severe storm designated as a 50-year or greater storm by the National Climate Data Center, but not including lesser storms), fire or other casualty, war, riot or terrorism, and other extraordinary and unforeseeable causes beyond the responsible party's reasonable control (provided same is not the result of the negligence or fault of such party and cannot, by the exercise of commercially reasonable due diligence, be overcome or avoided by the party claiming Construction Force Majeure), but does not include items such as materials delay (other than general unavailability of materials and replacement materials in the nature of a shortage generally affecting similar projects in the eastern United States, rather than based on increased price), governmental delay relating to inspections (and results of inspections) of the Property or in granting permits or approvals, labor disturbances, strikes or disputes specific to the Property and/or the demolition or construction of improvements thereon or any labor disturbances, strikes or disputes if and to the extent the same are limited to employees, agents, contractors, vendors, suppliers, and/or subcontractors of the party claiming that Construction Force Majeure has occurred, errors or omissions in design, mechanical or equipment failure, economic hardship or the inability to pay all obligations when due, provided that the party claiming Construction Force Majeure shall notify the other party in writing of a Construction Force Majeure delay within two (2) business days of gaining actual knowledge of the Construction Force Majeure event.

"**Landlord's Architect**" means Elkus/Manfredi Architects LTD.

"**Landlord's MEP Engineer**" means AHA Consulting Engineers, Inc.

"**Landlord's Structural Engineer**" means McNamara/Salvia, Inc.

"**Landlord Work**" means the design, construction, and delivery of the base building shell and core, base building mechanical systems and site work contemplated by the Landlord Work Plans, as modified in accordance with this Exhibit 3.2, in Delivery Condition (as defined below).

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

"**Qualified Arbitrator**" means an attorney licensed to practice in Connecticut with at least twenty (20) years of experience in disputes involving the design and construction of substantially comparable first class projects located in Connecticut that has not worked for either party or its affiliates at any time and that is not disqualified from being retained by the parties in the arbitration engagement due to the application of the rules of professional conduct applicable to attorneys in the State of Connecticut.

"**Tenant's Architect**" means Elkus/Manfredi Architects LTD., Centerbrook Architects and Planners, LLP, The S/L/A/M Collaborative, Inc., or another architect reasonably approved by Landlord.

(2) Engagement of Architect and Engineers; and Tenant's and Landlord's Representative

(a) Landlord has engaged Landlord's Architect for the Landlord Work. Landlord's Architect has retained Landlord's MEP Engineer as the electrical, fire protection, and mechanical engineer and Landlord's Structural Engineer as the structural engineer in connection with the design of the Landlord Work. Landlord shall not (x) amend its contract with Landlord's Architect to alter any of the provisions governing use of the instruments of service, granting rights to Tenant, or governing the expiration of owner claims or rights against Landlord's Architect, or otherwise amend the contract with Landlord's Architect in a manner having a material adverse effect on Tenant or the Premises, without Tenant's prior written approval in its sole discretion, (y) waive any one or more of its rights under the contract with Landlord's Architect in a manner having a material adverse effect on Tenant or the Premises, without Tenant's prior written approval in its sole discretion, and/or (z) fail to enforce its rights under the contract with Landlord's Architect in a manner having a material adverse effect on Tenant or the Premises, without Tenant's prior written approval in its sole discretion.

(b) Tenant has retained or will retain Tenant's Architect for the Finish Work. Tenant's Architect has retained or will retain Landlord's MEP Engineer or another mechanical, electrical and plumbing engineer reasonably approved by Landlord and, if necessary due to the nature of the Finish Work (as defined below), will retain Landlord's Structural Engineer in connection with the design of the Finish Work. Even though such architect and engineers may have been otherwise engaged by Landlord in connection with the Building, Tenant shall be solely responsible for the liabilities and expenses of all architectural and engineering services relating to the Finish Work and for the adequacy and completeness of the plans and specifications submitted to Landlord by Tenant. Tenant's Architect and engineers will comply with the provisions of this Exhibit 3.2 and of Article 9 of the Lease.

(c) Tenant shall furnish a copy of its proposed architect's contract with Tenant's Architect to Landlord prior to its execution for Landlord's review and approval, which shall not be unreasonably withheld, conditioned, or delayed. In either case, economic, confidential, and/or proprietary terms that Tenant may reasonably believe are appropriately confidential may be redacted. Tenant's agreement with Tenant's Architect

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

shall require Tenant's Architect to incorporate Landlord's MEP Engineer (or such other mechanical, electrical and plumbing engineer as is reasonably approved by Landlord) and Landlord's Structural Engineer into its team and to work closely with such parties so as to ensure coordination of the complete design package. If Landlord should elect to replace Landlord's Architect or Landlord's MEP Engineer, or Tenant should elect to replace Tenant's Architect or Landlord's MEP Engineer (if Tenant has also retained Landlord's MEP Engineer) and engage a replacement architect or engineer to fulfill the responsibilities contemplated to be undertaken by the respective architect or engineer on behalf of such party (the parties hereby agreeing that such a replacement of an architect or engineer will not be implemented except pursuant to the terms of the relevant service contracts), the identity of the replacement and the contract for such replacement design professional shall be subject to the other party's approval, which shall not be unreasonably withheld or delayed (and will not be withheld to the extent consistent in all material respects with the prior contract). Neither party shall replace Landlord's Structural Engineer without first consulting with the other, and then only in the event the parties agree that it is necessary to do so (such approval not to be unreasonably withheld, conditioned or delayed), it being the intent that the parties rely on coordinated structural engineering.

(d) Daniel Caron (phone no. 203-271-8230) is Tenant's Authorized Representative and shall have full power and authority to act on behalf of Tenant on any matters relating to Finish Work or Landlord Work. Tenant may name a replacement Authorized Representative from time to time by written notice to Landlord making reference to this Exhibit 3.2. Carter Winstanley (phone no. 978-287-5000) is Landlord's Authorized Representative and shall have full power and authority to act on behalf of Landlord on any matters relating to Finish Work or Landlord Work. Any written correspondence with Landlord's Authorized Representative shall be copied to Winstanley Construction Management, 300 George Street, New Haven, Connecticut 06511. Landlord may name a replacement Landlord's Authorized Representative from time to time by written notice to Tenant making reference to this Exhibit 3.2.

(3) Landlord Work Plans and Specifications

(a) Landlord's Architect has prepared, and Tenant has approved, the schematic plans and specifications listed on **Attachment 1** to this Exhibit 3.2 (collectively, and as they may be further developed into construction documents and/or revised pursuant to this Work Letter, the "**Landlord Work Plans**"). Any changes in the Landlord Work Plans, as measured against the last iteration approved by Tenant, are subject to the provisions of Section 8, below. The Landlord Work and Landlord Work Plans must be consistent with first-class design standards for general offices and laboratories, Tenant acknowledging that the plans and specifications listed on **Attachment 1** do not violate such qualification (taking into account that the same may only be schematic level plans). The Landlord Work shall be further described in design development documents and subsequent final construction documents, which subsequent design phases shall be consistent with **Attachment 1**. Landlord shall provide Tenant with copies of the design

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

development and construction documents for Tenant's review and comment prior to finalization by Landlord. Tenant shall review and approve such plans within five (5) business days following the delivery of such plans to Tenant. If Tenant fails to review and approve, or disapprove by written notice in sufficient detail for Landlord to be able to reply within such five (5) business days, such plans properly submitted for approval by Landlord hereunder (accompanied by a cover letter with a statement, in bold and prominent print and referencing this Section 3(a) stating that failure to respond may result in deemed approval), and Tenant shall fail to reply in like manner within an additional five (5) business day period following delivery of a second, subsequent written notice from Landlord, then Tenant shall be deemed to have approved such plans. Nothing in the preceding two sentences shall be deemed to provide Tenant with a right to disapprove such design development or construction documents to the extent that they are consistent in all material respects with **Attachment 1** or any previously Tenant-approved iteration of the plans for Landlord Work or reasonably inferable therefrom. Landlord covenants that, upon completion of the Landlord Work, the Building and the common facilities serving the Building shall be in compliance with all Laws, including without limitation the Americans with Disabilities Act, except to the extent, if any, such non-compliance results from the design, construction, or use of Finish Work or Premises. All approvals and inspections of Tenant with respect to the Landlord Work Plans and Landlord Work, including without limitation the approval of **Attachment 1** (which is approved as of the date of this Lease), shall be for Tenant's benefit only, may not be relied on by Landlord, and shall not affect Landlord's responsibility for the same, provided, however, to the extent the Tenant obtains actual knowledge of any material concerns regarding coordination, compatibility, feasibility or constructability as the same relate to the Landlord Work, Tenant shall use commercially reasonable efforts to promptly notify Landlord. Without limiting any of Tenant's other rights, Tenant shall have the right to review the Landlord Work Plans from time to time and Landlord shall provide Tenant with a marked-up set of as-built plans for the Landlord Work promptly upon completion of the Landlord Work and, if requested by Tenant and at Tenant's sole cost and expense, a record set of the plans for the Landlord Work prepared and certified by Landlord's Architect (or another design professional reasonably acceptable to Tenant) thereafter (Tenant acknowledging that it shall not use such plans, which are instruments of service, except as expressly permitted in the agreement between Landlord and Landlord's Architect, and Tenant agrees to indemnify, defend and hold harmless Landlord for any losses, claims, damages, or liabilities incurred by Landlord on account of Tenant's use of such plans in a manner held to be prohibited by the terms of the agreement between Landlord and Landlord's Architect, as amended and approved by Tenant as of the date the Lease is executed).

(4) Finish Work Plans and Specifications

(a) Tenant shall cause to be prepared, at Tenant's expense, complete, coordinated, constructible construction drawings and specifications ("**Construction Documents**") that shall meet the requirements set forth on **Attachment 3** to this Exhibit 3.2 for the initial improvements to the entire Premises necessary to make the Premises

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ready for Tenant's occupancy (the "**Finish Work**"). Notwithstanding the foregoing or anything to the contrary in this Lease, the Tenant need not initially design or construct the Finish Work for a portion of the Premises located on one floor (not to exceed one full floor of the Premises) intended for future laboratory expansion and a portion of the Premises located on up to two floors (but not to exceed two full floors) to initially be left in the semi-finished state described on **Attachment 7** for future office expansion. The Construction Documents shall be reasonably consistent with the space concept attached as **Attachment 2** to this Exhibit 3.2 (the "**Space Concept**") and any interim plans and specifications previously approved by Landlord, as further set forth below. For purposes of this Work Letter, the Space Concept, any interim plans and specifications submitted to and approved by Landlord, and the Construction Documents are sometimes referred to herein as "**Tenant Plans**". Tenant Plans shall be submitted by Tenant for Landlord's review and approval at each stage of the design (*i.e.*, schematic, design development, and Construction Documents) and in any event, subject to Landlord Delay and Construction Force Majeure, in compliance with a mutually agreeable schedule to be established by Landlord and Tenant following the execution of Tenant's contract with Tenant's Architect. Landlord's approval of Tenant Plans shall signify only consent to the Finish Work shown and shall not result in any responsibility of Landlord concerning compliance of the Finish Work with Laws, or coordination or compatibility with any component or system of the Building or the feasibility of constructing the Finish Work without damage or harm to the Building, all of which shall be the sole responsibility of Tenant, provided, however, to the extent the Landlord obtains actual knowledge of any material concerns regarding coordination, compatibility, feasibility or constructability as the same relate to the Landlord Work, Landlord shall use commercially reasonable efforts to promptly notify Tenant.

Landlord shall review and approve, or disapprove by written notice in sufficient detail for Tenant to be able to reply, within five (5) business days following delivery of any Tenant Plans to Landlord by Tenant, including without limitation the Construction Documents. Tenant's schematic design documents and any subsequently submitted Tenant Plans and specifications must show Finish Work consistent with first class general offices and laboratories. If Landlord fails to review and approve, or disapprove by written notice in sufficient detail for Tenant to be able to reply within such five (5) business days, Tenant Plans properly submitted for approval by Tenant hereunder (accompanied by a cover letter with a statement, in bold and prominent print and referencing this Section 4(a) stating that failure to respond may result in deemed approval), and Landlord shall fail to reply within an additional five (5) business day period following delivery of a second, subsequent written notice from Tenant, then Landlord shall be deemed to have approved such Tenant Plans. All approvals, inspections, and requirements of Landlord with respect to the Tenant Plans and Finish Work shall be for Landlord's benefit only, may not be relied on by Tenant, and shall not affect Tenant's responsibility for the same.

Landlord has no obligation to approve any Finish Work not reasonably consistent with the Space Concept or not shown on other Tenant Plans previously approved by Landlord or reasonably inferable therefrom if, in Landlord's reasonable judgment, such proposed Finish Work (i) would cause a delay in the achievement of the Start Date (as defined below), any of the

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Milestones (as defined below), or Delivery Condition by the Estimated Delivery Date, unless Tenant agrees in writing that such work constitutes an Agreed Tenant Delay and Landlord and Tenant agree in writing to the amount of such Agreed Tenant Delay (Landlord having no obligation to agree to any such delays to the extent such delays exceed seventy-five (75) days in the aggregate); (ii) would materially increase the cost of operating the Building or increase the cost of performing any other work in the Building by more than a de minimis amount, unless in each case Tenant agrees to pay such costs, (iii) is incompatible with, or adversely affects (other than in an immaterial manner not causing Landlord to breach its obligations to any third party), the design, function, quality, equipment, structural integrity, or systems of the Building, or otherwise cannot reasonably be coordinated with the Landlord Work, (iv) is materially inconsistent with first class office and laboratory space, (v) requires a change in the Landlord Work (except as expressly permitted pursuant to Section 8(b), below), (vi) causes the Landlord Work to violate any Laws, Title Documents, permits or approvals, or any provision of this Lease (each a "**Legal Requirement**", and collectively the "**Legal Requirements**") or (vii) otherwise does not comply with the provisions of this Lease (including, without limitation, Article 9). By its execution of the Lease, and its submission of any Tenant Plans and Finish Work Change Orders, Tenant will be deemed to have approved of, and, as between Landlord and Tenant only, shall be legally responsible for, such Tenant Plans and Finish Work Change Orders.

(5) Engagement of Contractors

(a) Landlord shall retain John Moriarty & Associates, or another general contractor or construction manager reasonably approved by Tenant, as its general contractor or construction manager to construct the Landlord Work ("**Landlord's Contractor**") and shall enter into a construction contract with Landlord's Contractor, which contract shall, among other things: (i) obligate Landlord's Contractor to obtain payment and performance bonds for the Landlord Work which cover, without limitation, all of Landlord's Contractor's corrective work and warranty obligations for a period of three years following final payment under the Landlord's Contract with Landlord's Contractor and include a multiple obligee rider naming Tenant and its successors and assigns, Landlord and Landlord's lender as obligee; (ii) include Tenant and its officers, directors, employees, and agents (the "**Named Tenant Parties**") within the scope of Landlord's Contractor's indemnification obligations; (iii) include the Named Tenant Parties as non-contributory additional insureds on each of Landlord's Contractor's liability insurance policies (Tenant agreeing to cause its insurers to waive subrogation rights in favor of Landlord's Contractor); and (iv) include an obligation on the part of Landlord's Contractor to cause its insurers to waive subrogation rights in favor of the Named Tenant Parties (at Landlord's sole cost, if any). In addition to the provisions described above, Landlord agrees that, unless Tenant shall otherwise agree, (1) it will include within its construction contract with Landlord's Contractor language providing, in substance, that the Landlord Contractor will be responsible for preserving labor harmony and for managing and resolving all labor disputes resulting from the performance of the Landlord Work, and, to the extent any labor union disputes result from the use of any non-union trade on the project retained by Landlord's Contractor or any subcontractor or other person acting under either of them, Landlord's Contractor shall be responsible for responding to all union demands and actions in accordance with applicable laws and for managing the resolution of any such dispute, and (2) it will enforce the provisions described in

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

clause (1) of this Section 5(a). Landlord shall not amend its construction contract with Landlord's Contractor to alter any of the provisions referred to or described in this paragraph, or otherwise (w) accept any lien bond from Landlord's Contractor unless Tenant agrees that the lien bond is sufficient to indemnify Tenant and its leasehold estate hereunder, such agreement not to be unreasonably withheld, conditioned or delayed, (x) amend the contract with Landlord's Contractor, (y) waive any one or more of its rights under the contract with Landlord's Contractor, and/or (z) fail to enforce its rights under the contract with Landlord's Contractor, in any case in a manner having a material adverse effect on Tenant or the Premises, without Tenant's prior written approval in its sole discretion, provided, however, Landlord shall not be deemed to have breached its obligations under this Section 5(a) based solely on the fact that it has made a good faith Landlord Non-Coverage Determination (as defined below) pursuant to the terms of Section 12(b) below.

(b) Tenant shall retain a general contractor or construction manager ("**Tenant's Contractor**") to construct the Finish Work that is reasonably approved by Landlord for such purpose. Tenant shall cause its construction contract with Tenant's Contractor to, among other things: (i) include Landlord and its officers, directors, employees, and agents (the "Named Landlord Parties") within the scope of Tenant's Contractor's indemnification obligations; (ii) include the Named Landlord Parties as non-contributory additional insureds on each of Tenant's Contractor's liability insurance policies; and (iii) include an obligation on the part of Tenant's Contractor to cause its insurers to waive subrogation rights in favor of the Named Landlord Parties (with Landlord causing its insurers to waive subrogation rights in favor of Tenant's Contractor). Tenant shall not amend its construction contract with Tenant's Contractor to alter any of the provisions referred to or described in this paragraph, or otherwise amend the contract with Tenant's Contractor in a manner having a material adverse effect on Landlord or the Premises, without Landlord's prior written approval in its sole discretion. The contractors listed on **Attachment 6** are hereby approved by Landlord.

(6) Construction of the Landlord Work

Landlord shall be solely responsible for and shall perform Landlord Work in a good and workmanlike manner, using new materials (provided, however, that Landlord may use recycled or reused materials to the extent required to meet the highest achievable LEED rating) of first quality, and in accordance with Laws. The Landlord Work shall be at Landlord's sole cost and expense except as expressly set forth in this **Exhibit 3.2** and shall be performed in accordance with the Landlord Work Plans. Tenant shall not be responsible for any aspects of the design or construction of Landlord Work.

Without limiting any of Tenant's other rights, during the construction of the Landlord Work, Landlord shall provide Tenant with copies of all plans and specifications including all changes thereto (whether by electronic means or otherwise) and shall allow Tenant generally to review the progress of Landlord Work. Such reviews shall be scheduled so as not to unreasonably interfere with the conduct of Landlord Work. Tenant shall have the right, subject to reasonable protocols established by Landlord, to have representatives of Tenant attend certain project meetings relating to the Landlord Work (which meetings shall be held at reasonable

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

intervals, taking into consideration the status of design and construction, and shall be scheduled and managed by Landlord pursuant to a project protocol to be reasonably agreed upon in writing by Landlord and Tenant prior to the Start Date). Landlord shall notify Tenant's Representative in advance of the time and location of such project meetings. At least monthly, Tenant shall receive updates on the construction schedule, progress of the completed work based on input from Landlord's Architect regarding the percentage of work completed (which Landlord update shall not include a percentage of completion exceeding the percentage complete having then already been certified by Landlord's Architect to Landlord in connection with Landlord's Contractor requisition process), and the then-estimated Delivery Date. Landlord shall make representatives of its project team, including without limitation representatives of Landlord, Landlord's Architect, all other design professionals then working on the project to the extent the scope of their services affects the Premises, and Landlord's Contractor, available for consultation with Tenant at least weekly following the Start Date and as reasonably required prior to such date (project meetings including Tenant and such personnel being deemed to satisfy the provisions of this sentence as to any one meeting).

Landlord acknowledges and agrees that Tenant may engage a third party commissioning agent. Landlord shall provide reasonable access to such agent to inspect the Landlord Work, including mechanical systems, and to perform tests during the construction of Landlord Work in accordance with the Access Schedule (as defined below).

A preliminary construction schedule for the completion of the Landlord Work is attached hereto as **Attachment 4** (the "**Construction Schedule**"). The Construction Schedule may be revised from time to time by Landlord, with prior written notice to Tenant, as necessary for Landlord to complete the Landlord Work in accordance with this Lease or to reflect actual construction progress, provided that no such revisions shall be deemed to modify any of the terms and conditions of this Work Letter, including without limitation Section 13 below, nor shall Landlord voluntarily amend its construction contract with Landlord's Contractor and/or any elements of the construction schedule thereunder to extend the substantial completion date set forth on the Construction Schedule as of the date of this Lease.

Landlord shall meet with Tenant and review the Construction Schedule on or about the first day of the eighth month, and again on or about the first day of the seventeenth month, of the Construction Schedule following the Start Date and, if either or both of the parties determine that Landlord's Contractor has fallen behind the then-applicable Construction Schedule on either such occasion such that the Landlord Work is then projected to be substantially complete and Delivery Condition achieved by a number of days beyond the then remaining originally scheduled number of days for substantial completion (other than due to Tenant Delay or Construction Force Majeure) that is greater than 15% of the then remaining days originally scheduled for substantial completion in the Construction Schedule, then Landlord shall, within five (5) business days, cause Landlord's Contractor to provide a corrective schedule to Landlord and Tenant showing to the agreement of the parties hereto how Landlord's Contractor will achieve substantial completion by the originally scheduled date for substantial completion. If any such corrective schedule does not show to the agreement of both parties hereto that Landlord's Contractor will substantially complete the Landlord Work and enable Landlord to achieve

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Delivery Condition by a date that is no later than the originally scheduled date for substantial completion plus a number of days equal to 10% of the then remaining originally scheduled number of days for substantial completion (other than due to Tenant Delay or Construction Force Majeure), then, upon Tenant's written notice or otherwise as elected by Landlord, Landlord shall enforce the terms of its contract with Landlord's Contractor obligating Landlord's Contractor to accelerate the construction of the Landlord Work at no cost or expense to Tenant until such time as the parties hereto agree that Landlord's Contractor is materially back on the Construction Schedule (based on the originally scheduled date for substantial completion). On or about the date that is 90 days following the receipt of each of the corrective schedules, if any, generated pursuant to the immediately preceding sentences, and irrespective of whether any such corrective schedule triggered Tenant's right to require Landlord to enforce the terms of its contract with Landlord's Contractor obligating Landlord's Contractor to accelerate the Landlord Work, Landlord and Tenant shall meet and review the then current progress of the Landlord Work and if both parties hereto do not agree such progress is materially in compliance with the applicable corrective schedule previously provided to Landlord and Tenant, then, upon Tenant's written notice or otherwise as elected by Landlord, Landlord shall enforce the terms of its contract with Landlord's Contractor obligating Landlord's Contractor to accelerate the construction of the Landlord Work at no cost or expense to Tenant until such time as the parties hereto reasonably agree that Landlord's Contractor is materially back on the corrective schedule. Notwithstanding anything to the contrary herein and in addition to Tenant's other rights and remedies under the Lease and this Work Letter, in the event Delivery Condition has not been achieved by the Estimated Delivery Date, subject to extension for Construction Force Majeure and Tenant Delay, Tenant shall have the right to require Landlord to enforce the terms of its contract with Landlord's Contractor obligating Landlord's Contractor to accelerate the construction of the Landlord Work at no cost or expense to Tenant until substantial completion has been achieved. For the purposes of this and the next succeeding paragraph, when the phrases "originally scheduled date for substantial completion," "then remaining originally scheduled number of days for substantial completion," and/or similar phrases are used, it is the intention of the parties that same be a reference to and performance and schedule compliance measured against the date for substantial completion of the Landlord Work shown on the Construction Schedule attached hereto as **Attachment 4** as of the date the Lease is executed.

For illustrative purposes only, the parties have agreed to include the following example setting forth how they intend the terms of the immediately preceding paragraph to apply to a hypothetical fact pattern. If the meeting and schedule review conducted on the first day of the eighth month following the Start Date results in the determination by either of the parties hereto that Landlord's Contractor has fallen behind the then-applicable Construction Schedule such that, subject to Tenant Delay and Construction Force Majeure, the Landlord Work is then projected to be substantially complete and Delivery Condition achieved not sooner than 518 days (450 x 1.15 = 517.5) from the date of such meeting and review (assuming there are 450 then remaining days originally scheduled for substantial completion in the Construction Schedule, seven months or 210 days having already elapsed), then Landlord shall be obligated to, within five (5) business days, cause Landlord's Contractor to provide a corrective schedule to Landlord and Tenant showing to both Landlord and Tenant's reasonable satisfaction how Landlord's Contractor will achieve substantial completion and enable Landlord to achieve Delivery Condition by the

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

originally scheduled date for substantial completion. If such corrective schedule, assuming it is delivered to Landlord and Tenant on the day immediately following the foregoing meeting and review, does not show to both Landlord and Tenant's reasonable satisfaction that Landlord's Contractor will substantially complete the Landlord Work and enable Landlord to achieve Delivery Condition in 494 or fewer days (449 x 1.10 = 493.9) from the date such corrective schedule was provided to Landlord and Tenant (other than due to Tenant Delay or Construction Force Majeure), then, upon Tenant's written notice or otherwise as elected by Landlord, Landlord shall enforce the terms of its contract with Landlord's Contractor obligating Landlord's Contractor to accelerate the construction of the Landlord Work at no cost or expense to Tenant until such time as the parties hereto reasonably agree that Landlord's Contractor is materially back on the corrective schedule.

(7) Construction of the Finish Work

(a) Following the Delivery Date (or earlier in the event that early access is provided in accordance with Section 7(e) below), Tenant may, at Tenant's sole risk and expense, enter the Premises for the purpose of undertaking the Finish Work and installing Tenant's decorations, movable furnishings, and business fixtures and equipment. Tenant shall cause the Finish Work to be constructed at Tenant's sole cost and expense in accordance with, and subject to, the provisions of Article 9 of the Lease and this Work Letter. Landlord shall not be responsible for any aspects of the design or construction of Finish Work. Landlord shall not charge any supervisory or management fees with respect to the Finish Work. Tenant shall reimburse Landlord for the reasonable out-of-pocket costs incurred by Landlord in connection with the review and approval of Tenant's plans for the Finish Work within thirty (30) days' following any invoice therefor. Landlord shall use all commercially-reasonable efforts to provide an estimate of such costs before incurring the costs of such review and approval.

(b) Tenant shall cause the construction of the Finish Work to occur in a good and workmanlike manner and in accordance with applicable Legal Requirements and substantially in accordance with the Construction Documents, and using new materials (provided, however, that Tenant may use recycled or reused materials to the extent required to meet the highest achievable LEED rating) of first quality.

(c) Tenant agrees that, unless Landlord shall otherwise agree, (1) it will include within its construction contract with Tenant's Contractor language providing, in substance, that Tenant's Contractor will be responsible for preserving labor harmony and for managing and resolving all labor disputes resulting from the performance of the Finish Work, and, to the extent any labor union disputes result from the use of any non-union trade on the project retained by Tenant's Contractor or any subcontractor or other person acting under either of them, Tenant's Contractor shall be responsible for responding to all union demands and actions in accordance with applicable laws and for managing the resolution of any such dispute and (2) it will enforce the provisions described in clause (1) of this Section 7(c).

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(d) Subject to Construction Force Majeure and Landlord Delay, Tenant shall complete the Finish Work (other than such portions of the Finish Work that Tenant elects not to design and/or construct pursuant to the terms of Section 4(a) of this Work Letter) and obtain a final or temporary certificate of occupancy for the Premises (to the extent available on account of the status and condition of any Landlord Work) no later than twelve (12) months following the actual Delivery Date and without regard to any deemed acceleration of the Delivery Condition pursuant to Section 11(c) herein (and, if a temporary Certificate of Occupancy, Tenant shall diligently prosecute the relevant Finish Work necessary to obtain a permanent Certificate of Occupancy as soon as practicable thereafter). Without limiting the foregoing, in the event Tenant fails to perform its obligations under this Section 7(d), notwithstanding anything to the contrary in this Lease, Landlord's sole and exclusive remedy at law (but not equity, Landlord having the right to pursue any and all equitable remedies) shall be to exercise its self-help remedy pursuant to the terms of Section 16.1 of the Lease.

(e) The provisions of this Section 7(e) shall apply only during the period prior to the Delivery Date. Prior to the Delivery Date, Tenant may enter the Premises to undertake its Finish Work on a schedule to be mutually agreed upon with Landlord (the "**Access Schedule**"), which Access Schedule shall accommodate the completion of the Landlord Work and achievement of the various Milestones for the Landlord Work in accordance with this Work Letter and will also permit Tenant to complete certain Finish Work such as installation of conduit, cabling, piping, and ductwork in an efficient manner, without delaying the Landlord Work. Tenant shall comply with and perform, and shall cause its employees, agents, contractors, subcontractors, material suppliers and laborers to comply with and perform, all Tenant's obligations under this Lease except the obligations to pay Fixed Rent, Parking Rent, Operating Expenses and Taxes and other obligations the performance of which would be clearly incompatible with the construction of the Finish Work and the installation of decorations, movable furnishings, and business fixtures and equipment pursuant hereto. Tenant shall obligate any independent contractor of Tenant (or any employee or agent of Tenant) performing any Finish Work in the Premises prior to the Delivery Date to comply with such obligations. Tenant and any Tenant contractor, including Tenant's Contractor, shall use reasonable efforts not to interfere in any way with construction of, and shall not damage the Landlord Work or the common areas or other parts of the Property.

Any requirements of any such Tenant contractor for services from Landlord or Landlord's Contractor, such as hoisting, electrical or mechanical needs, shall be paid for by Tenant and arranged between such Tenant contractor and Landlord or Landlord's Contractor. Should the Finish Work of any Tenant contractor depend on the installed field conditions of any item of Landlord Work, such Tenant contractor shall ascertain such field conditions after installation of such item of Landlord Work. Neither Landlord nor Landlord's Contractor shall be required or obliged to alter the method, time or manner for performing Landlord Work or work elsewhere in the Building (other than to a de minimis extent), on account of the Finish Work of any such Tenant contractor (the timing of Tenant's entry pursuant to the Access Schedule being deemed to be in

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

compliance herewith). Tenant shall cause each Tenant contractor performing Finish Work on the Premises to substantially clean up regularly and remove its debris from the Premises and Building in all material respects. Subject to the foregoing and the other terms of the Lease, each of Landlord and Tenant shall cause its contractors to use commercially reasonable efforts to cooperate in the coordination of Tenant's work under this Section 7 (Landlord having no obligation to incur any additional costs or delays in connection with such cooperation).

(8) Changes in the Work

(a) Landlord may modify the design (as shown on the Landlord Work Plans or any iteration thereof) of the Landlord Work from time to time (subject to the provisions of the immediately following paragraph) if required to comply with Legal Requirements or interpretations of Legal Requirements by municipal authorities having jurisdiction over the Landlord Work. Any other changes to the design or construction (other than changes to the construction specifically contemplated by the Landlord Work Plans, as amended in accordance with this Work Letter) of the Landlord Work, other than minor changes in the nature of field adjustments that do not require the approval of Landlord as owner under its construction contract, shall require the consent of Tenant, which consent may be granted or denied in Tenant's sole discretion (provided that Tenant shall describe its basis for any objection to such request for consent with reasonable detail and upon request by Landlord shall provide Landlord with such other information as is reasonably required to assess the impacts of such proposed change on the Premises or Tenant's business operations). Tenant shall review and approve of any changes proposed by Landlord within five (5) business days following the delivery of such proposed changes to Tenant. If Tenant fails to review and approve, or disapprove by written notice in sufficient detail for Landlord to be able to reply within such five (5) business days, such changes properly submitted for approval by Landlord hereunder (accompanied by a cover letter with a statement, in bold and prominent print and referencing this Section 8(a) stating that failure to respond may result in deemed approval), and Tenant shall fail to reply within an additional five (5) business day period following delivery of a second, subsequent written notice from Tenant, then Tenant shall be deemed to have approved such changes.

(b) Tenant may, prior to the date that Landlord completes the independent architectural review process under the Development Agreement (as defined on **Exhibit 2.1(a)**), from time to time request reasonable changes (any such change, a "**Tenant Requested Change**") in the Landlord Work to accommodate Tenant's space design or system requirements, subject to the following and the provisions of the immediately following paragraph:

In the event that Tenant proposes any changes to the Landlord Work pursuant to the foregoing, Landlord shall, within fifteen (15) days of such request, provide Tenant with: (x) Landlord's architectural and engineering lump sum or hourly not to exceed design proposals (such proposals to be prepared by Landlord's design professionals at

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Tenant's expense on a time and materials basis); (y) lump sum or cost of the work with a guaranteed maximum price construction pricing (provided, however, estimated construction pricing setting forth the reasonable out of pocket additional, estimated costs to be incurred by Landlord to implement the change in Landlord Work as a result of such Tenant Requested Change shall satisfy the requirements of this clause (y) under circumstances where, by virtue of the nature of the Tenant Requested Change, lump sum or cost of the work with a guaranteed maximum price construction pricing cannot reasonably be provided until after the design work set forth in the relevant design proposal as described in clause (x) of this Section 8(b) is completed (in any such case, an "**Estimated Construction Pricing Proposal**")); and (z) the estimated amount of delay the Tenant Requested Change will cause Landlord in achieving a June 1, 2013 Start Date (as such date may be adjusted pursuant to the express terms of this Work Letter), any one or more of the Milestones, and/or the Estimated Delivery Date, and the reason(s), together with documentation from Landlord's Contractor and/or Architect substantiating said reason(s), where reasonably necessary, for such delay (such estimate forming the basis for any Agreed Tenant Delay to be agreed upon by the parties), together with any other costs that Landlord reasonably anticipates it will incur (including without limitation direct and indirect costs resulting from the effects of such changes on other tenants in the Building), all stated on a not-to-exceed basis, as a result of such Tenant Requested Change ("**Landlord's Change Notice**"). In connection with the development and preparation of each Landlord's Change Notice, if and as applicable, Landlord shall use all commercially reasonable efforts, at no out-of-pocket cost to Landlord, to obtain estimates of the amount of delay described in clause (z) above in a manner that is intended to minimize such delays, which may require that the applicable proposal(s) suggest alternate methods and/or pricing (provided that Landlord is not obligated to change the sequencing or methods of its construction in order to accommodate such change, or to incur any costs on account of such changes unless and except to the extent of any Agreed Tenant Delay).

Any and all costs and expenses associated with a given Tenant Requested Change, with the sole exception of out-of-pocket construction costs actually incurred by Landlord after approval by Tenant and in connection with a Tenant Requested Change where the associated Landlord's Change Notice contained an Estimated Construction Pricing Proposal, to the extent that Landlord desires to be reimbursed for the same by Tenant, shall be expressly specified in the relevant Landlord's Change Notice and Landlord shall have no right to be reimbursed by or to charge Tenant for any costs or expenses not so specified and each of the same shall be deemed irrevocably waived. Similarly, any and all delays and schedule impacts associated with a given Tenant Requested Change, to the extent the Landlord desires that the same be treated as Tenant Delays, shall be expressly specified in the Landlord's Change Notice and Landlord shall have no right to claim Tenant Delay for any delays or schedule impacts not so specified and all such claims shall be deemed irrevocably waived, the parties acknowledging that the relevant Agreed Tenant Delay, if any, serves to memorialize any such Tenant Delays without the right to further review. Without limiting the generality of the foregoing, other than with respect to out-of-pocket construction costs actually incurred by Landlord after approval by

Tenant and in connection with a Tenant Requested Change where the associated Landlord's Change Notice contained an Estimated Construction Pricing Proposal, Landlord shall not be permitted to reserve in any Landlord's Change Notice the right to add costs, expenses, delays, or schedule impacts, with respect to the Tenant Requested Change giving rise to such Landlord's Change Notice.

Tenant shall, within five (5) business days of receiving Landlord's Change Notice, either withdraw Tenant's request for such change or authorize Landlord to proceed with the preparation of revised plans for the Landlord Work reflecting such change, if and as applicable, and the final lump sum or guaranteed maximum price change order for the construction of the work shown on such plans, in each case at Tenant's expense and upon the terms and conditions described in the applicable Landlord's Change Notice. Tenant's failure to timely reply to Landlord's Change Notice shall be deemed to be a withdrawal of Tenant's request for such change. Landlord acknowledges that Tenant Requested Changes may include (but are not limited to) modifications to the security system included within the Landlord Work**.** At Tenant's request, Landlord shall promptly provide Tenant with such other information regarding Landlord's Change Notices (and the facts, circumstances, and determinations that form the basis of the same) as Tenant may reasonably request to assess the impacts thereof.

Landlord shall make such reasonable changes described in a Tenant Requested Change provided that: (i) Tenant pays for costs specified by Landlord in Landlord's Change Notice (and such additional costs as Tenant may in its sole discretion approve in writing in advance of their incurrence); (ii) the change is consistent with the governmental approvals and permits authorizing the performance of the Landlord Work and all Legal Requirements; (iii) the change is consistent with first class laboratory and office space construction and does not have a material adverse effect on the value of the Building or Property; (iv) Tenant authorizes Landlord to make such change pursuant to the immediately preceding paragraph; (v) if such change, as demonstrated by Landlord pursuant to the information provided with Landlord's Change Notice, causes a delay to the achievement of the Start Date, any Milestone, or Delivery Condition by the Estimated Delivery Date, Tenant agrees in writing that such delay constitutes a Tenant Delay and Landlord and Tenant agree in writing to the amount of any such Tenant Delay (any such Tenant Delay, an "**Agreed Tenant Delay**") (Landlord having no obligation to agree to any such delays to the extent such delays exceed seventy-five (75) days in the aggregate); and (vi) such change does not adversely affect the Building systems or structural elements of the Building in more than an immaterial manner or the completion and occupancy of any portion of the Building other than the Premises. If Tenant timely notifies Landlord that Tenant authorizes Landlord to make such change and satisfies the other requirements set forth in this paragraph but Tenant does not agree with Landlord's pricing proposals for the design and construction work as set forth in Landlord's Change Notice, then Tenant may, by notice to Landlord set forth in Tenant's notice authorizing Landlord to proceed with such change pursuant to clause (iv), above, elect to have the design and construction work performed on a time and materials basis in accordance with the designer's fully-loaded hourly rate schedules attached to Landlord's design services

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

agreements and/or the construction change directive provisions in Landlord's construction contract. Landlord's design costs which are reimbursable under the terms of this Section 8(b) shall be remitted by Tenant to Landlord within thirty (30) days following invoice as such design work progresses. Any costs due to Landlord's Contractor on account of Tenant Requested Changes and any other costs incurred by Landlord as a result of such Tenant Requested Changes, in each case to the extent described in a Landlord's Change Notice, shall be payable by Tenant within thirty (30) days after invoice by Landlord as such work progresses, together with a copy of Landlord's Contractor's requisition, bills and/or invoices and other reasonable back-up materials to which it applies. Notwithstanding the foregoing or anything to the contrary herein, in no event shall Tenant have any obligation under this Work Letter to pay any amounts with respect to that portion of services or work for a Tenant Requested Change that is not yet properly complete.

Landlord acknowledges that Tenant has requested, and Landlord has approved for all purposes under this Work Letter, the addition of the Premises Freight Elevator as an initial Tenant Requested Change and that there is no Agreed Tenant Delay on account of such change. The total cost of the work to implement the Tenant Requested Change for the Premises Freight Elevator is $455,095, consisting of $284,190.15 for the materials and $170,904.85 for all other costs, including labor, to be incurred in connection with the design and construction of the Premises Freight Elevator. Tenant acknowledges that it has authorized the Landlord to proceed with the design and construction of the Premises Freight Elevator, such costs to be payable by Tenant within thirty (30) days after invoice by Landlord as such work progresses, together with a copy of Landlord's Contractor's requisition, bills and/or invoices and other reasonable back-up materials to which it applies, as further set forth in the immediately preceding paragraph.

(c) Subject to the provisions of Section 4 of this Work Letter, Tenant may, from time to time, by written order to Landlord on a form reasonably specified by Landlord ("**Finish Work Change Order**"), request Landlord's approval of a change in the Finish Work shown on the Tenant Plans previously approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be granted or denied within five (5) business days after delivery of such Finish Work Change Order to Landlord. Tenant Plans shall not be modified in any respect, other than minor changes in the nature of field adjustments that do not require the approval of Tenant as owner under its construction contract, except with Landlord's and Tenant's prior written approval; which approval shall not be unreasonably withheld, conditioned or delayed, and all modifications to Tenant Plans, other than minor changes in the nature of field adjustments that do not require the approval of Tenant as owner under its construction contract, shall be made only by Finish Work Change Order submitted in timely fashion to Landlord and approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall pay the cost to design and construct any Finish Work Change Order.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(9) Cooperation. Each party shall use reasonable efforts to cause its contractors, subcontractors of every tier, material suppliers, and/or consultants to cooperate so as to complete the Landlord Work and Finish Work in an expeditious manner, provided that nothing in this Section 9 shall require the Landlord to incur any additional expense or delay in construction of the Landlord Work or, following the Delivery Date, Tenant to incur any additional expense or delay in construction of the Finish Work.

(10) Payment. Tenant shall pay Landlord for any amounts due under this Work Letter within thirty (30) days following delivery by Landlord of each invoice therefor (together with a copy of Landlord's Contractor's requisition, bills and/or invoices and other reasonable back-up materials to which it applies reasonably requested by Tenant to support the invoice) unless otherwise specified herein. Tenant shall pay the entire amount of each such invoice to Landlord as Additional Rent.

(11) Delivery Condition; Delays

(a) "**Delivery Condition**" shall mean that: (i) the Premises is broom clean and vacant (other than on account of any Finish Work performed by Tenant prior to the date by which Delivery Condition is achieved); (ii) the Landlord Work has been substantially completed in accordance with the Landlord Work Plans and in compliance with all Laws and the Demised Premises consists of at least 325,000 rentable square feet; (iii) all inspections and sign-offs related to the substantial completion of Landlord Work have been obtained by Landlord to the extent necessary for Tenant to prosecute its Finish Work; (iv) the Premises shall be free of Hazardous Materials in violation of applicable Laws; (v) all Building equipment and systems necessary for the prosecution of the Finish Work are operational and in good working order and Tenant is able to connect to such systems, and (vi) the Building and the Premises are free of violations of Legal Requirements that would impair or delay the construction of the Finish Work. "**Substantially complete**" "**substantial completion**" and "**substantially completed**" shall mean that the Landlord Work is completed such that Tenant can commence, prosecute, and complete the construction of its Finish Work (other than minor details of construction, mechanical or electrical adjustments or decoration that in the aggregate are minor in character and will not unreasonably interfere with Tenant's construction of the Finish Work, but in no event shall require any commissioning, certification, validation, or verification of systems required for Tenant's particular use of the Premises, as opposed to office and laboratory use, generally, which commissioning, certification, validation or verification, if any, shall be performed by Tenant following completion of its Finish Work). Notwithstanding the foregoing to the contrary, substantial completion of the Landlord Work shall be deemed to occur if each of the following conditions are met: (x) Delivery Condition has occurred save only the completion of the Garage and issuance of a certificate of occupancy with respect to the same; (y) Landlord makes available, at its sole cost and expense, adequate parking (not to exceed the amount otherwise required to be provided by Landlord under the Lease) for use by Tenant's contractors and subcontractors and the employees, agents, contractors, and representatives of each of the same, within one half (0.50) mile of the Property during any period from and after the

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

date that is three months after the date Delivery Condition otherwise occurs (*i.e.*, but for the Garage being incomplete) until the date that the Garage is substantially completed and a certificate of occupancy issued with respect thereto; and (z) the Garage is substantially completed and a certificate of occupancy with respect thereto is issued not later than the date which falls six (6) months after the date Delivery Condition otherwise occurs (*i.e.*, but for the Garage being incomplete). For the purposes of determining the substantial completion of the Garage following the satisfaction of the other conditions to Delivery Condition, "substantial completion" shall mean that the Garage is completed (other than minor details of construction, mechanical or electrical adjustments or decoration that in the aggregate are minor in character and will not unreasonably interfere with ordinary and customary use of the Garage). If Landlord does not substantially complete the Garage and cause a certificate of occupancy with respect thereto to be issued within the six month period referenced in clause (z) of the immediately preceding sentence (such six month period being subject to extension for Tenant Delay and Construction Force Majeure occurring during such period), then, subject to satisfaction of each of Landlord's other Delivery Condition obligations, the Delivery Date shall be the date that the Garage is substantially completed (including without limitation the issuance of a certificate of occupancy with respect thereto) and, upon the request of either party, Landlord and Tenant shall enter into a letter agreement memorializing the Delivery Date and associated Fixed Rent and Additional Rent reconciliation (*i.e.*, because it is the intention of Landlord and Tenant that, notwithstanding anything to the contrary in this Lease, for the purposes of determining the date upon which the Rent Commencement Date occurs, it shall be a condition precedent to the occurrence of the Delivery Date based on Tenant moving into the Premises pursuant to Section 2.3(y) of the Lease that the Garage be substantially completed and a certificate of occupancy for the same have been issued). Landlord's Architect's determination of any element of Delivery Condition shall be conclusive as between the parties unless disputed by Tenant within ten (10) business days following written notice thereof, but this shall not relieve Landlord from its liability to complete the Landlord Work and correct latent defects pursuant to the terms set forth below. Any dispute regarding occurrence of Delivery Condition or the matters set forth in this paragraph shall be resolved pursuant to Section 14, below. During such 10 business day period, Tenant shall have the right to inspect the Premises and the Common Areas and take such measurements as are reasonably required to confirm that the Landlord Work is substantially complete.

(b) "**Tenant Delay**" means any (x) Agreed Tenant Delay or (y) any of the events or circumstances described in clauses (i) and/or (ii) of this Section 11(b) to the extent (i.e., after taking into account the effect and/or contribution of Construction Force Majeure and Other Delays, as defined in Section 13(h), below, related to the Landlord Work) the same cause the occurrence of Delivery Condition to occur after the Estimated Delivery Date (other than as expressly set forth in Section 11(c)), the occurrence of the Start Date to occur after the Estimated State Date, or in the occurrence of Milestone 1, Milestone 2, or Milestone 3 beyond the dates set forth herein and giving rise to Tenant remedies hereunder.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(i) The failure of Tenant to make any submission or to respond to any submission to Tenant from Landlord in accordance with the express requirements of the Lease or this Work Letter on or before the deadline expressly set forth in the Lease or this Work Letter for such submission or response (provided that any failure to respond shall not result in Tenant Delay to the extent that such failure results in deemed approval pursuant to the express terms of this Lease); or

(ii) Any other act (other than acts required by this Lease) or failure to act (where action by Tenant is required under the Lease) by Tenant or Tenant's Contractor, designers, or others engaged by Tenant that results in a delay to the completion of Landlord Work (provided that any Tenant Delay pursuant to this clause (ii) shall not be deemed to accrue unless and until Landlord delivers notice of such event with a statement, in bold and prominent print and referencing this Section 11(b), that a Tenant Delay has occurred and describing the event giving rise to such Tenant Delay).

"**Landlord Delay**" means any of the events or circumstances described in clauses (1) and/or (2) of this Section 11(b) to the extent the same (x) cause a delay in the critical path for the design and/or construction of the Finish Work or (y) causes Tenant to be delayed in any submission to, or response to any submission from, Landlord and/or any other Tenant performance obligation under this Work Letter as it relates to the Landlord Work if the same gives rise to a claim by Landlord for Tenant Delay.

(i) The failure of Landlord to make any submission or to respond to any submission to Landlord from Tenant on or before the deadline for such submission or response as set forth in the Lease or this Work Letter (provided that any failure to respond shall not result in Landlord Delay to the extent that such failure results in deemed approval pursuant to the express terms of this Lease); or

(i) Any other act (other than acts required by this Lease) or failure to act (where action by Landlord is required under the Lease) by Landlord or Landlord's Contractor, designers, or others engaged by Landlord that results in a delay to the completion of the Finish Work, which may include (but is not limited to) any changes to the Landlord Work following the initial approval of the Landlord Work Plans that have not been approved by Tenant in accordance herewith (to the extent such approval is required), provided that any Landlord Delay pursuant to this clause (2) shall not be deemed to accrue unless and until Tenant delivers notice of such event with a statement, in bold and prominent print and referencing this Section 11(b) that a Landlord Delay has occurred and describing the event giving rise to such Landlord Delay.

Notwithstanding anything to the contrary herein, the acceleration of the date that Delivery Condition is deemed to occur if and as expressly described in Section 11(c) and an extension of Landlord's time to perform the Landlord Work as set forth in the Lease shall be Landlord's sole remedy at law or in equity for Tenant Delay. Except as otherwise and/or more particularly provided herein, in calculating the length of Delays, Delays shall be determined on a

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

net basis, *i.e.*, taking into account the effect and/or contribution of all other delays, including, without limitation, Landlord Delay, Tenant Delay and Other Delays. Any Landlord Delay or Tenant Delay of less than a full day shall be deemed to be equal to a delay of one full day. With respect to any Delay other than Agreed Tenant Delay (for which the length of the Delay shall be as agreed upon in writing by the parties at the time such Delay arises), the party claiming such Delay shall notify the other in writing of the claimed estimated length of such Delay (describing in reasonable detail the manner in which such Delay will result in the non-claiming party's failure to achieve on schedule the Start Date, any of the Milestones, the Delivery Condition by the Estimated Delivery Date, completion of the Finish Work, or, with respect to Section 11(c) Tenant Delay (as defined below), delay in the achievement of the Delivery Condition, as the case may be) within ten (10) business days after its occurrence and the party to whom such claim is made may elect by written notice delivered to the other within ten (10) business days thereafter to dispute the claimed estimated Delay in accordance with Section 14, below. Unless such estimate is disputed by written notice delivered within such ten (10) business day period, the claimed estimated Delay shall be deemed the length of such Delay.

(c) Except as otherwise provided in Section 13(h)(ii), the date that Delivery Condition occurs shall be deemed to occur one day earlier for each day of Section 11(c) Tenant Delay. "Section 11(c) Tenant Delay" means Tenant Delay to the extent the same causes a delay in the achievement of Delivery Condition. Notwithstanding the foregoing, (i) there shall be no acceleration of the date that Delivery Condition is deemed to occur on account of any day of Section 11(c) Tenant Delay that occurs prior to the Start Date until any such pre-Start Date Section 11(c) Tenant Delay, in the aggregate, totals 45 days, with the forty-sixth (46th) day of any such pre-Start Date Section 11(c) Tenant Delay being the first day of Section 11(c) Tenant Delay properly includable in the calculation of Section 11(c) Tenant Delay for the purposes of evaluating whether or not any acceleration in Delivery Condition is deemed to occur, and (ii) there shall be no acceleration of the date that Delivery Condition is deemed to occur on account of any day of Section 11(c) Tenant Delay that occurs after the Start Date until any such post-Start Date Section 11(c) Tenant Delay, in the aggregate, totals thirty (30) days, with the thirty-first (31st) day of any such post-Start Date Section 11(c) Tenant Delay being the first day of Section 11(c) Tenant Delay properly includable in the calculation of Section 11(c) Tenant Delay for the purposes of evaluating whether or not any acceleration in Delivery Condition is deemed to occur hereunder. In the event that Delivery Condition is actually achieved prior to the Estimated Delivery Date, if and to the extent Landlord otherwise would be entitled to do so pursuant to the express terms hereof, Landlord shall not be entitled to accelerate the occurrence of Delivery Condition on account of Section 11(c) Tenant Delay by more than 60 days.

(12) Defects in Landlord Work

(a) On a date or dates reasonably specified by Landlord (but not later than two (2) business days following the expiration of Tenant's right to dispute Landlord's Architect's determination of the occurrence of substantial completion of Landlord Work and the achievement of the Delivery Condition requiring a minimum of 325,000 rentable square feet in the Premises), Landlord and Tenant shall inspect the Landlord Work within the Premises and the common areas appurtenant thereto for the purpose of preparing a list

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

of the customary punchlist type items, and any items of a seasonal nature, then remaining to be completed (any such punchlist, a "**Final Punchlist**"). Landlord shall, within five (5) business days after the date of such inspection, submit such Final Punchlist to Tenant, and Tenant shall sign and return the Final Punchlist to Landlord within ten (10) business days of Landlord's delivery of such Final Punchlist to Tenant (or, if earlier, by the day first following substantial completion of Landlord's Work that Tenant takes possession of the Premises for the purposes of materially commencing the Finish Work; i.e., work beyond that permitted by Section 7, above), noting any items which Tenant is actually aware of and reasonably believes should be added thereto. Within five (5) business days of its receipt of Tenant's revised Final Punchlist, Landlord shall notify Tenant if it disputes any Final Punchlist items ("**Disputed Final Punchlist Items**"). Items shall not be added to the Final Punchlist by Tenant after it is delivered to Landlord, but this shall not relieve Landlord from its liability to comply with each of the terms and conditions of this Work Letter, including to correct latent defects pursuant to the terms set forth below. If the Final Punchlist is not executed by Tenant and returned to Landlord within such five (5) business day period, then Tenant shall be deemed to have accepted the Final Punchlist as submitted to Tenant by Landlord without modification and, except as set forth on the Final Punchlist, Landlord shall, subject to Sections 12(b) and 12(c), have no further obligation to cause any other Landlord Work to be completed except as provided below with respect to latent defects and as otherwise set forth in Section 12(d), below. With respect to items on the Final Punchlist not in dispute, Landlord shall cause such items to be completed in a diligent manner during regular business hours, but in a manner that will seek to minimize interruption of Tenant's prosecution of the Finish Work or, following the completion of the Finish Work, the operation of Tenant's business. In any event, Landlord shall use commercially reasonable efforts to complete all Landlord Work punch list work within thirty (30) days (or such longer period as is reasonably required with respect to applicable items, including as set forth above with respect to the Garage), other than matters that cannot be completed owing to their seasonal nature, and subject to extension for Construction Force Majeure and Tenant Delays. With respect to any Disputed Final Punchlist Items, Landlord shall cause such items to be completed in like manner, but Landlord may nevertheless reserve Landlord's rights to assert that Tenant is required to pay the costs therefor.

Except for incomplete items of Landlord Work specified in the Final Punchlist and for latent defects, and subject to the terms and conditions of Sections 12(b) and 12(c), Tenant shall be deemed to have accepted all elements of Landlord Work on the Delivery Date. In the case of a dispute concerning the completion of items of Landlord Work specified in the Final Punchlist, such items shall be deemed completed and accepted by Tenant upon the delivery to Tenant of a certificate of Landlord's Architect that such items have been completed unless the certification reasonably is disputed by Tenant by a notice to Landlord given within ten (10) business days of Landlord's delivery of the certification to Tenant, in which case such dispute shall be resolved pursuant to Section 14, below. Tenant shall, subject to the terms of Sections 12(b) and 12(c), be deemed to have waived any claim under this Work Letter for correction or cure of any latent defects on the date that is 360 days following the Delivery Date (the "**Corrective Work Period Expiration**

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Date") if Tenant has not then given notice of such defect to Landlord. The foregoing period for correction of the Landlord Work shall be extended with respect to portions of Landlord Work first performed after the occurrence of Delivery Condition, including corrective Landlord Work performed pursuant to this Section 12(a), by the period of time between the occurrence of Delivery Condition and the actual performance of the applicable Landlord Work. Nothing contained in this Section 12(a) shall be construed to establish a period of limitation with respect to other obligations of the Landlord under the Lease. For the purposes of this Lease, "**latent defects**" shall mean defects, deficiencies, and/or non-compliance in the construction of the Landlord Work that are not readily observable by visible inspection before or at the time the Final Punchlist is prepared or cannot be ascertained by reason of seasonality. Landlord shall cause Landlord's Contractor so to remedy, repair or replace any such latent defects identified by Tenant within the foregoing time periods, such action to occur as soon as practicable during normal working hours (provided that if such latent defects impact life, safety or Tenant's ability to use the Premises for its intended use, Landlord shall expedite such remedy, repair or replacement at no cost to Tenant) and so as to avoid any unreasonable interruption of Tenant's prosecution of the Finish Work or the operation of Tenant's business.

(b) In addition to Landlord's obligations under Section 12(a), in the event that Tenant or any third party gives Landlord notice of, or Landlord otherwise obtains actual knowledge of, one or more latent defects affecting the Premises or common areas appurtenant thereto, from time to time during the initial term of the Lease, after the Corrective Work Period Expiration Date, Landlord shall meet with Tenant (a "**3rd Party Warranty Review Meeting**") to review such claimed latent defect and the underlying facts and circumstances in order to determine whether such latent defect reasonably appears to be covered by one or more written third party warranties or guarantees (a "**3rd Party Warranty**"). In the event that Landlord determines that such latent defect may reasonably be covered by any such 3rd Party Warranty, (Landlord being obligated to make a determination one way or the other and to advise Tenant of such determination in writing no later than five (5) business days after the relevant 3rd Party Warranty Review Meeting, failing which, such event shall be deemed a Landlord Non-Coverage Determination (as defined below)), Landlord shall, at Landlord's sole cost and expense, promptly commence and diligently and continuously prosecute to completion one or more claims against the relevant third party(ies) in order to cause such party(ies) to correct the latent defect. Notwithstanding the foregoing, if (i) Landlord reasonably determines, whether in connection with or after the relevant 3rd Party Warranty Review Meeting, but subject to the timing requirements set forth in immediately preceding sentence, that the subject latent defect(s) are not reasonably likely to be covered by a 3rd Party Warranty (a "**Landlord Non-Coverage Determination**") or (ii) following Landlord's reasonable determination that such latent defect(s) are reasonably likely to be covered by a 3rd Party Warranty, Landlord fails to promptly commence and diligently and continuously prosecute such claim(s) as required pursuant to this Section 12(b) (a "**Landlord Warranty Prosecution Failure**") within five (5) business days following notice of such failure from Tenant (provided that Tenant need not give such notice more

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

than one time with respect to any Landlord Warranty Prosecution Failure arising out of a particular 3rd Party Warranty claim), then Tenant shall have the exclusive right, but not the obligation, to pursue such claim(s) to the extent such condition affects the Premises pursuant to an assignment of rights (but not of any duties or obligations) as described below, subject and subordinate to the right of Landlord's lenders and subject to the terms and conditions of the applicable 3 rd Party Warranties. In the event Tenant's right to prosecute such claims arises out of a Landlord Non-Coverage Determination, Tenant's prosecution of such claim(s), if and to the extent it elects to do so and from and then only after the date of any such election, shall be undertaken at Tenant's sole cost and expense, provided, however, if Tenant is ultimately successful in the prosecution of such claim(s), Landlord shall promptly reimburse Tenant for all of the reasonable out of pocket costs and expenses incurred in connection with such claim(s), including without limitation, reasonable attorneys' fees and court and alternative dispute resolution costs. If Tenant's right to prosecute such claims arises out of a Landlord Warranty Prosecution Failure, Tenant's prosecution of such claim(s), if and to the extent it elects to do so and then only from and after the date of any such election, shall be undertaken at Landlord's sole cost and expense, to be invoiced monthly on net thirty (30) terms.

(c) If Tenant elects to pursue a claim under a 3 rd Party Warranty pursuant to the provisions of subparagraph (b), above, then, without limiting any of Landlord's other obligations hereunder, Landlord shall within two (2) business days of such election execute and deliver to Tenant (a "**3rd Party Warranty Assignment**") a legally-effective non-exclusive assignment of Landlord's right to enforce the applicable 3rd Party Warranty (but not as to any duty or obligation of Landlord), in a form reasonably satisfactory to the parties, subject and subordinate to the right of Landlord's lenders and subject to the terms and conditions of the applicable 3rd Party Warranties. Notwithstanding the foregoing, Tenant's rights under any 3 rd Party Warranty Assignment shall, as between Landlord and Tenant and as to the particular latent defects which give rise to the 3 rd Party Warranty Assignment, be exclusive.

(d) The obligations in Sections 12(a), 12(b), and 12(c) constitute Landlord's entire obligation with respect to all latent defects in the Landlord Work (subject to Landlord's obligations pursuant to Section 10.2 of the Lease, which are in turn subject to Tenant's rights under Section 35.1 of the Lease).

(13) Milestones, Contingencies and Late Delivery Remedies.

(a) Landlord expects the Start Date will occur by June 1, 2013 (the "**Estimated Start Date**"). While the following clauses (i) through (iv) will not have an impact on the validity of the Lease, Landlord shall use commercially reasonable efforts to: (i) obtain all zoning and land use approvals for the Landlord Work on or before December 31, 2012; (ii) obtain a binding written mortgage commitment for its financing of the construction of the Landlord Work on or before February 28, 2013; (iii) obtain its building permit for the construction of the Landlord Work on or before June 1, 2013; and

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(iv) subject to Construction Force Majeure and Tenant Delay, achieve Delivery Condition not later than March 31, 2015**.**

(b) The "**Start**" or "**Start Date**" for the Landlord Work shall mean the latest to occur of:

(i) Landlord's receipt of a building permit for the Landlord Work;

(ii) Landlord's closing of the first mortgage construction loan for the Landlord Work;

(iii) Landlord's execution of a guaranteed maximum price construction contract for the Landlord Work with Landlord's Contractor;

(iv) The binding of the Environmental Policy; and

(v) The commencement of material site work.

If the Landlord Work does not Start on or before January 31, 2014, which date is subject to extension for Tenant Delay and Construction Force Majeure, then Landlord shall be obligated to pay the Tenant $2,000,000 as liquidated damages and not a penalty (the parties having agreed (i) that the nature and extent of Tenant's damages are difficult to ascertain, and (ii) to liquidate the sums payable at an amount reasonably estimated to make Tenant whole) as follows (the "**Construction Start Payment**"):

(1) The Construction Start Payment shall not be due and payable if the Delivery Date occurs by May 31, 2015**.**

(2) The Construction Start Payment shall be paid to Tenant in the form of free Fixed Rent (such credit to be taken immediately following the Rent Commencement Date until used in full) if the Delivery Date occurs on or after May 31, 2015 and prior to August 31, 2015.

(3) The Construction Start Payment shall be paid to Tenant in a lump sum payment on the Rent Commencement Date (or, if Tenant exercises its termination right pursuant to this Section 13(b), within fifteen (15) days following the effective date of such termination) if the Delivery Date has not occurred prior to or on August 31, 2015.

(4) The Construction Start Payment shall be paid to Tenant at the time that Landlord terminates this Lease in the event that Landlord terminates pursuant to Section 13(g) below and Tenant is otherwise entitled to the Construction Start Payment pursuant to this Section 13(b).

If the Landlord Work does not Start on or before April 1, 2014, subject to extension for Tenant Delay, then Tenant shall have the right to terminate the Lease by notice given no later than May 1, 2014 or such later date as is provided in the following two sentences. Following

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

April 1, 2014, if the Landlord Work has not yet achieved its Start, Landlord agrees that it will not Start the Landlord Work without first providing Tenant with at least five (5) business days' advance written notice of the anticipated Start Date and, upon receipt of such notice, Tenant shall have the right to terminate the Lease (i.e., in addition to the initial right set forth in the first sentence of this paragraph) upon written notice to Landlord given at any time prior to the actual Start. If following such anticipated Start Date notice from Landlord to Tenant, the Landlord Work does not Start on the Start Date specified in the notice, Landlord must redeliver the notice described in this paragraph and, upon receipt of such notice, Tenant shall, once again and in each such scenario thereafter, have the right to terminate the Lease as provided above, before Landlord actually Starts the Landlord Work. Notwithstanding anything to the contrary herein, in each event where Landlord is obligated to deliver an anticipated Start Date notice pursuant to the terms of this paragraph, if and as applicable, other than with the express written consent of Tenant, in Tenant's sole discretion, Landlord shall be prohibited from Starting the Landlord Work prior to the date expressly specified as the anticipated Start Date in any such notice.

(c) If Landlord does not substantially complete the erection of the entire structural steel frame of the Building and complete the other line items shown on the initial Construction Schedule attached hereto that are scheduled to be completed prior to the structural steel framing (other than the rotary connection and south retaining wall) (the "**Milestone 1**") by the date (the "**Milestone 1 Date**") that is fifteen (15) months after the Start Date, which Milestone 1 Date is subject to extension for Construction Force Majeure and Tenant Delay, then Landlord will pay to Tenant, as liquidated damages and not a penalty (the parties having agreed (i) that the nature and extent of Tenant's damages are difficult to ascertain and (ii) to liquidate the sums payable at an amount reasonably estimated to make Tenant whole) for each day that achievement of Milestone 1 is delayed beyond the Milestone 1 Date, an amount equal to Tenant's daily Fixed Rent for the Premises during Lease Year 1, but not to exceed $2 million ("**Milestone 1 Payment**"). Notwithstanding the foregoing to the contrary, the Milestone 1 Payment shall not be payable (A) if the Delivery Date occurs on or before May 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date occurs on or before February 1, 2016.

The Milestone 1 Payment shall be paid to Tenant in the form of an abatement of Fixed Rent due under the Lease (such credit to be taken immediately following the Rent Commencement Date until used in full) (A) if the Delivery Date occurs after May 31, 2015 and prior to August 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date occurs after February 1, 2016 and prior to May 1, 2016.

The Milestone 1 Payment shall be paid to Tenant in a lump sum payment on the Rent Commencement Date (A) if the Delivery Date does not occur on or before August 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date does not occur on or before May 1, 2016.

(d) If the Delivery Date has not occurred by the date (the "**Milestone 2 Date**") that is seven (7) months after achievement of Milestone 1, which Milestone 2 Date is subject to extension for Construction Force Majeure and Tenant Delay, but in no event later than thirty-four (34) months after the Start Date ("**Milestone 2**"), then Landlord will pay to Tenant, as liquidated

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

damages and not a penalty (the parties having agreed (i) that the nature and extent of Tenant's damages are difficult to ascertain, and (ii) to liquidate the sums payable at an amount reasonably estimated to make Tenant whole) for each day that achievement of Milestone 2 is delayed beyond the Milestone 2 Date, an amount equal to Tenant's daily Fixed Rent of the Premises for Lease Year 1, but not to exceed $2,000,000 ("**Milestone 2 Payment**").

Notwithstanding the foregoing to the contrary, the Milestone 2 Payment shall not be payable (A) if the Delivery Date occurs on or before May 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date occurs on or before June 1, 2016. The Milestone 2 Payment shall be paid to Tenant in the form of an abatement of Fixed Rent due under the Lease (such credit to be taken immediately following the Rent Commencement Date until paid in full) (A) if the Delivery Date occurs after May 31, 2015 and prior to August 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date occurs after June 1, 2016 and prior to August 1, 2016.

The Milestone 2 Payment shall be paid to Tenant in a lump sum payment on the Rent Commencement Date (A) if the Delivery Date does not occur on or before August 31, 2015, or (B) if the Start Date is after March 1, 2014, if the Delivery Date does not occur on or before August 1, 2016.

(e) If Landlord does not substantially complete the erection of the structural steel frame through the fifth floor of the Building and complete the other line items shown on the initial Construction Schedule attached hereto that are scheduled to be completed prior to the structural steel framing (inclusive of the rotary connection and south retaining wall) on or before the earlier to occur of (a) the date that is 43 months after the Start Date, and (b) June 1, 2017 ("**Milestone 3**"), and together with Milestone 1 and Milestone 2, sometimes referred to herein as the "**Milestones**") which Milestone 3 Date is subject to extension for Construction Force Majeure and Tenant Delay, then Tenant may terminate the Lease upon written notice to Landlord. In the event Tenant terminates the Lease pursuant to this Section 13(e), Landlord shall not be obligated to pay the Milestone 1 Payment or the Milestone 2 Payment to Tenant, provided, however, the parties acknowledge and agree that, without limiting or otherwise affecting any of Tenant's rights or remedies under this Lease in any other event or circumstance, the Tenant hereby expressly reserves and shall enjoy all of its rights and remedies at law and in equity in the case of any such termination.

(f) If the Delivery Date has not occurred on or before June 1, 2017 (the "**Outside Delivery Date**"), which Outside Delivery Date is subject to extension for Tenant Delay, then Tenant may terminate the Lease by notice given to Landlord no later than July 1, 2017, provided however, if the Delivery Date does not occur by June 1, 2017 due solely to Construction Force Majeure, then the Outside Delivery Date shall be deemed to be November 23, 2017 (and the outside date for notice December 23, 2017), subject to extension for Tenant Delay. In the event Tenant terminates the Lease pursuant to this Section 13(f), Landlord shall not be obligated to pay the Milestone 1 Payment or the Milestone 2 Payment to Tenant, provided, however, the parties acknowledge and agree that, without limiting or otherwise affecting any of Tenant's rights or remedies under this Lease in any other event or circumstance, the Tenant hereby expressly

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

reserves and shall enjoy all of its rights and remedies at law and in equity in the case of any such termination.

(g) Landlord shall have the right to terminate the Lease upon thirty (30) days' notice if, solely due to Construction Force Majeure, Landlord represents in writing to Tenant that Landlord believes it is reasonably highly likely that Landlord will not achieve Delivery Condition by June 1, 2017, despite using commercially reasonable efforts. Landlord's right to terminate under this Section 13(g) may only be exercised prior to September 1, 2014 and only if the Landlord Work has not Started. The foregoing does not affect Landlord's obligations pursuant to Section 13(b) above.

(h) If on or prior to September 1, 2014, Landlord achieves Milestone 1 then the following shall apply:

(i) Should the Delivery Date occur by the Estimated Delivery Date, then the Rent Commencement Date shall be the date that is six months following the Delivery Date as further set forth on Exhibit 4.1.

(ii) If the Delivery Date does not occur by the Estimated Delivery Date, then:

(1) If such failure is caused solely by Tenant Delay (and not by Construction Force Majeure or any other delay, any delay that is not Tenant Delay or Construction Force Majeure being referred to herein as "**Other Delays**"), then the Rent Commencement Date shall be October 1, 2015;

(2) If such failure is caused by any Other Delay (and is not otherwise covered by Section 13(h)(ii)(4)), then: (i) the Rent Commencement Date shall be six months following the Delivery Date; (ii) Landlord shall be responsible for any holdover rent (*i.e.* cost above the contractual base rent) owed by Tenant under Tenant's existing lease ("**Knotter Lease**") at 350 Knotter Drive in Cheshire, Connecticut (such amounts being referred to herein as "**Holdover Rent**"), a true, complete and correct copy of which Knotter Lease is attached hereto as **Attachment 5**; and (iii) Landlord shall be responsible for reimbursing Tenant for up to $1,000,000 of other actual damages incurred by Tenant (excluding base rent and operating expenses for the Knotter Lease), if any, under the Knotter Lease. Tenant shall not enter into any modification or amendment to the Knotter Lease that impacts Landlord's obligations hereunder without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(3) If such failure is due solely to Construction Force Majeure, then (i) the Rent Commencement Date shall be the date that is six months following the Delivery Date, and (ii) Landlord and Tenant shall each be responsible for 50% of any Holdover Rent.

(4) If the Delivery Date does not occur by the Estimated Delivery Date due to a combination of Construction Force Majeure, Tenant Delay and/or any Other Delay, then, for the purposes of this subsection (ii), the responsibility for Holdover Rent pursuant to the immediately preceding subparagraphs (1)-(3) shall be determined based on an allocation of the

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Holdover Rent between the parties in which each party is attributed (x) its respective share of delays (other than Construction Force Majeure delays) (i.e., Tenant is attributed a proportion equal to each day of Tenant Delay divided by the sum of all delays other than Construction Force Majeure delays, and Landlord attributed a proportion equal to all Other Delays divided by the sum of all delays other than Construction Force Majeure delays) plus (y) an additional share of Holdover Rent on account of Construction Force Majeure delays based on the ratio determined pursuant to clause (x), provided that Tenant shall never be attributed more than 50% of all Construction Force Majeure delays. For example, if a delay results from 100 days of Other Delays, 50 days of Tenant Delays, and 210 days of Construction Force Majeure, then Landlord is attributed (100/(100 +50)) = 66.67% of Holdover Rent, plus an additional 140 days on account of the Construction Force Majeure (66.67% of 210) and Tenant is attributed (50/(50 + 100)) = 33.33%, plus an additional 70 days on account of the Construction Force Majeure (33.33% of 210). In any event under this subparagraph (4), the Rent Commencement Date shall be six months following the Delivery Date.

(5) Notwithstanding anything above, if Landlord achieves Milestone 1 on or prior to September 1, 2014, and Tenant does not timely deliver the First Termination Notice as defined in, and provided for, in Section 6(b) of Amendment No. 4 (dated January 21, 2011) to the Knotter Lease, then Tenant shall be responsible for all payments and charges under the Knotter Lease.

(i) If on or prior to September 1, 2014, Landlord does not achieve Milestone 1 and such failure is caused solely by Tenant Delay (and not by Construction Force Majeure or any Other Delay), then the Estimated Delivery Date shall be extended by one day for each day of Tenant Delay.

(j) (i) If on or prior to September 1, 2014, Landlord does not achieve Milestone 1 due solely to Other Delays, then:

(1) Tenant shall not exercise its First Early Termination Right as defined in, and provided for, in Section 6(b) of Amendment No. 4 (dated January 21, 2011) to the Knotter Lease.

(2) Tenant shall continue to pay for 100% of its lease obligations under the Knotter Lease until the date that is six months after the Delivery Date occurs, at which time the Rent Commencement Date shall occur and Tenant shall commence paying all lease obligations for the Premises.

(3) Upon the Rent Commencement Date, Tenant shall be responsible for $2,000,000 of its Knotter Lease base rent obligations, and Landlord shall be responsible for reimbursing Tenant or otherwise paying 100% of the remaining Tenant base rent obligations under the Knotter Lease for the period from the Rent Commencement Date through May 31, 2018 and Tenant shall remain responsible for all operating expenses and other charges under the Knotter Lease.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(ii) If on or prior to September 1, 2014, Landlord does not achieve Milestone 1 due to a combination of Construction Force Majeure, Tenant Delay and/or any Other Delays, then the responsibility for the damages that would have otherwise applied under the preceding subparagraph 13(j)(i)(3) will be allocated between the parties in which each party is attributed (x) its respective share of delays other than Construction Force Majeure delays (i.e., Tenant is attributed a proportion equal to each day of Tenant Delay divided by the sum of all delays other than Construction Force Majeure delays, and Landlord attributed a proportion equal to all Other Delays divided by the sum of all delays other than Construction Force Majeure delays) plus (y) an additional share equal to 50% of the Construction Force Majeure delays. For example, if a delay results from 100 days of Other Delays, 50 days of Tenant Delays, and 210 days of Construction Force Majeure, then Landlord is attributed (100/(100 +50)) = 66.67% of such damages, plus an additional 105 days on account of the Construction Force Majeure (50% of 210) and Tenant is attributed (50/(50 + 100)) = 33.33%, plus an additional 105 days on account of the Construction Force Majeure (50% of 210).

(k) If on or prior to September 1, 2014, Landlord does not achieve Milestone 1 due solely to Construction Force Majeure, then:

(1) Tenant shall not exercise its First Early Termination Right as defined in, and provided for, in Section 6(b) of Amendment No. 4 (dated January 21, 2011) to the Knotter Lease.

(2) Tenant shall continue to pay for 100% of its lease obligations under the Knotter Lease until the date that is six months after the Delivery Date, at which time the Rent Commencement Date shall occur and Tenant shall commence paying all lease obligations for the Premises.

(3) Following the Rent Commencement Date: (i) Landlord and Tenant shall be responsible for 60% and 40%, respectively, of the Knotter Lease base rent obligations, up to an aggregate maximum of $5,000,000. Thereafter, Landlord shall be responsible for 100% of Knotter Lease base rent obligations; provided, however, that Landlord shall be entitled to recover such amounts (*i.e.*, in excess of $5,000,000) by amortizing the same into the Fixed Rent due and payable under this Lease for the Premises over the remainder of the Term. Tenant shall remain responsible for all operating expenses and other charges under the Knotter Lease.

If the events in (j) or (k), above occur, the parties will use commercially-reasonable efforts to mitigate their respective obligations under the Knotter Lease through the subleasing of space leased by Tenant under the Knotter Lease or the assigning of the Knotter Lease. Any dispute regarding the reasons for, as well as who caused, the Delivery Date or any Milestone not to occur by the designated date shall be resolved in accordance with Section 14, below. In the event that Landlord fails to reimburse Tenant for any expenses under the Knotter Lease payable by Landlord pursuant to Sections 13(h), (j), or (k) within thirty (30) days after invoice from Tenant, together with reasonable back-up, then Tenant may offset such unpaid costs against Fixed Rent from and after the Rent Commencement Date until Tenant is paid in full, provided however that if the amount of the abatement is more than fifteen percent (15%) of the aggregate

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

amount of Fixed Rent due in any month when aggregated with any abatements due pursuant to Section 35.1 of this Lease, then the aggregate amount abated in any one month shall not exceed fifteen percent (15%) of the Fixed Rent and the excess amount of the abatement shall be carried forward with interest at the Default Rate and applied against future amounts otherwise due (subject to the same 15% monthly limitation described above).

(l) In support of Landlord's monetary obligations to Tenant under this Work Letter, Landlord shall, within 60 days following the execution and delivery of this Lease, deliver, or cause to be delivered, to Tenant, a $2,000,000 irrevocable, standby letter of credit (the "**LOC**") from Bank of America, Citizens Bank, People's United Bank or another institutional lender reasonably acceptable to Tenant. If Landlord fails to provide Tenant with the LOC within such 60 day period, Tenant shall have the right to terminate this Lease upon five (5) days' prior written notice to Landlord (unless the LOC is received by Tenant within such five day period), and the parties acknowledge and agree that, without limiting or otherwise affecting any of Tenant's rights or remedies under this Lease in any other event or circumstance, the Tenant hereby expressly reserves and shall enjoy all of its rights and remedies at law and in equity in the case of any such termination. The LOC shall be substantially in the form attached as **Attachment 8**. The provisions of this Section 13(l) shall terminate upon first to occur of (i) the Delivery Date (subject in all events to Tenant's rights to dispute the occurrence of the same pursuant to the terms of this Work Letter) or (ii) the termination of this Lease other than pursuant to Sections 13(b), (e), (f), or (g), at which time Tenant shall deliver the LOC to Landlord. Landlord shall have the right from time to time to deliver a replacement LOC to Tenant (including without limitation upon the closing of Landlord's construction loan), provided any such replacement LOC shall comply with the requirements of this Section 13(l) or otherwise be reasonably satisfactory to Tenant, in which case the existing LOC shall be returned to Landlord. Tenant shall be entitled to draw on the LOC in the event that Tenant has obtained a binding judgment, beyond any appeals, with respect to any monetary obligations owed by Landlord to Tenant under this Work Letter (to the extent such monetary obligations have not been previously paid to Tenant by Landlord). Any dispute regarding the provisions of this Section 13(l) or the right to draw on or receive the LOC shall be resolved pursuant to Section 14 of this Work Letter.

(14) Dispute Resolution

(a) In the event of a controversy, dispute or claim arising out of, from or relating to the interpretation, performance or breach of the provisions of this Work Letter whether based on contract, tort, equity or statute and including disputes concerning entitlement to and exercise of termination rights or default remedies (individually and collectively, a "**Dispute**"), senior representatives of the parties shall meet and attempt to resolve the Dispute in good faith. If the Dispute is not resolved pursuant to this procedure within ten (10) business days after the commencement of such procedure, as measured from the first time the senior representatives of each party communicated directly in writing, with specific reference to this Section 14, regarding the substance of the relevant Dispute, then either party thereafter may pursue arbitration in accordance with, this Section 14.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Any Dispute that is not resolved by negotiation of the senior representatives of the parties within the ten (10) business day time period described in the preceding paragraph shall be subject to binding arbitration in accordance with this Section 14. The agreement to arbitrate shall be specifically enforceable under the prevailing arbitration laws of the State of Connecticut without regard to its conflict of laws principles. Unless the parties mutually agree otherwise in writing, such arbitration shall be in accordance with the Construction Industry Arbitration Rules, Fast Track Procedures, of the American Arbitration Association ("**AAA**") in effect as of the date the Lease is executed and as modified and supplemented by the other provisions of this Section 14, including without limitation those related to the parties' discovery rights. The parties hereto shall use best efforts to cause the arbitration to be concluded, with a decision issued, no later than ninety (90) days after the date that such dispute is submitted for arbitration. The demand for arbitration shall be filed in writing with the other party and with the arbitrator(s). Except as otherwise set forth below, all arbitration proceedings shall be heard and decided by a single arbitrator, who shall be Jane I. Milas (currently of Garcia & Milas), unless unavailable, in which case such proceeding shall be heard and decided by Steven B. Kaplan (currently of Michelson, Kane, Royster & Barger P.C.), unless unavailable, in which case such proceeding shall be heard and decided by the Honorable Beverly J. Hodgson (currently a solo practitioner). Any arbitration conducted pursuant to this Section 14 shall be conducted in as expeditious a manner as is both reasonably practicable and consistent with the parties' rights to due process and a thorough analysis and review of the evidence. The parties each agree that, in the event of and at the time a Dispute is submitted to arbitration under this Section 14, each of Landlord and Tenant shall provide to the other a signed certificate representing that the respective certifying party (including its affiliates) has not at any point engaged and has no relationship with the relevant arbitrator and the parties shall cooperate to obtain from the relevant arbitrator a certification to each of the parties indicating that such arbitrator has never been engaged by and has no relationship with either of Landlord or Tenant.

If none of the foregoing single arbitrators is available, than such proceeding shall be heard and decided by one Qualified Arbitrator agreed upon by the parties hereto, failing which a panel of three Qualified Arbitrators shall be appointed by the AAA's Regional Vice President for the State of Connecticut or, in the event the AAA or the position of Regional Vice President for the State of Connecticut shall no longer then exist, an officer with substantially similar responsibilities at the AAA or, as the case may be, with respect to the activities of a substantially similar organization.

Except as set forth below or as the parties may otherwise agree, pre-hearing discovery shall be limited to production of documents and other things as contemplated by Rule 34(a) of the Federal Rules of Civil Procedure. Notwithstanding anything to the contrary herein, both the Landlord and Tenant shall have the right to require the appearance and written statements of the other party hereto and all third parties under contract, directly or indirectly, with such party, including without limitation contractors, subcontractors, design professionals, material suppliers, and other parties working on the Landlord Work and/or Finish Work, and documents within the custody or control of any such parties in a manner that provides the party compelling such appearance, statement, and/or documentation with a commercially-reasonable opportunity to review and evaluate the same in advance of submitting testimony, position statements, claims,

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

briefs, and/or similar submissions to the arbitrator(s) for decision. In all arbitration proceedings, the award of the arbitrators shall not be limited to a single dollar amount, but (a) shall indicate the arbitrator's decision respecting the various claims, Disputes or other matters in question presented by each party and (b) shall contain a reasonably detailed statement of the reasons supporting the arbitrator's(s') decision. The parties shall comply with any orders of the arbitrator(s) establishing deadlines for any such proceeding. The fee of the arbitrator(s) shall be paid equally by the parties. Each party shall pay all other costs incurred by it in connection with the arbitration; provided, however, that the prevailing party in each such arbitration shall be entitled to reimbursement for all of its reasonably incurred costs and expenses (including attorneys' fees, arbitration fees, witness fees and court reporter costs) in connection with such arbitration. The arbitrator or arbitrators, if applicable, shall decide the Dispute by written decision.

The Landlord and the Tenant agree that (i) no Dispute at any time during or after the completion of the Landlord Work or the Finish Work shall be brought before any court except for purposes of (A) matters in aid of arbitration (*e.g.*, seeking a prejudgment remedy pursuant to applicable law), (B) enforcement of an arbitration decision, and/or (C) determination as to whether a matter is arbitrable (i.e., whether a matter constitutes a Dispute subject to arbitration under this Section 14) and/or whether the parties engaged in conduct that precludes judicial review of a decision by the arbitrator that a matter was arbitrable, and (ii) nothing herein shall be construed as a waiver of, nor limitation on, the parties' rights to appeal to a court of competent jurisdiction an arbitration decision pursuant to Connecticut law.

Notwithstanding anything to the contrary, (i) in the event of any arbitration proceeding between either Landlord or Tenant and the contractors and subcontractors performing the Landlord Work or Finish Work, or Landlord's or Tenant's Architects and/or other design professionals, arising out of or relating to the design or construction of the Landlord Work, the Finish Work or any portion thereof, the parties agree that each party may join the other, where appropriate, in any such proceedings, and that such proceedings may be consolidated with any proceedings between Tenant and Landlord under this Section 14 as necessary to avoid inconsistent results and (ii) either Landlord or Tenant may join other parties in any arbitration proceeding hereunder with respect to any Dispute; provided, however, that (a) there is one or more common questions of law or fact involving the Landlord or Tenant, as applicable, and such third party and (b) the presence of the Landlord or Tenant, as applicable, is reasonably required to afford complete relief to the other party to the Lease or to avoid inconsistent outcomes affecting the other party to the Lease. Each of the construction and design contracts for the Landlord Work and Finish Work shall contain provisions reasonably acceptable to both Landlord and Tenant requiring the respective contractors, design professionals and vendors to comply with the provisions of this Section 14, including without limitation with respect to the discovery rights of Landlord and Tenant described above.

At the election of either Landlord or Tenant, their respective contractor(s) and/or architects shall also be a party to such arbitration proceeding, and the parties agree that the respective prime level contracts shall so provide. Notwithstanding anything to the contrary herein, Landlord shall diligently and continuously prosecute the Landlord Work and Tenant shall diligently and continuously prosecute the Finish Work, as the case may be (subject to

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Construction Force Majeure, Landlord Delay and Tenant Delay), during the pendency of any arbitration(s) hereunder and no such arbitration shall toll, limit, or otherwise affect the performance obligations of the parties under this Work Letter, including without limitation the requirements of Section 13.

(15) Miscellaneous Benefits. Landlord acknowledges that (i) Tenant anticipates applying for the Connecticut Development Authority's ("**CDA**") Sales and Use Tax Relief Program to receive up to $4,000,000 in sales and use tax credits ("**CDA Credits**"), (ii) the CDA Credits will be issued to Tenant based, in part, on the Landlord Work, and (iii) the CDA requires that CDA Credits be utilized to benefit the Tenant. Accordingly, if Tenant notifies Landlord that it has been approved by the CDA and has received CDA Credits, Landlord will use commercially reasonable efforts (at no cost or expense to Landlord) to apply the CDA Credits to subsequent qualifying expenditures not to exceed $35,000,000 (in accordance with the CDA guidelines) in connection with the Landlord Work (which qualifying expenditures are expected to result in in CDA credits of up to $ 2,333,333 in the aggregate). The remainder of any CDA Credits may be used by Tenant for its Finish Work. Landlord will give Tenant a credit against the first amounts of Fixed Rent due and payable under the Lease (until used in full) in an amount equal to the CDA Credits utilized by Landlord (or its agents) on a dollar-for-dollar basis, on the later of when such CDA Credits are utilized by Landlord or the Rent Commencement Date under the Lease. In lieu of such credit against Fixed Rent, Landlord may elect at any time to pay Tenant a lump sum amount equal to the amount of previously unapplied credits that would have otherwise been due to Tenant under this paragraph. Tenant shall promptly reimburse Landlord for any third party expenses, costs, fees, taxes, or other charges incurred by Landlord in connection with the use of the CDA Credits or Landlord's obligations with respect to the CDA Credits hereunder, it being the understanding that the acquisition and use of the CDA Credits shall be at no cost or liability to Landlord. Any amounts not so reimbursed shall be deducted from the credit against Fixed Rent otherwise due to Tenant pursuant to this Section. Landlord further acknowledges that Tenant expects to receive additional assistance from a governmental authority based, in part, on the Landlord Work (including assistance from the Connecticut Department of Economic and Community Development) and agrees to make available to Tenant and its agents having a reasonable basis to review, at Tenant's reasonable request and sole cost, the books and records directly related to the hard costs of constructing the Landlord Work to the extent necessary for Tenant to obtain, and comply with reporting obligations associated with, such assistance. Furthermore, as reasonably requested by Tenant or its auditors to the extent necessary for Tenant to comply with its financial reporting required by applicable Laws(including lease accounting requirements applicable to Tenant) and other regulatory disclosure obligations under applicable Laws, Landlord will provide to Tenant or its agents such additional information related to the Landlord Work , including (i) within 3 business days' after each month-end other than December and five (5) business days with respect to December, Landlord's base financial information with respect to the to the Landlord Work (on an accrual basis with respect to year-end) as reasonably requested by Tenant in connection with Tenant's month end closing of its financial accounts for the Lease and (ii) within ten (10) business days after each month end (or if not received by such time by Landlord, promptly after Landlord's receipt) with documentation of the hard costs of constructing, and soft costs for architectural, engineering and other consulting services for the design of, the Landlord Work, including a copy of each approved AIA form G702 and G703

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

requisition for payment submitted by the contractor, and copies of invoices referenced therein to the extent requested by Tenant following approval of such requisition by the Landlord's Architect, together with invoices submitted by architects and engineers; provided Landlord shall not be required to disclose overhead costs (including developer fees) or its cost of capital.

Tenant agrees to indemnify, defend and save Landlord and Landlord's agents and employees harmless of and from all losses, costs, liabilities, claims, damages and expenses including reasonable counsel fees, penalties and fines, incurred in connection with or arising from the use of the CDA Credits by Landlord (other than the credit against Fixed Rent expressly described above) or the performance of Landlord's obligations under this Section 16; except in each case to the extent arising from the gross negligence or willful misconduct of Landlord, its agents and employees. The provisions of this paragraph shall survive the expiration or termination of this Lease.

Tenant agrees to keep, and cause all of its agents to keep, all confidential information disclosed by Landlord under this Section 16 confidential and will not disclose such information except (i) as may be necessary in connection with the purpose for which such information was disclosed or (ii) as may be required by law, regulation or legal process.

(16) Without limiting any of Tenant's other rights or Landlord's other obligations, as soon as possible following the Delivery Date, Landlord shall provide Tenant with true and correct copies, which may be in electronic form, of as-built drawings, owner manuals, and any construction or equipment warranties and guarantees with respect to the portions of Landlord Work that are directly related to or affect the Premises.

Attachments to Exhibit 3.2

Attachment 1: Schematic Plans and Specifications

Attachment 2: Space Concept

Attachment 3: Requirements Applicable to Tenant's Construction Documents

Attachment 4: Construction Schedule

Attachment 5: Knotter Lease

Attachment 6: Tenant's List of General Contractors/Construction Managers

Attachment 7: Permitted Semi-Finished Condition of a Portion of the Premises

Attachment 8: Letter of Credit

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 1 TO WORK LETTER

Attachment 1

List of Plans and Specifications

100 College Street
Alexion Schematic Design Drawings
Winstanley Enterprises
Elkus Manfredi Architects
9/12/12

Lease Exhibit Drawing List

Civil Drawings:

CS-101 Plaza & Street Level Site Plan
CU-101 Below Grade Utility Plan

Architectural Drawings:

A1B1 Below Grade Plan
A101 1 Floor Plan
2 Floor Plan
3 Floor Plan
4 -5 Floor Plan
6 Floor Plan
7 – 10 Floor Plan
11 Floor Plan
12 Floor Plan
Roof Plan
A301 East West Section
A302 North South Section
A303 North South Section
East Elevation
South Elevation
West Elevation
North Elevation
Energy Strategies
Perspective Rendering – View from SE
Perspective Rendering – View from NE
Perspective Rendering – SE Retail Corner

MEP Drawings:

E-TP Electric Tunnel Plan
F-TD Electrical Tunnel Power Distribution One-Line Diagram
FP-TP Fire Protection Tunnel Plan
H4.00 HVAC Basement Floor Plan

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Together with the 100 College Street, New Haven, Connecticut Outline Specifications prepared by Elkus Mandfredi Architects, dated August 29, 2012 (as amended by the attached Appendix)
Lease Exhibit Drawing List

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

APPENDIX 01

PROJECT DESCRIPTION
The project involves the construction of a new mixed-use office/research laboratory high-rise building and adjacent parking garage in New Haven, Connecticut. The mixed-use building and adjacent parking garage are located on the same lot and are connected at the sub-grade level.
With the exception of the first floor, the office building is to have a maximum per floor occupant load of 400 people.
The office building is designed with an occupancy classification of: Occupancy Group B, Business.
The building construction is Type IA.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 2 TO WORK LETTER

Space Concept

Office Areas

An open plan approach shall be taken with the Finish Work in the office areas. The finish of the open plan shall consist of carpeted floors, suspended ceilings, zoned HVAC with VAV boxes on a central BMS, lighting and painted perimeter walls. Within the finished open plan, Alexion shall install demountable walled offices and workstations.

Lab Areas

A modular approach shall be taken with the Finish Work in the laboratory areas, yielding flexible and convertible layouts. Laboratory utilities and services will be delivered overhead to a series of ceiling mounted stations that will allow for modular casework to be easily installed and relocated as laboratory needs change. Such modular approach is intended such that any future laboratory modifications can occur with minimal disruption to ongoing operations and minimal, if any, demolition activities.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 3 TO WORK LETTER

CONSTRUCTION DOCUMENTS REQUIREMENTS

(i) Preparation of Construction Documents. The Construction Documents shall include the architectural, mechanical, electrical and structural drawings and detailed specifications for the Finish Work and shall show the work necessary to complete the Finish Work including all cutting, fitting, and patching and all connections to the mechanical and electrical systems and components of the Building. The Construction Documents shall include:

(a) Major Work Information: A list of any items or matters which might require structural modifications to the Building, including the following:

i. Location and details of special floor areas exceeding 150 pounds of live load per square foot;

ii. Location and weights of storage files, batteries, HVAC units and technical areas;

iii. Location of any special soundproofing requirements;

iv. Existence of any extraordinary HVAC requirements necessitating perforation of structural members; and

v. Existence of any requirements for heavy loads, dunnage or other items affecting the structure.

(b) Plans Submission: Two (2) blackline drawings and one (1) CAD disk showing all structural, architectural, mechanical and electrical systems, including cutsheets, specifications and the following:

CONSTRUCTION PLANS:

vi. All partitions shall be shown; indicate ratings of all partitions; indicate all non-standard construction and details referenced;

vii. Dimensions for partition shall be shown to face of stud; critical tolerances and ± dimensions shall be clearly noted;

viii. All doors shall be shown on and shall be numbered and scheduled on door schedule; indicate ratings of all doors;

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ix. All non-standard construction, non-standard materials and/or installation shall be noted; equipment and finishes shall be shown and details referenced; and

x. All plumbing fixtures or other equipment requirements and any equipment requiring connection to Building plumbing systems shall be noted.

REFLECTED CEILING PLAN:

xi. Layout suspended ceiling grid pattern in each room, describing the intent of the ceiling working point, origin and/or centering; and

xii. Locate all ceiling-mounted lighting fixtures and air handling devices including air dampers, fan boxes, etc., lighting fixtures, supply air diffusers, down lights, special lighting fixtures, special return air registers, and special supply air diffusers.

TELECOMMUNICATIONS AND ELECTRICAL EQUIPMENT PLAN:

xiii. All telephone outlets required;

xiv. All electrical outlets required; note non-standard power devices and/or related equipment;

xv. All electrical requirements associated with plumbing fixtures or equipment; append product data for all equipment requiring special power, temperature control or plumbing considerations;

xvi. Location of telecommunications equipment and conduits;

xvii. Components and design of Rooftop Equipment (including associated equipment) as installed, in sufficient detail to evaluate weight, bearing requirements, wind-load characteristics, power requirements and the effects on Building structure, moisture resistance of the roof membrane and operations of pre-existing telecommunications equipment; and

xviii. All lighting wall switches and special wall switches.

DOOR SCHEDULE:

xix. Provide a schedule of doors, sizes, finishes, hardware sets and ratings; and

xx. Non-industry standard materials and/or installation shall be noted.

HVAC:

xxi. Areas requiring special temperature and/or humidity control requirements;

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

xxii. Heat emission of equipment (including catalogue cuts), such as CRTs, copy machines, etc.;

xxiii. Special exhaust requirements - conference rooms, pantry, toilets, etc.; and

xxiv. Any extension of system beyond demised space.

ELECTRICAL:

xxv. Special lighting requirements;

xxvi. Power requirements and special outlet requirements of equipment;

xxvii. Security requirements;

xxviii. Supplied telephone equipment and the necessary space allocation for same; and

xxix. Any extensions of tenant equipment beyond demised space.

PLUMBING:

xxx. Remote toilets;

xxxi. Pantry equipment requirements;

xxxii. Remote water and/or drain requirements such as for sinks, ice makers, etc.; and

xxxiii. Special drainage requirements, such as those requiring holding or dilution tanks.

ROOF:

Detailed plan of any existing and proposed roof equipment showing location and elevations of all equipment.

SITE: (if applicable)

Detailed plan, including fencing, pads, conduits, landscaping and elevations of equipment.

SPECIAL SERVICES:

Equipment cuts, power requirements, heat emissions, raised floor requirements, fire protection requirements, security requirements, and emergency power.

(a) Plan Requirements. The Construction Documents shall be fully detailed and fully coordinated with each other and with existing field conditions, shall show complete dimensions,

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

and shall have designated thereon all points of location and other matters, including special construction details and finish schedules. All drawings shall be uniform size and shall incorporate the standard electrical and plumbing symbols and be at a scale of 1/8" = 1'0" or larger. Materials and/or installation shall be noted and adequately specified to allow for Landlord review, building permit application, and construction. All equipment and installations shall be made in accordance with industry standard materials and procedures unless a deviation outside of industry standards is shown on the Construction Documents and approved by Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. To the extent practicable, a concise description of products, acceptable substitutes, and installation procedures and standards shall be provided. Product cuts must be provided and special mechanical or electrical loads noted. Landlord's approval of the plans, drawings, specifications or other submissions in respect of any work, addition, alteration or improvement to be undertaken by or on behalf of Tenant shall create no liability or responsibility on the part of Landlord for their completeness, design sufficiency or compliance with requirements of any applicable laws, rules or regulations of any governmental or quasi-governmental agency, board or authority.

(b) Drawing and Document Production. Landlord shall provide Tenant with two (2) blackline drawings and one (1) CAD disk showing the improvements on the Property and site outline, core walls and columns, together with corridor and demising wall location plans.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 4 TO WORK LETTER

CONSTRUCTION SCHEDULE

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 5 TO WORK LETTER

KNOTTER LEASE[1]

[1]Knotter Lease filed with the SEC in Registration Statement on Form S-3 (Reg. No. 333-36738) filed on May 10, 2000

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 6 TO WORK LETTER

TENANT'S LIST OF GENERAL CONTRACTORS/CONSTRUCTION MANAGERS

A/Z Corporation

Controlled Air Corporation

Gilbane Construction

OR&L Construction

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 7 TO WORK LETTER

PERMITTED SEMI-FINISHED CONDITION OF A PORTION OF THE PREMISES

Semi-finished state shall mean the installation of such air handling equipment (exclusive of main duct work and branch duct work) sufficiently sized to condition no less than fifty percent (50%) of the space to be initially left in such semi-finished state on the sixth (6th) floor of the Premises and 100 percent (100%) of the space to be initially left in such semi-finished state on any remaining floors where such condition is permitted.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ATTACHMENT 8 TO WORK LETTER

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
PAGE 1

BENEFICIARY:

ALEXION PHARMACEUTICALS, INC.

APPLICANT:

_____
_____

LETTER OF CREDIT NO: _____
ISSUE DATE: _____
EXPIRATION DATE: [1 YEAR FROM ISSUANCE DATE]
EXPIRATION PLACE: AT OUR COUNTERS

AMOUNT: 2,000,000.00 USD TWO MILLION 00/100 U.S. DOLLARS

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF _____ FOR AN AMOUNT TWO MILLION 00/100 U.S. DOLLARS (USD 2,000,000.00) AVAILABLE BY PRESENTATION OF YOUR DRAFT(S) AT SIGHT DRAWN ON _____ ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

BENEFICIARY'S SIGNED STATEMENT READING AS FOLLOWS:

"WE ARE ENTITLED TO DRAW ON THE LETTER OF CREDIT PURSUANT TO THE TERMS OF THAT CERTAIN LEASE BETWEEN ALEXION PHARMACEUTICALS, INC. AND _____, DATED AS OF _____, 2012, WITH RESPECT TO THE PREMISES LOCATED AT _____."

OR

"ALEXION PHARMACEUTICALS, INC., AS BENEFICIARY, HEREBY CERTIFIES THAT IT HAS RECEIVED NOTICE FROM _____ THAT LETTER OF CREDIT NO. _____ WILL NOT BE AUTOMATICALLY EXTENDED AND THAT IT HAS NOT RECEIVED A REPLACEMENT OF THIS LETTER OF CREDIT FROM _____ AT LEAST FORTY-FIVE (45) DAYS PRIOR TO THE EXPIRATION DATE OF THIS LETTER OF CREDIT. FINAL EXPIRY DATE IS _____, _____."

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
PAGE 2

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF 1 YEAR(S) FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE THEREOF, UNLESS WE NOTIFY YOU IN WRITING BY CERTIFIED MAIL OR OVERNIGHT COURIER AT LEAST 45 DAYS PRIOR TO THE EXPIRATION DATE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR SUCH ADDITIONAL PERIOD. NOTWITHSTANDING THE AFOREMENTIONED, THE FINAL EXPIRY DATE OF THIS LETTER OF CREDIT IS _____, ____.

ALL BANKING CHARGES OUTSIDE _____ ARE FOR THE ACCOUNT OF THE APPLICANT.

DRAFT(S) DRAWN HEREUNDER MUST BEAR THE CLAUSE: "DRAWN UNDER _____ STANDBY LETTER OF CREDIT NUMBER _____ DATED _____".

THIS ORIGINAL LETTER OF CREDIT, ALONG WITH ANY SUBSEQUENT AMENDMENTS, MUST BE SUBMITTED TO THE BANK FOR OUR ENDORSEMENT OF ANY PAYMENTS EFFECTED BY US AND/OR FOR CANCELLATION.

THE BENEFICIARY'S RIGHTS UNDER THIS LETTER OF CREDIT ARE TRANSFERABLE IN ITS ENTIRETY (BUT NOT IN PART) AND ONLY _____ IS AUTHORIZED TO ACT AS THE TRANSFERRING BANK. WE SHALL NOT RECOGNIZE ANY TRANSFER OF THIS LETTER OF CREDIT UNTIL THIS ORIGINAL LETTER OF CREDIT TOGETHER WITH ANY AMENDMENTS, AND A SIGNED AND COMPLETED TRANSFER FORM IN THE FORM ATTACHED HERETO AS ATTACHMENT A. UNDER NO CIRCUMSTANCES SHALL THIS LETTER OF CREDIT BE TRANSFERRED TO ANY PERSON OR ENTITY WITH WHICH U.S. PERSONS OR ENTITIES ARE PROHIBITED FROM CONDUCTING BUSINESS UNDER U.S. FOREIGN ASSET CONTROL REGULATIONS AND OTHER APPLICABLE U.S. LAWS AND REGULATIONS.

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE HONORED IF PRESENTED ALONG WITH ALL DOCUMENTS REQUIRED AT OUR OFFICE AT _____ ON OR BEFORE THE CURRENT EXPIRY DATE.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES ("ISP98"), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590. AS TO MATTERS NOT GOVERNED BY ISP98, SUCH MATTERS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH LAWS OF THE STATE OF _____ AND APPLICABLE U.S. FEDERAL LAW.

_____

BY: _____

TITLE: _____

ATTACHMENT A

FORM OF TRANSFER

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

THE UNDERSIGNED, A DULY AUTHORIZED OFFICER OF THE BENEFICIARY OF LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT") DATED _____ IRREVOCABLY INSTRUCTS _____ AS ISSUER OF THE LETTER OF CREDIT, AS FOLLOWS:

1. FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY IRREVOCABLY TRANSFERS TO:

NAME AND ADDRESS OF TRANSFEREE:
_____
_____
_____
_____

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY UNDER THE LETTER OF CREDIT. THE TRANSFEREE IS THE ASSIGNEE OR HAS SUCCEEDED THE UNDERSIGNED.

2. BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN THE LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE, AND THE TRANSFEREE SHALL FROM THE DATE OF THIS INSTRUCTION HAVE SOLE RIGHTS AS BENEFICIARY OF THE LETTER OF CREDIT INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF, OR NOTICE TO, THE UNDERSIGNED BENEFICIARY; PROVIDED, HOWEVER, THAT NO RIGHTS SHALL BE DEEMED TO HAVE BEEN TRANSFERRED TO THE TRANSFEREE UNTIL SUCH TRANSFER COMPLIES WITH THE REQUIREMENTS OF THE LETTER OF CREDIT PERTAINING TO TRANSFERS.

3. THE LETTER OF CREDIT IS RETURNED WITH THIS INSTRUCTION, AND IN ACCORDANCE WITH THE LETTER OF CREDIT THE UNDERSIGNED ASKS THAT THIS TRANSFER BE EFFECTIVE AND THAT YOU TRANSFER THE SAME TO THE TRANSFEREE OR THAT, IF SO REQUESTED BY THE TRANSFEREE, YOU ISSUE A NEW IRREVOCABLE LETTER OF CREDIT IN FAVOR OF THE TRANSFEREE WITH PROVISIONS CONSISTENT WITH THE LETTER OF CREDIT.

4. YOUR SIGNATURE BELOW MUST BE GUARANTEED AND WITNESSED BY AN AUTHORIZED OFFICER OF YOUR BANK.

DATED: _____ SIGNATURE GUARANTEE

_____ _____
INSERT NAME OF TRANSFEROR

BY: _____ BY: _____

TITLE: _____ TITLE: _____

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 4.1

ANNUAL RENT SCHEDULE

1. Commencing on the date (the "**Rent Commencement Date**") that is six months following the Delivery Date and thereafter for the initial Term and, for the Extension Term, if exercised, Fixed Rent will be payable in the following amounts for the applicable periods (nothing in this Exhibit is deemed to affect the duration of the Extension Term as determined pursuant to Section 33.1 of the Lease). The Rent Commencement Date is subject to adjustment as expressly provided pursuant to **Exhibit 3.2**, attached.

Initial Term	Annual Rate Per Square Foot	Annual Fixed Rent	Monthly Fixed Rent
Lease Years 1-3	$[*]	$[*]	$[*]
Lease Years 4-6	$[*]	$[*]	$[*]
Lease Years 7-9	$[*]	$[*]	$[*]
Lease Years 10 – Expiration Date	$[*]	$[*]	$[*]
Extension Term			
Lease Years 13 – 15	$[*]	$[*]	$[*]
Lease Years 16 – 18	$[*]	$[*]	$[*]
Lease Years 19 – 21	$[*]	$[*]	$[*]
Lease Years 22 – 24	$[*]	$[*]	$[*]
Lease Years 25 – 27	$[*]	$[*]	$[*]
Lease Years 28 – 30	$[*]	$[*]	$[*]

During the Extension Term, Parking Rent shall be payable at the following rate:

Lease Years 13 – 15	$[*] per space per month.
Lease Years 16 – 18	$[*] per space per month.
Lease Years 19 – 20	$[*] per space per month

In Lease Year 21 and beyond, the Parking Rent shall be based on the then-market rates for comparable privately-owned, non-owner occupied parking facilities in downtown New Haven, Connecticut that are renting parking spaces on a monthly basis, with market escalations in each year during the applicable extension or renewal term. In the event the parties are unable to agree on such market rate and escalations at least three (3) months prior to the commencement of the applicable Extension Term or extension or renewal period under this Lease, then Landlord and Tenant shall each engage the services of an independent real estate broker with at least five (5) years' experience in the New Haven real estate market to determine the appropriate Parking Rent for the applicable period as follows: in the event the Parking Rent rates quoted by the

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

representatives of Landlord and Tenant are less than or equal to ten percent (10%) apart, the Parking Rent shall be at the average of the rates quoted by such representatives. In the event the Parking Rent rates quoted by the representatives of Landlord and Tenant are more than ten percent (10%) apart, the designated representatives of Landlord and Tenant shall select a third independent real estate broker with at least five (5) years experience in the New Haven real estate market, the costs of which shall be shared equally by Landlord and Tenant, to determine which of the two (2) rates quoted is the appropriate Parking Rent (the parties agreeing that such third party only can choose either the rate quoted by Landlord's representative or the rate quoted by Tenant's representative) and the determination of such third party shall be binding on Landlord and Tenant. In the event that the market rate and escalations for Parking Rent are not determined by the start of the applicable Extension Term or period, then Tenant shall continue to pay such rates at the last applicable amount prior to such period until the final determination of the same, at which time a retroactive adjustment shall be made between the parties.

2. Tenant's Pro-Rata Percentage is 76.54% (calculated on the basis of the rentable square footage of the Premises at 328,053 rentable square feet and the total rentable square footage of the Building of 428,605 rentable square feet), as the same may be adjusted pursuant to the provisions of Section 39.1 of the Lease or otherwise in connection with the expansion or reduction of the Premises and/or the Building in accordance with the express terms of this Lease.

3. If the Tenant exercises its Right of First Offer pursuant to Section 37.1 of the Lease, Fixed Annual Rent for the applicable ROFO Space shall be payable according the following rate schedule:

Initial Term	Annual Rate Per Square Foot
Lease Years 1-3	$[*]
Lease Years 4-6	$[*]
Lease Years 7-9	$[*]
Lease Years 10 - Expiration Date	$[*]

For clarification purposes, the foregoing Lease Years refer to the Lease Years applicable to the Premises originally leased hereunder. Fixed Rent for the ROFO Space shall be paid at the applicable rate for the applicable period set forth above, with increases in Fixed Rent occurring at the end of each applicable Lease Year period.

During the Extension Term, if Tenant properly and timely exercises its extension option pursuant to Section 33.1 of the Lease, then Fixed Annual Rent shall be payable with respect to applicable ROFO Space as follows, for the duration applicable with respect to the Extension Term (i.e. nothing in this Exhibit is deemed to affect the duration of the Extension Term as determined pursuant to Section 33.1 of the Lease):

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

	Annual Rate Per Square Foot
Lease Years 13 – 15	$[*]
Lease Years 16 – 18	$[*]
Lease Years 19 – 21	$[*]
Lease Years 22 – 24	$[*]
Lease Years 25 – 27	$[*]
Lease Years 28 – 30	$[*]

4. During the Extension Term, if the Tenant properly and timely exercises its Expansion Option, then Fixed Annual Rent shall be payable with respect to the Expansion Space as follows, for the duration applicable with respect to the Extension Term (i.e. nothing in this Exhibit is deemed to affect the duration of the Extension Term as determined pursuant to Section 33.1 of the Lease):

	Annual Rate Per Square Foot
Lease Years 13 – 15	$[*]
Lease Years 16 – 18	$[*]
Lease Years 19 – 21	$[*]
Lease Years 22 – 24	$[*]
Lease Years 25 – 27	$[*]
Lease Years 28 – 30	$[*]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 5.1

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, common corridors and common halls shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Premises and for delivery of merchandise and equipment in prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord. The Building's fire stairways are for emergency use only; the use thereof for other purposes being expressly prohibited (provided that Landlord acknowledges that Tenant may use the fire stairways for access between Tenant's full floors so long as Tenant installs a card access system in entrances to emergency stairwells serving any full floor leased by Tenant, Tenant obtains approval for the applicable municipal authorities, and the card readers are coordinated with the Building life safety systems in a manner reasonably approved by Landlord and in compliance with applicable Laws).

2. No awnings, air-conditioning units, fans or other projections shall be attached to or project through the outside walls or windows of the Building except as expressly permitted under the Lease.

3. The exterior windows and doors that reflect or admit light and air into the Premises or the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, except for window treatments that meet the building standard, as well as in laboratory areas where exterior windows could adversely impact research activities if unchecked. All windows in the Premises shall be kept closed.

4. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the common halls, corridors or vestibules, nor shall any article obstruct any air-conditioning supply or exhaust without the prior written consent of Landlord, such consent not to be unreasonably withheld, delayed or conditioned.

5. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of such fixtures shall be borne by Tenant.

6. Except to the extent permitted as a part of Alterations made in compliance with the Lease, Tenant shall not mark, paint, drill into, or in any way deface any part of the Premises or the Building. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, and as Landlord may direct.

7. No office space in the Building shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction or

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

otherwise, except for an employee cafeteria or vending machines for the use of Tenant's employees as permitted by the Lease. Nothing in the immediately preceding sentence shall be deemed to prohibit use of the Premises for the Permitted Uses set forth in the Lease.

8. Tenant shall not make, or permit to be made, any unreasonable noises that are not typical of a first class, multi-tenant office and biotechnology R&D building, or materially adversely disturb or interfere with occupants of the Building or neighboring buildings or premises or those having business with them.

9. Tenant must, upon the termination of its tenancy, return to Landlord all keys of stores, offices and toilet rooms, and in the event of the loss of any keys furnished at Landlord's expense, Tenant shall pay to Landlord the cost thereof.

10. No bicycles [*], wheelchairs and other assistive devices for the handicapped shall be brought into or kept by Tenant in or about the Premises or the Building (other than bicycles that are parked in designated bicycle racks within the Garage).

11. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description, through common areas of the Building must take place in the manner and during the hours which Landlord or its agent reasonably may determine from time to time,. Unless Landlord grants prior approval (not to be unreasonably withheld, conditioned or delayed), Tenant shall not be permitted to perform any of the foregoing during normal business hours. Other than office furniture, Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or other provisions of this Lease. Landlord shall have the right to reasonably prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon the Premises. If, in the reasonable judgment of Landlord, it is necessary to distribute the concentrated weight of any heavy object, the work involved in such distribution shall be done at the expense of Tenant and in such manner as Landlord shall reasonably determine.

12. Tenant shall not purchase drinking water, ice, towels, vending machines, mobile vending service, catering, or other like service, or accept barbering or shoe shining services in the Premises, from any company or persons not approved by Landlord, which approval shall not be withheld or delayed unreasonably, or at hours or under regulations other than as reasonably fixed by Landlord. The foregoing shall not be construed to prohibit an employee cafeteria, vending machines for the use of Tenant's employees, or catering services provided to Tenant, or dry ice for support of R&D laboratory activities.

13. Landlord reserves the right to exclude from the Building outside of business hours all persons who do not present a pass to the Building signed or approved by Landlord. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

14. The requirements of Tenant will be attended to only upon written application at the office of the Building. Building employees shall not perform any work or do anything outside of their regular duties, unless under special instructions from the office of Landlord.

15. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall co-operate to prevent the same.

16. There shall not be used in any space, or in the public halls of the Building, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

17. Tenant shall not do any cooking, or conduct any restaurant, luncheonette or cafeteria for the sale or service of food or beverages to its employees or to others other than as customarily found in first class office buildings constructed as Alterations pursuant to the Lease. Tenant shall not cause or permit any odors of cooking or other processes or any unusual or objectionable odors to unreasonably emanate from the Premises. Tenant shall not install or permit the installation or use of any food, beverage, or stamp dispensing machine other than for the exclusive use of Tenant's employees and invitees, or permit the delivery of any food or beverage to the Premises (other than by a restaurant or catering firm), except by such persons delivering the same as shall be approved by Landlord, which approval shall not be unreasonably withheld or delayed.

18. Any person whose presence in the Building at any time shall, in the judgment of Landlord, be prejudicial to the safety, character, reputation or interests of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. Landlord may require any person leaving the Building with any package or other object to exhibit a pass from the tenant from whose premises the package or object is being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of the tenant.

19. Smoking is prohibited at all times throughout the Building.

20. Subject to the terms of the Lease, and other than as provided in connection with Alterations pursuant to the Lease, Tenant shall not place any lock(s) or electronic keys (collectively, “keys”) on any door in the Premises or Building without Landlord’s prior written consent (not to be unreasonably withheld) and Landlord shall have the right to retain at all times and to use keys to all locks within and into the Premises (subject to any limitations on entry set forth in the Lease). A reasonable number of keys to the locks on the entry doors in the Building and Premises shall be furnished by Landlord to Tenant at Tenant’s cost, and Tenant shall not make any duplicate keys. All keys shall be returned to Landlord at the expiration or earlier termination of this lease. Any locks changed with Landlord’s permission will be changed back upon lease termination to the building master standard at Tenant’s cost. If applicable, Tenant shall provide key(s) and/or access card(s) to be placed in fire Knox box. Nothing in this paragraph shall be deemed to modify the provisions of Sections 2.1 and 21.3 of the Lease.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

21. Landlord may from time to time adopt reasonable systems and procedures consistent with first class buildings for the security and safety of the Building or Property, its occupants, entry, use and contents. Tenant, its agents, employees, contractors, guests and invitees shall comply with the Landlord's processes and procedures of which Tenant has prior written notice. Tenant agrees to keep its Premises locked or otherwise properly secured.

22. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building or Property electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation. Tenant shall not furnish cooling or heating to the Premises, including, without limitation, the use of electronic or gas heating devices, except in compliance with the provisions of the Lease governing Alterations. Tenant shall not exceed its proportionate share of electrical service, either in voltage, rated capacity or overall load, telephone lines and other telecommunication facilities, or other utilities available to service the Building. Any exterior HVAC equipment, such as chillers and generators, should be properly maintained and locked (so they may to be operated only by authorized personnel).

23. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. Unless otherwise instructed, every person using the parking areas is requested to park and lock his/her own vehicle. Vehicle maintenance may not be performed in the Garage.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 11.1

Landlord Services and Building Standards

PLUMBING

- 10” sanitary waste discharge line, connected to the City of New Haven municipal system, available for general sanitary waste from the Building.

- 4” Domestic potable water service, with booster pump, connected to the City of New Haven municipal system and delivered at 0-1,300 GPM and up to 221 psig. 2” CW valved and capped connection in the mechanical room at each lab floor for future Tenant non-potable water connection (on floors 4 & 5). Wet columns are provided on each floor at each quadrant of the building for the office floors. Each wet column shall consist of a 4-inch sanitary soil stack, 4-inch vent stack and 2-inch cold water riser. A 4-inch sanitary capped connection, 3-inch vent capped connection, and 1 1/2" cold water valve and capped connection is provided at quadrant of each floor level for connection by Tenant.

- A 5 PSI Elevated pressure natural gas manifold with six 2” taps is provided at the penthouse for future gas connections by Building tenants. One 1” natural gas tap at each lab floor (4 & 5) is provided for future Tenant connection.

- A clear water waste and vent system with a 4-inch capped drain connection and 3-inch capped vent connection is provided in the mechanical room at each floor level for connection of an open end drain and vent provided by the Tenant for Tenant AC condensate drain or other clear water drainage.

HVAC

- The lab floors (4^{th} & 5^{th}) of the Premises are delivered with a dedicated central air handling system capable of supplying up to 140,000 CFM of 100% outside air and a central exhaust system capable of exhausting up to 140,000 CFM of air. Sizing is based on 2 CFM/ft² over the combined total gross area of both floors.

- The lab floors (4^{th} & 5^{th}) of the Premises are delivered with two (2) dedicated 450-ton water chillers located in the penthouse based on conditioning the tenant air handler supply air from the outside design temperature to a supply temperature leaving the AHU of 55ºF.

- The lab floors (4^{th} & 5^{th}) of the Premises are delivered with three (3) dedicated 4,000 MBH (input) hot water condensing boilers located in the penthouse capable of providing 1,150 GPM of 180ºF heating water to the AHU and for hot water reheat.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

- The office floors (6th - 11th) of the Premises are delivered with three (3) dedicated 4,000 MBH (input) hot water condensing boilers located in the penthouse capable of providing 1,150 GPM of 180ºF heating water for hot water reheat.

- Each office floor is delivered with accommodations for a 35,000 CFM (105-ton) water cooled DX VAV unit to be installed by Tenant. Sizing is based on 1 CFM/ft² or 350 SF/ton over the gross floor area.

- Outside air and exhaust air to the office floors shall be provided in the amount of 3,750 CFM of outside air and 3,750 CFM of exhaust air delivered to the floor mechanical room.

- Two (2) 1,400-ton cooling towers located on the roof provide condenser water for the Tenant's office floor water-cooled air conditioning units and for the Tenant's dedicated lab floor chillers. Water temperature in the summer shall be delivered at 85ºF and 45ºF during the winter.

- A Tenant dedicated water side energy recovery run-around glycol loop and pumps will be delivered for heat recovery between the Tenant lab air handler and exhaust systems serving the 4th & 5th Lab floors.

ELECTRICAL

- Landlord shall provide lighting and controls in the common areas, lobby areas and garage.

- Office floors (6 through 11) shall utilize the 2,500 amp 480Y/277 volt (office) tenant vertical plug-in bus duct to support loads on respective tenant floors. The bus duct has been sized to provide 8.0 watts per useable square foot to support tenant's lighting, plug loads, fan power terminal units / VAV boxes, and miscellaneous loads.

- Each office floor shall be delivered with a dedicated 1,600 amp 480Y/277 volt bus duct supplied by a separate bus to support the Tenant's AC unit power feed.

- Laboratory floors (4 and 5) shall utilize the 2,500 amp 480Y/277 volt (Lab) tenant vertical plug-in bus duct to support loads on respective Tenant floors. The bus duct has been sized to provide 15.0 watts per useable square foot to support Tenant's lighting, lab equipment, mechanical loads directly related to floor (i.e. phoenix valves, fan coil unit, constant volume boxes, etc), and miscellaneous loads.

TELECOMMUNICATIONS

- The Building is served by eight (8) 4 inch conduits from the property line to the Main Telecommunications Demarc room in basement and one (1) telecommunications closet per floor, equipped with six (6) 4" sleeves connecting to the main telecommunications room and a copper ground bus connected to the main switchboard grounding grid.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

LIFE SAFETY

- The Building is served by an automatic wet-pipe sprinkler and Class I standpipe system, designed to include a fire command center on the Ground Floor. The Premises will be delivered with an upright sprinkler head distribution system for Tenant's use.

- Water to the automatic sprinkler/standpipe system is provided by an 8" fire protection service main connected to the City of New Haven water supply.

- A fire pump is installed to boost the municipal water supply pressure for the automatic standpipe/sprinkler systems in order to meet the pressure requirements required by NFPA 13 and NFPA 14.

- The Building is equipped with a microprocessor-based multiplex, analog/addressable fire alarm system with audio and visual occupant notification and municipal reporting.

- A Fire Command Center is located on the First Floor of the Building.

The foregoing Exhibit 11.1 is subject to future changes as are mutually agreed upon by the parties in writing after the date hereof.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 11.7

Approved PDM Covenants

Tenant shall establish a Travel Demand Management program (the "TDM") to provide its employees with expanded travel options to the Premises in an effort to reduce the number of single occupant vehicles in the parking garage. The TDM shall include:

1. Parking Incentives – Reserved parking for those who carpool

2. Bicycle Facilities – On-site showers and lockers available for employees who ride their bikes to work

3. Transportation Coordinator – Establishment of an internal transportation coordinator for the TDM

4. Employee Survey – Survey employees to determine current commute characteristics, establish preferences and target TDM efforts

5. Employee Outreach – Provide employees with information regarding multimodal commute options. The information may include maps, schedules and feedback forms. Acceptable means of communication include, but are not limited to, transportation fairs, staff meetings, email, a webpage or information posted in the office. Dissemination of multi-modal commute options to employees upon hire and twice per year thereafter, via at least one of the following methods: e-mail, office intranet, employee handbook, flyers, or a commuter information center in the lobby. Survey employees upon beginning the TDM program and annually thereafter.

6. To gauge the results of their TDM plan, Alexion should review the results of employee surveys or other means to measure the number of SOVs, carpool vehicles and vanpool vehicles in the parking garage versus the number of employees occupying the building at any given time.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 20.1

Form of SNDA

WHEN RECORDED MAIL TO

_____
_____
_____
_____

_____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (hereafter referred to as "Agreement") made as of _____, by and between _____, a _____, having an address at c/o _____, as Administrative Agent for certain lenders (in such capacity, the "Lender"), _____, a _____, having an address of _____ ("Tenant") and _____, a _____, having an address at c/o _____ ("Landlord").

The Lender is the Administrative Agent for certain lenders who have made a loan to Landlord in the maximum principal amount of $_____ (the "Loan") in accordance with the terms of that certain Construction Loan Agreement dated as of _____, by and among Landlord, Lender, as administration agent, and the lenders from time to time thereunder (as the same may hereafter be amended, reinstated, extended, supplemented or otherwise modified from time to time, "Loan Agreement"),

Pursuant to the Loan Agreement, the Lender is the holder of a certain mortgage and security agreement (as the same may be amended, extended, supplemented or otherwise modified or restated from time to time, the "Security Instrument") granted by Landlord to Lender and recorded with the _____ at Book _____, Page_____, which constitutes a first lien against the real property described on Schedule A attached hereto and the improvements thereon or to be constructed thereon (the "Property").

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Tenant has entered into a lease with Landlord dated as of _____ (the "Lease") covering a portion of the Property (the "Premises"),

For mutual consideration, including relying on the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, Lender and Tenant agree as follows:

1. **Subordination of Lease.** The Lease is and shall be subject and subordinate to the Security Instrument and to all present and future advances under the obligations secured thereby and all renewals, amendments, modifications, consolidations, replacements and extensions thereof, to the full extent of the principal amount and other sums secured thereby and interest thereon.

2. **Attornment.** Tenant will attorn to and recognize: (i) Lender, whether as mortgagee in possession or otherwise; or (ii) any purchaser at a foreclosure sale under the Security Instrument; or (iii) any transferee that acquires possession of or title to the Property (whether by acceptance of a deed in lieu of foreclosure or otherwise); or (iv) any successors and assigns of such purchasers and/or transferees (each of the foregoing persons or entities described in clauses (i) through (iv) above, a "Successor"), as its landlord for the unexpired balance (and any extensions, if exercised) of the term of the Lease upon the terms and conditions set forth in the Lease, and Tenant shall pay and perform in favor of Successor all of the obligations of Tenant under the Lease as if Successor were the original lessor under the Lease. Such attornment shall be effective and self-operative without the execution of any further instruments by any party hereto; provided, however, that Tenant will, upon request by Lender or any Successor, execute a reasonable written agreement attorning to Lender or such Successor, which agreement shall, in any event, be subject to the terms and provisions of this Agreement.

3. **Non-Disturbance.** So long as Tenant complies with Tenant's obligations under this Agreement and is not in default (beyond the expiration of any applicable cure period) under the Lease, Lender and any Successor (a) will recognize the Lease and Tenant's rights and options under the Lease (as affected by this Agreement), and (b) will not disturb Tenant's use, possession and enjoyment of the Premises, nor will Tenant's rights under the Lease be impaired (except as provided in this Agreement) in any foreclosure action, sale under a power of sale, transfer in lieu of the foregoing, or the exercise of any other remedy pursuant to the Security Instrument.

4. **Assignment of Leases.** Tenant acknowledges that it has been advised that Landlord has assigned the Lease and the rents thereunder to Lender pursuant to a certain Assignment of Leases and Rents from Landlord to Lender (the "Assignment"). Tenant acknowledges that the interest of the Landlord under the Lease is to be assigned to Lender solely as security for the purposes specified in the Assignment, and, on account of the Assignment, Lender shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of the Assignment or by any subsequent receipt or collection of rents thereunder, unless Lender shall specifically undertake such liability in writing. The foregoing agreement by Tenant shall not adversely affect any rights of Tenant under the Lease with respect to the Landlord in the event of nonperformance by Landlord. Tenant agrees that if Lender, pursuant to the Assignment , and whether or not it becomes a mortgagee in possession, shall give written notice

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

to Tenant that Lender has elected to require Tenant to pay to Lender the rent and other charges payable by Tenant under the Lease, Tenant shall, until Lender shall have canceled such election, thereafter pay to Lender all rent and other sums payable under the Lease and such payments to Lender shall be treated as payments made under the Lease. Any such payment shall be made notwithstanding any right of setoff, defense or counterclaim which Tenant may have against Landlord, or any right to terminate the Lease (except to the extent that any such setoff, defense, counterclaim or termination right (the "Key Rights") is expressly set forth in the Lease; Tenant hereby agreeing to provide Lender with contemporaneous copies of any notice (the "Notice") that is a condition precedent to any such Key Rights under the Lease contemporaneously with the giving of such Notices to Landlord).

5. **Limitation of Liability.** In the event that Lender or any other Successor succeeds to the interest of Landlord under the Lease, or title to the Property, then Lender or any such Successor shall assume and be bound by the obligations of the landlord under the Lease which accrue from and after such party's succession to any prior landlord's interest in the Premises, but neither Lender nor such Successor shall be: (i) liable in any way to Tenant for any act or omission, neglect or default on the part of any prior landlord under the Lease; provided, that, nothing in this clause (i) being deemed to relieve Lender or any Successor of its continuing obligations as landlord under the Lease with respect to the period from and after the date of such succession, (ii) responsible for any monies (including security deposits) owing by or on deposit with (or any letter of credit on deposit with) Landlord to the credit of Tenant (except to the extent any such deposit or letter of credit is actually received by Lender or such Successor, as applicable), (iii) subject to any defense, counterclaim or setoff which theretofore accrued to Tenant against any prior landlord (except to the extent that any such setoff, defense or counterclaim is expressly set forth in this Lease and Tenant has provided the Notice required in Section 4 above), (iv) bound by any termination, amendment or modification of the Lease after the date hereof (unless Lender expressly approved in writing such termination, amendment or modification of the Lease), except that Lender or any Successor agrees to be bound by and subject to any termination of the Lease after the date hereof as a result of Tenant exercising Tenant's termination rights under Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter, (v) bound by any previous prepayment of rent for more than one (1) month, which was not approved in writing by Lender, (vi) required after a fire, casualty or condemnation of the Property or Premises to repair or rebuild the same to the extent that such repair or rebuilding requires funds in excess of the insurance or condemnation proceeds specifically allocable to the Premises and arising out of such fire, casualty or condemnation which have actually been received by Lender (less any insurance copayment or deductible), and then only to the extent required by the terms of the Lease, (vii) be liable for or incur any obligation with respect to any representations or warranties made by Landlord under the Lease or (viii) liable beyond Lender's or such Successor's, as applicable, interest in the Property. Notwithstanding anything to the contrary contained herein, nothing contained herein shall require Tenant to provide any Successor with any notice or longer opportunity to cure other than the Notice with respect to (a) Tenant's express rights to terminate the Lease pursuant to Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter or (b) to receive an abatement or offset against rent pursuant to Sections 11.6, 12.1, 13.2, 35.1, 36.1 and 37.2 of the Lease and Section 13 of the Work Letter on the terms and conditions contained therein and nothing contained herein shall prohibit Tenant from exercising such express rights.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Furthermore, notwithstanding anything to the contrary contained in this Agreement or in the Lease, neither Lender nor any Successor shall have any obligation to undertake or complete any of the Landlord Work (as defined in the Lease) after it succeeds to the interest of Landlord under the Lease or title to the Property (collectively, the "Landlord Work Obligations").

Notwithstanding the foregoing, in the event that Lender or any Successor succeeds to the interest of Landlord under the Lease, or title to the Property prior to the completion of the Landlord Work Obligations, then Lender or Successor (as applicable) shall have thirty (30) days to send written notice to Tenant stating whether or not Lender or such Successor intends to be bound to perform work remaining to be done as part of the Landlord Work Obligations under the Lease. If in such notice Lender or such Successor states that Lender or such Successor intends to be so bound, then such provisions of the Lease shall be binding on the Lender or such Successor (as applicable). If Lender or Successor (as applicable) states that it does not intend to be so bound or fails to timely provide notice to Tenant within such thirty (30) day period, then Tenant shall have the right, by giving a Succession Election Notice to the Lender or Successor (as applicable) within sixty (60) days following notice of such acquisition, to either (X) terminate the Lease, or (Y) continue the Lease, and complete the Landlord Work itself at its expense and otherwise in accordance with the terms of the Lease and reduce the Rent by the amount of the actual out of pocket third party costs incurred by Tenant to complete the Landlord Work, amortized over the Term with interest at the rate of 8% per annum; provided, however, that the Lender or Successor (as applicable) can render any Succession Election Notice null and void and of no force and effect if, within thirty (30) days after the giving of such Succession Election Notice, the Lender or Successor (as applicable) agrees to be bound by the applicable provisions of the Lease. Tenant's failure to give a Succession Election Notice in the time period required above shall be deemed to be an election pursuant to the clause (Y) of the immediately preceding sentence.

Tenant agrees that any person or entity which at any time hereafter becomes the landlord under the Lease, including without limitation, Lender or any Successor, shall be liable only for the performance of the obligations of the landlord under the Lease that arise during the period of Lender's or such Successor's ownership of the Premises. Tenant further agrees that any liability of Lender or any Successor under the Lease shall be limited to the interest of Lender or such Successor in the Property and in the rents, proceeds and profits therefrom.

6. **Right to Cure Defaults.** Except with respect to Key Rights (which shall be governed by Section 4 hereof) and except with respect to the Landlord Work Obligations (which shall be governed by Section 5 hereof), Tenant agrees to give notice to Lender of any default by Landlord under the Lease at the time Tenant gives such notice to Landlord, specifying the nature of such default, and thereupon Lender shall have the right (but not the obligation) to cure such default, and Tenant shall not exercise its remedies under the Lease unless the Tenant first gives such notice to any Mortgagees and provides such Mortgagees with notice of such default, and an opportunity to cure the same within a period of time that shall be not less than the period afforded to the Landlord to cure the default under the provisions of this Lease, and a reasonable period of time in addition thereto (i) if the circumstances are such that said default cannot reasonably be cured within such period and Lender has commenced and is diligently pursuing

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

such cure, plus (ii) an unlimited period (not to exceed 240 days) during any litigation or enforcement action or proceeding, including a foreclosure, bankruptcy, reorganization, possessory action or a combination thereof. It is specifically agreed that Tenant shall not require Lender to cure any bankruptcy, insolvency or reorganization default on the part of landlord or any breach by landlord of any representation or warranty. Tenant shall accept performance by Lender of any term, covenant, condition or agreement to be performed by Landlord under the Lease with the same force and effect as though performed by Landlord.

7. **Tenant's Agreements.** Tenant hereby covenants and agrees that: (i) Tenant shall not pay any rent under the Lease more than one month in advance except as expressly required in the Lease with respect to security deposits, operating expenses, taxes and the like; (ii) Tenant shall have no right to appear in any foreclosure action under the Security Instrument (unless named by Lender in such action, Lender agreeing however not to name Tenant unless required pursuant to applicable laws); (iii) Tenant shall not amend or modify the Lease, and Tenant shall have no right to cancel or terminate the Lease, without Lender's prior written consent, and any attempted amendment, modification, cancellation or termination of the Lease in violation of the foregoing shall be of no force or effect as to Lender except that Lender or any Successor agrees to be bound by and subject to any termination of the Lease after the date hereof as a result of Tenant exercising Tenant’s termination rights under Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter; (iv) Tenant shall not subordinate the Lease to any lien or encumbrance (other than the Security Instrument) without Lender's prior written consent; (v) Tenant shall promptly (or within the applicable period of time provided for in the Lease) deliver to Lender, from time to time, a written estoppel statement in the form, and with the certifications, required by the Lease; (vi) Tenant has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Property, or any portion thereof or any interest therein, and to the extent that Tenant has, has had, or hereafter acquires any such right or option, the same is hereby acknowledged to be subject and subordinate to the Security Instrument and is hereby waived and released as against Lender, and (vii) this Agreement satisfies any requirement in the Lease relating to the granting of a non-disturbance agreement. Nothing in this Section 7 shall prohibit Tenant from its express rights to terminate the Lease pursuant to Sections 12.2, 13.1 or 42.1 of the Lease or Section 13 of the Work Letter.

8. Authority. Tenant warrants and represents that Tenant has duly executed and delivered this Agreement and that the execution, delivery and performance by Tenant of this Agreement (i) are within the powers of Tenant, (ii) have been duly authorized by all requisite action, (iii) will not violate any provision of law or any order of any court or agency of government, or any agreement or other instrument to which Tenant is a party or by which it or any of its property is bound. Lender warrants and represents that Lender has duly executed and delivered this Agreement and that the execution, delivery and performance by Lender of this Agreement (i) are within the powers of Lender, (ii) have been duly authorized by all requisite action, (iii) will not violate any provision of law or any order of any court or agency of government, or any agreement or other instrument to which Lender is a party or by which it or any of its property is bound.

9. **Miscellaneous**.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

9.1 The provisions hereof shall be binding upon and inure to the benefit of Tenant and Lender and their respective successors and assigns; The term "Lender" as used herein includes any successor or assign of the named Lender herein, including, without limitation, any co-lender, and their successors and assigns, and the terms "Tenant" and "Landlord" as used herein include any successor and assign of the named Tenant and Landlord herein, respectively; provided, however, that such reference to Tenant's or Landlord's successors and assigns shall not be construed as Lender's consent to any assignment or other transfer by Landlord in any instance where Lender's consent to such assignment or transfer is required hereunder, under the Security Instrument or under any other document executed in connection therewith.

9.2 Any demands or requests shall be sufficiently given Tenant if in writing and mailed or delivered by United States certified mail, return receipt requested, postage prepaid, or if sent by prepaid Federal Express or other similar overnight delivery service which provides a receipt, to the addresses of Tenant as set forth in the Lease or such other address or addresses as Tenant may specify in writing to Lender from time to time and to Lender if in writing and mailed or delivered by United States certified mail, return receipt requested, postage prepaid, or if sent by prepaid Federal Express or other similar overnight delivery service which provides a receipt to Lender at its address shown above, with required copies to (a) _____, and (b) _____, or such other address as Lender may specify in writing from time to time;

9.3 This Agreement may not be changed, terminated, amended, supplemented, waived or modified orally or in any manner other than by an instrument in writing signed by the parties hereto.

9.4 The captions or headings at the beginning of each paragraph hereof are for the convenience of the parties and are not part of this Agreement;

9.5 This Agreement shall be governed by and construed under the laws of the State of Connecticut;

9.6 This Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties with respect to the subject matter hereof.

9.7 If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to be enforceable, or if such modification is not practicable, such provision shall be deemed deleted from this Agreement, and the other provisions of this Agreement shall remain in full force and effect.

9.8 This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

[no further text on this page]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this instrument as of the day and year first above written.

TENANT

Witness:

_____ _____

_____

By: _____

Name (Print) _____,

Title:

THE STATE OF CONNECTICUT

County of _____ SS.

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____ proved to me through satisfactory evidence of identification which was_____ to be the person whose name is signed on the preceding or attached document and acknowledged to me that he signed it voluntarily for its stated purpose in his representative capacity for _____.

_____

Notary Public

My Commission Expires:

[Seal]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

LENDER

Witness:

_____ _____

_____

By: _____

Name (Print) _____,

Title:

STATE OF _____)
) SS
COUNTY OF _____)

I, _____, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the _____ of [_____], a [_____], the general partner of [_____], and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such _____ he/she signed and delivered such instrument as his/her free and voluntary act and deed, and as the free and voluntary act and deed of such limited liability company, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, 20___.

_____

Notary Public

My Commission Expires: _____

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Schedule A

(the Property)

[see attached]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 26.1

[*]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 29.2

Form of Notice of Lease

NOTICE OF LEASE

Notice is hereby given of a Lease dated and executed as of November ____, 2012 (the "Lease") by and between **WE ROUTE 34, LLC**, a Delaware limited liability company, with an office at c/o Winstanley Enterprises, LLC, 150 Baker Street Extension, Suite 303, Concord Massachusetts 01742, as Landlord, and **ALEXION PHARMACEUTICALS, INC.**, a Delaware corporation with offices at 352 Knotter Drive, Cheshire, Connecticut 06410, as Tenant, under the terms of which Landlord leased to Tenant, space within that certain building, associated parking garage, and associated subsurface improvements (collectively, the "Project") to be constructed at property to be known as 100 College Street, New Haven, Connecticut and more particularly described on **Exhibit A** attached hereto and made a part hereof, such space (the "Premises") consisting of approximately 328,053 rentable square feet on a portion of the ground floor and first floor and all of the fourth through eleventh floors at the Project as more particularly described in the Lease.

1. The Lease provides for an initial term of approximately twelve (12) years and six months, commencing upon the Delivery Date as defined in Article 2.3 of the Lease (currently estimated to be March 31, 2015**)** and terminating on the last day of the month in which the 12th anniversary of the Rent Commencement Date (as defined in Exhibit 4.1 to the Lease) occurs.

2. Tenant has certain rights and options to extend the term of the Lease for up to approximately eighteen (18) years as more particularly described in Articles 33 and 36 of the Lease.

3. Tenant has certain rights to expand the Premises by approximately 95,816 rentable square feet as more particularly set forth in the Lease.

4. In the event of any conflict between the provisions of the Lease and this Notice of Lease, the Lease shall be determinative and controlling.

5. A copy of the Lease shall be on file at the offices of Tenant and of Landlord at the addresses set forth above and/or, in the case of the Tenant, the Premises.

The foregoing is a summary of certain terms of the Lease for purposes of giving notice thereof, and shall not be deemed to modify or amend the terms of the Lease.

[Signature and acknowledgement pages to follow.]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, on this _____ day of November 2012, the parties hereto have caused this Notice of Lease to be executed and delivered.

Signed, sealed and delivered
in the presence of:

LANDLORD:

WE ROUTE 34, LLC

_____
Print Name:

By: _____
Name:
_____ Title:
Print Name:

STATE OF _____)
: ss. _____
COUNTY OF _____) City/Town

On this the _____ day of November, 2012, before me, personally appeared _____, the _____ of **WE ROUTE 34, LLC,** signer and sealer of the foregoing instrument, and who acknowledged the same to be the free act and deed of said **WE ROUTE 34, LLC**, and his/her free act and deed as such _____ thereof.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Commissioner of the Superior Court
Notary Public
My Commission Expires:

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Signed, sealed and delivered
in the presence of:

TENANT:

ALEXION PHARMACEUTICALS, INC.

_____
Print Name:

By: _____
Name:
Title:

_____
Print Name:

STATE OF _____)
: ss. _____
COUNTY OF _____) City/Town

On this the _____ day of _____, 2012, before me, personally appeared _____, the _____ of **ALEXION PHARMACEUTICALS, INC.**, signer and sealer of the foregoing instrument, and who acknowledged the same to be the free act and deed of said **ALEXION PHARMACEUTICALS, INC.**, and his/her free act and deed as such officer thereof.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Commissioner of the Superior Court
Notary Public
My Commission Expires:

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Exhibit A

[Insert copy of legal description.]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

EXHIBIT 36.1

[*]

* Omitted information is the subject of a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission. E.36.1-1

Exhibit 31.1

I, Leonard Bell, M.D., certify that:

1 I have reviewed this quarterly report on Form 10-Q of Alexion Pharmaceuticals, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 30, 2013

/s/ Leonard Bell, M.D.

Chief Executive Officer

Exhibit 31.2

I, Vikas Sinha, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Alexion Pharmaceuticals, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 30, 2013

/s/ VIKAS SINHA

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Alexion Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, Leonard Bell, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2013

/s/ LEONARD BELL, M.D.

Chief Executive Officer

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

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Alexion Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, Vikas Sinha, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2013

/s/ VIKAS SINHA

Executive Vice President and Chief Financial Officer

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