UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(D) of The

Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): April 16, 2012 (February 7, 2012)

ALEXION PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	000-27756	13-3648318
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

352 Knotter Drive, Cheshire, CT

(Address of principal executive offices)

06410

(Zip Code)

(203) 272-2596

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets.

On February 7, 2012, Alexion Pharmaceuticals, Inc. (Alexion) filed with the Securities and Exchange Commission a Current Report on Form 8-K disclosing that Alexion completed its previously announced acquisition of Enobia Pharma Corp. (Enobia). Pursuant to the terms of the Amended Merger Agreement, EMRD Corporation, a wholly-owned subsidiary of Alexion, merged with and into Enobia, becoming a wholly-owned subsidiary of Alexion.

Item 9.01(a) and (b) of the Current Report on Form 8-K dated February 7, 2012 did not include the historical financial statements of Enobia or the unaudited pro forma combined financial information of Alexion (collectively, the Financial Information), and instead contained an undertaking subsequently to file the Financial Information. This amendment is being filed for the purpose of satisfying Alexion's undertaking to file the Financial Information required by Item 9.01(a) and (b) of Form 8-K, and this amendment should be read in conjunction with the initial report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited consolidated balance sheets of Enobia and its subsidiaries as of December 31, 2011 and 2010 and the related consolidated statements of operations, shareholders' deficit and cash flows for each of the three years ended December 31, 2011 and, cumulatively, for the period from November 28, 1997 (date of inception) to December 31, 2011, the Notes to the Consolidated Financial Statements and the Report of Independent Auditors are filed as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of Alexion and its subsidiaries as of and for the year ended December 31, 2011, giving effect to the acquisition of Enobia, are filed as Exhibit 99.3 to this Current Report on Form 8-K/A.

(c) N/A

(d) Exhibits

23	Consent of PricewaterhouseCoopers LLP
99.2	Audited consolidated balance sheets of Enobia and its subsidiaries as of December 31, 2011 and 2010 and the related consolidated statements of operations, shareholders' deficit and cash flows for each of the three years ended December 31, 2011 and, cumulatively, for the period from November 28, 1997 (date of inception) to December 31, 2011, the Notes to the Consolidated Financial Statements and the Report of Independent Auditors.
99.3	Unaudited pro forma condensed combined financial information of Alexion and its subsidiaries as of and for the year ended December 31, 2011, giving effect to the acquisition of Enobia.

SIGNATURES

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

ALEXION PHARMACEUTICALS, INC.

By: /s/ Michael V. Greco

Name: Michael V. Greco

Title: Associate General Counsel and Corporate Secretary

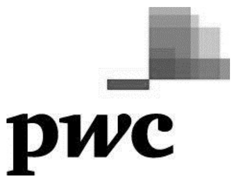
Date: April 16, 2012

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-127471, 333-123828, 333-91265, 333-29617, 333-41397, 333-47645, 333-89343, 333-36738, 333-52886 and 333-59702) and Form S-8 (No. 333-146319, 333-139600, 333-123212, 333-119749, 333-24863, 333-52856, 333-69478, 333-71879, 333-71985, 333-106854 and 333-153612) of Alexion Pharmaceuticals, Inc. of our report dated April 12, 2012 relating to the financial statements of Enobia Pharma Corp. which appears in the Current Report on Form 8-K of Alexion Pharmaceuticals, Inc. dated April 16, 2012.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Montréal, Quebec
April 16, 2012



April 12, 2012

Report of Independent Auditors

To the Management of
Alexion Pharmaceuticals, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' deficit and cash flows present fairly, in all material respects, the financial position of **Enobia Pharma Corp.** (a development stage company) and its subsidiary at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011 and, cumulatively, for the period from November 28, 1997 (date of inception) to December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP[1]

[1] Chartered accountant auditor permit No. 15492

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., Chartered Accountants
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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Enobia Pharma Corp.
(A Development Stage Company)

Consolidated Balance Sheets

(in U.S. dollars)	December 31, 2010	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 14,544,643	$ 20,685,171
Short-term investments	201,080	443,140
Refundable investment tax credits, net	1,492,333	3,445,147
Prepaid expenses and other current assets	2,258,546	3,815,507
Total current assets	18,496,602	28,388,965
Property and equipment, net	682,173	1,237,585
Intangible assets, net	269,478	229,659
Deferred financing costs, net	—	421,057
Total assets	$ 19,448,253	$ 30,277,266
Liabilities, Redeemable Convertible Preferred Stock and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 2,514,697	$ 1,493,147
Accrued expenses and other current liabilities	1,733,060	6,541,337
Current portion of long-term debt	8,637	1,224,377
Total current liabilities	4,256,394	9,258,861
Deferred rent	272,187	268,471
Long-term debt	46,613	8,823,083
Fair value of preferred stock conversion features	51,679,662	440,822,960
Total liabilities	56,254,856	459,173,375
Commitments and contingencies (Note 10)		
Series B redeemable convertible preferred stock, $0.001 par value, 43,351,351 shares authorized, issued and outstanding as of December 31, 2010 and 2011 (aggregate liquidation preference of $48.2 million and $50.2 million as of December 31, 2010 and 2011, respectively).	32,030,461	48,643,308
Series C redeemable convertible preferred stock, $0.001 par value, 65,274,151 shares and 126,591,473 shares authorized as of December 31, 2010 and 2011, respectively; 65,274,150 shares and 98,031,774 shares issued and outstanding as of December 31, 2010 and 2011, respectively, (aggregate liquidation preference of $53.2 million and $83.6 million as of December 31, 2010 and 2011, respectively).	25,416,259	81,109,629
Shareholders' deficit:		
Series A convertible preferred stock, $0.001 par value, 7,450,772 shares and 6,918,574 shares authorized as of December 31, 2010 and 2011, 6,918,574 shares issued and outstanding as of December 31, 2010 and 2011 (aggregate liquidation preference of $8.4 million as of December 31, 2010 and 2011).	8,406,940	8,406,940
Common stock, $0.001 par value, 135,000,000 shares and 205,000,000 shares authorized as of December 31, 2010 and 2011, respectively; 2,416,943 shares and 9,300,281 shares issued and outstanding as of December 31, 2010 and 2011, respectively.	2,417	9,300
Additional paid-in capital	—	25,511,633
Deficit accumulated during development stage	(100,330,154)	(590,244,393)
Accumulated other comprehensive loss	(2,332,526)	(2,332,526)
Total shareholders' deficit	(94,253,323)	(558,649,046)
Total liabilities, redeemable convertible preferred stock and shareholders' deficit	$ 19,448,253	$ 30,277,266

See accompanying notes to consolidated financial statements.

Enobia Pharma Corp.
(A Development Stage Company)

Consolidated Statements of Operations

(in U.S. dollars)	Years Ended December 31, 2009	Years Ended December 31, 2010	Years Ended December 31, 2011	Period from November 28, 1997 (Date of Inception) to December 31, 2011
Operating expenses:				
Research and development, net of refundable investment tax credits	$ 18,366,848	$ 27,804,188	$ 34,918,894	$ 108,192,224
General and administrative	3,425,510	4,560,956	15,333,746	32,239,821
Loss from operations	(21,792,358)	(32,365,144)	(50,252,640)	(140,432,045)
Other expense (income):				
Interest expense	—	—	299,555	562,566
Other expense	20,306	39,751	124,488	219,399
Interest income	(75,305)	(49,560)	(71,399)	(1,140,850)
Change in fair value of warrant liability	—	—	—	(748,787)
Loss (gain) on short-term investments	23,503	—	—	(38,866)
Foreign exchange loss (gain)	(159,687)	21,635	(21,860)	82,594
Change in fair value of preferred stock tranche rights	781,846	11,502,289	54,422,513	70,373,455
Change in fair value of preferred stock conversion features	(3,133,878)	(21,813,814)	374,193,236	351,758,285
Loss before provision for income taxes	(19,249,143)	(22,065,445)	(479,199,173)	(561,499,841)
Provision for income taxes	—	—	235,104	235,104
Net loss	$ (19,249,143)	$ (22,065,445)	$ (479,434,277)	$ (561,734,945)

See accompanying notes to consolidated financial statements.

Enobia Pharma Corp.
(A Development Stage Company)

Consolidated Statements of Shareholders' Deficit
Period from November 28, 1997 (Date of Inception) to December 31, 2011

(in U.S. dollars, except share amounts)	Convertible Preferred Stock			Common Stock			Deficit Accumulated during Development Stage	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Deficit
	Shares	Par	APIC	Shares	Par	APIC			
Balance as of November 28, 1997 (date of inception)	—	$ —	$ —	—	$ —	$ —	—	—	—
Issuance of shares of Class A common stock	—	—	—	281,200	—	70	—	—	70
Issuance of shares of Class A common stock upon exercise of options	—	—	—	100,000	9	211,529	—	—	211,538
Issuance of shares of Class A common stock in exchange for licenses	—	—	—	33,800	—	116,407	—	—	116,407
Reclassification of shares of Class A common stock	—	—	—	(405,000)	—	(327,077)	—	—	(327,077)
Conversion of shares of Class A common stock into shares of Class 1 common stock	—	—	—	405,000	—	425,580	—	—	425,580
Conversion of shares of Class B and C preferred stock into shares of Class 2 common stock	—	—	—	1,371,140	—	9,851,214	—	—	9,851,214
Issuance of shares of Class 1 common stock in exchange for licenses and patents	—	—	—	36,330	—	258,356	—	—	258,356
Issuance of shares of Class 1 common stock in exchange for corporate salaries	—	—	—	75,500	—	11,800	—	—	11,800
Reclassification of shares of Series A preferred stock, Series A1 and A2	6,918,574	—	8,406,940	—	—	—	—	—	8,406,940
Reclassification of Series A preferred stock warrants	—	—	—	—	—	43,233	—	—	43,233
Excess of price paid on shares of Class 1 common stock redeemed for cancellation	—	—	—	(68,190)	—	(193,644)	—	—	(193,644)
Accretion of redeemable convertible preferred stock	—	—	—	—	—	(5,380,184)	(2,426,217)	—	(7,806,401)
Stock-based compensation expense	—	—	—	—	—	268,683	—	—	268,683
Exchange of shares and warrants	—	6,919	(6,919)	—	1,820	(1,820)	—	—	—
Comprehensive loss:									
Translation adjustment	—	—	—	—	—	—	—	2,067,790	2,067,790
Net loss	—	—	—	—	—	—	(40,986,080)	—	(40,986,080)
Total comprehensive loss	—	—	—	—	—	—	—	—	(38,918,290)
Balance as of December 31, 2008	6,918,574	6,919	8,400,021	1,829,780	1,829	5,284,147	(43,412,297)	2,067,790	(27,651,591)
Stock-based compensation expense	—	—	—	—	—	208,375	—	—	208,375
Issuance of common stock upon exercise of stock options	—	—	—	248,562	249	22,491	—	—	22,740
Accretion of redeemable convertible preferred stock	—	—	—	—	—	(5,515,013)	(721,428)	—	(6,236,441)
Foreign exchange adjustment—redeemable convertible preferred stock	—	—	—	—	—	—	(465,310)	—	(465,310)
Comprehensive loss:									
Translation adjustment	—	—	—	—	—	—	—	(4,400,316)	(4,400,316)
Net loss	—	—	—	—	—	—	(19,249,143)	—	(19,249,143)
Total comprehensive loss	—	—	—	—	—	—	—	—	(23,649,459)
Balance as of December 31, 2009	6,918,574	6,919	8,400,021	2,078,342	2,078	—	(63,848,178)	(2,332,526)	(57,771,686)
Stock-based compensation expense	—	—	—	—	—	435,918	—	—	435,918
Issuance of common stock upon exercise of stock options	—	—	—	338,172	338	43,458	—	—	43,796
Issuance of common stock upon exercise of warrants	—	—	—	429	1	1,066	—	—	1,067
Accretion of redeemable convertible preferred stock	—	—	—	—	—	(480,442)	(12,862,910)	—	(13,343,352)
Foreign exchange adjustment—redeemable convertible preferred stock	—	—	—	—	—	—	(1,553,621)	—	(1,553,621)
Comprehensive loss:									
Net loss	—	—	—	—	—	—	(22,065,445)	—	(22,065,445)
Total comprehensive loss	—	—	—	—	—	—	—	—	(22,065,445)
Balance as of December 31, 2010	6,918,574	6,919	8,400,021	2,416,943	2,417	—	(100,330,154)	(2,332,526)	(94,253,323)
Stock-based compensation expense	—	—	—	—	—	3,415,392	—	—	3,415,392
Issuance of common stock upon exercise of stock options	—	—	—	21,333	21	6,487	—	—	6,508
Issuance of common stock, net of issuance costs	—	—	—	6,862,005	6,862	19,280,832	—	—	19,287,694
Cancellation of redeemable convertible preferred stock tranche rights	—	—	—	—	—	54,990,644	—	—	54,990,644
Issuance of warrants	—	—	—	—	—	225,725	—	—	225,725
Accretion of redeemable convertible preferred stock	—	—	—	—	—	(52,407,447)	(11,832,226)	—	(64,239,673)
Foreign exchange adjustment—redeemable convertible preferred stock	—	—	—	—	—	—	1,352,264	—	1,352,264
Comprehensive loss:									
Net loss	—	—	—	—	—	—	(479,434,277)	—	(479,434,277)
Total comprehensive loss	—	—	—	—	—	—	—	—	(479,434,277)

Balance as of December 31, 2011	6,918,574	$ 6,919	$ 8,400,021	9,300,281	$ 9,300	$ 25,511,633	$ (590,244,393)	$ (2,332,526)	$ (558,649,046)

See accompanying notes to consolidated financial statements.

Enobia Pharma Corp.
(A Development Stage Company)

Consolidated Statements of Cash Flows

(in U.S. dollars)	Years Ended December 31, 2009	2010	2011	Period from November 28, 1997 (Date of Inception) to December 31, 2011
Cash flows from operating activities:				
Net loss	$ (19,249,143)	$ (22,065,445)	$ (479,434,277)	$ (561,734,945)
Adjustments to reconcile net loss to net cash used in operating activities				
Change in fair value of preferred stock tranche rights	781,846	11,502,289	54,422,513	70,373,455
Change in fair value of preferred stock conversion features	(3,133,878)	(21,813,814)	374,193,236	351,758,285
Depreciation and amortization	262,597	266,733	381,204	2,977,670
Amortization of deferred financing costs	—	—	103,054	109,145
Stock-based compensation expense	208,375	435,918	3,415,392	4,232,080
Unrealized foreign exchange loss (gain)	(458,543)	9,593	—	(448,950)
Loss (gain) on short-term investments	23,503	—	—	(38,866)
Loss on disposal of property and equipment	—	5,038	—	31,049
Non-cash interest expense	—	—	—	89,748
Revaluation of warrants	—	—	—	(748,787)
Changes in operating assets and liabilities				
Refundable investment tax credits	(980,343)	1,404,177	(1,952,814)	(2,959,733)
Prepaid expenses and other current assets	145,421	(1,913,471)	(1,556,961)	(3,724,595)
Accounts payable	2,249,860	(351,411)	(1,144,521)	1,150,610
Accrued expenses and other liabilities	387,202	(227,465)	4,714,965	6,582,184
Other	(2,885)	—	—	(71)
Net cash used in operating activities	(19,765,988)	(32,747,858)	(46,858,209)	(132,351,721)
Cash flows from investing activities:				
Purchases of property and equipment	(80,071)	(352,932)	(684,230)	(3,265,013)
Purchases of intangible assets	—	(250,000)	—	(499,436)
Purchases of short-term investments	(31,236,659)	(58,355)	(242,060)	(82,796,334)
Sales and maturities of short-term investments	37,255,679	1,068,489	—	82,657,119
Proceeds from disposal of property and equipment	—	—	—	19,774
Proceeds from collection of receivables related to acquired licenses and patents	—	—	—	354,811
Net cash provided by (used in) investing activities	5,938,949	407,202	(926,290)	(3,529,079)
Cash flows from financing activities:				
Proceeds from the issuance of shares of preferred stock, net of issuance costs	24,797,860	34,882,449	24,937,001	125,892,855
Proceeds from issuance of shares of common stock, net of issuance costs			19,287,694	19,498,294
Increase in long-term debt	—	—	10,000,000	10,308,254
Payment of debt issue costs			(298,386)	(298,386)
Proceeds from exercise of stock options	22,491	43,796	6,508	73,805
Proceeds from exercise of common stock warrants	—	1,067	—	1,067
Repayment of long-term debt	—	—	(7,790)	(540,659)
Increase in bank loans	—	—	—	532,216
Repayment of bank loans	—	—	—	(532,216)
Increase in demand loans	—	—	—	1,104,460
Repayment of demand loans	—	—	—	(142,800)
Repurchase of common shares	—	—	—	(195,325)
Net cash provided by financing activities	24,820,351	34,927,312	53,925,027	155,701,565
Effect of change in exchange rates on cash and cash equivalents	746,751	—	—	864,406
Net increase in cash and cash equivalents	11,740,063	2,586,656	6,140,528	20,685,171
Cash and cash equivalents, beginning of period	217,924	11,957,987	14,544,643	—
Cash and cash equivalents, end of period	$ 11,957,987	$ 14,544,643	$ 20,685,171	$ 20,685,171
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ —	$ —	$ 97,968	$ 271,232
Cash paid for income taxes	—	—	17,332	17,332
Supplemental disclosure of non-cash investing and financing activities:				
Acquisition of property and equipment under capital lease obligations	$ —	$ 55,480	$ —	$ 234,910
Issuance of common stock in exchange for licenses	—	—	—	116,407

Conversion of demand notes into preferred stock	—	—	—	993,211
Conversion of preferred stock into common stock	—	—	—	9,851,214
Accretion of redeemable convertible preferred stock	6,236,441	13,343,352	64,239,673	91,625,867
Reclassification of warrant liability to additional paid-in capital	—	—	—	43,233
Issuance of Class 1 common stock in exchange for licenses and patents	—	—	—	258,356
Issuance of warrants to purchase common stock in connection with the issuance of long-term debt	—	—	225,725	225,725
Cancellation of redeemable convertible preferred stock tranche rights	—	—	54,990,644	54,990,644
Property and equipment purchases in accounts payable and accrued expenses and other current liabilities	—	—	212,565	212,565

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

Enobia Pharma Corp. was incorporated on August 24, 2007 under the provisions of the General Corporation Law of the State of Delaware. On August 30, 2007, Enobia Pharma Corp. acquired all the outstanding shares of common stock and shares of Series A redeemable convertible preferred stock (the "Series A Preferred Stock") of Enobia Pharma Inc., which was originally incorporated as BioMep Inc. on November 28, 1997 under the Canada Business Corporations Act. As part of this transaction, all shareholders of Enobia Pharma Inc. agreed to exchange rights, title and interest in the share capital of Enobia Pharma Inc. for equivalent rights, title and interest, except for Series A preferred stock, which ceased to be redeemable, in the share capital of Enobia Pharma Corp., which issued new shares to the shareholders pursuant to a share and warrant exchange agreement (the "Share and Warrant Agreement"). The transaction was accounted for as a capital reorganization as prior to the transaction Enobia Pharma Corp. was inactive.

As part of the Share and Warrant Agreement, (i) one share of Series A convertible preferred stock of Enobia Pharma Corp. was issued in exchange for each share of Series A Preferred Stock (Series A1 and Series A2) of Enobia Pharma Inc., (ii) each common share of Enobia Pharma Inc. was exchanged for one share of common stock of Enobia Pharma Corp., (iii) Enobia Pharma Corp. granted stock options to the holders of stock options in the Enobia Pharma Inc. plan in replacement of the stock options cancelled following the termination of that plan, and (iv) Enobia Pharma Corp. issued replacement warrants for all warrants that had been previously issued by Enobia Pharma Inc. (see Notes 8 and 9).

On December 28, 2011, Enobia Pharma Corp. signed a definitive agreement and plan of merger (the "Merger Agreement") with Alexion Pharmaceuticals, Inc. ("Alexion") and EMRD Corporation ("EMRD"), a wholly-owned subsidiary of Alexion, pursuant to which EMRD would be merged with and into Enobia Pharma Corp. resulting in Alexion owning 100% of the capital stock of the Company (the "Merger"). The Merger was completed on February 7, 2012 (see Note 14).

Development-Stage Risks and Liquidity

Enobia Pharma Corp. and its wholly owned subsidiary, Enobia Pharma Inc., (together, the "Company") is a developmental stage biotechnology company based in Montréal, Canada, and Cambridge, Massachusetts, focused on developing therapies to treat rare bone disorders for which there are no approved treatments. In February 2011, Enobia Belgium SPRL was formed as a direct wholly owned subsidiary of Enobia Pharma Inc. The purpose of this entity is to establish a presence in Europe to support the Company's marketing activities. The Company's activities since inception have consisted principally of performing research and development activities, acquiring product and technology rights and raising capital. Accordingly, the Company is considered to be in the development stage as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*.

Since inception, the Company has incurred significant losses from operations and expects losses to continue for the foreseeable future during its development phase. During the year ended December 31, 2011, the Company incurred a net loss of $479.4 million and had negative cash flows from operating activities of $46.9 million. In addition, the Company has incurred operating losses since inception and has a deficit accumulated during development stage of $590.2 million as of December 31, 2011.

The Company will require additional financing to develop its products and technologies, obtain regulatory approvals, fund operating losses and, if deemed appropriate, establish manufacturing, sales and marketing capabilities. The Company will seek funds through the support of Alexion, its new parent company (see Note 14), debt financing and other sources of financing. Alexion has committed to provide such support until at least April 30, 2013. Adequate additional funding may not be available to the Company on acceptable terms or at all. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies. If adequate funds are not available to the Company, the Company may be required to delay, reduce or eliminate research and development programs, reduce or eliminate commercialization efforts and/or pursue merger and acquisition strategies.

Operations of the Company are subject to certain risks and uncertainties, including uncertainty of product

candidate development; technological uncertainty; dependence on collaborative partners; uncertainty regarding patents and proprietary rights; regulatory approvals and other comprehensive government regulations; having no commercial manufacturing experience, marketing or sales capability or experience; and dependence on key personnel. Any significant delays in the development or marketing of products could have a material adverse effect on the Company's business and financial results.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). The financial statements include the accounts of Enobia Pharma Corp. and its wholly owned subsidiary, Enobia Pharma Inc. All significant intercompany balances and transactions have been eliminated.

Functional and Reporting Currency

On August 5, 2009, the Company changed its functional currency from the Canadian dollar to the U.S. dollar. Facts and circumstances that triggered a change to the U.S. dollar as the functional currency included the private equity financing denominated in U.S. dollars and the extent of monetary transactions conducted in U.S. dollars as a result of increasing research expenditures in U.S. dollars. In accordance with FASB ASC 830, *Foreign Currency Matters*, ("ASC 830"), this change was applied on a prospective basis with no restatement of prior periods. As a result of this change, the non-monetary consolidated assets and liabilities have been remeasured in U.S. dollars using the prevailing historical exchange rates at each transaction date. This remeasurement became the historical accounting basis for those consolidated assets and liabilities as of August 5, 2009.

The Company uses the U.S. dollar as its reporting currency. Prior to August 5, 2009, all consolidated assets, liabilities and redeemable convertible preferred stock were translated into U.S. dollars at the prevailing exchange rates at the balance sheet dates, revenues and expenses were translated at the average exchange rates prevailing during each reporting period, and equity transactions were translated at the prevailing historical exchange rates at each transaction date. Adjustments resulting from the translations are included in accumulated other comprehensive income (loss) in shareholders' deficit and totaled $(2.3) million as of August 4, 2009.

Foreign Currency Transactions

The functional currency of the Company is the U.S. dollar. Accordingly, monetary assets, liabilities and redeemable convertible preferred stock denominated in a currency other than the functional currency are remeasured into U.S. dollars at the exchange rates in effect at the reporting date, nonmonetary assets and liabilities are translated at historical rates, and revenue and expenses are translated at average exchange rates in effect during each reporting period. Transaction gains and losses are included in the consolidated statements of operations, with the exception of gains and losses on redeemable convertible preferred stock, which are recorded in deficit accumulated during the development stage.

Fair Value of Financial Instruments

The reported amounts of the Company's financial instruments, which include cash and cash equivalents, short-term investments, other current assets, accounts payable and accrued expenses and other current liabilities, approximate fair value due to the short-term nature of these instruments. The fair value of obligations under capital leases is based on the estimated future cash flows discounted using the current market rate for instruments having a similar maturity and credit risk. The fair value of the obligations approximates the carrying amount as of December 31, 2011. Active markets for the Company's other debt instrument, which consists of a privately-issued loan, do not exist and there are no quoted market prices for this liability. Accordingly, it is not practicable for the Company to estimate the fair value of such financial instrument because of the limited information available.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as presented in the consolidated financial statements and accompanying notes. On an ongoing basis, the Company evaluates its estimates, including those related to refundable investment tax credits, the useful lives of property and equipment and intangible assets, accrued expenses, provisions for income taxes and contingencies and the valuation of redeemable convertible preferred stock and stock options. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results may be different from the estimates, and it is reasonably possible that a material change could occur in the near term.

Research and Development Costs

Research and development costs are expensed as incurred and consist primarily of personnel, subcontractors and consultants, facilities and office space rental, costs associated with regulatory filings and patents, laboratory costs and other supplies. Nonrefundable advance payments for goods or services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved. Costs incurred in obtaining technology licenses and patents are charged to research and development expense if they have not reached technological feasibility and have no alternative future use.

Refundable Investment Tax Credits and Other Government Assistance

The Company incurs research and development expenses, which may be eligible to receive reimbursement under various Canadian investment tax credit provisions. The investment tax credits recorded are based on management's estimate of amounts expected to be recovered and are subject to audit by tax authorities. Refundable investment tax credits are recorded as a reduction of the research and development expenses and property and equipment to which they relate. Non-refundable investment tax credits, which are deductible against income taxes payable, are recorded as a reduction of income tax expense in accordance with FASB ASC 740, *Income Taxes*, ("ASC 740"). To the extent that actual investment tax credits differ from estimates, an adjustment is recorded in the year the differences occur as an adjustment to the items to which they relate.

During the year ended December 31, 2010, the Company was informed by the Canadian tax authorities that certain refundable tax credits relating to prior years would be disallowed. Although the Company has appealed the decision of the tax authorities, management recorded an allowance against those tax credits for an amount of CA$2.7 million, which represents the amount in dispute.

In December 2011, the Company received a notice of assessment from the Canada Revenue Agency confirming that it would allow the refundable tax credits on research and development expenditures amounting to CA$1.7 million and for which an allowance was recorded as of December 31, 2010. In January 2012, the Company received the amounts due relating to the tax credits. Therefore, the allowance recorded against those tax credits was reversed in 2011.

As of December 31, 2011, the Company also had Quebec refundable investment tax credits receivable totaling CA$2.8 million, with a related allowance of CA$1.0 million.

Government assistance in the form of grants is recorded as a reduction of research and development expenses in the period earned.

Leases

The Company accounts for its leases under FASB ASC 840-20, *Operating Leases*, and FASB ASC 840-30, *Capital Leases.* Leases in which the Company has substantially all the risks and rewards of ownership are classified as capital leases. At the commencement of the lease, equipment under a capital lease is capitalized at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest expense so as to achieve a constant rate of interest on the recorded capital lease obligations. Equipment acquired under a capital lease is depreciated over the shorter of the useful life of the asset and the lease term. All other leases are accounted for as operating leases wherein rental payments are recognized in the consolidated statements of operations on a straight-line basis over the term of the lease.

Lease Incentives

Certain leases contain escalation clauses and renewal option clauses calling for increased rents. Where a lease contains an escalation clause or a concession such as a rent holiday, rent expense is recognized in accordance with FASB ASC 840-20-25, *Operating Leases,* using the straight-line method over the term of the lease.

Stock-Based Compensation

The Company accounts for share-based compensation arrangements in accordance with FASB ASC 718, *Compensation —Stock Compensation* (formerly SFAS No. 123 (revised 2004), *Share-Based Payment*) (“ASC 718”), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors based on estimated fair values. ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks, including amounts in interest-bearing accounts. The Company classifies short-term highly liquid investments with an initial term of three months or less at the date of purchase as cash equivalents.

Short-Term Investments

Short-term investments consist of highly liquid investment-grade instruments with maturities of more than three months, but less than one year. The Company has classified its short-term investments as held for trading. As such, the investments are carried at fair value at each balance sheet date with changes in fair value recorded in the consolidated statements of operations in the period in which the changes arise.

Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company maintains substantially all of its cash and cash equivalents in U.S. FDIC-insured and Canadian chartered banks. Short-term investments are with companies with high credit ratings and in compliance with the Company’s investment policy. The Company has not recognized any losses from credit risks on such accounts during any of the periods presented.

Property and Equipment

Property and equipment is stated at cost, net of related refundable investment tax credits and accumulated depreciation and amortization. Equipment is depreciated on a straight-line basis over its estimated useful life, generally

three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the respective assets, or the original lease term. Software is recorded at cost and amortized over its estimated useful life of three years using the straight-line method. When assets are retired or disposed of, the cost and related accumulated depreciation or amortization are removed from the Company's accounts, and the resulting gain or loss is reflected in the consolidated statements of operations.

Repairs and maintenance are charged to expense as incurred and significant improvements and betterments that substantially enhance the useful life of an asset are capitalized and amortized.

Intangible Assets

Licenses and purchased patents are recorded at cost and amortized on a straight-line basis over the estimated useful life of the asset.

Impairment of Long-Lived Assets

The Company reviews the carrying values of long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to the estimated undiscounted future cash flows expected to be generated by the use of the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value, which is typically calculated using discounted expected future cash flows.

Deferred Financing Costs

Costs incurred to obtain debt financing are amortized over the expected life of the respective financing agreement using the effective interest method as there is a non-contingent exercisable call prior to maturity. Amortization of deferred financing costs, which was included within interest expense in the consolidated statements of operations, was $103,000 in the year ended December 31, 2011. There were no deferred financing costs in 2009 or 2010.

Redeemable Convertible Preferred Stock and Derivative Financial Instruments

The Company's redeemable convertible preferred stock (see Note 8) contains conversion features, which are considered to be embedded derivative financial instruments requiring separate accounting treatment, and also contains tranche rights, which are considered to be free-standing derivative financial instruments. The Company accounts for such derivative financial instruments in accordance with FASB ASC 815, *Derivatives and Hedging* ("ASC 815"). The Company records derivative financial instruments as assets or liabilities in the Company's balance sheet measured at fair value (see Note 11). The Company records the changes in fair value of the conversion features and the tranche rights as non-cash income or losses in the consolidated statements of operations. The Company does not enter into derivative agreements or transactions for trading purposes.

In accordance with FASB ASC 480-10-S99, *Classification and Measurement of Redeemable Securities*, the carrying value of the principal of the redeemable convertible preferred stock (the "Host Instrument") is classified as temporary equity and is increased by periodic accretions so that the carrying amount equals the redemption amount of such Host Instrument as of the earliest redemption date using the effective interest method. Accretion is charged to additional paid-in-capital until that balance is reduced to zero, and any remaining accretion is charged to deficit accumulated during development stage.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740. ASC 740 prescribes the use of the liability method whereby deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected

to apply in the years in which these differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates or laws is recognized in the consolidated statements of operations in the period in which the change is enacted.

The Company assesses realization of deferred income tax assets to determine whether it is more likely than not that the net deferred income tax assets will be realized. If required, a valuation allowance is provided to reduce deferred tax assets to their estimated net realizable value.

The Company is subject to ongoing tax examinations and assessments in various tax jurisdictions for its income taxes and investment tax credits claimed. When applicable, the Company adjusts tax expense to reflect the Company's ongoing assessments of such matters, which require judgment and can materially increase or decrease its effective tax rates as well as impact operating results.

On January 1, 2007, the Company adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* ("ASC 740-10"). ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of any uncertain tax positions that have been taken or expected to be taken on a tax return. The cumulative effect of adopting ASC 740-10 resulted in no adjustment to deficit accumulated during development stage as of January 1, 2007, and no liability related to uncertain tax positions is recorded in the consolidated financial statements. It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense as necessary. As of December 31, 2011, the Company has accrued $9,000 for such penalties or interest incurred.

Subsequent Events

The Company evaluated events that occurred subsequent to December 31, 2011 and through the date of issuance of these consolidated financial statements on April 12, 2012. During this period, the Company did not have any material subsequent events other than the events disclosed (see Note 14).

Recently Issued Accounting Pronouncements

In June 2011, the FASB issued guidance on presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or two separate but consecutive statements. The new guidance will be effective for the Company beginning January 1, 2012 and will have presentation changes only.

In May 2011, the FASB issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as a description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance will be effective for the Company beginning January 1, 2012, which is not expected to have a material impact on the Company's financial statements upon adoption.

3. Short-Term Investments

The following is a summary of investments held by the Company:

	December 31,	
	2010	2011
Guaranteed investment certificates, bearing interest at rates ranging from 0.25% to 1.0% and maturing at various dates through June 2012 *	$ 201,080	$ 443,140

* Certificates in the amount of $201,080 and $343,140 as of December 31, 2010 and 2011, respectively, have been given as guarantees for the corporate credit card facility. A certificate in the amount of $100,000 has been provided as a security deposit for one of the Company's facilities.

4. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2010	2011
Office equipment	$ 199,232	$ 243,694
Laboratory equipment	985,950	1,355,369
Computer equipment	309,461	418,375
Software	152,584	466,907
Leasehold improvements	802,264	828,944
	2,449,491	3,313,289
Less: Accumulated depreciation and amortization	(1,767,318)	(2,075,704)
	$ 682,173	$ 1,237,585

The amount reflected in office equipment cost as of December 31, 2010 and 2011 includes assets under capital lease of $55,000. As of December 31, 2010 and 2011, the net book value of assets under capital lease was $54,000 and $45,000, respectively.

Depreciation and amortization expense was $257,000, $244,000, $341,000 and $2.8 million for the years ended December 31, 2009, 2010 and 2011 and the period from November 28, 1997 (date of inception) to December 31, 2011, respectively. Included in the amount for the years ended December 31, 2010 and 2011 was amortization expense for leased equipment of $1,000 and $9,000, respectively, which is included in accumulated depreciation and amortization.

5. Intangible Assets

Intangible assets subject to amortization consist of the following:

	December 31, 2011			Weighted Average Useful Life (in years)
	Cost	Accumulated Amortization	Net	
Licenses	$ 317,413	$ 87,754	$ 229,659	8.1

	December 31, 2010			Weighted Average Useful Life (in years)
	Cost	Accumulated Amortization	Net	
Licenses & Patents	$ 479,459	$ 209,981	$ 269,478	8.8

Amortization of intangible assets for the years ended December 31, 2009, 2010, 2011 and the period from November 28, 1997 (date of inception) to December 31, 2011 was $6,000, $23,000, $40,000 and $214,000, respectively.

Amortization expense for the next five years and thereafter, based on December 31, 2011 intangible assets, is expected to be as follows:

Years Ending December 31,	
2012	$ 39,819
2013	39,819
2014	39,819
2015	39,819
2016	33,499
Thereafter	36,884
	$ 229,659

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31,	
	2010	2011
Accrued compensation costs and related benefits	$ 319,418	$ 554,940
Accrued research and development expenses	1,017,903	3,900,440
Accrued professional service fees	253,836	1,164,890
Other	141,903	921,067
	$ 1,733,060	$ 6,541,337

7. Debt

The Company's debt consists of the following:

	December 31,	
	2010	2011
Term loan, bearing interest at 11.64%, maturing in May 2015	$ —	$ 10,000,000
Obligations under capital leases	55,250	47,460
	55,250	10,047,460
Less: Current portion	(8,637)	(1,224,377)
Long-term debt	$ 46,613	$ 8,823,083

In November 2011, in order to provide working capital and for general corporate purposes, the Company entered into a loan and security agreement to borrow up to $20.0 million from two lenders (the "Loan and Security Agreement"). On November 2, 2011, the first tranche of $10.0 million was received ("Term Loan A") and the second tranche of $10.0 million ("Term Loan B") may be drawn, at the Company's sole discretion, between December 1, 2011 and January 31, 2012. Funding of the second tranche is contingent upon, *inter alia*, no material adverse events, certain positive trial results and funding of the second tranche of $20.0 million under the August 2011 common stock agreement (the "August 2011 Financing") (see Note 9). In connection with the issuance of this debt, the Company issued to the lenders warrants for the purchase of an aggregate 205,860 shares of common stock at an exercise price of $2.9146 per share (see Note 9).

Term Loan A is being repaid subject to a 42-month term with interest only payments for the first nine months. Term Loan A is secured by certain assets with a value of approximately $25.8 million. Other than for events of default, there are no requirements for the Company to repay the term loan prior to maturity, although early repayments are permitted. In the event of a prepayment, the Company would be required to pay a fee of 3% until the first anniversary date of the agreement, a 2% fee from the first anniversary date until the second anniversary date of the agreement and a 1% fee commencing with the second anniversary date.

The Company also leases certain equipment under capital lease arrangements (see Note 10).

Key Covenants

The Company's Loan and Security Agreement includes several covenants that place restrictions on the incurrence of additional indebtedness and liens, changes in the Company's business, management, ownership or business locations, the payment of dividends, the dispositions of assets and mergers. The Company is in compliance with all covenants and limitations included in the provisions of the Company's Loan and Security agreement as of December 31, 2011.

Debt Maturities

Excluding capital lease obligations (see Note 10), the Company's debt maturities are summarized as follows:

Years Ending December 31,		
2012	$	1,212,122
2013		3,636,363
2014		3,636,363
2015		1,515,152
	$	10,000,000

8. Redeemable Convertible Preferred Stock

As of December 31, 2011, Series B Preferred Stock and Series C Preferred Stock comprised the following:

	Shares			Aggregate		
	Authorized	Issued and Outstanding		Liquidation Preference		Redemption Value
Series B	43,351,351	43,351,351	$	50,172,445	$	50,172,445
Series C	126,591,473	98,031,774		83,617,265		83,617,265
	169,942,824	141,383,125	$	133,789,710	$	133,789,710

As of December 31, 2010, Series B Preferred Stock and Series C Preferred Stock comprised the following:

	Shares			Aggregate		
	Authorized	Issued and Outstanding		Liquidation Preference		Redemption Value
Series B	43,351,351	43,351,351	$	48,224,301	$	48,224,301
Series C	65,274,151	65,274,150		53,221,828		53,221,828
	108,625,502	108,625,501	$	101,446,129	$	101,446,129

The following table presents a roll forward of redeemable convertible preferred stock:

	Enobia Pharma Inc.			Enobia Pharma Corp.	
	Class B Preferred Stock	Class C Preferred Stock	Series A Preferred Stock (Note 9)	Series B Preferred Stock	Series C Preferred Stock
Balance as of November 28, 1997 (date of inception)	$ —	$ —	$ —	$ —	$ —
Issuance of shares	920,012	5,081,011	10,945,800	26,646,400	—
Stock issuance costs	(43,736)	(94,511)	(313,951)	(560,529)	—
Allocation of fair value	—	—	(8,914,030)	(18,274,280)	—
Accretion	712,838	1,654,727	2,425,482	2,905,889	—
Conversion to common stock	(1,864,669)	(7,986,545)	—	—	—
Conversion to convertible preferred stock	—	—	(4,497,311)	—	—
Translation adjustment	275,555	1,345,318	354,010	(1,451,886)	—
Balance as of December 31, 2008	—	—	—	9,265,594	—
Issuance of shares	—	—	—	10,320,090	15,000,000
Stock issuance costs	—	—	—	—	(344,158)
Allocation of fair value	—	—	—	(5,372,010)	(9,953,051)
Accretion	—	—	—	5,436,738	799,703
Translation adjustment	—	—	—	1,981,501	—
Foreign exchange adjustment	—	—	—	465,310	—
Balance as of December 31, 2009	—	—	—	22,097,223	5,502,494
Issuance of shares	—	—	—	—	35,000,000
Stock issuance costs	—	—	—	—	(107,960)
Allocation of fair value	—	—	—	—	(19,942,010)
Accretion	—	—	—	8,379,617	4,963,735
Foreign exchange adjustment	—	—	—	1,553,621	—
Balance as of December 31, 2010	—	—	—	32,030,461	25,416,259
Issuance of shares	—	—	—	—	31,682,621
Discount to fair value	—	—	—	—	(6,590,280)
Stock issuance costs	—	—	—	—	(155,340)
Allocation of fair value	—	—	—	—	(15,518,193)
Accretion	—	—	—	17,965,111	46,274,562
Foreign exchange adjustment	—	—	—	(1,352,264)	—
Balance as of December 31, 2011	$ —	$ —	$ —	$ 48,643,308	$ 81,109,629

The issuances of the redeemable convertible preferred stock have been as follows:

In January and October 2000, Enobia Pharma Inc. issued an aggregate of 270,000 shares of Class B redeemable convertible preferred stock (the “Class B Preferred Stock”) in exchange for $920,000 (CA$1.4 million).

In March 2003, Enobia Pharma Inc. issued an aggregate of 826,875 shares of Class C redeemable convertible preferred stock (the “Class C Preferred Stock”) for $4.1 million (CA$6.1million) and an aggregate of 274,265 shares of Class C Preferred Stock in exchange for cancellation of demand promissory notes in the principal amount of $954,000 (CA$1.4 million), plus accrued interest totaling $39,000 (CA$58,000).

In January 2005, Enobia Pharma Inc. (i) converted all of the outstanding shares of Class B Preferred Stock and Class C Preferred Stock into an aggregate of 1,371,140 shares of Class 2 common stock of Enobia Pharma Inc., and (ii) issued 3,193,188 shares of Series A redeemable convertible preferred stock, Series A1 (“Series A Preferred Stock, Series A1”) for $4.9 million (CA$6.0 million) in cash. In December 2005, Enobia Pharma Inc. issued 3,386,551 shares

of Series A redeemable convertible preferred stock, Series A2 (“Series A Preferred Stock, Series A2”) in exchange for $6.0 million (CA$7.0 million) in cash. In August 2007, Enobia Pharma Inc. issued 338,835 shares of Series A Preferred Stock, Series A2 for no consideration as an adjustment to the December 2005 financing.

On August 30, 2007, (i) Enobia Pharma Inc. and Enobia Pharma Corp. entered into the Share and Warrant Agreement (see Note 1), and (ii) Enobia Pharma Corp. entered into a purchase agreement (the “Series B Purchase Agreement”) with various investors for the sale and issuance by Enobia Pharma Corp. of Series B redeemable convertible preferred stock (the “Series B Preferred Stock”) for $37.9 million (CA$40.1 million) in four tranches. Pursuant to the Series B Purchase Agreement, Enobia Pharma Corp. issued (i) 10,810,810 shares of Series B Preferred Stock in exchange for $9.4 million (CA$10.0 million) in cash on August 30, 2007; (ii) 5,405,406 shares of Series B Preferred Stock for $4.9 million (CA$5.0 million) in cash in March 2008; (iii) 14,054,054 shares of Series B Preferred Stock for $12.3 million (CA$13.0 million) in cash in August 2008; and (iv) 13,081,081 shares of Series B Preferred Stock for $10.3 million (CA$12.1 million) in cash in May 2009.

On August 5, 2009, Enobia Pharma Corp. entered into a purchase agreement (the “Series C Purchase Agreement”) with various investors for the sale and issuance by Enobia Pharma Corp. of Series C redeemable convertible preferred stock (the “Series C Preferred Stock”) for $50.0 million in four tranches. Pursuant to the Series C Purchase Agreement, Enobia Pharma Corp. issued (i) 19,582,246 shares of Series C Preferred Stock for $15.0 million in cash in August 2009; (ii) 19,582,246 shares of Series C Preferred Stock for $15.0 million in cash in February 2010; and (iii) 13,054,829 shares of Series C Preferred Stock for $10.0 million in cash in June 2010. In addition, in December 2010, as part of a special purchase rights offering, the Company issued 13,054,829 shares of Series C Preferred Stock for $10.0 million in cash.

On March 22, 2011, Enobia Pharma Corp. entered into a purchase agreement (the “Series C Extension Purchase Agreement”) with existing investors for the sale and issuance by Enobia Pharma Corp. of Series C Preferred Stock for $45.0 million in three tranches. Pursuant to the Series C Extension Purchase Agreement, Enobia Pharma Corp. issued (i) 19,582,245 shares of Series C Preferred Stock in exchange for $15.0 million in cash in March 2011 and (ii) 13,054,830 shares of Series C Preferred Stock in exchange for $10.0 million in cash in July 2011. The third tranche in the amount of $20.0 million was cancelled in connection with the August 9, 2011 common stock issuance. On March 22, 2011, the shares of Series C Preferred Stock were issued at a discount to fair value in the amount of $6.6 million. The amount of the discount is being accreted, using the effective interest method over the period from the issuance date until the earliest redemption date.

In conjunction with the Series C Extension, the holders of Series A convertible preferred stock, Series B Preferred Stock and common stock were entitled to participate pro rata based upon a proportion of all the issued and outstanding common stock and preferred stock of the Company as though all shares of preferred stock were fully converted into common stock at that time. A number of these investors exercised their right to participate and as a result, Enobia Pharma Corp. issued an additional (i) 72,330 shares of Series C Preferred Stock in exchange for $55,000 in cash in April 2011 and (ii) 48,219 shares of Series C Preferred Stock in exchange for $37,000 in cash in July 2011.

The significant terms and conditions of the Series B Preferred Stock and Series C Preferred Stock as of December 31, 2010 and 2011 are as follows:

Dividend Rights—Dividends for the holders of Series B Preferred Stock and Series C Preferred Stock are cumulative. The Series B and Series C Preferred Stock accrue dividends at a rate of 8% per annum.

Liquidation Preference—In the event of a liquidation, dissolution or winding up of the affairs of the Company, the holders of Series C Preferred Stock shall be entitled to receive, in preference to the holders of common stock, Series A convertible preferred stock and Series B Preferred Stock, an amount equal to the sum of (i) the Series C Preferred Stock original issue price plus accrued dividends, plus (ii) the amount that would be received if the shares of Series C Preferred Stock were converted into common shares based on fair market value, provided, however, that the holders not be entitled to the original issue price plus accrued dividends if the per share amount due to the holders is greater than $1.92. In the event of a liquidation, dissolution or winding up of the affairs of the Company, the holders of Series

B Preferred Stock are entitled to receive, in preference to the holders of common stock and Series A convertible preferred stock, an aggregate amount equal to the sum of (i) the Series B Preferred Stock original issue price plus accrued dividends, plus (ii) the amount that would be received if the Series B Preferred Stock were converted into common shares based on the fair market value, provided, however, that the holders not be entitled to the original issue price plus accrued dividends if the per share amount due to the holders is greater than CA$2.31.

Conversion Rights—The Series B Preferred Stock and Series C Preferred Stock are convertible at any time, at the holder's option, into shares of common stock on a one-for-one basis subject to adjustments for stock dividends, splits, combinations and similar events.

Mandatory Conversion—The Series B Preferred Stock and Series C Preferred Stock will automatically convert to shares of common stock at the then applicable conversion rate (i) immediately prior to the closing of a firm commitment underwritten public offering with a price per share not less than two-and-a-half times the original Series C Preferred Stock issue price (subject to adjustments for stock dividends, splits, combinations and similar events) and gross proceeds to the Company of not less than $50.0 million (a "Qualified Public Offering"), or (ii) upon the election of holders representing greater than 50% of the outstanding shares of Series B Preferred Stock and Series C Preferred Stock, respectively. In connection with the automatic conversion, the holders of Series B Preferred Stock and Series C Preferred Stock will recover all accrued dividends, as applicable, through the date of the conversion.

Participation Rights—After payment to the holders of Series B Preferred Stock and Series C Preferred Stock of their liquidation preferences, they shall be entitled together with holders of common stock to share ratably in all remaining assets of the Company.

Redemption Rights—The shares of Series B Preferred Stock are redeemable at the sole option of the holders representing greater than 50% of the outstanding Series B Preferred Stock at any time after August 30, 2012, while the shares of Series C Preferred Stock are redeemable at the sole option of the holders representing greater than 50% of the outstanding shares of Series C Preferred Stock at any time after August 5, 2014 if the Company has not completed a Qualified Public Offering or a liquidity event as of such date. The redemption price will be the greater of:

i) the fair market value of the respective Series B Preferred Stock and Series C Preferred Stock; and

ii) the original price of the respective Series B Preferred Stock and Series C Preferred Stock, plus accrued dividends, if any.

Voting Rights—Each share of Series B Preferred Stock and Series C Preferred Stock has voting rights equivalent to the number of shares of common stock into which it is convertible.

Registration and Other Rights—The holders of Series B Preferred Stock and Series C Preferred Stock have certain registration rights, which expire five years after the consummation of a Qualified Public Offering by the Company. Holders of Series B Preferred Stock and Series C Preferred Stock that hold greater than a certain number of preferred shares and/or common shares also have a right of first offer with respect to future sales of the Company's stock. The right of first offer expires upon an acquisition of all or substantially all of the Company's assets, an acquisition or merger of the Company which results in a change of control or a Qualified Public Offering.

Tranche Rights—The terms of the agreements for the purchase of the Company's Series B Preferred Stock and Series C Preferred Stock also provide for the purchase of shares of preferred stock in tranches. Investors in the initial tranche have the right, but not the obligation, to participate proportionately in subsequent tranches at the same price as the initial tranche.

Accounting Treatment

Tranche Rights—The Company has determined that the tranche rights of the Company's redeemable convertible preferred stock are freestanding derivative financial instruments, which require separate accounting in accordance with

ASC 815, as the rights are legally detachable and separately exercisable as well as exercisable in redeemable instruments. At the date of issuance, the Company records a liability representing the estimated fair value of the right of holders of redeemable convertible preferred stock to participate in subsequent tranches or to assign that right to another investor.

As of December 31, 2010 and 2011, there were no tranche rights outstanding.

Conversion Features—The Company has determined that the conversion features of the Company's redeemable convertible preferred stock are embedded derivative financial instruments because the redemption feature allows the holder to redeem the redeemable convertible preferred stock for cash at a price which can vary based on the fair market value of the underlying common stock, which effectively provides the holders with a mechanism to "net settle" the conversion option. Consequently, the embedded conversion option must be bifurcated and accounted for separately in accordance with ASC 815 because the economic characteristics of this conversion option are not considered to be clearly and closely related to the economic characteristics of such redeemable convertible preferred stock, which is considered more akin to a debt instrument than equity. At the date of issuance, the Company records a liability representing the estimated fair value of the right of holders of redeemable convertible preferred stock to receive the fair market value of the common stock issuable upon conversion on the redemption date. This liability is adjusted each reporting period based on changes in the estimated fair value of such right as a change in fair value of preferred stock conversion features in the consolidated statements of operations.

As of December 31, 2010 and 2011, the preferred stock conversion features that are separately accounted for as liabilities represent the estimated fair value of the rights to convert the Series B Preferred Stock and Series C Preferred Stock into common shares as of those dates.

Host Instrument—The Company has determined that the Host Instrument component of the redeemable convertible preferred stock, that is the right of the shareholder to request redemption of the stock at the original price of the respective Series B Preferred Stock and Series C Preferred Stock, plus accrued dividends, if any, must be classified as temporary equity in accordance with ASC 480. Furthermore, as discussed under the heading Conversion Features above, the Host Instrument is considered more akin to a debt instrument than equity. Accordingly, the Company records periodic accretions so that the carrying amount of the outstanding redeemable convertible preferred stock equals the minimum redemption amount as of the earliest redemption date using the effective interest method. In addition, since the change in functional currency on August 5, 2009 and as the Series B Preferred Stock is denominated in Canadian dollars, the Company records adjustments due to changes in exchange rates in the deficit accumulated during development stage.

In addition, management has determined that as of December 31, 2011, it is probable that Enobia Pharma Corp.'s Series B Preferred Stock and Series C Preferred Stock will be acquired for cash on or about January 31, 2012, the initial expected closing date of the Merger, or the deemed liquidation event. Accordingly, the accreted balance of the Host Instrument as of December 31, 2011 was accelerated by using the historical effective rate over the period from the issuance date until the earliest redemption date, or January 31, 2012.

As of December 31, 2011, the redemption requirements of the Host Instrument are as follows:

	Earliest Redemption Date	Redemption Amount of Host Component
Series B Preferred Stock	January 31, 2012	$ 51,237,009
Series C Preferred Stock	January 31, 2012	84,127,481

9. Shareholders' Deficit

As of December 31, 2011, the Company was authorized to issue 205,000,000 shares of common stock, and as of December 31, 2011, the Company has reserved the following shares for future issuance:

Conversion of Series B Preferred Stock and Series C Preferred Stock	141,383,125
Conversion of Series A convertible preferred stock	6,918,574
Issuances under stock option plans—common stock options	22,771,271
Issuance of common stock under second tranche of August 2011 Financing	6,862,005
Warrants to purchase common stock	205,860
	178,140,835

Common stock

Common stock issuances 1997:

In the year ended December 31, 1997, Enobia Pharma Inc. issued 281,200 shares of Class A common stock in exchange for $70 (CA$100).

Common stock issuances 2000:

In the year ended December 31, 2000, Enobia Pharma Inc. issued 90,000 shares of Class A common stock in exchange for $210,600 (CA$300,000).

In the year ended December 31, 2000, Enobia Pharma Inc. issued 33,800 shares of Class A common stock in exchange for licenses valued at $116,407 (CA$169,000).

In the year ended December 31, 2000, all shares of Class A common stock became redeemable as part of a capital reorganization and were reclassified to temporary equity in the consolidated balance sheets.

Common stock issuances 2005:

In the year ended December 31, 2005, Enobia Pharma Inc. converted 405,000 shares of redeemable Class A common stock into 405,000 shares of Class 1 common stock, and the carrying value, which included accretion of $107,000, was reclassified to shareholders' deficit in the consolidated balance sheets.

In the year ended December 31, 2005, 1,101,140 shares of Class C preferred stock and 270,000 shares of Class B preferred stock were converted into 1,371,140 shares of Class 2 common stock.

In the year ended December 31, 2005, Enobia Pharma Inc. issued 36,330 shares of Class 1 common stock, in exchange for licenses and patents valued at $258,356 (CA$320,976).

In the year ended December 31, 2005, Enobia Pharma Inc. issued 75,500 shares of Class 1 common stock, in exchange for executive salaries valued at $11,800 (CA$14,345).

Common stock redemptions 2007:

In the year ended December 31, 2007, Enobia Pharma Inc. redeemed for cancellation 68,190 shares of Class 1 common stock for US$193,644 (CA$205,001).

Common stock issuances 2011:

In August 2011, the Company obtained private equity financing totaling $40.0 million from new pharmaceutical and financial investors. The first tranche received on August 9, 2011 gave rise to the issuance of 6,862,005 shares of common stock in exchange for $20.0 million. The remaining $20.0 million, which would give rise to the issuance of an additional 6,862,005 shares of common stock, was available to the Company, at its sole discretion, until January 31, 2012 provided there were no material adverse events impacting the Company.

Share and Warrant Exchange

On August 30, 2007, as part of the Share and Warrant Agreement (see Note 1), each share of Class 1 common stock of Enobia Pharma Inc. was exchanged for one share of common stock of Enobia Pharma Corp. and each share of Class 2 common stock of Enobia Pharma Inc. was exchanged for one share of common stock of Enobia Pharma Corp.

On August 30, 2007, the shareholders' agreement of Enobia Pharma Inc. was terminated, and the Series A Preferred Stock ceased to be redeemable. As part of the Share and Warrant Agreement (see Note 1), one share of Series A convertible preferred stock of Enobia Pharma Corp. was issued in exchange for each share of Series A Preferred Stock (Series A1 and Series A2) of Enobia Pharma Inc. Therefore, the carrying value of Series A Preferred Stock in the amount of $4.5 million and the Series A Preferred Stock conversion feature liability in the amount of $3.9 million were reclassified to convertible preferred stock in shareholders' deficit.

Series A Convertible Preferred Stock

The significant terms and conditions of the Series A convertible preferred stock as of December 31, 2010 and 2011 are as follows:

Liquidation Preference—Upon a distribution of assets, the holders of Series A convertible preferred stock are entitled to receive an aggregate amount of up to $8.4 million (CA$8.9 million) after the holders of Series B Preferred Stock and Series C Preferred Stock have received their respective liquidation preferences.

Conversion Rights—The Series A convertible preferred stock is convertible at any time, at the holder's option, into common shares on a one-for-one basis subject to adjustments for stock dividends, splits, combinations and similar events.

Dividend Rights—Dividends for the holders of Series A convertible preferred stock are noncumulative at a rate of 6% per annum.

Voting Rights—Each share of Series A convertible preferred stock has voting rights equivalent to the number of shares of common stock into which it is convertible.

Warrants

In connection with the Share and Warrant Agreement (see Note 1), Enobia Pharma Corp. issued replacement warrants for all warrants that had been previously issued by Enobia Pharma Inc. Accordingly, Enobia Pharma Corp. issued 138,200 warrants maturing on January 19, 2010 for the purchase of the same number of shares of common stock at a subscription price of CA$7.41 per share, 9,000 warrants maturing on March 31, 2010 for the purchase of the same number of shares of common stock at a subscription price of CA$2.50 per share and 532,198 warrants maturing on January 14, 2010 for the purchase of the same number of shares of Series A convertible preferred stock at a subscription price of CA$1.88 per share.

In accordance with ASC 815-40, all derivative instruments with an exercise price denominated in a currency other than a company's functional currency are classified and accounted for as a derivative liability. These instruments

are required to be revalued at each balance sheet date, and any changes in fair value are recorded in the consolidated statements of operations. The derivative liability is reclassified to equity when the warrants are exercised or expire.

Pursuant to ASC 815-40, an evaluation of specifically identified conditions was made, following the change in the Company's functional currency on August 5, 2009, to determine whether warrants previously issued are required to be classified as equity or a liability. If the classification changes as a result of events during a reporting period, the instrument is reclassified as of the date of the event that caused the reclassification. As a result of the change in functional currency from Canadian to U.S. dollars as of August 5, 2009 (see Note 2), the common stock warrants and Series A convertible preferred stock warrants were reclassified from equity to derivative liability.

The fair value of the common stock warrants was revalued using the Black-Scholes option-pricing model as of August 5, 2009 and December 31, 2009 and was estimated to be zero. The common stock warrants expired on January 19, 2010 and March 31, 2010, respectively, except for 429 warrants that were exercised for cash consideration of $1,067 (CA$1,073).

The fair value of the Series A convertible preferred stock warrants were revalued using the Black-Scholes option-pricing model as of August 5, 2009 and December 31, 2009 and was estimated to be zero. The Series A convertible preferred stock warrants expired on January 14, 2010.

In connection with the Loan and Security Agreement (see Note 7), Enobia Pharma Corp. issued warrants to the lenders for the purchase of an aggregate of 205,860 shares of common stock at an exercise price of $2.9146 per share. Of the 205,860 warrants, 102,930 warrants were allocated to Term Loan A and 102,930 warrants were allocated to Term Loan B. In accordance with FASB ASC 815-40, management has concluded that the stock purchase warrants allocated to Term Loan A and Term Loan B were granted in connection with gaining access to credit. These warrants allow for a cashless exercise. Management has determined that the common stock warrants met the scope exception in FASB ASC 815-10-15-74 (a) and as a result, the warrants were classified as equity. In accordance with FASB ASC Topic 505-50, the warrants are recorded at fair value as of the issuance date. The carrying amount of the warrants in equity will not change unless the classification of the warrants changes.

The fair value of the warrants allocated to Term Loan A and Term Loan B was calculated using a Black-Scholes option-pricing model with the following assumptions: fair value of common stock and exercise price of $2.9146, volatility of 62.3%, an interest rate of 0.98%, a dividend of zero and a term of approximately two and one-half years. The resulting fair value of the warrants of $113,000 for Term Loan A and $113,000 for Term Loan B was recorded as a debit to deferred financing costs and a credit to additional paid-in capital – warrants.

Option Plan

The Company has established a stock option plan, the Enobia Pharma Corp. Amended and Restated 2008 Stock Option Plan For Employees, Directors, Officers and Consultants (the "2008 Plan") under which it may grant non-transferable options for the purchase of common stock to its employees, officers, directors and consultants. As of December 31, 2011, a maximum of 23,389,338 options to purchase common stock were available for grant under this Plan, with 4,221,296 options still available for grant. The Board of Directors sets the exercise price for the underlying shares at the grant date. The options generally vest over four years at a rate of 25% on the first anniversary of the original vesting date, with the balance vesting quarterly over the remaining three years, and may be exercised by the holder over a maximum ten-year period. Under the terms of the Plan, all unvested stock options to purchase the Company's common stock vested on December 28, 2011, the date the Company's stockholders holding more than fifty percent (50%) of the Company's outstanding shares approved the Merger.

On August 30, 2007, as part of a Share and Warrant Agreement, the Company granted stock options under the Plan to the holders of stock options in the Enobia Pharma Inc. Stock Option Plan for Employees, Directors and Officers (the "2006 Plan") in replacement of the stock options canceled following the termination of the 2006 Plan. The stock options were granted with the same terms as the original option grants, except for exercise price, which was reduced to CA$0.10 per share based on an assessment of fair market value as of that date and vesting period, which is now four

years. Since it was management's best estimate that the holders of stock options as of August 30, 2007 would convert their options into the new plan, all the stock options granted on August 30, 2007 were considered new stock option grants.

The exchange of options pursuant to the Share and Warrant Agreement were accounted for as a modification of the awards. As a result, the Company measured the incremental cost to be recognized as the excess of the fair value of the modified stock option awards over the fair value of the original stock option awards immediately before the modification. This incremental cost of $94,000, together with the unamortized expense from the original stock option awards, is recognized as expense over the vesting period of the modified stock option awards.

Stock Option Activity

Option activity from December 31, 2008 to December 31, 2011 for options granted in Canadian dollars was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2008	5,620,905	0.10		
Granted	233,016	0.10		
Exercised	(248,562)	0.10		
Forfeited	(9,312)	0.10		
Outstanding as of December 31, 2009	5,596,047	0.10		
Granted	—	—		
Exercised	(288,453)	0.10		
Forfeited	(328,333)	0.10		
Outstanding as of December 31, 2010	4,979,261	0.10		
Granted	—	—		
Exercised	(6,667)	0.10		
Forfeited	(24,340)	0.10		
Outstanding as of December 31, 2011	4,948,254	$ 0.10	5.97	$ 20,139,394
Vested and expected to vest as of December 31, 2011	4,948,254	$ 0.10	5.97	$ 20,139,394
Exercisable as of December 31, 2011	4,948,254	$ 0.10	5.97	$ 20,139,394

The weighted average grant date fair value of Canadian dollar employee options granted during the year ended December 31, 2009 was CA$0.05. There were no options granted in Canadian dollars in the years ended December 31, 2010 and 2011. The total intrinsic value of Canadian dollar options exercised during the years ended December 31, 2009, 2010 and 2011 was CA$67,000, CA$93,000, and CA$2,000, respectively.

Options outstanding as of December 31, 2011 granted in Canadian dollars are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price (CA$)	**Number Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price (CA$)**	**Number Outstanding**	**Weighted Average Exercise Price (CA$)**
$ 0.10	4,948,254	5.97	$ 0.10	4,948,254	$ 0.10

As of December 31, 2011, the total stock-based compensation expense related to unvested stock-based awards granted to employees in Canadian dollars, but not yet recognized, was zero as all options outstanding vested with the approval of the Merger.

Option activity from December 31, 2008 to December 31, 2011 for options granted in U.S. dollars follows:

	Number of Options	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (in years)**	**Aggregate Intrinsic Value**
Outstanding as of December 31, 2008	—	$ —		
Granted	5,824,532	0.32		
Outstanding as of December 31, 2009	5,824,532	0.32		
Granted	2,882,760	0.40		
Exercised	(49,719)	0.32		
Forfeited	(611,150)	0.34		
Outstanding as of December 31, 2010	8,046,423	0.35		
Granted	8,870,611	0.61		
Exercised	(14,666)	0.40		
Forfeited	(3,300,647)	0.50		
Outstanding as of December 31, 2011	13,601,721	$ 0.49	8.47	$ 49,033,506
Vested and expected to vest as of December 31, 2011	13,601,721	$ 0.49	8.47	$ 49,033,506
Exercisable as of December 31, 2011	13,601,721	$ 0.49	8.47	$ 49,033,506

The weighted average grant date fair value of options granted to employees in U.S. dollars during the years ended December 31, 2009, 2010 and 2011 was $0.19, $0.23 and $0.34, respectively. The total intrinsic value of U.S. dollar denominated options exercised during the years ended December 31, 2010 and 2011 was $4,000 and $7,000, respectively. There were no U.S. dollar denominated options exercised in the year ended December 31, 2009.

Of the 3,300,647 stock options forfeited in the year ended December 31, 2011, 3,162,965 were forfeited in connection with the cancellation of the third tranche of the Series C Extension Purchase Agreement.

Options outstanding as of December 31, 2011 granted in U.S. dollars are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	**Number Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
$ 0.32	5,109,598	7.59	$ 0.32	5,109,598	$ 0.32
0.40	2,932,401	8.45	0.40	2,932,401	0.40
0.50	4,975,722	9.25	0.50	4,975,722	0.50
0.70	180,000	9.45	0.70	180,000	0.70
2.91	404,000	9.74	2.91	404,000	2.91
	13,601,721	8.47	0.49	13,601,721	0.49

As of December 31, 2011, the total stock-based compensation expense related to unvested stock-based awards granted to employees in U.S. dollars, but not yet recognized, was zero as all options outstanding vested with the approval of the Merger.

Determining Fair Value

The fair value of share-based awards was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions for the following periods:

	Years Ended December 31,		
	2009	**2010**	**2011**
Risk-free interest rate	2.4%	1.9%	1.7%
Expected life	4 years	4 years	4 years
Estimated volatility factor	75.6%	75.5%	75.5%
Expected dividends	Zero	Zero	Zero

Risk-Free Interest Rate—The risk-free interest rate for periods within the contractual life of the stock option was based on a Canadian risk-free interest rate until August 5, 2009, the date the Company changed its functional currency to the U.S. dollar. Effective August 5, 2009, the risk-free interest rate within the contractual life of the stock option has been based on the implied yield available on U.S. Treasury constant maturity securities with the same or substantially equivalent remaining term as the stock option at the time of grant.

Expected Life—The Company’s expected life represents the period that the Company’s stock-based awards are expected to be outstanding. The expected life of the Company’s stock options was determined based on historical experience of similar awards, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share-based awards. In addition, consideration was given to the possibility of a liquidation event by the Company.

Estimated Volatility Factor—Estimated volatility was calculated using the historical volatility of the common stock of comparable companies using weekly price observations over a period generally commensurate with the expected term of the Company’s stock options.

Expected Dividends—The Company uses a zero value for expected dividends since no dividends have been declared in the past and the Company does not anticipate declaring any dividends in the foreseeable future.

Estimated Forfeitures—When estimating forfeitures, the Company considered voluntary and involuntary termination behavior as well as analysis of actual option forfeitures. The Company estimates forfeitures and only

recognizes expense for those shares expected to vest. The Company's estimated forfeiture rates in the years ended December 31, 2009, 2010 and 2011 are based on its own historical forfeiture experience.

In December 2011, all unvested stock-based awards vested in conjunction with the approval of the Merger. As a result, the Company recorded all expense relative to stock-based awards not previously recognized. The following table sets forth stock-based compensation expense included in the consolidated statements of operations:

	Years Ended December 31,		
	2009	2010	2011
Research and development	$ 81,513	$ 170,145	$ 1,070,618
General and administrative	126,862	265,773	2,344,774
	$ 208,375	$ 435,918	$ 3,415,392

10. Commitments and Contingencies

Litigation—From time to time, the Company may be a party to various claims in the normal course of business. Legal fees and other costs associated with such actions will be expensed as incurred. The Company will assess, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies. Reserve estimates will be recorded when and if it is determined that a loss related matter is both probable and reasonably estimable. As of December 31, 2011, the Company had no pending or threatened litigation.

Royalties—The Company has entered into an agreement (the "License Agreement") with the Salk Institute for Biologic Studies ("Salk") for an exclusive license (the "License") to certain technology. Under the License Agreement, the Company has undertaken to pay an annual maintenance fee of $10,000, three potential milestone payments totaling $275,000 and royalties based on a percentage of net sales of licensed products commercially sold by the Company or its sublicenses that incorporate the licensed technology over the exclusivity period of the License which expires in 2018. If the Company does not exercise the Option described below, the minimum annual royalty payment will be $200,000 commencing on the second anniversary date of the first sale of a product covered by the licensed technology. The first milestone was achieved in 2008 and the required payment of $25,000 was made.

On July 1, 2010, the Company entered into an option agreement with Salk to obtain an option (the "Option") to convert the License to a royalty-free, fully paid-up license. The option agreement has a two-year term. In consideration for the grant of the Option, the Company paid the remaining two milestone payments totaling $250,000 as set forth in the License Agreement, notwithstanding the fact that the milestones had not yet been reached. If Company exercises the Option, a one-time additional payment will be paid and no further payments will be required under the License Agreement (see Note 14).

Leases—The Company leases its facilities and office space under operating leases that expire at various dates through December 2013. Total rental expense was $571,000, $804,000, $1.1 million and $4.3 million for the years ended December 31, 2009, 2010, 2011 and the period from November 28, 1997 (date of inception) to December 31, 2011, respectively. The Company also leases office equipment under a capital lease that expires in 2016.

(in U.S. Dollars)

As of December 31, 2011, future minimum non-cancelable lease commitments under capital and operating leases are as follows:

Years ending December 31,	Capital Leases	Operating Leases
2012	$ 12,255	$ 777,556
2013	12,255	1,062,590
2014	12,255	18,984
2015	12,255	11,074
2016	6,128	—
Future minimum payments	55,148	$ 1,870,204
Less: Amounts representing interest	7,688	
Present value of future minimum payments	47,460	
Less: Current portion	12,255	
Long-term portion	$ 35,205	

11. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- *Level 1* — Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- *Level 2* — Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

- *Level 3* — Inputs that are unobservable for the asset or liability.

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
Assets:				
Cash and cash equivalents	$ 20,685,171	$ —	$ —	$ 20,685,171
Short-term investments	443,140	—	—	443,140
Total assets at fair value	$ 21,128,311	$ —	$ —	$ 21,128,311
Liabilities:				
Preferred stock conversion features	$ —	$ —	$ 440,822,960	$ 440,822,960
Total liabilities at fair value	$ —	$ —	$ 440,822,960	$ 440,822,960

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
Assets:				
Cash and cash equivalents	$ 14,544,643	$ —	$ —	$ 14,544,643
Short-term investments	201,080	—	—	201,080
Total assets at fair value	$ 14,745,723	$ —	$ —	$ 14,745,723
Liabilities:				
Preferred stock conversion features	$ —	$ —	$ 51,679,662	$ 51,679,662
Total liabilities at fair value	$ —	$ —	$ 51,679,662	$ 51,679,662

The changes in fair value of the Company's liabilities, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3 financial instruments) during the years ended December 31, 2009, 2010 and 2011 were as follows:

	Level 3 Liabilities					
	Series B		Series C		Total	
	Conversion Feature	Preferred Stock Tranche	Conversion Feature	Preferred Stock Tranche	Conversion Feature	Preferred Stock Tranche
Balance as of December 31, 2008	$ 22,606,659	$ 3,468,880	$ —	$ —	$ 22,606,659	$ 3,468,880
Issuance of preferred stock	8,994,149	(3,622,138)	6,252,007	3,701,044	15,246,156	78,906
Translation adjustment	2,865,490	135,120	—	—	2,865,490	135,120
Fair value adjustment included in net loss	(13,149,877)	18,138	10,015,999	763,708	(3,133,878)	781,846
Balance as of December 31, 2009	21,316,421	—	16,268,006	4,464,752	37,584,427	4,464,752
Issuance of preferred stock	—	—	35,909,049	(15,967,041)	35,909,049	(15,967,041)
Fair value adjustment included in net loss	(14,754,920)	—	(7,058,894)	11,502,289	(21,813,814)	11,502,289
Balance as of December 31, 2010	6,561,501	—	45,118,161	—	51,679,662	—
Issuance of preferred stock	—	—	14,950,062	568,131	14,950,062	568,131
Fair value adjustment included in net loss	117,067,496	—	257,125,740	54,422,513	374,193,236	54,422,513
Cancellation of tranche right	—	—	—	(54,990,644)	—	(54,990,644)
Balance as of December 31, 2011	$ 123,628,997	$ —	$ 317,193,963	$ —	$ 440,822,960	$ —

The entire amount of fair value adjustment included in net loss in the table above relative to the conversion features relates to liabilities that are still outstanding as of December 31, 2011.

At the time of issuance, the proceeds of the Company’s redeemable convertible preferred stock, net of issuance costs, is allocated based on fair value between the principal or Host Instrument, the tranche rights and the conversion feature embedded derivative, which includes the impact of the conversion rights and the liquidation preferences. The fair value of the Host Instrument is based on the amount expected to be disbursed at the redemption date discounted using the effective interest rate. The Company uses the binomial lattice valuation model to value tranche rights. The fair value of the conversion feature embedded derivative is determined using a valuation technique that takes into account the fair value of the aggregate equity of the Company, the respective priorities of the various classes of shares, the fair value of the tranche rights and the fair value of the Host Instrument. These valuation methodologies are also applied at each subsequent measurement date.

The discount rate used to estimate the fair value of the Host Instrument of the Company’s preferred stock is based on macroeconomic, industry and Company-specific factors and reflects the perceived degree of risk associated with the minimum redemption price of the stock. Discount rates of 32%, 30%, and 23% were utilized as of December 31, 2009, 2010 and 2011, respectively.

The binomial model lattice valuation requires the development and use of highly subjective assumptions. These assumptions include the expected volatility, the expected timing of future tranches, an appropriate risk-free interest rate, and the estimated fair value of the Company’s aggregate equity. The expected volatility of the Company’s aggregate equity is estimated based on the volatility of publicly traded companies in a similar industry and general stage of development as the Company. The expected timing of subsequent tranches is based on budgetary considerations or the expected timing for achieving milestones. The risk-free interest rate is based on the yield on U.S. Treasury STRIPs with a remaining term equal to the expected term of the tranches.
The significant assumptions utilized in the Company’s valuation of tranche rights are as follows**:**

	Years Ended December 31,		
	2009	**2010**	**2011**
Expected volatility	60.0%	60.0%	35.0%
Risk-free rate	0.14%–1.34%	0.36%–1.34%	0.01%-0.20%

For the years ended December 31, 2009 and 2010, the Company considered three generally accepted valuation approaches to estimate the fair value of the aggregate equity of the Company: the income approach, the market approach and the asset approach. Ultimately, the estimated fair value of the aggregate equity of the Company was developed using the discounted cash flow method under the income approach, the merger and acquisition method under the market approach and the guideline public company method under the market approach, each of which provides an indicated range of the Company’s enterprise value.

As of December 31, 2011, management determined that it was probable that the Company’s equity would be acquired for cash on or about January 31, 2012, the initial expected closing date of the Merger, or the deemed liquidation event. Accordingly, management estimated the fair value of the aggregate equity of the Company based upon the estimated fair value of the aggregate closing merger consideration and the milestone payments, as defined in the Merger Agreement.

The weighted average cost of capital utilized in the Company’s valuation of the aggregate equity was 31%-33%, 29%-31% and 20%-25% in the years ended December 31, 2009, 2010 and 2011, respectively.

(in U.S. Dollars)

12. Income Taxes

The loss before income taxes was comprised as follows:

	Years ended December 31,		
	2009	2010	2011
U.S.	$ 2,282,368	$ 10,198,584	$ (430,261,403)
Foreign	(21,531,511)	(32,264,029)	(48,937,770)
	$ (19,249,143)	$ (22,065,445)	$ (479,199,173)

The income tax provision is comprised as follows:

	Years ended December 31,		
	2009	2010	2011
Current:			
Federal	$ —	$ —	$ 197,452
State and Local	—	—	27,835
Foreign	—	—	9,817
	—	—	235,104
Deferred:			
Federal	—	—	—
State and Local	—	—	—
Foreign	—	—	—
	—	—	—
Total	$ —	$ —	$ 235,104

The Company has incurred net operating losses since inception. The Company has not reflected any benefit of such net operating loss carry forwards and other available tax attributes in the accompanying consolidated financial statements and has recorded a full valuation allowance against its deferred tax assets.

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases for income tax purposes, and (b) operating losses, research and development expenditures and tax credit carry forwards.

The significant components of the Company's deferred tax assets as of December 31, 2010 and 2011 are as follows:

(in U.S. dollars)	December 31,	
	2010	2011
Deferred tax assets:		
Net operating loss carryforwards	$ 20,700,000	$ 35,010,000
Investment tax credit carryforwards	2,200,000	2,290,000
Research and development expenditure carryforward	5,700,000	5,630,000
Property and equipment	700,000	960,000
Other	(70,000)	350,000
Total deferred tax assets	29,230,000	44,240,000
Valuation allowance	(29,230,000)	(44,240,000)
Net deferred tax assets (liabilities)	$ —	$ —

Reconciliation of the statutory income tax rates and effective tax rates for the years ended December 31, 2009, 2010 and 2011 is as follows:

	Years Ended December 31,		
	2009	**2010**	**2011**
Canadian income tax rates	30.90 %	29.90 %	28.40 %
Federal tax credit	0.75 %	5.70 %	0.02 %
Change in statutory rate	(4.93)%	(4.37)%	(0.14)%
Non deductible expenses	8.40 %	16.93 %	(25.04)%
Expiration of tax attributes	(1.18)%	0.00 %	0.00 %
Other	0.53 %	(1.03)%	0.24 %
Change in valuation allowance	(34.47)%	(47.13)%	(3.54)%
Effective tax rates	0.00 %	0.00 %	(0.06)%

For the year ended December 31, 2011, the effective tax rate consists of US Federal, state and foreign income taxes.

Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carry forward period of these benefits. Because of the Company's recent history of operating losses and the absence of any products ready for commercialization, management has concluded that it is not more likely than not that the deferred tax assets arising from the above-mentioned future tax benefits are to be realized and, accordingly, has recorded a full valuation allowance. The net valuation allowance increased by $11.6 million and $15.0 million for the years ended December 31, 2010 and 2011, respectively, and $44.2 million for the period from November 28, 1997 (date of inception) to December 31, 2011.

As indicated above, Enobia Pharma Inc. has Canadian unclaimed scientific research and experimental development tax expenditures for which no income tax benefits have been recognized and which are available to reduce future taxable income. These unclaimed expenditures amount to $16.3 million as of December 31, 2011 for Canadian federal income tax purposes and $26.7 million as of December 31, 2011 for Canadian provincial income tax purposes and may be carried forward indefinitely.

As of December 31, 2011, the Company has Canadian federal and provincial net operating loss carry forwards of approximately $124.0 million and $120.1 million, respectively, available to offset future taxable income. As of December 31, 2011, for Canadian federal income tax purposes, the Company has approximately $3.1 million of scientific research and experimental development investment tax credits. The net operating loss carry forwards and credits will expire at various dates beginning in 2012 through 2031 if not utilized.

As of December 31, 2011, the Company also has U.S. Federal and state net operating loss carry forwards of approximately $873,000 and $34.9 million, respectively, available to offset future taxable income. The U.S. Federal carry forward relates only to Enobia Pharma Corp., and will expire at various dates beginning in 2027 through 2031 if not utilized. The state carry forwards relate to the consolidated Company and will expire at various dates beginning in 2012 through 2031 if not utilized.

The Company is open to examination by one or more of the major taxing jurisdictions for tax years 2007 through 2011.

13. Employee Benefit Plans

The Company has a defined contribution pension plan for its eligible Canadian employees. Employees are eligible to participate in the plan beginning on the first day of the month following the date of hire. Under the terms of the plan, employees may make voluntary contributions equal to a percentage of compensation or of a fixed amount per pay

period; contributions by the Company to the plan are discretionary. The Company matched 100% of contributions up to 3% of the plan participant's annual salary, which totaled $35,000, $55,000, $84,000 and $329,000 in the years ended December 31, 2009, 2010, 2011 and the period from November 28, 1997 (date of inception) to December 31, 2011, respectively.

The Company has a defined contribution 401(k) plan for its eligible U.S. employees. Employees are eligible to participate in the plan beginning on the first day of the month following the date of hire. Under the terms of the plan, employees may make voluntary contributions equal to a percentage of compensation or of a fixed amount per pay period; contributions by the Company to the plan are discretionary. The Company matched 100% of a plan member's contributions up to 3% of the plan member's annual salary, which totaled $35,000, $36,000, $86,000 and $180,000 in the years ended December 31, 2009, 2010, 2011 and the period from November 28, 1997 (date of inception) to December 31, 2011, respectively.

14. Subsequent Events

On December 28, 2011, Enobia Pharma Corp. signed a Merger Agreement with Alexion, a Delaware corporation, and EMRD, a Delaware corporation and subsidiary of Alexion pursuant to which Alexion agreed to acquire 100% of the capital stock of the Company.

As consideration for the Merger, which was completed on February 7, 2012, Alexion made an upfront cash payment of $610.0 million. Additional contingent payments of up to $470.0 million would be due upon reaching various regulatory and sales milestones.

Upon consummation of the Merger, all outstanding and vested options to purchase common stock were cancelled and the holders of such options received for each common stock equivalent (i) the closing per option consideration, as defined in the Merger Agreement, and (ii) a right to the portion of additional contingent payment allocated to such Company options, as defined in the Merger Agreement, upon the achievement of certain regulatory and sales milestones.

As of January 31, 2012, the Company had not called the second tranche of common stock issuable under the Common Stock Agreement and the second tranche of debt under the Loan and Security Agreement (see Note 7). Therefore, they were forfeited pursuant to the respective agreements.

On February 1, 2012, the Company exercised its Option with Salk and paid $1.0 million to convert the License to a royalty-free, fully paid-up license (see Note 10).

On February 7, 2012, simultaneous with the closing of the Merger, the Company repaid the remaining balance of principal, plus accrued interest of approximately $10.1 million, plus a prepayment fee of $300,000, due under the Company's Loan and Security Agreement (see Note 7).

On February 9, 2012, Enobia Pharma Inc. changed its name to Alexion Montreal Corp.

On March 30, 2012, Enobia Pharma Corp. was dissolved and liquidated into API Emerald Holding ULC. As a result, API Emerald Holding ULC assumed ownership of the remaining assets on the balance sheet of Enobia Pharma Corp., which included other taxes receivable and software costs.

Exhibit 99.3

**ALEXION PHARMACEUTICALS, INC. AND ENOBIA PHARMA CORP.
UNAUDITED PRO FORMA CONDENSED COMBINED
FINANCIAL STATEMENTS
(in thousands)**

On February 7, 2012, Alexion Pharmaceuticals, Inc. (Alexion, the Company, we, our or us) acquired Enobia Pharma Corp. (Enobia), a privately held clinical-stage biotechnology company based in Montreal, Canada and Cambridge, Massachusetts. The acquisition is intended to further our objective to develop and deliver therapies for patients with ultra-rare, severe, and life-threatening disorders. Enobia's lead product candidate, asfotase alfa, is a human recombinant targeted alkaline phosphatase enzyme-replacement therapy for patients suffering with hypophosphatasia (HPP), an ultra-rare, life-threatening, genetic metabolic disease for which there are no approved treatments. The merger agreement called for an upfront payment of $610,000, subject to purchase price adjustments, for 100% of Enobia's capital stock. We made upfront cash payments of $605,320. Additional contingent payments of up to an aggregate of $470,000 would be due upon reaching various regulatory and sales milestones. We financed the acquisition with existing cash and proceeds from a new credit facility.

The unaudited pro forma condensed combined financial statements give effect to the acquisition as if it had been completed on January 1, 2011 for income statement purposes and December 31, 2011 for balance sheet purposes. The historical financial information has been adjusted to reflect pro forma events that are directly attributable to the acquisition and can be reasonably estimated. The pro forma condensed combined statement of operations does not reflect the potential realization of cost savings or other costs relating to the integration of the two companies, nor does it include any other item not expected to have a continuing impact on the combined results of the companies. The preliminary estimate of the fair values of acquired assets and liabilities are based on preliminary estimates and are subject to change. The unaudited pro forma condensed combined financial statements are based on, and should be read in conjunction with, the:

- Separate historical consolidated financial statements and accompanying notes of Alexion as of and for the year ended December 31, 2011 included in our Annual Report on Form 10-K; and
- Separate historical consolidated financial statements and accompanying notes of Enobia as of and for the year ended December 31, 2011 filed as Exhibit 99.2 to this Current Report on Form 8-K.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma combined financial statements and were prepared for informational purposes in accordance with the regulations of the Securities and Exchange Commission and should not be considered indicative of the financial position or results of operations that would have occurred if the acquisition had been consummated on the dates indicated, nor are they indicative of the future financial position or results of operations of the combined company.

ALEXION PHARMACEUTICALS, INC. AND ENOBIA PHARMA CORP.
UNAUDITED PRO FORMA CONDENSED COMBINED
BALANCE SHEET
AS OF DECEMBER 31, 2011
(in thousands)

	Alexion Pharmaceuticals, Inc.	Enobia Pharma Corp.	Pro Forma Adjustments (Note 2)	Pro Forma Condensed Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 540,865	$ 20,685	$ (285,320) (a)	$ 236,122
			(6,108) (b)	
			(10,000) (c)	
			(24,000) (d)	
Trade accounts receivable, net	244,288	—	—	244,288
Inventories	81,386	—	—	81,386
Deferred tax assets	19,132	—	2,290 (e)	21,422
Prepaid expenses and other current assets	55,599	7,704		63,303
Total current assets	941,270	28,389	(323,138)	646,521
Property, plant and equipment	165,852	1,237	—	167,089
Intangible assets, net	91,604	230	587,000 (f)	678,604
			(230) (f)	
Goodwill	79,639	—	237,342 (g)	316,981
Deferred tax assets	103,868	—	41,950 (e)	145,818
Other assets	12,518	421	6,108 (b)	18,025
			(601) (b)	
			(421) (c)	
Total assets	$ 1,394,751	$ 30,277	$ 548,010	$ 1,973,038
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable and accrued expenses	$ 202,093	$ 8,035	$ (97) (c)	$ 210,031
Deferred revenue	17,905	—	—	17,905
Deferred tax liabilities	862	—	—	862
Current portion of long-term debt	—	1,224	36,000 (h)	36,012
			(1,212) (c)	
Other current liabilities	9,365	—	—	9,365
Total current liabilities	230,225	9,259	34,691	274,175
Long-term debt, less current portion	—	8,823	284,000 (h)	284,035
			(8,788) (c)	
Deferred tax liabilities	—	—	157,903 (i)	157,903
Contingent consideration	18,120	—	117,000 (j)	135,120
Fair value of preferred stock conversion feature	—	440,823	(440,823) (l)	—
Other liabilities	11,914	268	(268) (k)	11,914
Total liabilities	260,259	459,173	143,715	863,147
Preferred Stock	—	129,753	(129,753) (l)	—
Stockholders' equity:				
Preferred stock	—	8,407	(8,407) (l)	—
Common stock	19	9	(9) (l)	19
Additional paid-in-capital	1,261,589	25,512	(25,512) (l)	1,261,589
Treasury stock, at cost	(2,676)	—	—	(2,676)
Accumulated other comprehensive income	4,179	(2,333)	2,333 (l)	4,179
Accumulated deficit	(128,619)	(590,244)	590,665 (l)	(153,220)
			(24,000) (d)	
			(601) (b)	
			(421) (c)	
Total stockholders' equity	1,134,492	(558,649)	534,048	1,109,891

Total liabilities and stockholders' equity	$	1,394,751	$	30,277	$	548,010	$	1,973,038

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

ALEXION PHARMACEUTICALS, INC. AND ENOBIA PHARMA CORP.
UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
(in thousands except share and per share amounts)

	Alexion Pharmaceuticals, Inc.	Enobia Pharma Corp.	Pro Forma Adjustments (Note 2)		Pro Forma Condensed Combined
Net product sales	$ 783,431	$ —	$ —		$ 783,431
Cost of sales	93,140	—	—		93,140
Operating expenses:					
Research and development	137,421	34,919	(830)	(m)	171,510
Selling, general and administrative	308,176	15,334	(1,778)	(m)	320,691
			(1,041)	(n)	
Acquisition-related costs	13,486	—	(2,039)	(n)	11,447
Amortization of purchased intangible assets	382	—	—		382
Total operating expenses	459,465	50,253	(5,688)		504,030
Operating income	230,826	(50,253)	5,688		186,261
Other income and expense:					
Investment income	1,911	71	(570)	(o)	1,412
Interest expense	(788)	(300)	(6,100)	(p)	(7,188)
Foreign currency (loss) gain	(2,281)	22	—		(2,259)
Other expense	—	(124)	—		(124)
Changes in fair value of preferred stock	—	(428,615)	428,615	(q)	—
Income before income taxes	229,668	(479,199)	427,633		178,102
Income tax provision	54,353	235	(1,477)	(r)	53,111
Net income	$ 175,315	$ (479,434)	$ 429,110		$ 124,991
Earnings per common share:					
Basic	$ 0.96				$ 0.68
Diluted	$ 0.91				$ 0.65
Shares used in computing earnings per share:					
Basic	183,220				183,220
Diluted	191,806				191,806

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

ALEXION PHARMACEUTICALS, INC. AND ENOBIA PHARMA CORP.
NOTES TO THE UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(in thousands except share and per share amounts)

1. Description of Transaction

On February 7, 2012, Alexion Pharmaceuticals, Inc. (Alexion, the Company, we, our or us) acquired Enobia Pharma Corp. (Enobia), a privately held clinical-stage biotechnology company based in Montreal, Canada and Cambridge, Massachusetts, in a transaction accounted for as a business combination. The acquisition is intended to further our objective to develop and deliver therapies for patients with ultra-rare, severe, and life-threatening disorders. Enobia's lead product candidate, asfotase alfa, is a human recombinant targeted alkaline phosphatase enzyme-replacement therapy for patients suffering with hypophosphatasia (HPP), an ultra-rare, life-threatening, genetic metabolic disease for which there are no approved treatments. We made upfront cash payments of $605,320 for 100% of Enobia's capital stock. Additional contingent payments of up to an aggregate of $470,000 would be due upon reaching various regulatory and sales milestones. We financed the acquisition with existing cash and proceeds from a new credit facility.

2. Basis of Presentation

The unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the historical consolidated financial statements, including the notes thereto, of Alexion and Enobia as of and for the year ended December 31, 2011. The unaudited pro forma condensed combined financial statements give effect to the acquisition as if it had been completed on January 1, 2011 for income statement purposes and December 31, 2011 for balance sheet purposes.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or operating results that would have been achieved had the acquisition been completed as of the dates indicated above or the results that may be attained in the future. The unaudited pro forma condensed combined financial information does not reflect any cost savings or other costs relating to the integration of the two companies, the costs the combined company may achieve as a result of the acquisition, the costs to integrate the operations of Alexion and Enobia or the costs necessary to achieve cost savings, operating synergies or revenue enhancements.

Under the acquisition method of accounting, the total fair value of consideration transferred of $722,320 will be assigned to the fair value of acquired assets and liabilities and is based on preliminary estimates and are subject to change. The acquisition accounting is dependent upon certain valuations that are currently in progress. Accordingly, the pro forma adjustments included in this document are preliminary, have been made solely for the purpose of providing unaudited pro forma financial information and may be revised as additional information becomes available or as additional analyses are performed.

3. Accounting Policies

The unaudited pro forma condensed combined financial statements do not assume any differences in accounting policies. Alexion is not aware of any differences that would have a material impact on the pro forma condensed combined financial statements.

4. Calculation of Estimated Consideration Transferred and Preliminary Allocation of Consideration to Net Assets Acquired

The following table summarizes the preliminary reconciliation of upfront payments in accordance with the merger agreement to the total purchase price:

Upfront payment in accordance with agreement	$	605,320
Estimated fair value of contingent consideration		117,000
Total purchase price	**$**	**722,320**

The contingent consideration relates to the achievement of certain regulatory and sales milestones with respect to asfotase alfa. The range of estimated milestone payments is from zero, if no regulatory milestones are achieved, to $470,000 if all regulatory and sales milestones are met.

The transaction was accounted for as a business combination under the acquisition method of accounting. Accordingly, the tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded at fair value, with the remaining purchase price recorded as goodwill.

For purposes of these unaudited pro forma condensed combined financial statements, the above estimated consideration transferred will be assigned to the fair value of acquired assets and liabilities and is based on preliminary estimates and is subject to change. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as if the transaction occurred on December 31, 2011:

Cash and cash equivalents	$	10,685
Current assets		7,704
In-process research and development (IPR&D)		587,000
Deferred tax assets		44,240
Other non-current assets		1,237
Assets acquired		650,866
Deferred tax liability		157,903
Other liabilities assumed		7,985
Liabilities assumed		165,888
Goodwill		237,342
Net assets acquired	**$**	**722,320**

The pro forma preliminary estimate of the fair value of acquired assets and liabilities are based on preliminary estimates. The estimated fair values are for illustrative purposes only and these amounts are not intended to represent or be indicative of the estimated fair values that would have been reported to give effect to the acquisition as if it had occurred as of the pro forma balance sheet date. In addition, the pro forma preliminary estimate of the fair value of acquired assets and liabilities has been prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax basis of the acquired assets and liabilities assumed.

The deferred tax assets of $44,240 are primarily related to federal net operating loss ("NOL") carryforwards of Enobia. The deferred tax liability of $157,903 relates to the temporary difference associated with acquired IPR&D. The deferred tax assets and liability amounts are preliminary and do not reflect any potential changes in the structure of the combined company after December 31, 2011. Accordingly, we expect that this amount is subject to change based on activities subsequent to December 31, 2011. The difference between the purchase and the fair value of assets acquired and liabilities assumed of $237,342 was recorded as goodwill. None of this goodwill is expected to be deductible for tax purposes.

Of the identifiable assets acquired, $587,000 relates to the IPR&D assets, asfotase alfa. The fair value of the acquired IPR&D assets was determined using the income approach, including a discount rate of 13% applied to the probability-adjusted after-tax cash flows. We believe the assumptions are representative of those a market participant would use in estimating fair value. Asfotase alfa is a human recombinant targeted alkaline phosphatase enzyme-replacement therapy for patients suffering with HPP, an ultra-rare, life-threatening, genetic metabolic disease for which there are no approved treatments.

5. Pro Forma Adjustments

The pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements represent estimated values and amounts based on available information and do not reflect cost savings had the acquisition been completed as of the dates indicated above. The unaudited pro forma condensed combined balance sheet reflects the acquisition using the acquisition method of accounting as of December 31, 2011, and the unaudited pro forma condensed combined statement of operations reflects the acquisition using the acquisition method as of January 1, 2011.

Pro forma adjustments to the balance sheet as of December 31, 2011:

(a) To record the use of cash and cash equivalents (after the receipt of proceeds from the financing transaction) to fund the purchase price.

(b) To adjust for the accrual and capitalization of an estimated $6,108 in financing costs related to the debt incurred in

connection with the transaction, offset by the write-off of $601 of unamortized deferred financing costs for existing revolving credit facility. These financing costs will be amortized over the life of the borrowings.

(c) To record repayment of Enobia's long-term debt, including interest, that was repaid at closing, as well as write-off of $421 of related deferred financing fees.

(d) To reflect an estimate of acquisition-related transaction costs (including advisory, legal and valuation fees) incurred after December 31, 2011, for Alexion and Enobia of $24,000. These amounts are expensed as incurred. Because the acquisition-related costs will not have an continuing impact, these costs are not reflected in the unaudited pro forma statement of operations.

(e) To reflect the reversal of Enobia's valuation allowance which primarily relates to net operating loss carryforwards that we believe will be utilized based on currently available information.

(f) To record the acquired in-process research and development intangible assets at a fair value of $587,000 and eliminate Enobia's previously recorded intangible assets of $230.

(g) To record estimated goodwill representing the excess of the purchase price over identified net assets.

(h) To reflect the issuance of debt by Alexion to acquire Enobia. We entered into a five-year, $440,000 credit facility with a syndication of banks. The credit facility consists of a $240,000 term loan payable in equal quarterly installments of $12,000 starting June 30, 2012 and a $200,000 revolving line of credit. The credit facility bears interest at a per annum rate of LIBOR plus 1.25% to 2.00% depending on certain leverage ratios (as calculated in accordance with the agreement). We borrowed $80,000 on the revolving line of credit in connection with the Enobia acquisition.

(i) To reflect the deferred tax liability associated with the recognition of the fair value of the intangible assets resulting from the acquisition. This amount is preliminary and is subject to change as additional information becomes available related to the fair value and tax basis of the acquired assets and liabilities assumed.

(j) To record the fair value of contingent consideration.

(k) To reflect the fair value adjustment associated with Enobia's lease agreements.

(l) To reflect the elimination of Enobia's historical preferred stock and historical equity as part of the acquisition.

Pro forma adjustments to the statement of operations for the year ended December 31, 2011:

(m) To reflect an adjustment to eliminate the stock-based compensation expense resulting from the acceleration of vesting of stock options directly attributable to the acquisition.

(n) To reflect adjustments to eliminate acquisition-related costs included in the historical financial statements of Alexion and Enobia which are directly attributable to the acquisition but which are not expected to have a continuing impact on the results of the combined entities.

(o) To reflect an estimate of reduced interest income on cash and cash equivalents balances used in the acquisition.

(p) To reflect an estimate of the interest expense calculated based on $320,000 in debt incurred to fund the acquisition, partially offset by the elimination of Enobia's interest expense incurred on Enobia's outstanding debt which was paid in full at closing. A 1/8% variance in interest rates would impact net income by approximately $400.

(q) To reflect an adjustment to eliminate the changes in the fair value of preferred stock, which was eliminated as part of the acquisition.

(r) To reflect the estimated tax benefit at a rate of 30% as a result of the assumed reduction of taxable income resulting primarily from additional interest expense, lower interest income following the acquisition and acquisition-related expenses which are not expected to have an continuing impact on the combined entities results.

Forward-looking Statements

These unaudited pro forma condensed combined financial statements contain 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 plans for acquired companies and programs, timing regarding development and regulatory approvals for asfotase alfa, including for the treatment of HPP and other product candidates, the medical and commercial potential of additional indications for asfotase alfa and other product candidates, costs, expenses and capital requirements, cash outflows, cash from operations, the safety and efficacy of asfotase

alfa and our product candidates, estimates of the potential markets and estimated commercialization dates for asfotase alfa around the world, sales and marketing plans, status of our ongoing clinical trials, 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, our future research and development activities, 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 our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission (SEC) and other reports or documents we file from time to time with the SEC.