Table of Contents

As filed with the Securities and Exchange Commission on December 16, 2011

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

INVIVO THERAPEUTICS HOLDINGS CORP.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	3841	36-4528166
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

One Broadway, 14th Floor Cambridge, MA 02142 (617) 475-1520

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Frank M. Reynolds Chief Executive Officer One Broadway, 14th Floor Cambridge, MA 02142 (617) 475-1520

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Thomas B. Rosedale, Esq. BRL Law Group LLC 425 Boylston Street 3rd Floor Boston, MA 02116 (617) 399-6931

Approximate date of commencement of proposed sale to the public: Promptly after the effective date of this Registration Statement.

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, $0.00001 par value per Share		
Warrants to purchase shares of Common Stock(3)		
Common Stock issuable upon exercise of the warrants		
Total	$10,000,000	$1,146

(1) Pursuant to Rule 416 under the Securities Act, this registration statement also covers such indeterminate number of additional shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of any stock splits, stock dividends or similar transactions.

(2) Calculated pursuant to Rule 457(o) of the rules and regulations under the Securities Act of 1933.

(3) The securities registered also include such indeterminate number of shares of common stock as may be issued upon exercise of warrants pursuant to the anti-dilution provisions of the warrants.

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

Table of Contents

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

Subject to Completion, Dated December 16, 2011

INVIVO THERAPEUTICS HOLDINGS CORP.

[ ] Shares of Common Stock
Warrants to Purchase up to [ ] Shares of Common Stock
and
[ ] Shares of Common Stock Underlying Warrants

We are offering [ ] shares of our common stock and warrants. Each investor investing $[ ] or more will receive [ ] warrants to purchase an aggregate of up to [ ] shares of common stock at a price of $[ ] per share. We are not required to sell any specific dollar amount or number of shares of common stock or warrants, but will use our best efforts to sell all of the shares of common stock and warrants being offered. The offering expires on the earlier of (i) the date upon which all of the shares of common stock and warrants being offered have been sold, or (ii) , 2011.

Our common stock is currently available for trading in the over-the-counter market and is quoted on the OTC Bulletin Board under the symbol “NVIV”. The last sale price of our common stock on December 15, 2011 was $2.04.

These are speculative securities. Investing in our securities involves significant risks. You should purchase these securities only if you can afford a complete loss of your investment. See “Risk Factors” beginning on page 5.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Offering Proceeds before expenses	$	$

We estimate the total expenses of this offering will be approximately $[ ]. Because there is no minimum offering amount required as a condition to closing in this offering, the actual public offering amount and proceeds to us, if any, are not presently determinable and may be substantially less than the total maximum offering set forth above. We have no current arrangements nor have we entered into any agreements with any underwriters, broker-dealers or selling agents for the sale of the securities, but we plan on entering into such arrangements and agreements. If we can engage one or more underwriters, broker-dealers or selling agents and enter into any such arrangement(s), the securities will be sold through such licensed underwriter(s), broker-dealer(s) and/or selling agent(s). See “Plan of Distribution” beginning on page 55 of this prospectus for more information on this offering.

This offering will terminate on , 2011, unless the offering is fully subscribed before that date or we decide to terminate the offering prior to that date. In either event, the offering may be closed without further notice to you. All costs associated with the registration will be borne by us. As there is no minimum purchase requirement, no funds are required to be escrowed and all net proceeds will be available to us at closing for use as set forth in “Use of Proceeds” beginning on page 18.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The shares of Common Stock may be sold directly by us to investors or through our underwriters, broker-dealers or selling agents. See “Plan of Distribution”.

The date of this prospectus is .

TABLE OF CONTENTS

	Page
PROSPECTUS SUMMARY	1
RISK FACTORS	5
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	18
USE OF PROCEEDS	18
DIVIDEND POLICY	18
DILUTION	19
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	20
BUSINESS	25
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	36
DIRECTORS AND EXECUTIVE OFFICERS	37
NON-EXECUTIVE OFFICER AND SCIENTIFIC AND BUSINESS ADVISORY BOARDS	39
EXECUTIVE COMPENSATION	41
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	49
MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	51
DESCRIPTION OF SECURITIES	52
PLAN OF DISTRIBUTION	55
LEGAL MATTERS	56
EXPERTS	56
WHERE YOU CAN FIND MORE INFORMATION	56
FINANCIAL STATEMENTS	F-1
PART II: INFORMATION NOT REQUIRED IN THE PROSPECTUS	II-1

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information contained in this document may only be accurate on the date of this document.

Prior to the offering to which this prospectus relates, we commenced and abandoned a private offering in which we sought to raise up to approximately $10 million in proceeds from the sale of our securities. The private offering was made solely to persons or entities whom we believed to be accredited investors. We abandoned the private offering on December 9, 2011. We did not accept any offers to buy or indications of interest in the private offering. This prospectus supersedes any offering materials used in the private offering.

PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information that may be important to you. You should read the more detailed information contained in this prospectus, including but not limited to, the risk factors beginning on page 5. References to "we," "us," "our," or the "Company" refer to InVivo Therapeutics Holdings Corp., together, with its consolidated subsidiaries where applicable. The term "ITHC" refers to InVivo Therapeutics Holdings Corp. (f/k/a Design Source, Inc.), the Nevada corporation, before giving effect to the Merger, and the term "InVivo" refers to InVivo Therapeutics Corporation, the Delaware corporation, before giving effect to the Merger.

History

InVivo Therapeutics Corporation ("InVivo") was incorporated on November 28, 2005 under the laws of the State of Delaware. On October 26, 2010, InVivo completed a reverse merger transaction (the "Merger") with InVivo Therapeutics Holdings Corporation (formerly Design Source, Inc.) ("ITHC"), a publicly traded company incorporated under the laws of the State of Nevada. InVivo became a wholly owned subsidiary of ITHC, which continues to operate the business of InVivo. As part of the Merger, ITHC issued 31,147,190 shares of its common stock par value $0.00001 per share (the "Common Stock") to the holders of InVivo common stock on October 26, 2010 on a 13.7706 for 1 basis in exchange for the 2,261,862 outstanding common shares of InVivo. All of the issued and outstanding options to purchase shares of InVivo common stock, and the issued and outstanding bridge warrants to purchase shares of InVivo common stock, converted, respectively, into options and new bridge warrants (the "New Bridge Warrants") to purchase shares of our Common Stock.

The Merger was a "reverse merger," and InVivo is deemed to be the acquirer and ongoing operating company. The Merger was recorded as a recapitalization of InVivo, equivalent to the issuance of common stock by InVivo for the net monetary assets of ITHC accompanied by a recapitalization. At the date of the Merger, the 6,999,981 outstanding ITHC shares are reflected as an issuance of InVivo common stock to the prior shareholders of ITHC. ITHC had no net monetary assets as of the Merger so this issuance was recorded as a reclassification between additional paid-in capital and par value of Common Stock.

Simultaneously with the closing of the Merger on October 26, 2010, ITHC transferred all of its operating assets and liabilities to its wholly-owned subsidiary, D Source Split Corp., a company organized under the laws of Nevada ("DSSC"). DSSC was then split-off from ITHC through the sale of all outstanding shares of DSSC (the "Split-Off"). In connection with the Split-Off, 14,747,554 shares of our Common Stock held by Peter Reichard, Lawrence Reichard and Peter Coker (the "Split-Off Shareholders") were surrendered and cancelled without further consideration, other than the shares of DSSC. An additional 1,014,490 shares of our Common Stock were cancelled by a shareholder for no additional consideration. The assets and liabilities of ITHC were transferred to the Split-Off Shareholders in the Split-Off. ITHC executed a split off agreement with the Split-Off Shareholders which obligates the Split-Off Shareholders to assume all prior liabilities associated with ITHC before the Merger.

In connection with the Merger, on October 26, November 10 and December 3, 2010, we completed a private placement (the "2010 Private Placement") of 13,000,000 units of our securities, consisting of one share of Common Stock and a warrant to purchase one share of Common Stock (the "Investor Warrants"). Prior to the Merger, InVivo completed a bridge financing, wherein it sold $500,000 in principal amount of its bridge notes and 36,310 bridge warrants to accredited investors. Spencer Trask Ventures, Inc. ("Spencer Trask") acted as placement agent in both the 2010 Private Placement and the bridge financing. We issued warrants to Spencer Trask as part of both of these transactions.

Please see "Description of Capital Stock" on page 52 for a reconciliation of the outstanding shares of InVivo and ITHC common stock on a pre and post Merger basis.

Business Overview

InVivo was founded in 2005 to develop and commercialize new technologies for the treatment of spinal cord injuries. InVivo's proprietary technology was co-invented by Robert S. Langer, ScD, Professor at Massachusetts Institute of Technology and Joseph P. Vacanti, MD, affiliated with Massachusetts General Hospital. The intellectual property rights that are the basis for our products are licensed under an exclusive, world-wide license from Children's Medical Center Corporation ("CMCC") and Massachusetts Institute of Technology ("MIT").

We intend to create new treatments for spinal cord injury. Current treatments consist of a collection of approaches that only focus on symptoms of spinal cord injury. To date, we are not aware of any product on the market that addresses the underlying pathology of spinal cord injury.

Currently, there are no successful spinal cord injury treatment options for spinal cord injury patients. We take a different approach to spinal cord injury and focus on protection of the spinal cord and prevention of secondary injury rather than regeneration. Our platform technologies focus on minimizing tissue damage sustained following acute injury and promoting neural plasticity of the spared healthy tissue, which may result in full or partial functional recovery. The technologies encompass multiple strategies involving biomaterials, U.S. Food & Drug Administration ("FDA") approved drugs, growth factors, and human neural stem cells. We believe our approach could become a standard treatment for both acute and chronic spinal cord injuries.

We intend to leverage our primary platform technology to develop and commercialize several products as follows:

1. A biocompatible polymer scaffolding device to treat acute spinal cord injuries.
2. A biocompatible hydrogel for local controlled release of methylprednisolone to treat acute spinal cord injuries and peripheral nerve injuries.
3. A biocompatible polymer scaffolding device seeded with autologous human neural stem cells to treat acute and chronic spinal cord injuries.

Our biopolymer-based devices are surgically implanted or injected into the lesion created during traumatic injury, or the "primary injury". The Company expects the biopolymer scaffolding devices will protect the damaged spinal cord by mitigating the progression of "secondary injury" resulting from the body's inflammatory and immune response to injury, and will promote neuroplasticity, a process where functional recovery (the recovery of motor movement or sensation) may occur through the rerouting of signaling pathways to the spared healthy tissue. Achieving these results is essential to the recovery process, as secondary injury can significantly worsen the immediate damage sustained during trauma. The additional damage dramatically reduces patient quality of life post-injury.

The Company's first product, the biocompatible polymer scaffolding device to treat acute spinal cord injuries is expected to be regulated by the FDA as a Class III medical device. A Class III medical device will require FDA approval of a Pre-Market Approval Application ("PMA") before the Company can start selling the product in the U.S.

The Company will be required to demonstrate safety and efficacy in human clinical studies before it can submit a PMA to the FDA. Before clinical studies can commence, the Company must submit an Investigational Device Exemption application ("IDE") to the FDA and the FDA must approve the IDE. The Company submitted an IDE application for its biopolymer scaffolding device to the FDA on July 7, 2011. The FDA has provided the Company with comments to its IDE filing and the Company is in the process of responding to the FDA comments. The Company anticipates that its IDE will be approved by the FDA during 2012. The Company plans to first conduct a pilot study in ten acute spinal cord patients followed by a larger pivotal study. The completion

of the human clinical studies and the FDA approval of the PMA could take between three to five years to achieve, depending on a number of factors including the FDA review and clearance process for the IDE, the clinical trial designs and amount of time it will take to enroll and treat patients, and the FDA review and approval process for the PMA. The FDA regulatory approval process is lengthy, and the outcome is highly uncertain. The risk exists that the first product may never be approved, or that the approval is significantly delayed such that the Company is unable to raise additional capital to continue to fund the Company. Please see "Risk Factors" beginning on page 5 for a more detailed discussion of these risks.

If the product is approved by the FDA, the Company will need to expand manufacturing capacity, and establish sales, marketing and distribution channels to sell the product. The Company intends to retain manufacturing rights and plans to market and sell the product through a direct sales force in the U.S.

Additional applications of our platform technologies include the potential treatment for spinal cord injury following tumor removal, peripheral nerve damage, and postsurgical treatment of any transected nerve. Our first product, the biocompatible scaffolding device for the treatment of acute spinal cord injury, is expected to be regulated as a Class III medical device by the FDA. The product has been evaluated in animal studies and the Company submitted an Investigational Device Exemption with the FDA on July 7, 2011 that if approved by the FDA will permit the commencement of human clinical studies.

The biocompatible hydrogel for the local release of methylprednisolone to treat acute spinal cord and peripheral nerve injuries and the biocompatible polymer scaffolding device seeded with autologous human neural stem cells to treat acute and chronic spinal cord injuries are likely to be regulated as combination drug/devices and as such will require significantly longer regulatory approval times than the biopolymer scaffolding device.

At December 31, 2010, the Company had total assets of $9,379,000 and total liabilities of $11,232,000, resulting in a stockholders' deficit of $1,853,000. At September 30, 2011, the Company had total assets of approximately $4,604,000 and total liabilities of approximately $5,194,000, resulting in a stockholders' deficit of $590,000. At September 30, 2011, the Company had incurred net losses of approximately $12,670,000 since inception.

The Offering

Securities Offered	[ ] shares of common stock Warrants to purchase up to [ ] shares of common stock [ ] shares of common stock issuable upon exercise of the warrants
Common stock outstanding as of December 9, 2011	52,730,582 shares
Common stock to be outstanding after the offering assuming the sale of all shares covered hereby and assuming no exercise of the warrants for the shares covered by this prospectus	[ ] shares
Common stock to be outstanding after the offering assuming the sale of all shares covered hereby and assuming the exercise of all warrants for the shares covered by this prospectus	[ ] shares

Use of proceeds	We estimate that we will receive up to $[ ] in net proceeds from the sale of the securities in this offering, based on a price of [$] per unit, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will use the proceeds from the sale of the securities for research and development, working capital needs, capital expenditures and other general corporate purposes. See "Use of Proceeds" for more information.
Risk factors	The shares of common stock offered hereby involve a high degree of risk. See "Risk Factors" beginning on page 5.
Dividend policy	We currently intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not currently anticipate paying cash dividends on our common stock.
Trading Symbol	Our common stock currently trades on the OTCQB Bulletin Board under the symbol "NVIV."

Our principal business office is located at One Broadway, 14th Floor, Cambridge, Massachusetts 02142, and our telephone number is (617) 475-1520. Our website address is www.invivotherapeutics.com. Information contained on our website or any other website does not constitute part of this prospectus.

We will bear the expenses of registering these securities. See "Plan of Distribution."

We had 52,730,582 shares of Common Stock issued and outstanding as of December 9, 2011. Unless the context indicates otherwise, all share and per-share Common Stock information in this prospectus:

- excludes 4,379,006 shares underlying outstanding options under our 2007 Stock Incentive Plan; and
- excludes 1,710,000 shares underlying outstanding options under our 2010 Equity Incentive Plan.

RISK FACTORS

If you purchase our securities, you will assume a high degree of risk. In deciding whether to invest, you should carefully consider the following risk factors, as well as the other information contained elsewhere in this prospectus. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations or prospects and cause the value of our securities to decline, which could cause you to lose all or part of your investment.

Risks Relating to Our Business and Our Industry

We have a limited operating history and it is difficult to predict our future growth and operating results.

We have a limited operating history and limited operations and assets. Accordingly, you should consider our prospects in light of the costs, uncertainties, delays and difficulties encountered by companies in the early stage of development. As a development stage company, our development timelines have been and may continue to be subject to adjustments that could negatively affect our cash flow and ability to develop or bring products to market, if at all. Predicting our future operating and other results is extremely difficult, if not impossible.

Our prospects must be considered in light of inherent risks, expenses and difficulties encountered by all early stage companies, particularly companies in new and evolving markets. These risks include, by way of example and not limitation, unforeseen capital requirements, unforeseen technical problems, delays in obtaining regulatory approvals, failure of market acceptance and competition from foreseen and unforeseen sources.

We have not generated any revenues to date and have a history of losses since inception.

We have not generated any revenue to date and, through September 30, 2011, have incurred net losses of approximately $12,670,000 since inception. It can be expected that we will continue to incur significant operating expenses and continue to experience losses in the foreseeable future. As a result, we cannot predict when, if ever, we might achieve profitability and cannot be certain that we will be able to sustain profitability, if achieved.

We will need substantial additional funding to develop our products and for our future operations. If we are unable to obtain the funds necessary to do so, we may be required to delay, scale back or eliminate our product development or may be unable to continue our business.

The development and approval to market and sell our product candidates will require a commitment of substantial funds, in excess of our current capital resources. Before we can market or sell any of our products, we will need to conduct costly and time-consuming research, which will include preclinical and clinical testing and regulatory approvals. We anticipate the amount of operating funds that we use will continue to increase along with our operating expenses over at least the next several years as we plan to bring our products to market. While we believe our current capital resources will satisfy our planned capital needs for at least 12 months, our future capital requirements will depend on many factors, including:

- the progress and costs of our research and development programs, including our ability to develop our current portfolio of therapeutic products, or discover and develop new ones;
- our ability, or our partners ability and willingness, to advance partnered products or programs;
- the cost of prosecuting, defending and enforcing patent claims and other intellectual property rights;
- the progress, scope, costs, and results of our preclinical and clinical testing of any current or future products;
- the time and cost involved in obtaining regulatory approvals;

- the cost of manufacturing our product candidates;
- expenses related to complying with Good Manufacturing Practice manufacturing of product candidates;
- costs of financing the purchases of additional capital equipment and development technologies;
- competing technological and market developments;
- our ability to establish and maintain collaborative and other arrangements with third parties to assist in bringing our products to market and the cost of such arrangements.
- the amount and timing of payments or equity investments that we receive from collaborators and the timing and amount of expenses we incur;
- costs associated with the integration of any new operation, including costs relating to future mergers and acquisitions with companies that have complementary capabilities;
- expenses related to the establishment of sales and marketing capabilities for products awaiting approval or products that have been approved;
- the level of our sales and marketing expenses; and
- our ability to introduce and sell new products.

We cannot assure you that we will not need additional capital sooner than currently anticipated. We will need to raise substantial additional capital to fund our future operations. We cannot be certain that additional financing will be available on acceptable terms, or at all. In recent years, it has been difficult for companies to raise capital due to a variety of factors, which may or may not continue. To the extent we raise additional capital through the sale of equity securities, the ownership position of our existing stockholders could be substantially diluted. If additional funds are raised through the issuance of preferred stock or debt securities, these securities are likely to have rights, preferences and privileges senior to our Common Stock. Fluctuating interest rates could also increase the costs of any debt financing we may obtain.

Our products will represent new and rapidly evolving technologies.

Our proprietary spinal cord injury treatment technology depends on new, rapidly evolving technologies and on the marketability and profitability of our products. Approval by applicable regulatory agencies and commercialization of our spinal cord injury treatment technology could fail for a variety of reasons, both within and outside of our control. Furthermore, because there are no approved treatments for spinal cord injuries, the regulatory requirements governing this type of product may be more rigorous or less clearly established than for other analogous products.

We license our core technology from Children's Medical Center Corporation ("CMCC") and Massachusetts Institute of Technology ("MIT"), and we could lose our rights to this license if a dispute with CMCC or MIT arises or if we fail to comply with the financial and other terms of the license.

We license patents and core intellectual property from CMCC and MIT under the CMCC license. The CMCC license agreement imposes certain payment, milestone achievement, reporting, confidentiality and other obligations on us. In the event that we were to breach any of the obligations and fail to cure, CMCC would have the right to terminate the CMCC license agreement upon notice. In addition, CMCC has the right to terminate the CMCC license agreement upon the bankruptcy or receivership of the Company. The termination of the CMCC license would have a material adverse effect on our business, as all of our current product candidates are based on the patents and licensed intellectual property. If any dispute arises with respect to our arrangement with CMCC or MIT, such dispute may disrupt our operations and would likely have a material and adverse impact on us if resolved in a manner that is unfavorable to us.

We will face substantial competition.

The biotechnology industry in general is subject to intense competition and rapid and significant technological change. We have many potential competitors, including major drug companies, specialized biotechnology firms, academic institutions, government agencies and private and public research institutions. Many of these competitors have significantly greater financial and technical resources than us, and superior experience and expertise in research and development, preclinical testing, designing and implementing clinical trials, regulatory processes and approvals, production and manufacturing, and sales and marketing of approved products.

Principal competitive factors in our industry include the quality and breadth of an organization's technology; management of the organization and the execution of the organization's strategy; the skill and experience of an organization's employees and its ability to recruit and retain skilled and experienced employees; an organization's intellectual property portfolio; the range of capabilities, from target identification and validation to drug and device discovery and development to manufacturing and marketing; and the availability of substantial capital resources to fund discovery, development and commercialization activities.

Large and established companies compete in the biotech market. In particular, these companies have greater experience and expertise in securing government contracts and grants to support their research and development efforts, conducting testing and clinical trials, obtaining regulatory approvals to market products, manufacturing such products on a broad scale and marketing approved products.

Smaller or early-stage companies and research institutions may also prove to be significant competitors, particularly through collaborative arrangements with large and established biotech or other companies. We will also face competition from these parties in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and registering subjects for clinical trials.

In order to effectively compete, we will have to make substantial investments in development, testing, manufacturing and sales and marketing or partner with one or more established companies. There is no assurance that we will be successful in having our products approved or gaining significant market share for any of our products. Our technologies and products also may be rendered obsolete or noncompetitive as a result of products introduced by our competitors.

We will require FDA approval before we can sell any of our products.

The development, manufacture and marketing of our products are subject to government regulation in the United States and other countries. In the United States and most foreign countries, we must complete rigorous preclinical testing and extensive human clinical trials that demonstrate the safety and efficacy of a product in order to apply for regulatory approval to market the product.

Our biopolymer scaffolding device is expected to be regulated as a Class III medical device by the FDA. The steps required by the FDA before our proposed medical device products may be marketed in the United States include performance of preclinical (animal and laboratory) tests; submissions to the FDA of an Investigational Device Exemption ("IDE") which must become effective before human clinical trials may commence; performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product in the intended target population; performance of a consistent and reproducible manufacturing process intended for commercial use; Pre-Market Approval Application ("PMA"); and FDA approval of the PMA before any commercial sale or shipment of the product.

The processes are expensive and can take many years to complete, and we may not be able to demonstrate the safety and efficacy of our products to the satisfaction of such regulatory authorities. The start of clinical trials can be delayed or take longer than anticipated for many and varied reasons, many of which would be outside of our control. All statutes and regulations governing the conduct of clinical trials are subject to change in the future,

which could affect the cost of such clinical trials. Safety concerns may emerge that could lengthen the ongoing trials or require additional trials to be conducted. Regulatory agencies may require us or our collaborators to delay, restrict or discontinue clinical trials on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Regulatory authorities may also require additional testing, and we may be required to demonstrate that our proposed products represent an improved form of treatment over existing therapies, which we may be unable to do without conducting further clinical studies. Delays in regulatory approval can be extremely costly in terms of lost sales opportunities, losing any potential marketing advantage of being early to market and increased trial costs. Moreover, if the FDA grants regulatory approval of a product, the approval may be limited to specific indications or limited with respect to its distribution. Expanded or additional indications for approved devices or drugs may not be approved, which could limit our potential revenues. Foreign regulatory authorities may apply similar limitations or may refuse to grant any approval. Consequently, even if we believe that preclinical and clinical data are sufficient to support regulatory approval for our product candidates, the FDA and foreign regulatory authorities may not ultimately grant approval for commercial sale in any jurisdiction. If our products are not approved, our ability to generate revenues will be limited and our business will be adversely affected.

The results seen in animal testing of our product candidates may not be replicated in humans.

Although we have obtained some results from preclinical testing of our intended products in animals, we may not see positive results when any of our product candidates undergo clinical testing in humans in the future. Our preclinical testing to date has been limited in nature and we cannot predict whether more extensive clinical testing will obtain similar results. Success in preclinical studies or completed clinical trials does not ensure that later studies or trials, including continuing preclinical studies and large-scale clinical trials, will be successful nor does it necessarily predict future results. The rate of failure is quite high, and many companies in the biotechnology industry have suffered significant setbacks in advanced clinical trials, even after promising results in earlier trials. Product candidates may fail to show desired safety and efficacy in larger and more diverse patient populations in later stage clinical trials, despite having progressed through early stage trials. Negative or inconclusive results from any of our ongoing preclinical studies or clinical trials could result in delays, modifications, or abandonment of ongoing or future clinical trials and the termination of our development of a product candidate. Additionally, even if we are able to successfully complete clinical trials, the FDA still may not approve our product candidates.

Our products are in an early stage of development and we currently have no therapeutic products approved for sale. We may be unable to develop or market any of our product candidates. If our product candidates are delayed or fail, our financial condition will be negatively affected, and we may have to curtail or cease our operations.

We currently do not sell any approved therapeutic products and do not expect to have any products commercially available for at least two years, if at all. We are subject to all of the uncertainties and complexities affecting an early stage biotechnology company. Our product candidates require additional research and development. Our strategy of using our technologies for the development of therapeutic products involves new approaches, some of which are unproven. To date, no one to our knowledge has developed or commercialized any therapeutic products using our technologies and we might never commercialize any product using our technologies and strategy. There are many reasons that our product candidates may fail or not advance to commercialization, including the possibility that our product candidates may be ineffective, unsafe or associated with unacceptable side effects; our product candidates may be too expensive to develop, manufacture or market; other parties may hold or acquire proprietary rights that could prevent us or our potential collaborators from developing or marketing our product candidates; physicians, patients, third-party payers or the medical community in general may not accept or use our contemplated products; our potential collaborators may withdraw support for or otherwise impair the development and commercialization of our product candidates; or others may develop equivalent or superior products.

If our current product candidates are delayed or fail, or we fail to successfully develop and commercialize new product candidates, our financial condition will be negatively affected, and we may have to curtail or cease our operations.

Approval to promote, manufacture and/or sell our products, if granted, will be limited and subject to continuing review.

Even if a product gains regulatory approval, such approval is likely to limit the indicated uses for which it may be marketed, and the product and the manufacturer of the product will be subject to continuing regulatory review, including adverse event reporting requirements and the FDA's general prohibition against promoting products for unapproved uses. Failure to comply with any post-approval requirements can, among other things, result in warning letters, product seizures, recalls, substantial fines, injunctions, suspensions or revocations of marketing licenses, operating restrictions and criminal prosecutions. Any of these enforcement actions, any unanticipated changes in existing regulatory requirements or the adoption of new requirements, or any safety issues that arise with any approved products, could adversely affect our ability to market products and generate revenues and thus adversely affect our ability to continue our business.

We also may be restricted or prohibited from marketing or manufacturing a product, even after obtaining product approval, if previously unknown problems with the product or its manufacture are subsequently discovered and we cannot provide assurance that newly discovered or developed safety issues will not arise following any regulatory approval. With the use of any treatment by a wide patient population, serious adverse events may occur from time to time that initially do not appear to relate to the treatment itself, and only if the specific event occurs with some regularity over a period of time does the treatment become suspect as having a causal relationship to the adverse event. Any safety issues could cause us to suspend or cease marketing of our approved products, possibly subject us to substantial liabilities, and adversely affect our ability to generate revenues.

We will be required to obtain international regulatory approval to market and sell our products outside of the United States.

We intend to also have our product candidates marketed outside the United States. In order to market products in the European Union and many other non-U.S. jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. We may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory agencies in other foreign countries. A failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in other jurisdictions, including approval by the FDA. The failure to obtain regulatory approval in foreign jurisdictions could harm our business.

We will depend upon strategic relationships to develop, exploit and manufacture our products.

The near and long-term viability of our products will depend in part on our ability to successfully establish new strategic collaborations with biotechnology companies, hospitals, insurance companies and government agencies. Establishing strategic collaborations is difficult and time-consuming. Potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position. If we fail to establish a sufficient number of collaborations on acceptable terms, we may not be able to commercialize our products or generate sufficient revenue to fund further research and development efforts.

Even if we establish new collaborations, these relationships may never result in the successful development or commercialization of any product candidates for several reasons both within and outside of our control.

We will require quantities of manufactured product and may require third party manufacturers to fulfill some of our inventory requirements.

Completion of our clinical trials and commercialization of our products will require access to, or development of, facilities to manufacture a sufficient supply of our product or other product candidates. If we are unable to

manufacture our products in commercial quantities, then we will need to rely on third parties. These third-party manufacturers must also receive FDA approval before they can produce clinical material or commercial products. Our products may be in competition with other products for access to these facilities and may be subject to delays in manufacture if third parties give other products greater priority. In addition, we may not be able to enter into any necessary third-party manufacturing arrangements on acceptable terms, or on a timely basis. Failure by us to manufacture products on a timely basis for clinical trials or for commercial needs will have a material adverse affect on us.

There are a limited number of suppliers that can provide materials to us.

We may rely on third-party suppliers and vendors for some of the materials used in the manufacture of our products or other of our product candidates. Any significant problem experienced by one of our suppliers could result in a delay or interruption in the supply of materials to us until such supplier resolves the problem or an alternative source of supply is located. Any delay or interruption could negatively affect our operations.

We will rely upon third parties for laboratory testing, animal and human studies.

We have been and will continue to be dependent on third-party contract research organizations to conduct some of our laboratory testing, animal and human studies. If we are unable to obtain any necessary testing services on acceptable terms, we may not complete our product development efforts in a timely manner. If we rely on third parties for laboratory testing and/or animal and human studies, we may lose some control over these activities and become too dependent upon these parties. These third parties may not complete testing activities on schedule or when we request. We may not be able to secure and maintain suitable contract research organizations to conduct our laboratory testing and/or animal and human studies. We are responsible for confirming that each of our clinical trials is conducted in accordance with our general plan and protocol. Moreover, the FDA and foreign regulatory agencies require us to comply with regulations and standards, commonly referred to as good clinical practices, for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the trial participants are adequately protected. Our reliance on third parties does not relieve us of these responsibilities and requirements. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our pre-clinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for our product candidates.

To date we have performed limited preclinical safety testing of our hydrogel containing methylprednisolone sodium succinate delivered locally to treat spinal cord injuries. The intended product might not be safe for human use. If we cannot demonstrate the product is safe for human use, future development will be halted and the product will never be evaluated in human clinical studies.

Methylprednisolone sodium succinate is a powerful anti-inflammatory drug that is delivered systemically to treat spinal cord injuries. The drug is a corticosteroid administered in high dosage and its use increases the risk of serious adverse effects including pneumonia, sepsis and mortality. Even though we believe that our hydrogel, designed to locally deliver the drug over a period of days will be safer than systemic delivery, to date the combination product has only been evaluated in animal testing on a limited basis. The risk exists that the intended product will have the same serious adverse effects as with systemic delivery and the introduction of the polymer could potentially introduce new side effects.

We will have to demonstrate that this intended product is safe before we can commence human clinical testing. The risk exists that the product will not be safe for human use in which case development would be halted and the product would never be evaluated in human clinical studies.

We may have product liability exposure.

We will have exposure to claims for product liability. Product liability coverage is expensive and sometimes difficult to obtain. We may not be able to obtain or maintain insurance at a reasonable cost. There can be no assurance that existing insurance coverage will extend to other products in the future. Any product liability insurance coverage may not be sufficient to satisfy all liabilities resulting from product liability claims. A successful claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable items, if at all. Even if a claim is not successful, defending such a claim would be time-consuming and expensive, may damage our reputation in the marketplace, and would likely divert management's attention.

Our products are new and will require market acceptance.

Even if we receive regulatory approvals for the commercial sale of our product candidates, the commercial success of these product candidates will depend on, among other things, their acceptance by physicians, patients, third party payers such as health insurance companies and other members of the medical community as a therapeutic and cost-effective alternative to competing products and treatments. If our product candidates fail to gain market acceptance, we may be unable to earn sufficient revenue to continue our business. Market acceptance of, and demand for, any product that we may develop and commercialize will depend on many factors, both within and outside of our control. If our product candidates do not become widely accepted by physicians, patients, third party payers and other members of the medical community, our business, financial condition and results of operations would be materially and adversely affected.

Physicians and hospitals will require training in order to utilize our products.

Our products have not been utilized in the past for spinal cord injury treatment. As is typical in the case of a new and rapidly evolving technology or medical treatment, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. In addition, physicians and hospitals will need to establish training and procedures to utilize and implement our products. There can be no assurance that these parties will adopt our products or that they develop sufficient training and procedures to properly utilize our products.

Our success will depend upon the level of third party reimbursement for the cost of our products to users.

Our successes may depend, in part, on the extent to which reimbursement for the costs of therapeutic products and related treatments will be available from third-party payers such as government health administration authorities, private health insurers, managed care programs, and other organizations. Over the past decade, the cost of health care has risen significantly, and there have been numerous proposals by legislators, regulators, and third-party health care payers to curb these costs. Some of these proposals have involved limitations on the amount of reimbursement for certain products. Similar federal or state health care legislation may be adopted in the future and any products that we or our collaborators seek to commercialize may not be considered cost-effective. Adequate third-party insurance coverage may not be available for us to establish and maintain price levels that are sufficient for us to continue our business or for realization of an appropriate return on investment in product development.

We will be subject to environmental, health and safety laws.

We are subject to various laws and regulations relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals and humans, emissions and wastewater discharges, and the use and disposal of hazardous or potentially hazardous substances used in connection with our research, including infectious disease agents. We also cannot accurately predict the extent of regulations that might result from any future legislative or administrative action. Any of these laws or regulations could cause us to incur additional expense or restrict our operations.

Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair our research, development or production efforts.

We must maintain the proprietary nature of our products and must operate without infringing on the proprietary rights of others.

Our success in large part depends on our ability to maintain the proprietary nature of our licensed technology. We will rely on a combination of patent, trademark, copyright and trade secret laws, as well as confidentiality agreements, license agreements and technical measures to protect our proprietary rights. We and our licensors must prosecute and maintain existing patents and obtain new patents. Some of our proprietary information may not be patentable, and there can be no assurance that others will not utilize similar or superior solutions to compete with us. We cannot guarantee that we will develop proprietary products and services or processes that are patentable, and that if issued, any patent will give a competitive advantage or that such patent will not be challenged by third parties, or that the patents of others will not have a material adverse effect on our ability to do business. We intend to register certain trademarks in, or claim certain trademark rights in, the United States and/or foreign jurisdictions. We cannot assure you that our means of protecting our proprietary rights will suffice or that our competitors will not independently develop competitive technology or duplicate processes or design around patents or other intellectual property rights issued to us.

We also must operate without infringing the proprietary rights of third parties or allowing third parties to infringe our rights. Our research, development and commercialization activities, including any product candidates or products resulting from these activities, may infringe or be claimed to infringe patents owned by third parties and to which we do not hold licenses or other rights. There may be rights that we are not aware of, including applications that have been filed but not published that, when issued, could be asserted against us. These third parties could bring claims against us that would cause us to incur substantial expenses and, if successful, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or biologic treatment candidate that is the subject of the suit.

In addition, competitors may infringe our patents or the patents of our collaborators or licensors. As a result, we may be required to file infringement claims to counter infringement for unauthorized use. This can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent licensed or owned by us is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our licensed or owned patents do not cover its technology. An adverse determination of any litigation or defense proceedings could put one or more of our licensed or owned patents at risk of being invalidated or interpreted narrowly and could put our licensed or owned patent applications at the risk of not issuing.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our trade secrets or other confidential information could be compromised by disclosure during this type of litigation.

Our ability to raise capital as required may be difficult given the current condition of the capital and credit markets.

We are likely in the future to seek to access the capital markets for our capital needs. Traditionally, biotech companies have funded their research and development expenditures through raising capital in the equity markets. Declines and uncertainties in these markets over the past few years have severely restricted raising new capital and have affected companies' ability to continue to expand or fund existing research and development efforts. We will require significant capital beyond our current resources for research and development for our product candidates and clinical trials. The general economic and capital market conditions, both in the United States and worldwide have deteriorated significantly and will adversely affect our access to capital and may

increase the cost of capital. If these economic conditions continue or become worse, our future cost of equity or debt capital and access to the capital markets could be adversely affected.

We are dependent on our management and other key personnel.

We depend on our senior executive officers as well as key scientific and other personnel. The loss of any of these individuals could harm our business and significantly delay or prevent the achievement of research, development or business objectives. Competition for qualified employees is intense among biotechnology companies, and the loss of qualified employees, or an inability to attract, retain and motivate additional highly skilled employees could hinder our ability to successfully develop marketable products.

Our future success also depends on our ability to identify, attract, hire, train, retain and motivate other highly skilled scientific, technical, marketing, managerial and financial personnel. Although we will seek to hire and retain qualified personnel with experience and abilities commensurate with our needs, there is no assurance that we will succeed despite our collective efforts. The loss of the services of any of the principal members of our management or other key personnel could hinder our ability to fulfill our business plan and further develop and commercialize our products and services. Competition for personnel is intense, and any failure to attract and retain the necessary technical, marketing, managerial and financial personnel would have a material adverse effect on our business, prospects, financial condition and results of operations. Although we presently do not maintain “key person” life insurance policies on any of our personnel, we are currently in the process of obtaining key man insurance on Frank Reynolds, our Chairman, Chief Executive Officer and Chief Financial Officer.

Risks Related to Investment in Our Securities

Our securities are “Penny Stock” and subject to specific rules governing their sale to investors.

The SEC has adopted Rule 15g-9 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require that a broker or dealer approve a person’s account for transactions in penny stocks; and the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person; and make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination; and that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for our shareholders to sell shares of our Common Stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

Additional risks may exist since we became public through a "reverse merger." Securities analysts of major brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our Common Stock. No assurance can be given that brokerage firms will want to conduct any secondary offerings on our behalf in the future.

Compliance with the reporting requirements of federal securities laws can be expensive.

We are a public reporting company in the United States, and accordingly, subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act. The costs of preparing and filing annual and quarterly reports and other information with the SEC and furnishing audited reports to stockholders are substantial.

We do not currently have a separate Chief Financial Officer.

We do not currently have a separate Chief Financial Officer. Our Chief Executive Officer is also functioning as our Chief Financial Officer. Although we are currently seeking to retain a Chief Financial Officer, there can be no assurance we will be able to retain a suitable candidate on acceptable terms.

Applicable regulatory requirements, including those contained in and issued under the Sarbanes-Oxley Act of 2002, may make it difficult for us to retain or attract qualified officers and directors, which could adversely affect the management of our business and our ability to obtain or retain listing of our Common Stock.

We may be unable to attract and retain those qualified officers, directors and members of board committees required to provide for effective management because of the rules and regulations that govern publicly held companies, including, but not limited to, certifications by principal executive officers. The enactment of the Sarbanes-Oxley Act has resulted in the issuance of a series of related rules and regulations and the strengthening of existing rules and regulations by the SEC, as well as the adoption of new and more stringent rules by the stock exchanges. The perceived increased personal risk associated with these changes may deter qualified individuals from accepting roles as directors and executive officers.

Further, some of these changes heighten the requirements for board or committee membership, particularly with respect to an individual's independence from the corporation and level of experience in finance and accounting matters. We may have difficulty attracting and retaining directors with the requisite qualifications. If we are unable to attract and retain qualified officers and directors, the management of our business and our ability to obtain or retain listing of our shares of Common Stock on any stock exchange (assuming we elect to seek and are successful in obtaining such listing) could be adversely affected.

We may have undisclosed liabilities and any such liabilities could harm our revenues, business, prospects, financial condition and results of operations.

Even though the assets and liabilities of our predecessor company, Design Source, Inc. were transferred to the Split-Off Shareholders in the Split-Off and were not assumed by ITHC, there can be no assurance that we will not be liable for any or all of such liabilities. Any such liabilities of ITHC that survive the Split-Off could harm our revenues, business, prospects, financial condition and results of operations upon our acceptance of responsibility for such liabilities.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or detect fraud. Consequently, investors could lose confidence in our financial reporting and this may decrease the trading price of our stock.

We must maintain effective internal controls to provide reliable financial reports and detect fraud. We have been assessing our internal controls to identify areas that need improvement. We are in the process of implementing changes to internal controls, but have not yet completed implementing these changes. Failure to implement these changes to our internal controls or any others that we identify as necessary to maintain an effective system of internal controls could harm our operating results and cause investors to lose confidence in our reported financial information. Any such loss of confidence would have a negative effect on the trading price of our Common Stock.

The price of our Common Stock may become volatile, which could lead to losses by investors and costly securities litigation.

The trading price of our Common Stock is likely to be highly volatile and could fluctuate in response to factors such as:

- actual or anticipated variations in our operating results;
- announcements of developments by us or our competitors;
- the timing of IDE approval, the completion and/or results of our clinical trials;
- regulatory actions regarding our products;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- adoption of new accounting standards affecting our industry;
- additions or departures of key personnel;
- introduction of new products by us or our competitors;
- sales of our Common Stock or other securities in the open market; and
- other events or factors, many of which are beyond our control.

The stock market is subject to significant price and volume fluctuations. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been initiated against such company. Litigation initiated against us, whether or not successful, could result in substantial costs and diversion of our management's attention and resources, which could harm our business and financial condition.

Investors may experience dilution of their ownership interests because of the future issuance of additional shares of our Common Stock.

In the future, we may issue additional authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present stockholders. We may also issue additional shares of our Common Stock or other securities that are convertible into or exercisable for Common Stock in connection with hiring or retaining employees, future acquisitions, future sales of our securities for capital raising purposes, or for other business purposes. The future issuance of any such additional shares of Common Stock may create downward pressure on the trading price of the Common Stock. There can be no assurance that we will not be required to issue additional shares, warrants or other convertible securities in the future in conjunction with any capital raising efforts, including at a price (or exercise prices) below the price at which shares of our Common Stock are currently traded on the OTC Markets.

Our Common Stock is controlled by insiders.

Our officers and directors beneficially own approximately 35% of our outstanding shares of Common Stock. Such concentrated control of us may adversely affect the price of our Common Stock. Investors who acquire Common Stock may have no effective voice in the management of the Company. Sales by insiders or affiliates of the Company, along with any other market transactions, could affect the market price of our Common Stock.

Anti-takeover effects of certain provisions of Nevada state law may discourage or prevent a takeover.

In the future we may become subject to Nevada's control share laws. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and if the corporation does business in Nevada, including through an affiliated corporation. This control share law may have the effect of discouraging corporate takeovers. The Company currently has less than 100 stockholders of record who are residents of Nevada.

The control share law focuses on the acquisition of a "controlling interest," which means the ownership of outstanding voting shares that would be sufficient, but for the operation of the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (1) one-fifth or more but less than one-third; (2) one-third or more but less than a majority; or (3) a majority or more. The ability to exercise this voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that an acquiring person, and those acting in association with that person, will obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to take away voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell the shares to others. If the buyer or buyers of those shares themselves do not acquire a controlling interest, the shares are not governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, a stockholder of record, other than the acquiring person, who did not vote in favor of approval of voting rights, is entitled to demand fair value for such stockholder's shares.

In addition to the control share law, Nevada has a business combination law, which prohibits certain business combinations between Nevada corporations and "interested stockholders" for three years after the interested stockholder first becomes an interested stockholder, unless the corporation's board of directors approves the combination in advance. For purposes of Nevada law, an interested stockholder is any person who is: (a) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (b) an affiliate or associate of the corporation and at any time within the previous three years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding shares of the corporation. The definition of "business combination" contained in the statute is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of the Company from doing so if it cannot obtain the approval of our board of directors.

We have never declared any cash dividends and do not expect to declare any in the near future.

We have never paid cash dividends on our Common Stock. It is currently anticipated that we will retain earnings, if any, for use in the development of our business and we do not anticipate paying any cash dividends in the foreseeable future.

The Investor Warrants may be redeemed on short notice, which may have an adverse effect on the Common Stock price.

We may redeem the Investor Warrants on 30 days' notice at any time after the date on which the last reported sale price per share of our Common Stock as reported by the principal exchange or trading facility on which our Common Stock trades equals or exceeds $2.80 for twenty consecutive trading days. If we give notice of redemption, holders of our Investor Warrants will be forced to sell or exercise the Investor Warrants they hold or accept the redemption price. The notice of redemption could come at a time when, under specific circumstances or generally, it is not advisable or possible for holders of our warrants to sell or exercise the Investor Warrants they hold.

While the Investor and New Bridge Warrants are outstanding, it may be more difficult to raise additional equity capital.

During the term that the Investor Warrants and New Bridge Warrants are outstanding, the holders of those warrants are given the opportunity to profit from a rise in the market price of our Common Stock. In addition, the New Bridge Warrants are not redeemable by us. We may find it more difficult to raise additional equity capital while these warrants are outstanding. At any time during which these warrants are likely to be exercised, we may be able to obtain additional equity capital on more favorable terms from other sources.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. These forward-looking statements include, but are not limited to, statements relating to our ability to raise sufficient capital to finance our planned operations, market acceptance of our technology and product offerings, our ability to attract and retain key personnel, our ability to protect our intellectual property, and estimates of our cash expenditures for the next 12 to 36 months. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The “Risk Factors” section of this prospectus sets forth detailed risks, uncertainties and cautionary statements regarding our business and these forward-looking statements.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

USE OF PROCEEDS

We estimate that we will receive up to $[ ] in net proceeds from the sale of the securities in this offering, based on a price of $[ ] per unit and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will use the proceeds from the sale of the securities for research and development, working capital needs, capital expenditures and other general corporate purposes.

Pending any ultimate use of any portion of the proceeds from this offering, we intend to invest the proceeds in a variety of capital preservation investments, including short-term, interest-bearing instruments such as United States government securities and municipal bonds.

If a warrant holder exercises his warrants, we will also receive proceeds from the exercise of warrants. We cannot predict when, or if, the warrants will be exercised. It is possible that the warrants may expire and may never be exercised.

DIVIDEND POLICY

We have never declared or paid cash dividends. We do not intend to pay cash dividends on our Common Stock for the foreseeable future, but currently intend to retain any future earnings to fund the development and growth of our business. The payment of cash dividends if any, on the Common Stock will rest solely within the discretion of our board of directors and will depend, among other things, upon our earnings, capital requirements, financial condition, and other relevant factors.

DILUTION

Dilution represents the difference between the offering price and the net tangible book value per share immediately after completion of this offering. Net tangible book value is the amount that results from subtracting total liabilities and intangible assets from total assets. Dilution of the value of the shares you purchase is a result of the lower book value of the shares held by our existing stockholders.

At , 2011, the net tangible book value of our shares of Common Stock was $[ ] or approximately $[ ] per share based upon 52,730,582 shares outstanding. After giving effect to our sale of [ ] shares of Common Stock at a public offering price of $[ ] per share, and after deducting underwriting discounts and commissions and estimated offering expenses, our pro forma net tangible book value as of , 2011 would have been $[ ], or $[ ] per share. This represents an immediate increase in net tangible book value of $[ ] per share to existing stockholders and an immediate dilution in net tangible book value of $[ ] per share to purchasers of securities in this offering, as illustrated in the following table:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of , 2011	$	
Increase per share attributable to new investors		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors in this offering		$

The above discussion does not include the following:

1,690,000 shares of Common Stock reserved for future issuance under our equity incentive plans. As of September 30, 2011, there were 5,239,006 options outstanding under such plans with a weighted average exercise price of $0.57 per share;

18,816,071 shares of Common Stock issuable upon exercise of outstanding warrants as of September 30, 2011, with exercise prices ranging from $1.00 per share to $1.40 per share;

[ ] shares of Common Stock issuable upon exercise of warrants at an exercise price of $[ ] per share sold as part of this offering.

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

You should read the following discussion and analysis of financial condition and results of operations together with our consolidated financial statements and accompanying notes included in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under "Risk Factors," "Special Note Regarding Forward-Looking Statements" and elsewhere in this prospectus.

As the result of the Merger and the change in business and operations of the Company from a shell company to a biotechnology company, a discussion of the past financial results of ITHC is not pertinent, and the financial results of InVivo, the acquirer and ongoing operating company, are considered the financial results of the Company on a historical and going-forward basis.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis should be read in conjunction with the Company's historical consolidated financial statements and the related notes. The management's discussion and analysis contains forward-looking statements that involve risks and uncertainties, including those we detail under "Risk Factors," such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and the like, and/or future tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this prospectus. The Company's actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this prospectus.

The discussion and analysis of the Company's financial condition and results of operations are based on the Company's financial statements, which the Company has prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, the Company evaluates such estimates and judgments, including those described in greater detail below. The Company bases its estimates on historical experience and on various other factors that the Company believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical Accounting Policies and Estimates

Our consolidated financial statements, which appear at page F-1, have been prepared in accordance with accounting principles generally accepted in the United States, which require that the Company make certain assumptions and estimates and, in connection therewith, adopt certain accounting policies. Our significant accounting policies are set forth in Note 2 to our consolidated financial statements. Of those policies, we believe that the policies discussed below may involve a higher degree of judgment and may be more critical to an accurate reflection of our financial condition and results of operations.

Stock-Based Compensation

Stock options are generally granted with an exercise price at market value at the date of the grant. The stock options generally expire ten years from the date of grant. Stock option awards vest upon terms determined by the Board of Directors.

The Company recognizes compensation costs resulting from the issuance of stock-based awards to employees, non-employees and directors as an expense in the statement of operations over the service period based on a measurement of fair value for each stock-based award.

The fair value of the Company's Common Stock has been determined based on a number of factors including the stage of development of the Company, the value of the Company's Common Stock sold to outside investors and the market value of other medical device companies in a similar stage of development.

The fair value of each option grant was estimated as of the date of grant using the Black-Scholes option-pricing model. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Due to our limited operating history and limited number of sales of our Common Stock, we estimated our volatility in consideration of a number of factors including the volatility of comparable public companies. The Company uses historical data, as well as subsequent events occurring prior to the issuance of the consolidated financial statements, to estimate option exercise and employee termination within the valuation model. The expected term of options granted under the Company's stock plans is based on the average of the contractual term (generally 10 years) and the vesting period (generally 48 months) The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option.

The following assumptions were used to estimate the fair value of stock options granted using the Black-Scholes option pricing model:

	September 30, 2011	December 31, 2010	2009
Risk-free interest rate	1.89%	1.63% - 3.05%	2.68%
Expected dividend yield	0%	0%	0%
Expected term (employee grants)	6.21 years	6.25 years	6.25 years
Expected volatility	67%	49.12%	50.10%

Derivative Instruments

Certain of our issued and outstanding warrants to purchase Common Stock contain anti-dilution provisions. These warrants do not meet the requirements for classification as equity and are recorded as derivative warrant liabilities. We use valuation methods and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates consistent with those discussed in Stock-Based Compensation above in estimating the fair value for the warrants considered to be derivative warrant liabilities. Such derivative warrant liabilities are initially recorded at fair value with subsequent changes in fair value charged (credited) to operations in each reporting period. The fair value of the derivative warrant liability is most sensitive to changes in the fair value of the underlying Common Stock and the estimated volatility of our Common Stock.

Results of Operations

Research and development expenses consist primarily of payments to contract research and development companies and payroll. General and administrative expenses consist primarily of payroll, rent and professional services.

Comparison of three months ended September 30, 2011 and 2010

Research and Development Expenses

Research and development expenses increased by $692,000 to approximately $1,017,000 for the three months ended September 30, 2011 from approximately $325,000 for the three months ended September 30, 2010. The increase in expenses is primarily attributable to the hiring of additional personnel and an increase in costs of pre-clinical studies.

General and Administrative Expenses

General and administrative expenses increased by $773,000 to approximately $1,197,000 for the three months ended September 30, 2011 from approximately $424,000 for the three months ended September 30, 2010. The increase in expenses is primarily attributable to an increase in costs associated with operating as a public company and increases in rent, salary and benefit costs.

Interest expense

Interest expense decreased by $37,000 to zero for the three months ended September 30, 2011 from approximately $37,000 for the three months ended September 30, 2010. The decrease in interest expense is due to the conversion into common stock of the remaining balance of the convertible notes payable as of September 30, 2010.

Derivatives Gain (Loss)

Derivatives gain (loss) was approximately $5,276,000 and ($51,000) for the three months ended September 30, 2011 and 2010, respectively, and reflects primarily the decrease in the fair value of the underlying common stock during the period.

Comparison of nine months ended September 30, 2011 and 2010

Research and Development Expenses

Research and development expenses increased by $2,095,000 to $3,045,000 for the nine months ended September 30, 2011 from approximately $950,000 for the nine months ended September 30, 2010. The increase in expenses is primarily attributable to the hiring of additional personnel and an increase in costs of pre-clinical studies.

General and Administrative Expenses

General and administrative expenses increased by $2,121,000 to approximately $3,096,000 for the nine months ended September 30, 2011 from approximately $975,000 for the nine months ended September 30, 2010. The increase in expenses is primarily attributable to an increase in costs associated with operating as a public company and increases in rent, salary and benefit costs.

Interest expense

Interest expense decreased by $278,000 to approximately $7,000 for the nine months ended September 30, 2011 from approximately $285,000 for the nine months ended September 30, 2010. The decrease in interest expense is due to the conversion into common stock of the remaining balance of the convertible notes payable as of September 30, 2010.

Derivatives Gain (Loss)

Derivatives gain (loss) was approximately $6,560,000 and ($51,000) for the nine months ended September 30, 2011 and 2010, respectively, and reflects primarily the decrease in the fair value of underlying common stock during the period.

Comparison of the years ended December 31, 2010 and 2009

Research and Development Expenses

Research and development expenses decreased by $135,000, from $1,808,000 in 2009 to $1,673,000 in 2010. The decrease is primarily attributable to a reduction in costs of pre-clinical studies offset by stock compensation expense incurred in 2010 of $376,000. In addition, during 2010 the Company received approximately $245,000 as a grant under the IRS Qualifying Therapeutic Discovery Project (QTDP) program. This amount has been recorded as a reduction in research and development expenses.

General and Administrative Expenses

General and administrative expenses increased by $888,000, from $836,000 in 2009 to $1,724,000 in 2010. The increase is primarily attributable to an increase in stock compensation expense of $118,000, approximately $120,000 of costs incurred in the fourth quarter of 2010 associated with operating as a public company, and increases in rent, salary and benefit costs.

Interest expense

Interest expense increased by $308,000 from $256,000 in 2009 to $564,000 in 2010. The increase is primarily attributable to non-cash interest expense of $317,000 associated with the $500,000 bridge note financing in 2010.

Other Income

Other income in 2009 of $383,000 resulted from a legal settlement. There was no other income in 2010.

Derivatives Loss

Derivatives loss totaled $3,953,000 for the year ended December 31, 2010 and reflects the change in the fair value of derivative warrant liabilities during the year. We did not have a derivative warrant liability or derivative (gain) loss in 2009.

Financial Condition, Liquidity and Capital Resources

Since inception, we have devoted substantially all of our efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, the Company is considered to be in the development stage.

Since inception, we have experienced negative cash flows from operations. We have financed our operations primarily through the sale of equity-related securities. At September 30, 2011, the accumulated deficit was approximately $12,670,000 and the stockholders' deficit was approximately $590,000.

At September 30, 2011, we had total current assets of approximately $3,961,000 and current liabilities of approximately $5,075,000 resulting in a working capital deficit of approximately $1,114,000. At September 30, 2011, we had total assets of approximately $4,604,000 and total liabilities of approximately $5,194,000, resulting in a stockholders' deficit of $590,000.

Net cash used by operating activities for the nine months ended September 30, 2011 was approximately $5,146,000. We spent approximately $242,000 for the nine months ended September 30, 2011 on the purchase of equipment. We spent $17,000 on principal payments to repay a capital lease. Proceeds from a loan payable provided $118,000. We generated approximately $10,000 from issuance of Common Stock.

At September 30, 2011, we had cash of approximately $3,687,000 and we expect the cash to fund our operations through March 31, 2012. We will need to raise substantial additional capital to complete our clinical trials, obtain marketing approvals and commercialize our products.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, including unrecorded derivative instruments that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We have certain warrants and options outstanding but we do not expect to receive sufficient proceeds from the exercise of these instruments unless and until the trading price of our Common Stock is significantly greater than the applicable exercise prices of the options and warrants.

Effect of Inflation and Changes in Prices

Management does not believe that inflation and changes in price will have a material effect on our operations.

BUSINESS

History

We were incorporated on April 2, 2003, under the name of Design Source, Inc. to offer a comprehensive supply of, market and distribute commercial upholstery, drapery, bedspread, panel, and wall covering fabrics to the interior designer industry and individual retail customers on our proprietary Internet website.

We subsequently determined that we could not continue with our intended business operations because of a lack of financial results and resources. We redirected our focus towards identifying and pursuing options regarding the development of a new business plan and direction. On October 26, 2010, we acquired the business of InVivo, and are continuing the existing business operations of InVivo as a wholly-owned subsidiary.

Overview

InVivo was incorporated on November 28, 2005. InVivo was founded to develop and commercialize new technologies for the treatment of spinal cord injuries. InVivo's proprietary technology was co-invented by Robert S. Langer, ScD, Professor at Massachusetts Institute of Technology and Joseph P. Vacanti, MD, affiliated with Massachusetts General Hospital. The intellectual property rights that are the basis for our products are licensed under an exclusive, world-wide license from CMCC and MIT.

We intend to create new treatments for spinal cord injury. Current treatments consist of a collection of approaches that only focus on symptoms of spinal cord injury. To date, we are not aware of any product on the market that addresses the underlying pathology of spinal cord injury.

Currently, there are no successful spinal cord injury treatment options for spinal cord injury patients. We take a different approach to spinal cord injury and focus on protection of the spinal cord and prevention of secondary injury rather than regeneration. Our platform technologies focus on minimizing tissue damage sustained following acute injury and promoting neural plasticity of the spared healthy tissue, which may result in full or partial functional recovery. The technologies encompass multiple strategies involving biomaterials, FDA approved drugs, growth factors, and human neural stem cells. We believe our approach could become a standard treatment for both acute and chronic spinal cord injuries.

The Technology

We intend to leverage our primary platform technology to develop and commercialize several products as follows:

1. A biocompatible polymer scaffolding device to treat acute spinal cord injuries.
2. A biocompatible hydrogel for local controlled release of methylprednisolone to treat acute spinal cord injuries and peripheral nerve injuries.
3. A biocompatible polymer scaffolding device seeded with autologous human neural stem cells to treat acute and chronic spinal cord injuries.

Our biopolymer-based devices are surgically implanted or injected into the lesion created during traumatic injury, or the "primary injury". The Company expects the biopolymer scaffolding devices will protect the damaged spinal cord by mitigating the progression of "secondary injury" resulting from the body's inflammatory and immune response to injury, and will promote neuroplasticity, a process where functional recovery (the recovery of motor movement or sensation) may occur through the rerouting of signaling pathways to the spared healthy tissue. Achieving these results is essential to the recovery process, as secondary injury can significantly worsen the immediate damage sustained during trauma. The additional damage dramatically reduces patient quality of life post-injury.

The Company will be required to demonstrate safety and efficacy in human clinical studies before it can submit a PMA to the FDA. The Company plans to first conduct a pilot study in ten acute spinal cord patients followed by a larger pivotal study. The FDA must review and approve the PMA before the Company can start selling the product in the U.S. The completion of the human clinical studies and the FDA approval of the PMA could take between three to five years to achieve, depending on a number of factors including the FDA review and clearance process for the IDE, the clinical trial designs and amount of time it will take to enroll and treat patients, and the FDA review and approval process for the PMA. The FDA regulatory approval process is lengthy, and the outcome is highly uncertain. The risk exists that the first product may never be approved, or that the approval is significantly delayed such that the Company is unable to raise additional capital to continue to fund the Company. Please see "Risk Factors" beginning on page 5 for a more detailed discussion of these risks.

If the product is approved by the FDA, the Company will need to expand manufacturing capacity, and establish sales, marketing and distribution channels to sell the product. The Company intends to retain manufacturing rights and plans to market and sell the product through a direct sales force in the U.S.

Additional applications of our platform technologies include the potential treatment for spinal cord injury following tumor removal, peripheral nerve damage, and postsurgical treatment of any transected nerve. Our first product, the biocompatible scaffolding device for the treatment of acute spinal cord injury, is regulated as a Class III medical device by the FDA. The product has been evaluated in animal studies and the Company submitted an IDE with the FDA on July 7, 2011, that if approved by the FDA will permit the commencement of human clinical studies. The FDA has provided the Company with comments to its IDE filing and the Company is in the process of responding to the FDA comments. The Company anticipates that its IDE will be approved by the FDA during 2012. The biocompatible hydrogel for the local release of methylprednisolone to treat acute spinal cord injuries and the biocompatible polymer scaffolding device seeded with autologous human neural stem cells to treat acute and chronic spinal cord injuries are likely to be regulated as combination drug/devices and as such will require significantly longer regulatory approval times than the biopolymer scaffolding device.

We are a development stage company, and as such face significant uncertainty regarding our future capital needs and timelines for our intended products.

Market Opportunity

As we are aware of no current products on the market that treat paralysis caused by spinal cord injuries, we believe that our market opportunity for our technology is significant. By 2011, based on the Company's estimates, the total addressable market for acute spinal cord injury will be approximately $10.4 billion annually. Since 1973, the National Spinal Cord Injury Statistical Center ("NSCISC") at the University of Alabama has been commissioned by the US government to maintain a national database of spinal cord injury statistics.

In the United States:

- Approximately 1,275,000 people are currently living with paralysis due to spinal cord injury.
- An additional 12,000 individuals will become fully or partially paralyzed this year alone.

The financial impact of spinal cord injuries, as reported by the NSCISC, is enormous:

- During the first year, "cost of care" ranges from $321,720 to $985,774, depending on the severity.
- The net present value ("NPV") to maintain a quadriplegic injured at age 25 for life is $3,373,912.
- The NPV to maintain a paraplegic injured at age 25 for life is $2,138,824.

Sources: *Christopher & Dana Reeve Foundation, and National Spinal Cord Injury Statistical Center. "One Degree of Separation: Paralysis and Spinal Cord Injury in the United States" 2011.*

These costs place a tremendous financial burden on families, insurance providers, and government agencies. Moreover, despite all financial investment, the patient remains disabled for life since current medical interventions address only the symptoms of spinal cord injury rather than the underlying neurological cause.

TABLE 1. COST OF CARE FOR A SPINAL CORD INJURY PATIENT

	AVERAGE YEARLY EXPENSES (in 2010 dollars)		ESTIMATED LIFETIME COSTS BY AGE AT INJURY (NPV, Discounted at 2%)	
SEVERITYOF INJURY	First Year	Each Subsequent Year	25 Years Old	50 Years Old
High Tetraplegia (C1-C4)	$ 985,774	$ 171,183	$ 4,373,912	$ 2,403,828
Low Tetraplegia (C5-C8)	$ 712,308	$ 105,013	$ 3,195,853	$ 1,965,735
Paraplegia	$ 480,431	$ 63,643	$ 2,138,824	$ 1,403,646
Incomplete Motor Functional at Any Level	$ 321,720	$ 39,077	$ 1,461,255	$ 1,031,394

Source: National Spinal Cord Injury Statistical Center; February 2011 edition of "Spinal Cord Injury Facts and Figures at a Glance." All figures in US Dollars.

Note: tetraplegia is paralysis in the arms, legs and trunk of the body below the level of the spinal cord injury; paraplegia is paralysis of the lower part of the body including the legs.

Creating New Treatments for Spinal Cord Injuries

We intend to create new treatments for spinal cord injuries. Current methods consist of a collection of approaches that only focus on symptoms of spinal cord injuries. For example, to date, we are not aware of any product on the market that addresses the underlying pathology of spinal cord injuries.

Our goal is to create new options for care by changing the way physicians treat spinal cord injuries. Our technology aims to protect the spinal cord and minimize secondary injury that causes cell death while promoting neural plasticity of the spared healthy tissue, something no other product on the market is designed to do. Our products, if approved for commercialization, will be a new therapeutic class of products and will not compete with current treatment options (i.e. spinal fixation devices). Rather, it is expected that they will be complementary to these products, and the combination may create the best clinical outcome.

Our First Product Under Development: A Scaffolding Device to Treat Spinal Cord Injuries

Spinal cord injury involves not only initial cell death at the lesion due to mechanical impact but also a devastating secondary injury pathology that persists for several weeks (Figure 1). We are focused on preventing this secondary cascade of cell death and promoting the subsequent repair and recovery processes.

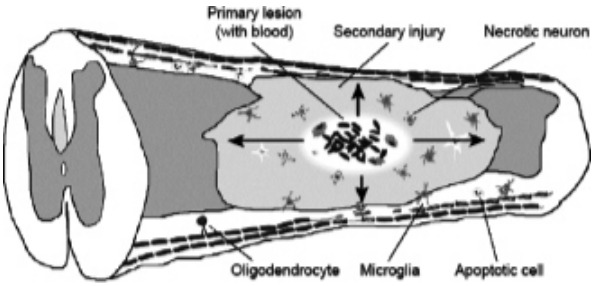

FIGURE 1. PROGRESSION OF SECONDARY INJURY (DAYS 2-30 POST-INJURY) (Fleming *et al.* 2006)

Our first product is a biopolymer scaffolding device that will be implanted into lesions within the spinal cord to treat acute spinal cord injuries (Figure 2). The porous biopolymer scaffold consists of polylactic-co-glycolic acid (“PLGA”) and-polylysine. PLGA is a biodegradable and biocompatible polymer, which is approved by the FDA for applications such as surgical sutures (Dolphin sutures and Ethicon sutures), drug delivery (Lupron Depot and Sandostatin LAR Depot), and tissue engineering (Dermagraft).

The PLGA-polylysine biopolymer scaffolding device is biocompatible and biodegradable and degrades naturally inside the body without requiring subsequent removal. The device will be customized to fit inside a patient-specific lesion.

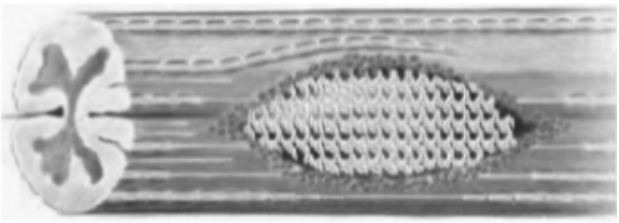

FIGURE 2. SCAFFOLD IMPLANTED INTO SPINAL CORD INJURY LESION

Our biopolymer scaffolding has been designed to prevent and mitigate the cascading inflammatory response or secondary injury and our device is intended to perform four functions:

1. Fill the necrotic lesion to minimize secondary injury, which may occur by inhibiting cell-cell signaling via inflammatory cytokines.
2. Bridge the gap formed by the lesion, providing a matrix designed to promote regrowth and reorganization of neural elements (neurons and neurites).
3. Act as a synthetic extracellular matrix, with the goal of promoting survival of surrounding neurons.
4. Reduce scar formation (astrogliosis).

Our Polymer Technology Differentiator

We intend to introduce the first biodegradable polymer scaffold without any other FDA regulated drugs for spinal cord injury treatment. Since this product does not contain cells or drugs, the implantable device is expected to be regulated as a Class III medical device and as such the FDA approval process should not be as long as a drug or a drug/device combination product.

Our Second Planned Product to be Developed: Local Controlled Release Drug Delivery

The second product we intend to develop is an injectable hydrogel designed to counteract the inflammatory environment that results during a secondary injury from a closed-wound spinal cord injury where further cell death occurs. The hydrogel is designed to release drugs over at least 10 days in order to synchronize the rate of delivery to match the period in which the inflammatory response peaks during secondary injury. While the hydrogel could incorporate other hydrophilic drugs or therapeutic agents that counteract secondary injury, promote neuroplasticity or support endogenous repair mechanisms, our second product is designed to deliver the anti-inflammatory steroid methylprednisolone sodium succinate. Methylprednisolone sodium succinate is FDA-approved, and is currently a treatment option for spinal cord injuries and is used to treat peripheral nerve injuries. However, high-dose intravenous administration of the drug can result in harmful systemic side effects, including increased risks of pneumonia, sepsis and mortality. By precisely controlling the release of methylprednisolone at the site of injury, we hypothesize that therapeutically effective doses can be delivered to

the point of inflammation while mitigating the risk of harmful systemic side effects. Although we have conducted initial animal studies for this potential product, we will need to accumulate additional animal data before we can submit for regulatory approval to commence human clinical studies.

Our Third Product to be Developed: Polymer Scaffold Seeded with Autologous Human Neural Stem Cells

The third product we intend to develop extends the biopolymer platform technology to treat both acute closed-wound and chronic spinal cord injury patients by seeding the patient's own stem cells onto the scaffold and then inserting the scaffold into the injured spinal cord. The scaffold acts as a synthetic extracellular matrix on which cells can be transplanted.

Our third product is intended to counteract the pathophysiology of spinal cord injury by:

1. Replacing lost cells of the spinal cord.
2. Activating endogenous regenerative processes such as the formation of new synapses and axonal sprouting based on molecules the stem cells produce.

Although we have conducted initial animal studies for this potential product, we will need to accumulate additional animal data before we can submit for regulatory approval to commence human clinical studies.

Rodent Study – 2002

The first animal study for our technology was performed by academic researchers at MIT and Harvard Medical School in 2002 and published in the Proceedings of the National Academy of Sciences (PNAS, 2002, vol.99, no.5, 3024-9). The implemented scaffold was designed to mimic the cellular architecture of the inner 'grey' matter and outer 'white' matter of the spinal cord (Figure 3).

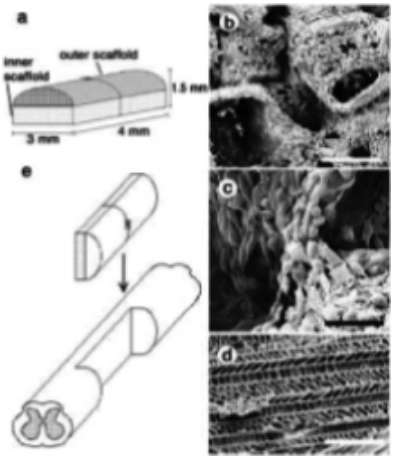

FIGURE 3 (*a*) SCHEMATIC OF THE SCAFFOLD SHOWING INNER AND OUTER ARCHITECTURE. (*b* and *c*) INNER SCAFFOLDS SEEDED WITH HUMAN NEURAL STEM CELL (SCALE: 200 µM AND 50 µM, RESPECTIVELY). THE OUTER SECTION OF THE SCAFFOLD CONTAINS LONG, AXIALLY ORIENTED PORES FOR AXONAL GUIDANCE AS WELL AS RADIAL PORES TO ALLOW FLUID TRANSPORT WHILE INHIBITING THE IN-GROWTH OF SCAR TISSUE (SCALE: 100 µM). (*e*) SCHEMATIC OF SURGICAL INSERTION OF THE IMPLANT INTO THE SPINAL CORD.

The study demonstrated the impact of our polymer-alone device (first product) and our polymer with human neural stem cell device (third product) in treating spinal cord injury (Figure 5). The human neural stem cells augment the polymer scaffolding treatment. The study also demonstrated that stem cells injected into the lesion without our proprietary scaffold do not exert a therapeutic effect. Comparable to the adhesion of cells to the body's extracellular matrix, it is thought that the scaffolding device is necessary for the human neural stem cells to survive and function following transplantation.

The Basso-Beattie-Bresnahan ("BBB") scoring scale was used to evaluate neuromotor (the ability to voluntarily move muscles) improvement at one day post-surgery and weekly time points over the course of six weeks post-injury. The BBB twenty point neuromotor scoring scale evaluates the degree of neuromotor recovery after a spinal cord injury was induced in a spinal cord rodent injury model. For example, a BBB score of zero means the subject has no voluntary motor function after injury, a BBB score of twenty means a complete neuromotor recovery after injury. Results from the PLGA-polylysine scaffold configured to treat spinal cord injury showed neuromotor improvement as early as two weeks post injury. While the study was stopped at the end of either week 8 or week 10, rodents were kept for over one year. The subjects demonstrated neuromotor recovery that was sustained over the year period, and they exhibited no adverse pathological reactions.

Pilot Primate Study – 2008

We believe the non-human primate model is the best surrogate for potentially how spinal cord injury products will work in humans. To date, the PLGA-polylysine scaffolding device has been evaluated in two primate studies. The first study involving four primates, was completed in 2008, was published in the Journal of Neuroscience Methods, and focused mainly on neuromotor assessment criteria following the model spinal cord injury. The second primate study which involved sixteen primates also included collecting quantitative electromyographic and kinematic analyses.

In April 2008, we conducted our first non-human primate study with an induced spinal cord injury model. The experiment was designed as a pilot study to test the model injury in assessing the potential therapeutic efficacy of our technologies. The study was conducted at the St. Kitts Biomedical Research Foundation in St. Kitts and Nevis. The surgeries were performed by Eric Woodard, MD, our Chief Medical Officer, and Jonathan Slotkin, MD. Dr. Woodard served as Chief of Spine Surgery at Harvard's Brigham & Women's Hospital for ten years and is currently Chief of Neurosurgery at Boston's New England Baptist Hospital. Dr. Slotkin has practiced at Harvard's Brigham & Women's Hospital and is currently a spine neurosurgeon at the Washington Brain and Spine Institute and a member of our Scientific Advisory Board.

We utilized a lateral hemisection spinal cord injury model in four African Green monkeys, in which the left-half segment of the spinal cord between T9 and T10 was surgically removed. Immediately following tissue removal, our biopolymer devices were inserted into the resulting lesion by our Chief Medical Officer, Dr. Eric Woodard (Figure 4). The injury model resulted in Brown-Séquard syndrome: paralysis of the animals' left hind limb and loss of sensory function in the animals' right hind limb. The injury model was successful in preserving bowel and bladder function in all animals.

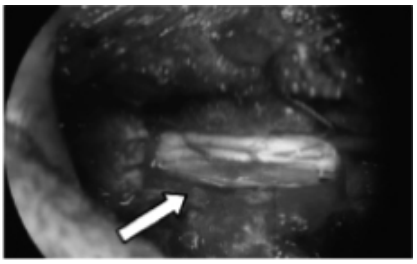

FIGURE 4. DEVICE INSERTED INTO HEMI-SECTION

Animals were monitored for six weeks post-injury, and behavioral scoring was performed to measure functional recovery by a neuroscientist blinded to the injury model or treatments performed on each subject. Preliminary video data of the primates was reviewed and rated by a blinded reviewer not involved in the conduct of the study based on a twenty point neuromotor observational scale developed by InVivo that is analogous to the BBB twenty point neuromotor scale for rodents. InVivo's twenty point scale assesses the degree of neuromotor recovery in the hind-limbs of primates after the lateral hemisection injury model. For example, a score of zero means the primate has no voluntary muscle function after injury, a score of twenty means a completely recovery after injury. Any score greater than eight indicates the subject has regained the ability to bear weight and perform deliberate stepping (Figure 6).

Non-Human Primate Studies: Comparison of Results to Prior Rodent Study

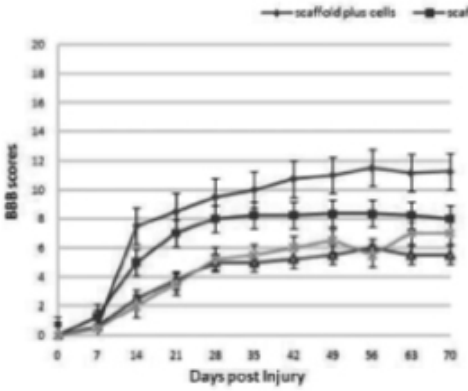

FIGURE 5. IPSILATERAL-LESIONED SIDE BBB OPEN-FIELD WALKING SCORE FROM RODENT STUDY (Teng, Lavik, *et al.* 2002)

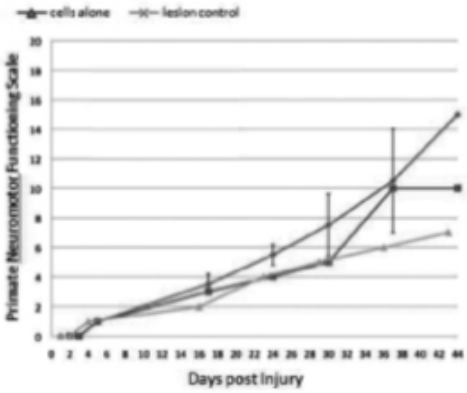

FIGURE 6. LEFT HINDLIMB NEUROMOTOR PERFORMANCE FROM ST. KITTS PRIMATE GREEN PILOT STUDY (2008)
(SCAFFOLD + HNSC: N=2 EXPECT FOR DAY 1 & DAY 44, WHERE N=1; SCAFFOLD-ALONE: N=1, NO TREATMENT: N=1)

The two African Green monkeys that received scaffolds seeded with human neural stem cells (n=2, Figure 6) demonstrated an improved level of functional recovery compared to the control animal (n=1, Figure 6). These results mirrored the behavioral observations obtained in our rodent study (n=12, Figure 5). Furthermore, implantation of the scaffold alone demonstrated improved efficacy in promoting functional recovery compared to the control in both one monkey (n=1, Figure 6) and in prior rodent studies (n=12, Figure 5).

2nd Primate Study 2010- Preclinical evaluation of biomaterial scaffolds and hydrogels in a model spinal cord injury in the African green monkey.

A second primate study involving 16 primates, was also conducted at the St. Kitts Biomedical Research Foundation in St. Kitts and Nevis. The surgeries were also performed by Eric Woodard, MD and Jonathan Slotkin, MD. A segmental thoracic hemisection was used in African green monkeys for the evaluation of biomaterial implants in a pre-clinical model of spinal cord injury in the non-human primate. The model's physiological tolerance permitted behavioral analyses for a 12-week period post-injury, extending to termination points for immunohistochemical analyses.

Implementation of surgically-induced spinal cord injury through T9-T10 thoracic lateral hemisection on 16 African green monkeys with administration of a PLGA-polylysine scaffold (n=4), a PLGA-polylysine scaffold soaked in growth factors (EGF, bFGF, 15 µg each) (n=5), a thiol-acrylate poly (ethylene glycol) based hydrogel containing 150 µg methylprednisolone sodium succinate (n=4), or no treatment for control (n=4). Implants were administered at the time of lesioning. The objective was to determine the feasibility and reliability of this pre-clinical model of spinal cord injury, the safety and efficacy of the implants in a non-human primate model, as well as the establishment of assessment measures. Analysis of functional neuromotor improvements was performed by statistical evaluation of 3D kinematic and electromyographic ("EMG") recordings, InVivo's 0-20 neuromotor scoring system and histological and immunohistochemical stains on post-mortem spinal cord thoracic and lumbar cross-sections.

The neuromotor assessment by a blinded trained neuroscientist for each group over the twelve-week period for the left hind limb was charted (Figure 7). All groups show an initial paralysis 2 days post-injury, confirming successful surgical induction of model Brown-Séquard syndrome. The treatment groups exhibited an improved recovery compared to untreated injured controls on average. Kinematic and EMG analyses exhibited the same trend. While only sixteen primates were evaluated, the initial results are consistent with data from prior monkey and rodent studies.

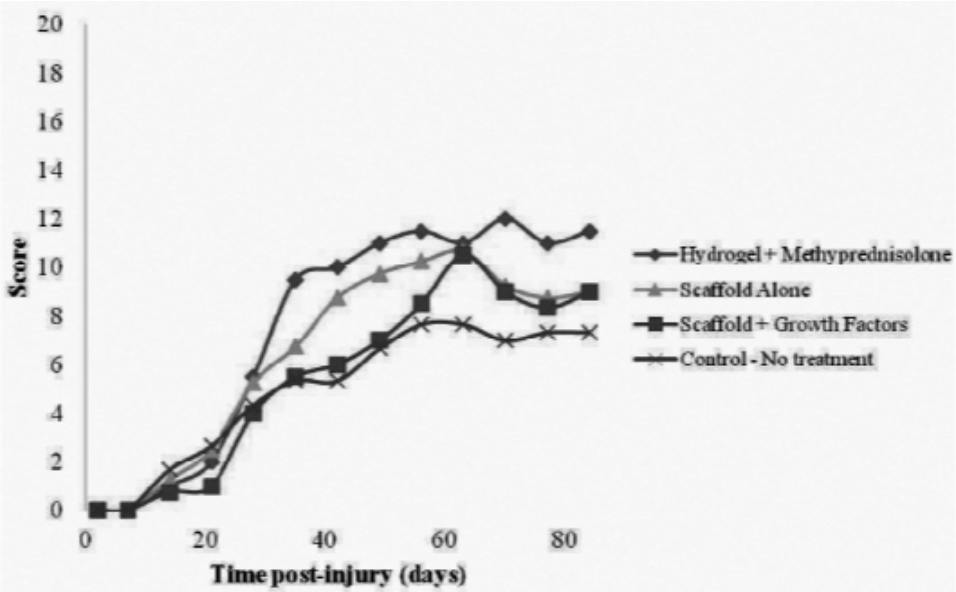

FIGURE 7. IPSILATERAL HINDLIMB TREADMILL HANDCAM NEUROMOTOR SCORE

3rd Primate Study 2011: Preclinical evaluation of biomaterial scaffolds and hydrogels in a model spinal cord injury in the African green monkey.

A third primate study was begun in 2011 at the St. Kitts Biomedical Research Foundation in St. Kitts and Nevis. The surgeries were also performed by Eric Woodard, MD, and Jonathan Slotkin, MD. The data collected from this study is intended to support results from previous pre-clinical studies. The study includes 24 additional primates utilizing the same trial design as the second African green monkey study. Animals were assigned to one of three groups, including a treatment group (n=8) treated with the PLGA-polylysine scaffold, a treatment group (n=8) treated with the thiol-acrylate poly (ethylene glycol) based hydrogel (containing 150 µg methylprednisolone sodium succinate), and a control group (n=8) that received no treatment. Initial results are consistent with data from prior monkey and rodent studies.

Commercialization Strategy

Clinical Regulatory Plan

Our PLGA biopolymer scaffolding product is expected to be regulated as a Class III medical device by the FDA. We will be required to demonstrate safety and efficacy in a human clinical trial before we can submit a PMA for FDA approval. Before human clinical trials can commence, we are required to obtain FDA clearance to conduct the clinical trial under an Investigational Device Exemption application ("IDE"). An IDE application is required by the FDA to include the following information:

- A detailed report of all prior pre-clinical investigations with the device;
- Summary of clinical publications that are relevant to the device;
- An investigational plan for the device that includes the proposed human clinical study protocol; and
- A detailed description of the methods, facilities and controls used for the manufacturing of the device.

Once the IDE has been filed with the FDA, the FDA has a thirty-day period to approve the IDE, or disapprove the IDE, in which case the applicant is provided the opportunity to provide additional information to the FDA to respond to the filing deficiencies. We have conducted a Pre-IDE meeting with the FDA at which we reviewed the pre-clinical data and the clinical trial protocol. At the meeting, the FDA provided the Company observations and guidance concerning the pre-clinical data required for the IDE submission, the description of the manufacturing methods used to make the device and the proposed clinical study protocol. We submitted an IDE to the FDA on July 7, 2011. The FDA has provided the Company with comments to its IDE filing and the Company is in the process of responding to the FDA comments. The Company anticipates that its IDE will be approved by the FDA during 2012.

We first plan to conduct a pilot clinical study to evaluate the device in ten acute spinal cord injury patients. We are also planning a larger follow-on pivotal human study in acute spinal cord injury patients after the pilot study is completed. The clinical development timeline is subject to a number of risks that could delay the filing of a PMA or cause a PMA never to be filed. The FDA will review the PMA and there could be significant delays in the review process. There is also a risk that the FDA will never approve the PMA. These risks are described in the section entitled "Risk Factors." Even if the FDA approves the PMA for our biopolymer scaffolding product, since this is a new unproven technology, the Company will have significant challenges to demonstrate the clinical utility of the product and gain acceptance from physicians and obtain third party reimbursement for its product. For major markets outside the United States, the Company plans to seek regulatory approvals after the clinical trials are conducted in the United States.

Our regulatory team is led by David Feigal, MD, a consultant to the Company and a member of our Business Advisory Board. Dr. Feigal recently served as Vice-President, Regulatory at Amgen, Inc. and earlier was the number-two executive at the FDA from 1992 to 2006. During his tenure, he was head of the FDA's Center for Devices for five years and head of the Center for Biologics for five years. For our day-to-day handling of FDA processes, we will hire a Director of Regulatory & Clinical Affairs who will be responsible for managing our regulatory affairs.

Janice Hogan, a managing partner at Hogan Lovells US LLP, serves as our FDA consultant. Ms. Hogan has over twenty-five years of experience in representing spine industry companies to the FDA such as Johnson & Johnson's DePuy Spine, Synthes Spine, Abbott Spine, Stryker Spine, and Medtronic Spine.

Manufacturing and Product Delivery Plan

We believe that the raw material polymers for our first device product can be readily obtained from suppliers that already have obtained FDA clearance to manufacture these components. We have developed a proprietary manufacturing process to create a uniform porous three-dimensional scaffolding structure for each device. We

plan to purchase the raw material polymers from suppliers and then utilize our proprietary manufacturing process to create the final polymer scaffolding. Proprietary manufacturing processes will include batch processes to create the scaffolds. We intend to either establish a manufacturing facility or utilize a third-party to produce the polymer scaffolding and then package the final product.

Sales and Marketing

We plan to sell our spinal cord injury products through a to-be-established direct sales force for major markets in the U.S and through distributors in foreign markets. Since the product is new, we will seek to gain acceptance with the physicians who are thought leaders in the spinal cord injury field and plan on utilizing a consultative selling approach. The direct sales force will focus its efforts on maximizing revenue through product training, placement and support. We will seek to establish strong relationships with orthopedic spine surgeons and neurosurgeons and expect to provide a high level of service for the products including providing on-site assistance and service during procedures at any time of day. The primary market channel for the product will be to emergency department physicians handling trauma cases. In addition, we will establish medical education programs to reach practitioners in physical medicine and rehabilitation centers, and through patient advocacy groups. We will also utilize Internet and other marketing approaches to reach spinal cord injury patients.

Intellectual Property

In July 2007, InVivo obtained a world-wide exclusive license (the “CMCC License”) to a broad suite of patents co-owned by MIT and CMCC covering the use of a wide range of biopolymers to treat spinal cord injury, and to promote the survival and proliferation of human stem cells in the spinal cord. In addition, they cover the use of biomaterials in combination with growth factors and drugs. On May 12, 2011, the CMCC License was amended to expand the field of use to include parts of the peripheral nervous system, the cavernous nerve surrounding the prostate, the brain, the retina and cranial nerves. The CMCC License covers 10 issued US patents and 3 pending US patents as well as 67 international patents and 34 international patents pending.

The CMCC License provides us intellectual property protection for the use of any biomaterial scaffolding used as an extracellular matrix substitute for treating spinal cord injury by itself or in combination with drugs, growth factors and human stem cells. Our rodent studies have shown that human stem cells cannot proliferate and survive without the addition of the biopolymer scaffolding which serves as an extracellular matrix replacement and mimics the natural cellular architecture of the inner ‘grey’ and outer ‘white’ matter of the spinal cord. We believe that any extracellular matrix developed to treat spinal cord injuries will infringe on the patents licensed to us. We intend to defend all patents very aggressively.

The patents are the results of over a decade of research by Dr. Robert S. Langer, Professor of Chemical and Biomedical Engineering at MIT and his research teams at MIT’s Langer Lab. Dr. Langer is an inventor who is generally regarded to be the cofounder of the field of tissue engineering.

Under the CMCC License, we have the right to sublicense the patents. We have full control and authority over the development and commercialization of the licensed products, including clinical trials, manufacturing, marketing, and regulatory filings and we own the rights to the data it generates. In addition, we have the first right of negotiation for a thirty-day period to any improvements to the intellectual property.

The CMCC License has a 15-year term, or as long as the life of the last expiring patent right, whichever is longer, unless terminated earlier by CMCC. In connection with the CMCC License, we submitted to CMCC and MIT a 5-year plan with certain targets and projections that involve the timing of product development and regulatory approvals. We are required to meet the objectives in the plan, or else we are required to notify CMCC and revise the plan. CMCC has the right to terminate the CMCC License for failure by us to either meet the objectives in the plan or submit an acceptable revision to the plan within a 60-day cure period after notification by CMCC that we are not in compliance with the plan.

We are required to pay certain fees and royalties under the CMCC License. Specifically, we are required to pay a license issue fee, which was paid at the execution of the CMCC License. We are also required to pay a license amendment fee as consideration for the expansion of the field of use and to make milestone payments upon completing various phases of product development, including (i) upon FDA filing of first Investigational New Drug application and Investigational Device Exemption application; (ii) upon enrolling first patient in Phase II testing; (iii) upon enrolling first patient in Phase III testing; (iv) upon filing with the FDA of first New Drug Application or related applications; (v) upon FDA approval of first New Drug Application or related application, and; (vi) upon first market approval in any country outside the US. Each year prior to the release of a licensed product, we are also required to pay a maintenance fee. Further, we are required to make payments based on sublicenses to manufacturers and distributors. We believe that we have sufficient capital resources to make all of such payments. In addition, following commercialization, we are required to make ongoing royalty payments equal to a percentage of net sales of the licensed products.

Compliance with Environmental, Health and Safety Laws

In addition to FDA regulations, we are also subject to evolving federal, state and local environmental, health and safety laws and regulations. In the past, compliance with environmental, health and safety laws and regulations has not had a material effect on our capital expenditures. We believe that we comply in all material respects with existing environmental, health and safety laws and regulations applicable to us. Compliance with environmental, health and safety laws and regulations in the future may require additional capital expenditures.

Employees

We currently have 16 employees, consisting of 12 full-time employees and 4 part-time employees. None of our employees are represented by a labor union, and we consider our employee relations to be good. We also utilize a number of consultants to assist with research and development and regulatory activities. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel.

Description of Properties

Our executive offices are located in leased premises at One Broadway, 14th Floor, Cambridge, MA 02142 and our phone number is 617-475-1520.

On November 15, 2010, we entered into a commercial lease for 1,200 square feet of office and laboratory space in Medford, MA for a two year period. On November 29, 2011, we executed a commercial lease for 20,917 square feet of office, laboratory and manufacturing space in Cambridge, MA for a period of six years and three months.

Legal Proceedings

From time to time we may be named in claims arising in the ordinary course of business. Currently, no legal proceedings, government actions, administrative actions, investigations or claims are pending against us or involve us that, in the opinion of our management, could reasonably be expected to have a material adverse effect on our business and financial condition.

We anticipate that we will expend significant financial and managerial resources in the defense of our intellectual property rights in the future if we believe that our rights have been violated. We also anticipate that we will expend significant financial and managerial resources to defend against claims that our products and services infringe upon the intellectual property rights of third parties.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information regarding the beneficial ownership of our Common Stock as of December 9, 2011 by (i) each person who, to our knowledge, owns more than 5% of our Common Stock; (ii) each of the directors and executive officers of the Company; and (iii) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following tables, each person named in the table has sole voting and investment power and that person's address is c/o InVivo Therapeutics Holdings Corp., One Broadway, Cambridge, Massachusetts 02142. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days of December 9, 2011 are deemed outstanding for computing the share ownership and percentage of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person.

Frank Reynolds(1)(2)	15,540,122	29.3%
Robert S. Langer	8,262,360	15.7%
Kevin Kimberlin(3)	7,066,721	12.2%
Adam K. Stern(1)(4)	2,499,456	4.7%
Richard J. Roberts(1)(5)	894,897	1.7%
George Nolen(1)(6)	140,302	*
Christi Pedra(1)(7)	171,285	*
Edward Wirth(1)(8)		
All directors and executive officers as a group (6 persons)(1)	19,246,062	35.2%

* Less than one percent

(1) Officer and/or director.

(2) Represents (i) 15,147,660 shares of Common Stock and (ii) 392,462 shares issuable upon the exercise of stock options.

(3) Represents (i) 1,947,321 shares owned by Optical Partners, LLC and (ii) 5,119,400 shares underlying warrants held by Spencer Trask that it received in connection with the bridge financing and the 2010 Private Placement.

(4) Represents (i) 500,083 shares owned by Adam Stern; (ii) 40,000 shares underlying warrants owned by Adam Stern; (iii) 58,334 shares issuable upon the exercise of stock options held by Adam Stern; (iv) 801,507 shares owned by ST Neuroscience Partners, LLC; (v) 301,400 shares underlying warrants owned by ST Neuroscience Partners, LLC; (vi) 475,079 shares owned by Pavilion Capital Partners, LLC; and (vii) 323,053 shares owned by Piper Venture Partners, LLC.

(5) Represents shares issuable upon the exercise of stock options.

(6) Represents (i) 10,000 shares underlying Investor Warrants, (ii) 10,000 shares of Common Stock and (iii) 120,302 shares issuable upon the exercise of stock options.

(7) Represents (i) 151,285 shares issuable upon the exercise of stock options, (ii) 10,000 shares underlying Investor Warrants and (iii) 10,000 shares of Common Stock.

(8) Edward Wirth joined the Company as Chief Science Officer on December 5, 2011.

DIRECTORS AND EXECUTIVE OFFICERS

The following persons are the executive officers and directors of the Company and hold the positions set forth opposite their name.

Name	Age	Position
Frank M. Reynolds	49	Chairman of the Board of Directors, Chief Executive Officer, Chief Financial Officer*
Edward D. Wirth III	47	Chief Science Officer
Richard J. Roberts	67	Director, Scientific Advisory Board Member
George Nolen	55	Director (Lead Director)
Christi M. Pedra	53	Director
Adam K. Stern	46	Director

* Mr. Reynolds will serve as Chief Financial Officer pending the Company's hiring of an individual to serve in such capacity. The Company has initiated a search to locate such a qualified individual.

Spencer Trask was granted the right to designate one member to our Board of Directors for a period of two years following the 2010 Private Placement and has designated Adam K. Stern to fill such Board seat.

There are no family relationships between any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company.

Officers

Frank M. Reynolds, Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer, has been CEO, Chairman and CFO of the Company since October 2010 and has been CEO of InVivo since 2005. He is an Executive Board Member of the Irish American Business Chamber and has served on the board of the Special Olympics of Massachusetts, Philadelphia Cares, and Wharton Consulting Partners. Mr. Reynolds brings to the Board over 25 years of executive management experience. He is the former Director of Global Business Development at Siemens Corporation where he was responsible for new business in 132 countries. He was the founder & CEO of Expand the Knowledge, Inc., an IT consulting company with a focus on life sciences. In addition, Mr. Reynold's executive role at InVivo provides him a deep knowledge of the business of the Company.

Mr. Reynolds suffered an injury to his spine in 1992. While recovering from this injury, he took the opportunity to earn two Master's degrees and he currently holds a Master of Business Administration from Sloan Fellows Program in Global Innovation and Leadership – 2006, Massachusetts Institute of Technology; a Master's of Science in Technology Management – 2005, The Wharton School of Business, University of Pennsylvania; a Master's of Science in Engineering – 2003, University of Pennsylvania; a Master's of Science in Management Information Systems – 2001, Temple University; a Master's of Science in Health Administration – 1996; Saint Joseph's University; and a Master's of Science in Psychology – 1994, Chestnut Hill College. He also has a Bachelor of Science in Marketing – 1984, Rider University.

Dr. Edward D. Wirth III, Chief Science Officer, joined the Company in December 2011. Prior to joining the Company, Dr. Wirth was the Medical Director, Regenerative Medicine at Geron Corporation which he joined in August 2004 and where he has led the effort to initiate clinical trials of Geron Corporation's human embryonic stem cell-derived products. From January 2002 to May 2004, Dr. Wirth held academic appointments at Rush-Presbyterian St. Luke's Medical Center and at the University of Chicago. From July 1997 to December 2001, Dr. Wirth led the University of Florida team that performed the first human embryonic spinal cord transplant in the United States. This pilot study demonstrated the feasibility and safety of implanting embryonic spinal cord cells into patients with post-traumatic syringomyelia.

Directors

Dr. Richard J. Roberts, PhD, Director, has been a director of the Company since October 2010 and a director of InVivo since November 2008. Dr. Roberts has been the Chief Scientific Officer at New England Biolabs since July 1, 2005. Dr. Roberts joined InVivo's Scientific Advisory Board in June 2007. He was awarded the 1993 Nobel Prize in Physiology or Medicine along with Phillip Allen Sharp for the discovery of introns in eukaryotic DNA and the mechanism of gene-splicing. He holds a B.Sc. in Chemistry and a Ph.D. in Organic Chemistry from the University of Sheffield, U.K. Dr. Roberts has discovered and cloned restriction enzymes and been involved in studies of Adenovirus-2, beginning with studies of transcription that led to the discovery of split genes and mRNA splicing. His laboratory has pioneered the application and development of computer methods for protein and nucleic acid sequence analysis that continues to be a major research focus for Dr. Roberts. Dr. Roberts brings to the Board an understanding of the science and technology involved in the Company's business.

George Nolen, Lead Director, has been a director of the Company since October 2010 and a director of InVivo since December 2009. Mr. Nolen was the President and Chief Executive Officer of Siemens Corporation, the U.S. subsidiary of Siemens, AG, from 2004 until his retirement in August of 2009. Prior to his role as Siemens USA's CEO, Mr. Nolen held numerous roles in Siemens including President of Siemens' Information and Communications division, overseeing this business from 1998 to 2004. He is a 1978 graduate of Virginia Tech, where he currently serves as the Rector of the University's Board of Visitors. Mr. Nolen brings to the Board extensive leadership and business experience through his successful and long-running career at Siemens.

Christi M. Pedra, Director, has been a director of the Company since October 2010 and a director of InVivo since November 2008. Ms. Pedra became the Senior Vice President, Strategic New Business Development & Marketing Siemens Healthcare of Siemens Medical USA in January 2010. Previously she served as Chief Executive Officer of Siemens Hearing Instruments, Inc. from January 2007 through December 2009. She was charged with leading the company's sales, manufacturing, product development, customer relations and research and development in the United States. From October 2003 through December 2006, she served as Vice President and Chief Operating Officer of Siemens One. Prior to her role with Siemens One, Ms. Pedra served as Vice President of Executive Relations for Siemens Corporation in the Office of the President. Currently, Ms. Pedra is a member of the National Collegiate Athletic Association Leadership Advisory Board. She also serves on the National Council for Liberal Education America's Promise and takes part in several formal and informal mentoring programs. And in 2002, Ms. Pedra was nominated and selected to be a David Rockefeller Fellow, a one-year leadership program sponsored by the NYC Partnership and the David Rockefeller Foundation. Ms. Pedra received her MBA from Rutgers University. Ms. Pedra brings to the Board extensive management experience through her many roles at Siemens.

Adam K. Stern, Director, has been a director of the Company since October 2010 and was designated as such by Spencer Trask. Mr. Stern is Senior Managing Director of Spencer Trask, and has over 20 years of venture capital and investment banking experience focusing primarily on the technology and life science sectors of the capital markets. He currently manages the structured finance group of Spencer Trask. Mr. Stern joined Spencer Trask in September 1997 from Josephthal & Co., members of the New York Stock Exchange, where he served as Senior Vice President and Managing Director of Private Equity Marketing and held increasingly responsible positions from 1989 to 1997. He has been a licensed securities broker since 1987 and a General Securities Principal since 1991. Mr. Stern currently sits on the boards of various private companies. Mr. Stern holds a Bachelor of Arts degree with honors from The University of South Florida in Tampa. Mr. Stern brings to the Board extensive financial experience through his career in the financial sector.

NON-EXECUTIVE OFFICER AND SCIENTIFIC AND BUSINESS ADVISORY BOARDS

In addition to our executive officers and directors, our team includes a non-executive officer and both a Scientific Advisory Board and a Business Advisory Board that provide guidance to the Company. The Scientific Advisory Board reviews the progress of the Company's product development and provides input to the Company's management regarding scientific issues relating to the Company's product and potential markets. The Business Advisory Board provides business expertise and regulatory advice to the CEO and the Company. Both boards are advisory only and do not have the power to make decisions on behalf of the Company. The following persons are the non-executive officer and members of our advisory boards and hold the positions set forth opposite their name.

Dr. Eric J. Woodard	Chief Medical Officer, Scientific Advisory Board Member
Dr. Richard J. Roberts	Director, Scientific Advisory Board Member
Dr. Robert S. Langer	Scientific Advisory Board Member
V. Reggie Edgerton	Scientific Advisory Board Member
Jonathan R. Slotkin	Scientific Advisory Board Member
Todd Albert	Scientific Advisory Board Member
Paul Mraz	Business Advisory Board Member
David Feigal	Business Advisory Board Member

Eric J. Woodard, M.D., Chief Medical Officer, is the Chief, Neurosurgery at New England Baptist Hospital in Boston. Dr. Woodard was appointed to InVivo's Scientific Advisory Board in June 2007 and became Chief Medical Officer of InVivo in September 2008. Dr. Woodard received his medical degree from Pennsylvania State University and completed his residency in Neurological surgery at Emory University. Following residency, Dr. Woodard completed a fellowship in complex spinal surgery at the Medical College of Wisconsin under Dr. Sanford Larsen. He is a diplomat of the American Board of Neurological Surgeons.

Dr. Woodard was formerly Chief of the Division of Spinal Surgery in the Department of Neurological Surgery at Brigham and Women's Hospital, where he held the rank of Assistant Professor in Surgery at Harvard Medical School. He has been an editorial board member for The Journal of Spinal Disorders, Spine Universe.com and is an ad hoc reviewer for Neurosurgery, Journal of Neurosurgery and the New England Journal of Medicine. He is the immediate past chairman of the AO Spine North America Board and serves on the Board of AO Spine International.

Robert S. Langer, ScD, Scientific Advisory Board Member, is the David H. Koch Institute Professor at the Massachusetts Institute of Technology (MIT). Dr. Langer has written over 1,100 articles. He also has approximately 760 issued and pending patents worldwide. Dr. Langer's patents have been licensed or sublicensed to over 220 pharmaceutical, chemical, biotechnology and medical device companies. He received his Bachelor's Degree from Cornell University in 1970 and his Sc.D. from the Massachusetts Institute of Technology in 1974, both in Chemical Engineering.

He served as a member of the United States Food and Drug Administration's SCIENCE Board from 1995 – 2002 and as its Chairman from 1999-2002. Dr. Langer has received over 180 major awards including the 2006 United States National Medal of Science; the Charles Stark Draper Prize and the 2008 Millennium Prize. In 1989, Dr. Langer was elected to the Institute of Medicine of the National Academy of Sciences, and in 1992 he was elected to both the National Academy of Engineering and to the National Academy of Sciences. Dr. Langer has received honorary doctorates from 16 national and international universities.

Dr. Reggie Edgerton, PhD, Scientific Advisory Board Member, has been the Director of U.C.L.A's Edgerton Lab since 1968 and is a professor in the Department of Physiological Sciences at U.C.L.A. His research is focused on neural control of movement and how this neural control adapts to altered use and after spinal cord injury. He completed his Ph.D. under the direction of Drs. Wayne Van Huss, Rex Carrow, and William Heusner at Michigan State University.

Dr. Edgerton is on the Scientific Advisory Board of The Christopher Reeves Foundation (CRF) and his laboratory is one of eight in the world receiving funding from the CRF. In addition to serving on the board of the CRF, he is currently on the Scientific Advising board of the American Paralysis Association. Dr. Edgerton has co-authored two books and is the author of approximately 300 research papers.

Jonathan Slotkin, MD, Scientific Advisory Board Member, is a clinical neurosurgeon and research scientist. Clinically, Dr. Slotkin has expertise in complex spinal surgery, minimally invasive spinal surgery, spinal oncology surgery and brain tumor surgery. Dr. Slotkin completed residency training in neurosurgery at Harvard Medical School, Brigham and Women's Hospital. He performed a fellowship in complex spinal surgery with Dr. Eric J. Woodard. He is the co-editor of a two-volume publication on spinal surgery. Dr. Slotkin is currently a neurosurgeon with the Washington Brain and Spine Institute.

Dr. Slotkin has authored or co-authored several peer-reviewed scientific publications in the areas of repair after spinal cord injury in animal models, and in vivo quantum dot labeling of neural stem cells.

Todd J. Albert, MD, Scientific Advisory Board Member, is the James Edwards Professor and Chair of the Department of Orthopaedics at Jefferson Medical College. He is also the President of the Rothman Institute in Philadelphia. Previously, he served as Co-director of Reconstructive Spine Surgery and the Spine Fellowship Program at Thomas Jefferson University. Dr. Albert graduated magna cum laude from Amherst College and received his doctor of medicine degree from the University of Virginia School of Medicine.

Dr. Albert serves on the boards of several scientific journals, including Spine, The Spine Journal, and The Journal of Spinal Disorders and Techniques, as well as medical associations. He is Chair of Network Development for the National Spine Network. Dr. Albert has published over 200 scientific articles, authored over 40 book chapters, and seven textbooks on spinal surgery.

Paul Mraz, Business Advisory Board**,** currently serves as Chief Executive Officer of CeraPedics, Inc., a medical device company. Mraz most recently served as Chairman and CEO of Angstrom Medica, Inc. (acquired by Pioneer Surgical Technology). Prior to Angstrom Medica, Mraz was a Principal of Link Spine Group Inc. as Vice President – Worldwide Marketing and International Sales until its acquisition by Johnson & Johnson in June 2003.

Mr. Mraz currently serves as a Director of superDimension, Ltd. (Herzliya, ISRAEL and Plymouth, MN). Mraz received a B.S. degree in Mechanical Engineering from Lafayette College and an M.S. degree in Mechanical Engineering and Biomechanics from Case Western Reserve University. He holds six US Patents for various medical devices and is an active advisor to numerous venture capital groups.

David W. Feigal Jr., MD, Business Advisory Board, recently served as Vice President, Global Regulatory at Amgen, Inc. Previously, Dr. Feigal was Senior Vice President, Head of Global Regulatory and Global Safety Surveillance at Elan. Prior to joining Elan in November 2006, he spent 12 years with the FDA. During his time at the FDA, he was Head of the Center for Devices and Head of the Center for Biologics for five years each.

Before joining the FDA, Dr. Feigal worked for 10 years within the academic and hospital settings of the University of California in San Diego, San Francisco and Davis. He holds a BA from University of Minnesota, an MD from Stanford University and a Master of Public Health from the University of California, Berkeley.

The Company does not pay Members of its Advisory Boards any cash compensation and plans to compensate the Scientific Advisory and Business Advisory Boards through the issuance of stock options.

EXECUTIVE COMPENSATION

Compensation of ITHC Executive Officers and Directors

Summary Compensation

For the three most recently completed fiscal years, no compensation was paid to any executive officer of ITHC.

Outstanding Equity Awards at Fiscal Year End

None of the ITHC executive officers held any options or other equity awards at March 31, 2010.

Director Compensation

None of the ITHC directors received any compensation for service as a director of ITHC during the fiscal year ended March 31, 2010.

Compensation of InVivo Executive Officers and Directors

Summary Compensation Table

In connection with the consummation of the Merger, InVivo's Chief Executive Officer, Frank M. Reynolds, became the Chief Executive Officer of the Company. The following summary compensation table sets forth the compensation paid for services rendered to InVivo during the past two fiscal years by its Chief Executive Officer. There were no other executive officers during the past two fiscal years. All information relating to option awards reflects the exchange of InVivo options for ITHC options in the Merger.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary	Bonus	Option Awards(1)(2)	All Other Compensation	Total
Frank Reynolds	2010	$ 375,000	$ 150,000	—	—	$ 525,000
Chief Executive Officer	2009	$ 275,000	$ 40,000	$ 350,418	—	$ 665,418

(1) The amounts shown in this column represent the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, not the actual amounts paid to or realized by the Chief Executive Officer during fiscal 2010 and fiscal 2009. FASB ASC Topic 718 fair value amount as of the grant date for stock options generally is spread over the number of months of service required for the grant to vest.

(2) The fair value of each stock option award is estimated as of the date of grant using the Black-Scholes valuation model. Additional information regarding the assumptions used to estimate the fair value of all stock options awards can be found in the section entitled "Stock-Based Compensation" in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Agreements with Officers and Directors

In November 2006, InVivo entered into an Agreement with each of: (i) Frank Reynolds, InVivo's current Chief Executive Officer; (ii) Robert Langer, InVivo's current Scientific Advisory Member; and (iii) Yang D. Teng. The Agreement provided for the repurchase of a party's unvested shares of common stock by the other parties upon the occurrence of certain events. As of the date of this prospectus, all shares granted to each of the parties have vested.

The Company entered into an amended and restated executive employment agreement (the "Employment Agreement") with Mr. Reynolds on March 15, 2011. The Employment Agreement, among other things, established Mr. Reynolds' compensation as follows: (i) annual base salary of $477,000; (ii) up to $3,200 per

month for living expenses for the time period of January 2011 through December 2012; (iii) annual compensation for other fringe benefits approved in the amount of $19,900 per year; and (iv) an annual bonus, with a 2011 target of $238,500. Mr. Reynolds' bonus payment is subject to the achievement of certain corporate objectives for fiscal year 2011, each of which will entitle him to a corresponding percentage of the target.

Under the Employment Agreement, if Mr. Reynolds' employment is terminated by the Company without cause, or by Mr. Reynolds as a result of a constructive termination by the Company, or as a result of Mr. Reynolds' death or disability, then the Company is obligated to pay severance (consisting of base salary in effect at the time of termination) to Mr. Reynolds (or Mr. Reynolds' legal representatives) for a period of 18 months. In addition, if Mr. Reynolds' employment is terminated by the Company without cause, or by Mr. Reynolds as a result of a constructive termination by the Company, the Company will be obligated to pay Mr. Reynolds his target bonus, prorated based on the number of days of such fiscal year that have elapsed as of the termination date, as well as up to 18 months of health insurance benefits. Severance payments are contingent on execution of a general waiver and release of claims against the Company and certain of its affiliates, and are in addition to accrued obligations to Mr. Reynolds unpaid by the Company prior to the time of termination, death or disability. The Employment Agreement also contains various restrictive covenants, including covenants relating to non-competition, non-solicitation, confidentiality and cooperation.

Mr. Reynolds was also granted a nonqualified stock option to purchase 250,000 shares of Common Stock under the 2010 Plan at an exercise price of $1.20, which is equal to the closing price of the Common Stock on the date of execution of the Employment Agreement and the date the stock option was granted (the "Date of Grant"). This stock option shall vest and become exercisable as to 25% of the shares subject to the option on each of the first four anniversaries of the Date of Grant, provided that Mr. Reynolds remains an employee, consultant or director of the Company on each vesting date.

The Company and Dr. Wirth executed an employment offer letter on September 24, 2011 (the "Offer Letter"), which provides for the employment of Dr. Wirth at an annual salary of $277,000. Dr. Wirth will also be eligible for an annual bonus, with a target bonus equal to 20% of his annual salary, after one year of employment. Upon commencement of employment, Dr. Wirth was granted an option to purchase 775,000 shares of Common Stock at an exercise price of $1.87 (the closing price on the date of grant). Such option will vest as to 25% of the shares subject to the option on each of the first, second, third and fourth anniversaries of the date of grant, provided that Dr. Wirth remains employed by the Company on each vesting date. In addition, Dr. Wirth will receive a $37,000 sign on bonus payable after 30 days of employment.

Outstanding Equity Awards at 2010 Fiscal Year-End

The following table summarizes the equity awards made to our named executive officers that were outstanding at December 31, 2010.

Name	No. of Securities Underlying Unexercised Options (#) Exercisable	No. of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date
Frank Reynolds(1)	196,231	588,693	$ 0.91	12/12/2019

(1) The options were granted on December 12, 2009. 196,231 shares vested on each of December 12, 2010 and December 12, 2011. An additional 196,231 shares will vest on each of the third and fourth anniversaries of the date of grant.

Board of Directors and Corporate Governance

Our Board of Directors consists of five (5) members. On the Closing of the Merger, Peter L. Coker and Peter A. Reichard, the sole members of the Board of Directors of ITHC, resigned, and simultaneously therewith, a new

Board of Directors was appointed. The Board consists of four (4) members who were former directors of InVivo and Adam K. Stern, who was appointed at the closing of the Merger at the request of Spencer Trask.

Board Independence

The Company is not currently listed on any national securities exchange or in an inter-dealer quotation system that has a requirement that the Board of Directors be independent. However, in evaluating the independence of its members and the composition of the committees of the Board of Directors, the Board utilizes the definition of "independence" as that term is defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act. Using these standards, the Board of Directors determined that Messrs. Nolen and Roberts and Ms. Pedra are currently "independent" directors. The Board determined that Mr. Stern is not independent as a result of the payments to Spencer Trask and that Mr. Reynolds is not independent as a result of his employment relationship with the Company.

Committees of the Board

The Board has designated two principal standing committees, the Audit Committee and the Governance, Nominating and Compensation Committee (the "GNC Committee"). The current members of the Audit Committee and the GNC Committee are identified in the following table:

Name	Audit Committee	GNC Committee
George Nolen	Chair	X
Christi Pedra	X	Chair
Rich Roberts	X	X

Audit Committee

The Board has a standing Audit Committee established in accordance with Section 3(a)(58)A of the Exchange Act. The Audit Committee assists the Board in fulfilling its responsibilities to stockholders concerning the Company's financial reporting and internal controls. The Audit Committee facilitates open communication among the Audit Committee, the Board, the Company's independent registered public accounting firm and management. The Audit Committee discusses with management and the Company's independent registered public accounting firm the financial information developed by the Company, the Company's systems of internal controls and the Company's audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining, and, where necessary, terminating the engagement of the Company's independent registered public accounting firm. The independent registered public accounting firm meets with the Audit Committee (both with and without the presence of the Company's management) to review and discuss various matters pertaining to the audit, including the Company's financial statements, the report of the independent registered public accounting firm on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by the Company.

The Audit Committee pre-approves all audit services to be provided to the Company by the principal auditor and all other services (including reviewing, attestation and non-audit services) to be provided to the Company by the independent registered public accounting firm.

The Audit Committee is charged with establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Audit Committee reviews and oversees all related party transactions on an ongoing basis. The Audit Committee is authorized, without further action by the Board, to engage independent

legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board has adopted a written charter for the Audit Committee, a copy of which is available on the Company's website.

The Board has determined that all of the members of the Audit Committee are independent (as defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules), and that the Audit Committee members meet the independence requirements contemplated by Rule 10A-3 under the Exchange Act. The Board has determined that George Nolen is an "audit committee financial expert" (as defined in Item 407(d)(5) of Regulation S-K).

GNC Committee

The GNC Committee assists the Board in fulfilling its responsibilities relating to (i) compensation of the Company's executive officers, (ii) the director nomination process and (iii) reviewing the Company's compliance with SEC corporate governance requirements. The Board has adopted a written charter for the GNC Committee, a copy of which is available on the Company's website. The Board has determined that all of the members of the GNC Committee are independent (as defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules).

The GNC Committee determines salaries, incentives and other forms of compensation for the Chief Executive Officer and the executive officers of the Company and reviews and makes recommendations to the Board with respect to director compensation. The GNC Committee annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of these goals and objectives, and sets the Chief Executive Officer's compensation level based on this evaluation. The GNC Committee meets without the presence of executive officers when approving or deliberating on executive officer compensation, but may invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation. The GNC Committee reviews and approves the terms of any and all offer letters, employment agreements, severance agreements, change-in-control agreements, indemnification agreements and other material agreements between the Company and its executive officers. In addition, the GNC Committee administers the Company's stock incentive compensation and equity-based plans.

The GNC Committee makes recommendations to the Board concerning all facets of the director nominee selection process. Generally, the GNC Committee identifies candidates for director nominees in consultation with management and the independent members of the Board, through the use of search firms or other advisers, through the recommendations submitted by stockholders or through such other methods as the GNC Committee deems to be helpful to identify candidates. Once candidates have been identified, the GNC Committee confirms that the candidates meet the independence requirements and qualifications for director nominees established by the Board. The GNC Committee may gather information about the candidates through interviews, questionnaires, background checks, or any other means that the GNC Committee deems to be helpful in the evaluation process. The GNC Committee meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board. Upon selection of a qualified candidate, the GNC Committee would recommend the candidate for consideration by the full Board.

In considering whether to include any particular candidate in the Board's slate of recommended director nominees, the Board will consider the candidate's integrity, education, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. As a matter of practice, the Board considers the diversity of the backgrounds and experience of prospective directors as well as their personal characteristics (e.g., gender, ethnicity, age) in evaluating, and making decisions regarding, Board composition, in order to facilitate Board deliberations that reflect a broad range of perspectives. The Board does not assign specific weights to particular criteria and no particular criterion

is a prerequisite for each prospective nominee. The Company believes that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

The GNC Committee will consider director candidates who are recommended by the stockholders of the Company. Such recommendation for nomination must be in writing and include the following:

- the name and address of the stockholder making the recommendation;
- the number of shares of Common Stock that such stockholder owns beneficially and holds of record;
- the name and address of the individual recommended for consideration as a director nominee;
- the principal occupation and experience of the director nominee;
- the total number of shares of Common Stock that the stockholder making the recommendation will vote for the director nominee;
- a written statement from the stockholder making the recommendation stating whether the director nominee has indicated his or her willingness to serve if elected and why such recommended candidate would be able to fulfill the duties of a director; and
- any other information regarding the director nominee that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

Nominations must be sent to the GNC Committee by U.S. mail, courier or expedited delivery service to InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, Massachusetts 02142, Attn: Chair, GNC Committee. The chair of the GNC Committee will then provide the nomination to the GNC Committee for consideration. Assuming that the required material has been provided on a timely basis, the GNC Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Stockholder Communications with the Board

Stockholders may communicate with the Board by sending written communications to the Board or any individual member of the Board to the following address: Board, c/o Secretary, InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, Massachusetts 02142. The Secretary will forward all such correspondence accordingly, except for mass mailings, job inquiries, surveys, business solicitations or advertisements, personal grievances, matters as to which the Company tends to receive repetitive or duplicative communications, or patently offensive or otherwise inappropriate material.

Board Leadership Structure

The Board does not have a policy on whether the offices of Chairman and Chief Executive Officer should be separate and, if they are to be separate, whether the Chairman should be selected from among the independent directors or should be an employee of the Company. In the event the Chairman is not an independent director, the Board may designate a lead independent director. The duties of the lead independent director, as set forth in the Company's Corporate Governance Guidelines, include (i) chairing any meeting of the independent directors in executive session, (ii) facilitating communications between other members of the Board and the Chairman (however, each director is free to communicate directly with the Chairman), (iii) in the event a stockholder seeks to communicate with the Board, accepting and responding to such communications in conjunction with the Chairman, and (iv) working with the Chairman (a) in the preparation of the agenda for each Board meeting, (b) in scheduling the time devoted to matters at each Board meeting and (c) as required, in determining the need for special meetings of the Board. The appointment of lead independent director rotates among the independent directors, but no more frequently than annually, and the Board periodically reviews the matter to determine if and when a rotation is advisable. The lead independent director is currently George Nolen.

Director Compensation for Fiscal 2010

The following table sets forth compensation earned and paid to each non-employee director of InVivo for service as a director during 2010.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
George Nolen(2)	$ 2,000	$71,520	$73,520
Christi M. Pedra(3)	$ 2,000	$71,520	$73,520
Richard J. Roberts(4)	$ 2,000	$71,520	$73,520
Adam K. Stern(5)	$ 1,000	$71,520	$72,520

(1) The amounts shown in the “Option Awards” column represent the aggregate grant date fair value of awards computed in accordance with ASC 718, not the actual amounts paid to or realized by the directors during fiscal 2010.
(2) As of December 31, 2010, Mr. Nolen held options (vested and unvested) to purchase an aggregate of 173,934 shares of our Common Stock.
(3) As of December 31, 2010, Ms. Pedra held options (vested and unvested) to purchase an aggregate of 173,934 shares of our Common Stock.
(4) As of December 31, 2010, Mr. Roberts held options (vested and unvested) to purchase an aggregate of 917,547 shares of our Common Stock.
(5) As of December 31, 2010, Mr. Stern held options (vested and unvested) to purchase an aggregate of 50,000 shares of our Common Stock.

On December 10, 2010, based upon the recommendation of the GNC Committee, the Board adopted a compensation policy for non-employee directors. The policy provides that each non-employee director shall be paid an annual retainer of $25,000 per year (paid quarterly and delivered at each regularly scheduled quarterly Board meeting). In addition, the policy provides that the Lead Independent Director, chairman of the GNC Committee and the chairman of the Audit Committee shall each receive an additional annual fee of $5,000 (paid quarterly and delivered at each regularly scheduled quarterly Board meeting). Each non-employee director shall also receive $1,000 for each in-person Board meeting attended, $500 for each telephonic meeting of the Board attended, and $500 for each committee meeting attended. Each non-employee director will also receive an annual grant, on December 10 of each calendar year, of a nonqualified stock option under the 2010 Plan to purchase up to 50,000 shares of the Company’s Common Stock at an exercise price equal to the closing price of the Common Stock on the date of grant (the “Director Option Date”), and that such option shall be exercisable as to 1/12 of the original number of shares subject to the option on the one month anniversary of the Director Option Date and shall be exercisable as to an additional 1/12 of the original number of shares subject to the option each monthly anniversary thereafter until fully vested on the 12 month anniversary of the Director Option Date, provided that such director remains a director of the Company on each such vesting date. On December 10, 2010, the Company issued stock options for 50,000 shares exercisable at $2.26 per share to each of George Nolen, Rich Roberts, Christi Pedra and Adam Stern. The aggregate fair value for the 200,000 shares granted was $286,080.

Code of Ethics

We have adopted a code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, controller and other senior financial officers. Our code of business conduct and ethics is posted under the “Investor Relations – Corporate Governance” section of our website, www.invivotherapeutics.com. We intend to satisfy the disclosure requirement regarding any amendment to, or waiver of, a provision of the code of business conduct and ethics applicable to our principal executive officer, principal financial officer, controller or other senior financial officers by posting such information on our website.

InVivo's 2007 Stock Incentive Plan

InVivo adopted a Stock Incentive Plan in 2007 (the "2007 Plan"). Pursuant to the 2007 Plan, InVivo's Board of Directors (or committees and/or executive officers delegated by the Board of Directors) had the authority to grant incentive and nonqualified stock options to InVivo's employees, officers, directors, consultants and advisors. Options granted under the 2007 Plan are exercisable for up to 10 years from the date of issuance. The Company assumed and adopted the 2007 Plan in the Merger, and granted option holders under the 2007 Plan new options to purchase Common Stock. No further options will be granted under the 2007 Plan.

2010 Equity Incentive Plan

The Board of Directors adopted the 2010 Equity Incentive Plan on October 26, 2010. The Company's stockholders approved the 2010 Plan, as amended, on August 3, 2011. The 2010 Plan reserves a total of 3,500,000 shares of our Common Stock for issuance under the 2010 Plan. If an incentive award granted under the 2010 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2010 Plan.

Shares issued under the 2010 Plan through the settlement, assumption or substitution of outstanding awards or obligations to grant future awards as a condition of acquiring another entity are not expected to reduce the maximum number of shares available under the 2010 Plan. In addition, the number of shares of Common Stock subject to the 2010 Plan, any number of shares subject to any numerical limit in the 2010 Plan, and the number of shares and terms of any incentive award are expected to be adjusted in the event of any change in our outstanding Common Stock by reason of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares or similar transactions.

Administration

The GNC Committee of the Board administers the 2010 Plan. Subject to the terms of the 2010 Plan, the GNC Committee has complete authority and discretion to determine the terms of awards under the 2010 Plan.

Grants

The 2010 Plan authorizes the grant to 2010 Plan participants of nonqualified stock options, incentive stock options, restricted stock awards, restricted stock units, performance grants intended to comply with Section 162(m) of the Internal Revenue Code (as amended, the "Code") and stock appreciation rights, as described below:

- Options granted under the 2010 Plan entitle the grantee, upon exercise, to purchase a specified number of shares from us at a specified exercise price per share. The exercise price for shares of Common Stock covered by an option cannot be less than the fair market value of the Common Stock on the date of grant unless agreed to otherwise at the time of the grant.
- Restricted stock awards and restricted stock units may be awarded on terms and conditions established by the GNC Committee, which may include performance conditions for restricted stock awards and the lapse of restrictions on the achievement of one or more performance goals for restricted stock units.
- The GNC Committee may make performance grants, each of which will contain performance goals for the award, including the performance criteria, the target and maximum amounts payable, and other terms and conditions.

- The 2010 Plan authorizes the granting of stock awards. The GNC Committee will establish the number of shares of Common Stock to be awarded and the terms applicable to each award, including performance restrictions.
- Stock appreciation rights ("SARs") entitle the participant to receive a distribution in an amount not to exceed the number of shares of Common Stock subject to the portion of the SAR exercised multiplied by the difference between the market price of a share of Common Stock on the date of exercise of the SAR and the market price of a share of Common Stock on the date of grant of the SAR.

Duration, Amendment, and Termination

The Board has the power to amend, suspend or terminate the 2010 Plan without stockholder approval or ratification at any time or from time to time. No change may be made that increases the total number of shares of Common Stock reserved for issuance pursuant to incentive awards or reduces the minimum exercise price for options or exchange of options for other incentive awards, unless such change is authorized by our stockholders within one year. Unless sooner terminated, the 2010 Plan terminates ten years after adoption.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with ITHC Shareholders

Split-Off and Share Cancellation

On October 22, 2010, there were 6,999,981 shares of our Common Stock issued and outstanding before taking into account the issuance of shares of Common Stock to purchasers of units in the 2010 Private Placement and in the Merger and after giving pro forma effect to the Split-Off, as discussed below.

Upon the closing of the Merger, ITHC transferred all of its operating assets and liabilities to DSSC and split-off DSSC through the sale of all of the outstanding capital stock of DSSC. In connection with the Split-Off, 14,747,554 shares of Common Stock held by the Split-Off Shareholders were surrendered and cancelled without further consideration, other than the receipt of DSSC shares. An additional 1,014,490 shares of Common Stock were cancelled by a shareholder of ITHC for no consideration.

Transactions with Spencer Trask and its Related Parties

Spencer Trask also acted as finder to InVivo in connection with its sale of $500,000 of principal amount of its bridge notes, which was consummated in September 2010. The Company issued investors participating in this bridge financing New Bridge Warrants to purchase an aggregate of 500,000 shares of the Company's Common Stock at a price of $1.00 per share. The New Bridge Warrants have a term of five years and are fully exercisable. The bridge notes were converted into units in the 2010 Private Placement. Spencer Trask earned warrants (which are identical to the New Bridge Warrants) to purchase 100,000 shares of Common Stock of the Company at a price of $1.00 per share as compensation for acting as a finder in the bridge financing. Affiliates of Spencer Trask purchased $150,000 of bridge notes in the bridge financing.

In September 2010, several related parties to Spencer Trask purchased an aggregate of 3,895,643 shares of Common Stock from various shareholders of ITHC. The aggregate purchase price paid to such shareholders by the related parties for such shares was approximately $49,000. Adam K. Stern, Senior Managing Director of Spencer Trask and its designee to serve on the Company's Board of Directors upon the closing of the 2010 Private Placement, along with certain entities in which Mr. Stern is the beneficial owner, owns 1,948,322 of these shares. In addition, Optical Partners, an entity beneficially owned by Kevin Kimberlin, the Chairman of Spencer Trask & Co., Inc., the parent corporation of Spencer Trask owns 1,947,321 of these shares.

ITHC engaged Spencer Trask as its exclusive placement agent in connection with the 2010 Private Placement. For its services, ITHC paid Spencer Trask (i) a cash fee equal to 10% of the gross proceeds raised in the 2010 Private Placement ($1,300,000) and (ii) a non-accountable expense allowance equal to 3% of the gross proceeds raised in the 2010 Private Placement ($390,000). In addition, the Company granted to Spencer Trask or its designees, for nominal consideration, five-year warrants to purchase (i) 2,600,000 shares of Common Stock at an exercise price of $1.00 per share and (ii) 2,600,000 shares of Common Stock at an exercise price of $1.40 per share.

The Company has agreed to engage Spencer Trask as its warrant solicitation agent in the event the Company elects to call the Investor Warrants for redemption and in such case shall pay a warrant solicitation fee to Spencer Trask equal to five (5%) percent of the amount of funds solicited by Spencer Trask upon the exercise of the Investor Warrants following such redemption.

Spencer Trask was granted the right to designate one member to our Board of Directors for a period of two years following the closing of the 2010 Private Placement and has designated Adam K. Stern to fill such Board seat.

The Company has also agreed to pay Spencer Trask compensation of $5,000 per month for a period of two years for services relating to strategies to maximize shareholder value; and entered into a non-exclusive finder's fee agreement with Spencer Trask providing that if Spencer Trask shall introduce us to a third party that

consummates certain investment or business combination transactions with us during the eighteen (18) month period following the final closing of the 2010 Private Placement, Spencer Trask will be paid a finder's fee, payable in cash at the closing of such transaction, equal to 7% of the first $1 million of consideration paid by or to the Company, plus 6% of the next $1 million of consideration paid by or to the Company, plus 5% of the next $5 million of the consideration paid by or to the Company, plus 4% of the next $1 million paid by or to the Company, plus 3% of the next $1 million paid by or to the Company, plus 2.5% of any consideration paid by or to the Company in excess of $9 million. Spencer Trask will not be entitled to a finder's fee with respect to any transaction entered into with any party with whom the Company had a pre-existing relationship prior to the date of the specific introduction and who was not introduced to the Company by Spencer Trask.

Furthermore, we granted Spencer Trask a preferential right of first refusal to act as agent with respect to future private placements of the Company's securities for a period of eighteen (18) months from the date of the final closing of the 2010 Private Placement.

The Company agreed to indemnify Spencer Trask and other broker-dealers who are FINRA members selected by Spencer Trask to offer and sell units in the 2010 Private Placement, to the fullest extent permitted by law for a period of four (4) years from the closing of the 2010 Private Placement, against certain liabilities that may be incurred in connection with the 2010 Private Placement, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments Spencer Trask may be required to make in respect of such liabilities. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to Spencer Trask, pursuant to the foregoing provisions or otherwise, the Company has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Transactions between InVivo and its CEO

Beginning on December 31, 2005, InVivo's CEO and majority shareholder, Frank M. Reynolds, made a series of advances to InVivo to fund its continuing operations until it raised additional capital. Interest accrued on these advances at an annual rate of 8%. The largest aggregate amount of this indebtedness outstanding since the beginning of the fiscal year ended December 31, 2010 was $145,985. Interest payments totaling $2,373 were made during the fiscal year ended December 31, 2010. All amounts advanced to InVivo were paid back to Frank M. Reynolds before consummation of the Merger.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market for Common Stock

Our Common Stock is quoted on the OTC Bulletin Board under the symbol “NVIV.OB.” Our shares of Common Stock began being quoted on the OTC Bulletin Board under the symbol “NVIV.OB” effective October 29, 2010.

The following table contains information about the range of high and low bid prices for our Common Stock for the quarterly periods indicated below based upon reports of transactions on the OTC Bulletin Board.

Fiscal Quarter End	Low Bid	High Bid
December 31, 2010	$ 1.30	$ 4.00
March 31, 2011	$ 0.75	$ 2.26
June 30, 2011	$ 0.60	$ 1.10
September 30, 2011	$ 0.60	$ 1.20

The source of these high and low prices was the OTC Bulletin Board. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commissions and may not represent actual transactions. The high and low prices listed have been rounded up to the next highest two decimal places.

On December 15, 2011, the closing bid price of our Common Stock as reported by the OTC Bulletin Board was $2.04 per share.

Trades in the Common Stock may be subject to Rule 15g-9 of the Exchange Act, which imposes requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, broker/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser’s written agreement to the transaction before the sale.

The SEC also has rules that regulate broker/dealer practices in connection with transactions in “penny stocks.” Penny stocks generally are equity securities with a price of less than $5.00 (other than securities listed on certain national exchanges, provided that the current price and volume information with respect to transactions in that security is provided by the applicable exchange or system). The penny stock rules require a broker/dealer, before effecting a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer’s account. The bid and offer quotations, and the broker/dealer and salesperson compensation information, must be given to the customer orally or in writing before effecting the transaction, and must be given to the customer in writing before or with the customer’s confirmation. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for shares of Common Stock. As a result of these rules, investors may find it difficult to sell their shares.

Holders

As of the date of this prospectus, there are approximately 237 record holders of 52,730,582 shares of the Common Stock. As of the date of this prospectus, 18,110,804 shares of Common Stock are issuable upon the exercise of outstanding warrants and 6,089,006 shares are exercisable upon the exercise of options.

Dividend Policy

We have never declared or paid cash dividends. We do not intend to pay cash dividends on our Common Stock for the foreseeable future, but currently intend to retain any future earnings to fund the development and growth of our business. The payment of cash dividends if any, on the Common Stock will rest solely within the discretion of our board of directors and will depend, among other things, upon our earnings, capital requirements, financial condition, and other relevant factors.

DESCRIPTION OF SECURITIES

The following information describes our securities as well as certain provisions of our articles of incorporation and bylaws. This description is only a summary. You should also refer to our articles of incorporation and bylaws, which have been filed as exhibits to the registration statement of which this prospectus is a part.

Authorized Capital Stock

As of December 9, 2011, our authorized capital stock consisted of 200,000,000 shares of Common Stock, par value $0.00001 per share.

Issued and Outstanding Capital Stock

As of December 9, 2011, there were the following issued and outstanding securities of the Company:

- 52,730,582 shares of Common Stock;
- Options to purchase 4,379,006 shares of Common Stock granted under the 2007 Plan;
- Options to purchase 1,710,000 shares of Common Stock granted under the 2010 Plan;
- Investor Warrants to purchase 12,364,733 shares of Common Stock at $1.40 per share issued to the investors in the 2010 Private Placement and warrants issued to Spencer Trask and its employees to purchase 2,580,000 shares of Common Stock at a price of $1.00 per share and 2,600,000 warrants exercisable at a price of $1.40 per share; and
- New Bridge Warrants issued to bridge investors in the bridge financing to purchase 450,000 shares of Common Stock at $1.00 per share and 100,000 New Bridge Warrants exercisable at a price of $1.00 per share issued to Spencer Trask in connection with the bridge financing.
- A warrant for 16,071 shares issued to a commercial bank with an exercise price of $1.40 per share.

Reconciliation of Outstanding Capital Stock on a Pre and Post Merger Basis

The following table reconciles the number of shares of the Company outstanding after the Merger with the number of shares of InVivo outstanding prior to the Merger.

InVivo Therapeutics Corporation Common Shares outstanding, pre merger as of September 30, 2010	2,261,862
Merger Exchange Ratio	13.7706
	31,147,197
Less fractional shares not granted	(7)
Shares of ITHC issued to InVivo shareholders	31,147,190
Existing Design Source Shares outstanding, pre merger	6,999,981
Shares issued in 2010 Private Placement	13,000,000
Shares issued in consideration for legal services	500,000
Common shares outstanding December 31, 2010	51,647,171
Stock option exercised	143,731
Stock issued for investor relations services	215,000
Common shares outstanding September 30, 2011	52,005,902

Description of Common Stock

The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by

all shares of Common Stock that are present in person or represented by proxy. Except as otherwise provided by law, amendments to the articles of incorporation generally must be approved by a majority of the votes entitled to be cast by all outstanding shares of Common Stock. The amended and restated Articles of Incorporation do not provide for cumulative voting in the election of directors. The Common Stock holders will be entitled to such cash dividends as may be declared from time to time by the Board from funds available. Upon liquidation, dissolution or winding up of the Company, the Common Stock holders will be entitled to receive pro rata all assets available for distribution to such holders.

Warrants

In connection with this offering, we will issue [ ] warrant for each share of Common Stock purchased or issued. Each warrant entitles the holder to purchase one share of Common Stock at an exercise price of $[ ] per share. After the expiration of the [ ] exercise period, warrant holders will have no further rights to exercise such warrants.

The warrants may be exercised only for full shares of Common Stock. We will not issue fractional shares of Common Stock or cash in lieu of fractional shares of Common Stock. Warrant holders do not have any voting or other rights as a stockholder of our Company. The exercise price and the number of shares of Common Stock purchasable upon the exercise of each warrant are subject to adjustment upon the happening of certain events, such as stock dividends, distributions, and splits.

Anti-Takeover Effects of Provisions of Nevada State Law

We may be or in the future we may become subject to Nevada's control share laws. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and if the corporation does business in Nevada, including through an affiliated corporation. This control share law may have the effect of discouraging corporate takeovers. The Company currently has less than 100 stockholders of record who are residents of Nevada.

The control share law focuses on the acquisition of a "controlling interest," which means the ownership of outstanding voting shares that would be sufficient, but for the operation of the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (1) one-fifth or more but less than one-third; (2) one-third or more but less than a majority; or (3) a majority or more. The ability to exercise this voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that an acquiring person, and those acting in association with that person, will obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to take away voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell the shares to others. If the buyer or buyers of those shares themselves do not acquire a controlling interest, the shares are not governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, a stockholder of record, other than the acquiring person, who did not vote in favor of approval of voting rights, is entitled to demand fair value for such stockholder's shares.

In addition to the control share law, Nevada has a business combination law, which prohibits certain business combinations between Nevada corporations and "interested stockholders" for three years after the interested stockholder first becomes an interested stockholder, unless the corporation's board of directors approves the

combination in advance. For purposes of Nevada law, an interested stockholder is any person who is: (a) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (b) an affiliate or associate of the corporation and at any time within the previous three years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding shares of the corporation. The definition of "business combination" contained in the statute is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of the Company from doing so if it cannot obtain the approval of our board of directors.

Indemnification of Officers and Directors

Nevada Revised Statutes ("NRS") Sections 78.7502 and 78.751 provide us with the power to indemnify any of our directors, officers, employees and agents. The person entitled to indemnification must have conducted himself in good faith, and must reasonably believe that his conduct was in, or not opposed to, our best interests. In a criminal action, the director, officer, employee or agent must not have had reasonable cause to believe that his conduct was unlawful.

Under NRS Section 78.751, advances for expenses may be made by agreement if the director or officer affirms in writing that he has met the standards for indemnification and will personally repay the expenses if it is determined that such officer or director did not meet those standards.

Our bylaws include an indemnification provision under which we have the power to indemnify our directors, officers, former directors and officers, employees and other agents (including heirs and personal representatives) against all costs, charges and expenses actually and reasonably incurred, including an amount paid to settle an action or satisfy a judgment to which a director or officer is made a party by reason of being or having been a director or officer of the Company. Our bylaws further provide for the advancement of all expenses incurred in connection with a proceeding upon receipt of an undertaking by or on behalf of such person to repay such amounts if it is determined that the party is not entitled to be indemnified under our bylaws. No advance will be made by the Company to a party if it is determined that the party acted in bad faith. These indemnification rights are contractual, and as such will continue as to a person who has ceased to be a director, officer, employee or other agent, and will inure to the benefit of the heirs, executors and administrators of such a person.

We have entered into an indemnification agreement with each of our officers and directors pursuant to which they will be indemnified by us, subject to certain limitations, for any liabilities incurred by them in connection with their role as officers and/or directors of the Company.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Continental Stock Transfer & Trust Company, 17 Battery Place, 8th Floor, New York, NY 10004.

OTC Bulletin Board Listing

Our Common Stock is currently traded on the OTCQB operated by the OTC Markets Group ("OTCQB") under the trading symbol "NVIV."

PLAN OF DISTRIBUTION

As of the date of this prospectus, we have not entered into any arrangements with any underwriter, broker-dealer or selling agent for the sale of the securities. We intend to engage one or more underwriters, broker-dealers or selling agents to sell the securities. We intend to compensate underwriters, broker-dealers or selling agents that sell securities in this offering with a cash commission to be agreed upon between us and any underwriters which we shall disclose prior to effectiveness. The offering will be presented by us primarily through mail, telephone, electronic transmission and direct meetings in those states in which we have registered the securities.

LEGAL MATTERS

The validity of the securities being offered will be passed upon for us by BRL Law Group LLC, Boston, Massachusetts.

EXPERTS

Our balance sheets as of December 31, 2010 and 2009, and the related statements of operations, changes in stockholders' deficit and cash flows for the years then ended and for the period from November 28, 2005 (inception) to December 31, 2010 have been included herein and in the registration statement in reliance upon the report of Wolf & Company, P.C., independent registered public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1 with the SEC with respect to the securities we are offering by this prospectus. This prospectus does not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document. We are subject to the information reporting requirements of the Exchange Act, and accordingly we are required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You can read our SEC filings, including the registration statement, on the Internet at the SEC's website at *www.sec.gov*. You can also read and copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

InVivo Therapeutics Holdings Corporation

Audited Financial Statements

Years Ended December 31, 2010 and 2009
and the Period from November 28, 2005
(Inception) through December 31, 2010

CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Financial Statements	
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Changes in Stockholders' Deficit	F-5
Consolidated Statements of Cash Flows	F-6-F-7
Notes to Consolidated Financial Statements	F-8-F-21
Unaudited Consolidated Financial Statements	
Consolidated Balance Sheets as of September 30, 2011 and December 31, 2010	F-22
Consolidated Statements of Operations for the three months and nine months ended September 30, 2011 and 2010	F-23
Consolidated Statements of Cash Flows for the three months and nine months ended September 30, 2011 and 2010	F-24
Notes to Financial Statements (Unaudited)	F-26

Report of Independent Registered Public Accounting Firm

To the Board of Directors of InVivo Therapeutics Holdings Corp.:

We have audited the accompanying consolidated balance sheets of InVivo Therapeutics Holdings Corp. as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended and for the period from November 28, 2005 (inception) to December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended and for the period from November 28, 2005 (inception) to the December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ Wolf & Company, P.C.

Boston, Massachusetts
March 24, 2011, except for Notes 9, 11, 12 and 18 as to which the date is June 29, 2011.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Balance Sheets

	December 31, 2010 (Restated)	2009
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 8,964,194	$ 226,667
Prepaid expenses	81,166	10,898
Total current assets	9,045,360	237,565
Property and equipment, net	280,181	173,797
Other assets	53,639	58,639
Total assets	$ 9,379,180	$ 470,001
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current liabilities:		
Accounts payable	$ 336,945	$ 81,175
Accrued interest payable	—	283,608
Derivative warrant liability	10,647,190	—
Accrued expenses	247,547	293,584
Total current liabilities	11,231,682	658,367
Loans payable	—	590,985
Convertible notes payable	—	2,840,000
Total liabilities	11,231,682	4,089,352
Commitments and contingencies		
Stockholders' deficit:		
Common stock , $0.00001 par value; authorized 100,000,000 shares, issued and outstanding 51,647,171 and 26,259,515 shares outstanding at December 31, 2010 and 2009, respectively	516	263
Additional paid-in capital	11,235,829	1,558,283
Deficit accumulated during the development stage	(13,088,847)	(5,177,897)
Total stockholders' deficit	(1,852,502)	(3,619,351)
Total liabilities and stockholders' deficit	$ 9,379,180	$ 470,001

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Operations

	Years Ended December 31,		Period from November 28, 2005 (inception) to December 31, 2010
	2010 (Restated)	2009	(Restated)
Operating expenses:			
Research and development	$ 1,673,202	$ 1,807,908	$ 4,780,987
General and administrative	1,724,102	835,515	3,695,665
Total operating expenses	3,397,304	2,643,423	8,476,652
Operating loss	(3,397,304)	(2,643,423)	(8,476,652)
Other income (expense):			
Other income	—	383,000	383,000
Interest income	3,379	282	11,290
Interest expense	(564,443)	(255,737)	(1,053,655)
Derivatives losses	(3,952,582)	—	(3,952,582)
Other income (expense), net	(4,513,646)	127,545	(4,611,947)
Net loss	$ (7,910,950)	$ (2,515,878)	$ (13,088,599)
Net loss per share, basic and diluted	$ (0.24)	$ (0.10)	$ (0.49)
Weighted average number of common shares outstanding, basic and diluted	33,367,239	25,496,366	26,591,576

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Deficit

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
	Shares	Amount			
Balance on inception date, November 28, 2005	—	$ —	$ —	$ —	$ —
Issuance of founders stock	24,787,080	248	—	(248)	—
Share-based compensation expense	—	—	18,347	—	18,347
Net loss	—	—	—	(1,097,702)	(1,097,702)
Balance as of December 31, 2007	24,787,080	248	18,347	(1,097,950)	(1,079,355)
Share-based compensation expense	—	—	24,526	—	24,526
Net loss	—	—	—	(1,564,069)	(1,564,069)
Balance as of December 31, 2008	24,787,080	248	42,873	(2,662,019)	(2,618,898)
Share-based compensation expense	—	—	171,059	—	171,059
Conversion of convertible notes payable and accrued interest	1,472,435	15	1,344,351	—	1,344,366
Net loss	—	—	—	(2,515,878)	(2,515,878)
Balance as of December 31, 2009	26,259,515	263	1,558,283	(5,177,897)	(3,619,351)
Share-based compensation expense	—	—	664,908	—	664,908
Issuance of common stock in March 2010	1,095,258	10	999,990	—	1,000,000
Conversion of convertible notes payable and accrued interest	3,792,417	38	3,328,090	—	3,328,128
Issuance of common stock in reverse merger	6,999,981	70	(70)	—	—
Beneficial conversion feature on notes payable	—	—	272,762	—	272,762
Issuance of common stock in private placement, net of stock issuance costs of $2,072,117 and non-cash stock issuance costs of $5,369,570	12,995,403	130	3,907,274	—	3,907,404
Conversion of convertible bridge notes in conjunction with the private placement	504,597	5	504,592	—	504,597
Net loss	—	—	—	(7,910,950)	(7,910,950)
Balance as of December 31, 2010 (Restated)	51,647,171	$ 516	$ 11,235,829	$ (13,088,847)	$ (1,852,502)

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Cash Flows

	Years Ended December 31,		Period from November 28, 2005 (inception) to December 31, 2010
	2010 (Restated)	2009	(Restated)
Cash flows from operating activities:			
Net loss	$ (7,910,950)	$ (2,515,878)	$ (13,088,599)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	44,878	32,084	92,965
Non-cash derivatives loss	3,952,582	—	3,952,582
Non-cash interest expense	528,535	221,899	962,834
Share-based compensation expense	664,908	171,059	878,840
Changes in operating assets and liabilities:			
Prepaid expenses	(70,268)	2,036	(81,166)
Other assets	—	—	(75,000)
Accounts payable	255,770	(23,248)	336,945
Accrued interest payable	(67,931)	33,598	(15,256)
Accrued expenses	(46,037)	179,426	247,547
Net cash used in operating activities	(2,648,513)	(1,899,024)	(6,788,308)
Cash flows from investing activities:			
Purchases of property and equipment	(146,262)	(174,898)	(351,785)
Net cash used in investing activities	(146,262)	(174,898)	(351,785)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes payable	200,000	1,580,000	4,181,000
Proceeds from convertible bridge notes	500,000	—	500,000
(Repayment of) proceeds from loans payable	(590,985)	513,800	—
Proceeds from issuance of common stock and warrants	11,423,287	—	11,423,287
Net cash provided by financing activities	11,532,302	2,093,800	16,104,287
Increase in cash and cash equivalents	8,737,527	19,878	8,964,194
Cash and cash equivalents at beginning of period	226,667	206,789	—
Cash and cash equivalents at end of period	$ 8,964,194	$ 226,667	$ 8,964,194

(continued)

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Consolidated Statements of Cash Flows (Concluded)

	Years Ended December 31,		Period from November 28, 2005 (inception) to December 31, 2010
	2010	2009	
Supplemental disclosure of cash flow information and non-cash transactions:			
Cash paid for interest	$ 97,517	$ —	$ 97,517
Conversion of convertible notes payable and accrued interest into common stock	$ 3,328,128	$ 1,344,366	$ 4,672,484
Conversion of convertible bridge note payable and accrued interest into common stock	$ 504,597	$ —	$ 504,597
Beneficial conversion feature on convertible and bridge notes payable	$ 272,762	$ —	$ 134,410
Fair value of warrants issued in connection with bridge notes payable	$ 178,726	$ —	$ 178,726
Issuance of founders shares	$ —	$ —	$ 248

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)

Notes to Consolidated Financial Statements

Years Ended December 31, 2010 and 2009, and the Period from
November 28, 2005 (Inception) through December 31, 2010

1. NATURE OF OPERATIONS

Business

InVivo Therapeutics Corporation ("InVivo") was incorporated on November 28, 2005 under the laws of the State of Delaware. InVivo is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. The biopolymer devices are designed to protect the damaged spinal cord from further secondary injury and promote neuroplasticity, a process where functional recovery can occur through the rerouting of signaling pathways to the spared healthy tissue.

Since its inception, InVivo has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, InVivo is considered to be in the development stage.

Reverse Merger

On October 26, 2010, InVivo completed a reverse merger transaction (the "Merger") with InVivo Therapeutics Holdings Corporation (formerly Design Source, Inc.) ("ITHC"), a publicly traded company incorporated under the laws of the State of Nevada. InVivo became a wholly owned subsidiary of ITHC, which continues to operate the business of InVivo. As part of the Merger, ITHC issued 31,147,190 shares of its Common Stock to the holders of InVivo common stock on October 26, 2010 in exchange for the 2,261,862 outstanding common shares of InVivo and also issued 500,000 shares to its legal counsel in consideration for legal services provided. All share and per share amounts presented in these consolidated financial statements have been retroactively restated to reflect the 13.7706 exchange ratio of InVivo shares for ITHC shares in the Merger. Immediately prior to the Merger, ITHC had 6,999,981 shares of Common Stock outstanding.

The Merger was a "reverse merger," and InVivo is deemed to be the acquirer and ongoing operating company. The Merger was recorded as a recapitalization of InVivo, equivalent to the issuance of common stock by InVivo for the net monetary assets of ITHC accompanied by a recapitalization. At the date of the Merger, the 6,999,981 outstanding ITHC shares are reflected as an issuance of InVivo common stock to the prior shareholders of ITHC. ITHC had no net monetary assets as of the Merger so this issuance was recorded as a reclassification between additional paid-in capital and par value of Common Stock.

The historical consolidated financial statements are those of InVivo as the acquirer. The post-merger combination of ITHC and InVivo is referred to throughout these notes to consolidated financial statements as the "Company." Subsequent to the Merger, the Company completed three closings as part of a private placement (see Note 11).

On October 26, 2010, in connection with the Merger described above, ITHC transferred all of its operating assets and liabilities to its wholly-owned subsidiary, D Source Split Corp., a company organized under the laws of Nevada ("DSSC"). DSSC was then split-off from ITHC through the sale of all outstanding shares of DSSC (the "Split-Off"). The assets and liabilities of ITHC were transferred to the Split-Off Shareholders in the Split-Off. ITHC executed a split off agreement with the Split-Off Shareholders which obligates the Split-Off Shareholders to assume all prior liabilities associated with Design Source, Inc. and all DSSC liabilities. In conjunction with the Split-Off, certain shareholders of ITHC surrendered for cancellation shares of ITHC Common Stock for no additional consideration. The purpose of the Split-Off was to make ITHC a shell company with no assets or liabilities in order to facilitate the Merger. Although all transactions

related to the Merger occurred simultaneously, the Split-Off, including the cancellation of shares, was considered to have occurred immediately prior to the Merger for accounting purposes. As the acquiree in a reverse merger with a shell company, the historical financial statements of ITHC are not presented and these ITHC transactions are not reflected in the Company's accompanying consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the Company in the preparation of the financial statements is as follows:

Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and changes in estimates may occur.

Principles of Consolidation

The consolidated financial statements include the accounts of InVivo Therapeutics Holdings Corp. and its wholly-owned subsidiary, InVivo Therapeutics Corporation. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and cash equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Property and equipment

Property and equipment are carried at cost. Depreciation expense is provided over the estimated useful lives of the assets using the straight-line method. A summary of the estimated useful lives is as follows:

Classification	Estimated Useful Life
Computer hardware	5 years
Software	3 years
Research and lab equipment	5 years

Depreciation expense for the years ended December 31, 2010 and 2009 was $39,878 and $27,084, respectively. Maintenance and repairs are charged to expense as incurred, while any additions or improvements are capitalized.

Research and development expenses

Costs incurred for research and development are expensed as incurred. During 2010, the Company applied for a grant under the IRS Qualifying Therapeutic Discovery Project (QTDP) program. The application was approved and the Company received a grant for $244,500 under the program. This amount has been recorded as a reduction in research and development expenses.

Concentrations of credit risk

The Company has no significant off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other hedging arrangements. The Company may from time to time have cash in banks in excess of FDIC insurance limits.

Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions regarding resource allocation and assessing performance. To date, the Company has viewed its operations and manages its business as principally one operating segment, which is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. As of December 31, 2010 and 2009, all of the Company's assets were located in the United States.

Income taxes

For federal and state income taxes, deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and the tax basis of assets and liabilities. Deferred income taxes are based upon prescribed rates and enacted laws applicable to periods in which differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, the Company provides a valuation allowance, if necessary, to reduce deferred tax assets to amounts that are realizable. Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2010 or December 31, 2009.

Impairment of long-lived assets

The Company continually monitors events and changes in circumstances that could indicate that carrying amounts of long-lived assets may not be recoverable. An impairment loss is recognized when expected cash flows are less than an asset's carrying value. Accordingly, when indicators of impairment are present, the Company evaluates the carrying value of such assets in relation to the operating performance and future undiscounted cash flows of the underlying assets. The Company's policy is to record an impairment loss when it is determined that the carrying value of the asset may not be recoverable. No impairment charges were recorded for the years ended December 31, 2010 and 2009.

Share-based payments

The Company recognizes compensation costs resulting from the issuance of stock-based awards to employees, non-employees and directors as an expense in the statement of operations over the service period based on a measurement of fair value for each stock-based award. The fair value of each option grant is estimated as of the date of grant using the Black-Scholes option-pricing model. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Due to its limited operating history, limited number of sales of its Common Stock and limited history of its shares being publicly traded, the Company estimates its volatility in consideration of a number of factors including the volatility of comparable public companies.

Derivative Instruments

The Company generally does not use derivative instruments to hedge exposures to cash-flow or market risks; however, certain warrants to purchase Common Stock that do not meet the requirements for classification as equity are classified as liabilities. In such instances, net-cash settlement is assumed for financial reporting purposes, even when the terms of the underlying contracts do not provide for a net-cash settlement. Such financial instruments are initially recorded at fair value with subsequent changes in fair value charged (credited) to operations in each reporting period. If these instruments subsequently meet the requirements for classification as equity, the Company reclassifies the fair value to equity.

Net Loss per Common Share

Basic and diluted net loss per share of Common Stock has been computed by dividing the net loss in each period by the weighted average number of shares of Common Stock outstanding during such period. For the periods presented, options, warrants and convertible securities were anti-dilutive and therefore excluded from diluted loss per share calculations.

Registration Payment Arrangements

At each reporting date, the Company assesses the probability of it transferring consideration under its registration payment arrangements. If at any time it determines that such an event is probable and the amount can be reasonably estimated, the amount of such an obligation is recognized as a liability with a charge to earnings. Future changes in that liability will also be charged (credited) to earnings. At the date the Registration Rights Agreement (see Note 11) was entered into and at December 31, 2010, the Company did not conclude that it was probable that they will be obligated to transfer any consideration under the terms of this Registration Rights Agreement.

Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued two related accounting pronouncements, Accounting Standards Update ("ASU") 2009-13 and ASU 2009-14, relating to revenue recognition. One pronouncement provides guidance on allocating the consideration in a multiple-deliverable revenue arrangement and requires additional disclosure, while the other pronouncement provides guidance specific to revenue arrangements that include software elements. Both of these pronouncements are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and both must be adopted together. The Company does not expect the adoption of these pronouncements to have a material impact on its consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements. This Update requires new disclosures and clarifies existing disclosures regarding recurring and nonrecurring fair value measurements to provide increased transparency to users of the financial statements. The new disclosures and clarification of existing disclosures are effective for interim and annual periods beginning after December 15, 2009, except for the disclosures pertaining to the roll forward of activity for Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this Update on January 1, 2010 did not have a material impact on the Company's consolidated financial statements.

In April 2010, the FASB issued ASU 2010-17, Revenue Recognition – Milestone Method. ASU 2010-17 provides guidance in applying the milestone method of revenue recognition to research or development arrangements. Under this guidance, management may recognize revenue contingent upon the achievement of a milestone in its entirety, in the period in which the milestone is achieved, only if the milestone meets all the criteria within the guidance to be considered substantive. This ASU is effective on a prospective basis for research and development milestones achieved in fiscal years, beginning on or after June 15, 2010. Early adoption is permitted; however, the Company has elected to implement ASU 2010-17 prospectively, and as a result, the effect of this guidance will be limited to future transactions. The Company does not expect the adoption of this pronouncement to have a material impact on its consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2010	2009
Computer software and hardware	$ 91,057	$ 47,668
Research and lab equipment	260,728	157,855
Less accumulated depreciation	(71,604)	(31,726)
	$280,181	$173,797

4. OTHER ASSETS

Other assets consist of a patent licensing fee paid to license intellectual property (see Note 16). The Company is amortizing the license fee to research and development over its 15-year term.

	December 31, 2010	2009
Patent licensing fee	$ 75,000	$ 75,000
Accumulated amortization	(21,361)	(16,361)
	$ 53,639	$ 58,639

Amortization expense was $5,000 in each of the years ended December 31, 2010 and 2009.

5. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31, 2010	2009
Other accrued expenses	$ 45,053	$ 138,750
Accrued payroll	179,629	18,969
Accrued vacation	22,865	15,865
Deferred compensation	—	120,000
	$ 247,547	$ 293,584

Deferred compensation represented amounts owed to the Chief Executive Officer (“CEO”) with respect to annual bonuses granted but not paid. All deferred compensation was paid in the year ended December 31, 2010.

6. FAIR VALUES OF ASSETS AND LIABILITIES

The Company groups its assets and liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses valuation methods and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	December 31, 2010			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$10,647,190	—	$10,647,190

	December 31, 2009			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$ —	—	$ —

7. LOANS PAYABLE

Loans payable consisted of the following:

	December 31,	
	2010	2009
Advances from related party	$—	$ 90,985
Note payable-Massachusetts Life Science Center	—	500,000
	$—	$590,985

Advances from related party represent cash advances received from CEO and majority shareholder which permitted the Company to continue to fund its operations until it raised additional capital. Interest accrued on these advances at an annual rate of 8%. Interest expense related to Advances from related party was $3,227 and $8,437 in the years ended December 31, 2010 and 2009, respectively.

The Company issued a $500,000 Note Payable in June 2009 to the Massachusetts Life Science Center, an independent public agency of the State of Massachusetts. The Company received the $500,000 of funding from the Massachusetts Life Science Accelerator Program which was established for the purpose of providing seed capital to promising early stage life science companies. The terms of the Note Payable called for full repayment upon the earlier of five years, the sale of the Company or a financing that raises minimum net proceeds of $5,000,000. Interest accrued on the Note Payable at an annual rate of 10% and is payable at maturity. Interest expense related to the Note Payable was $42,726, and $25,205 for the years ended December 31, 2010 and 2009, respectively. In October 2010, the $500,000 loan was repaid together with accrued interest of $67,931.

8. CONVERTIBLE NOTES PAYABLE

Since inception, the Company issued Convertible Notes Payable to investors totaling $4,181,000. In the years ended December 31, 2010 and 2009, these notes provided cash proceeds of $200,000 and $1,580,000, respectively. The terms of the Convertible Notes Payable include interest at 8% and stipulated that the notes

convert into shares of Common Stock upon the earlier of maturity of the notes or the completion of a Financing Round, a single financing or a series of related financings that raised a minimum of $4,000,000 or $5,000,000 depending on the terms of the individual notes. The notes convert at the offering price of such financing.

Certain of the notes entitled the holders to receive either a 10% or 20% discount on the conversion price if the notes were converted in connection with a Financing Round prior to the maturity date. The Company initially assessed whether a beneficial conversion feature existed on the issuance date based on the difference, if any, between the conversion price and the fair value of the Common Stock. The Company assumed the most favorable conversion price that would be in effect assuming no changes to the circumstances other than the passage of time. Based on this analysis, the Company concluded that there was no beneficial conversion feature at issuance.

However, the conversion terms are subject to change in the event of a Financing Round. Therefore, at the commitment date, the Company measured the contingent beneficial conversion feature based on the intrinsic value of the fixed percentage discount but such beneficial conversion feature was not recognized unless and until the triggering event occurs. This amount was determined by dividing the face amount of the convertible notes by the discount factor (0.90 or 0.80).

During the year ended December 31, 2009, Convertible Notes Payable with a principal balance of $1,141,000 and accrued interest payable of $203,366 converted at maturity into 1,472,435 shares of Common Stock.

In March 2010, the Company completed a series of financings that met the definition of a Financing Round which accelerated the conversion of certain notes prior to their maturity dates triggering the discount provisions discussed above.

During the year ended December 31, 2010, the remaining outstanding Convertible Notes Payable of $3,040,000 and accrued interest payable of $288,128 converted into 3,792,417 shares of Common Stock in conjunction with the Financing Round. As of December 31, 2010, all of the Convertible Notes Payable had been converted into Common Stock.

As a result of the Financing Round in March 2010, the Company recorded the previously measured contingent beneficial conversion feature as a discount on the notes and additional paid-in capital. As the discount occurred simultaneously with the conversion of the notes, the discount was immediately charged to non-cash interest expense. Accordingly, during the year ended December 31, 2010, the Company recorded a beneficial conversion feature and related non-cash interest expense of $134,410.

Interest accrued on the outstanding balances at an annual rate of 8%. At the election of the Company, the accrued interest was to be paid in cash or in Common Stock at the time the notes were converted to Common Stock. For the year ended December 31, 2010 and 2009, the Company accrued interest expense on the notes of $62,385 and $169,573, respectively.

9. BRIDGE NOTES PAYABLE

From July through September 2010, the Company raised $500,000 from the sale of 6% convertible promissory notes (the “Bridge Notes”). The Bridge Notes pay interest at 6% and had a stated maturity date of December 31, 2010. The Bridge Notes and all accrued interest were only convertible in the event of a Qualified Next Round Financing, as defined, at 100% of the price in that Qualified Next Round Financing. Otherwise, the Bridge Notes were to be repaid at their maturity date. In connection with the Bridge Notes, the Company also issued to Bridge Notes investors warrants to purchase 500,000 shares of Common Stock (the “Bridge Warrants”). The Bridge Warrants are exercisable for a period of five years with an exercise price of $1.00 per share.

In order to record the Bridge Notes and Bridge Warrants, the Company allocated the proceeds first to the fair value of the Bridge Warrants. The residual was then allocated to the Bridge Notes. As a result, the

Company allocated $138,352 to the Bridge Warrants with the remainder of the proceeds allocated to the Bridge Notes. The total discount on the Bridge Notes of $138,352 was recognized as non-cash interest expense over the term of the Bridge Notes and was expensed to interest expense in 2010.

In order to determine if a beneficial conversion feature existed, the Company compared the effective conversion price of the Bridge Notes to the commitment date fair value of the Common Stock and determined a beneficial conversion feature in the amount of $138,352. However, since the Bridge Notes were only convertible in the event of a Qualified Next Round Financing, this was determined to be a contingent beneficial conversion feature not to be recognized unless and until the triggering event occurs.

In October 2010, the Company completed a private placement of Common Stock (see Note 11) which met the definition of a Qualified Next Round Financing. The Bridge Notes and accrued interest of $4,597 converted into 504,597 Units, with each unit consisting of one share of Common Stock and one warrant to purchase Common Stock at $1.40 per share. As a result of the Qualified Next Round Financing**,** the contingent beneficial conversion feature of $138,352 was recognized as a further discount on the Bridge Notes and additional paid-in capital on the date of conversion. Since the conversion took place simultaneously with the Qualified Next Round Financing, this discount of $138,352 was immediately charged to non-cash interest expense.

The Company engaged a registered broker-dealer as a placement agent (the “Placement Agent”) in conjunction with the Bridge Notes. As compensation, the Placement Agent received a warrant to purchase 100,000 shares of Common Stock at an exercise price of $1.00 per share. The fair value of the warrants issued to the Placement Agent of $40,373 was recorded as a debt issuance cost and amortized to non-cash interest expense over the term of the Bridge Notes.

For the year ended December 31, 2010, interest expense related to the Bridge Notes, including amortization of the discount and debt issuance costs, was $321,674.

The warrants issued to the Bridge Notes investors and the Placement Agent have provisions that include anti-dilution protection and under certain conditions, grant the right to the holder to request the Company to repurchase the warrant, and are therefore accounted for as derivative liabilities (see Note 11).

10. INCOME TAXES

No provision or benefit for federal or state income taxes has been recorded, as the Company has incurred a net loss for all of the periods presented, and the Company has provided a valuation allowance against its deferred tax assets.

At December 31, 2010 and 2009, the Company had federal and Massachusetts net operating loss carryforwards of approximately $8,719,000, and $5,491,000, respectively, of which federal carryforwards will expire in varying amounts beginning in 2021. Massachusetts net operating losses begin to expire in 2011. Utilization of net operating losses may be subject to substantial annual limitations due to the “change in ownership” provisions of the Internal Revenue Code, and similar state provisions. The annual limitations may result in the expiration of net operating losses before utilization. The Company also had research and development tax credit carryforwards at December 31, 2010 and 2009 of approximately $238,000 and $154,000, respectively, which will begin to expire in 2018 unless previously utilized.

Significant components of the Company's net deferred tax asset are as follows:

	December 31, 2010	2009
Net operating loss carryforward	$ 3,016,062	$ 1,612,965
Research and development credit carryforward	120,315	154,077
Stock based Compensation	382,295	86,150
Deferred compensation	52,200	48,324
Accrued interest	—	114,209
Charitable contributions	17,751	3,533
Subtotal	3,588,623	2,019,258
Valuation allowance	(3,588,623)	(2,019,258)
Net deferred tax asset	$ —	$ —

The Company has maintained a full valuation allowance against its deferred tax assets in all periods presented. A valuation allowance is required to be recorded when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. Since the Company cannot be assured of generating taxable income and thereby realizing the net deferred tax assets, a full valuation allowance has been provided. In the years ended December 31, 2010 and 2009, the valuation allowance increased by $1,569,000 and $1,044,000, respectively.

The Company has no uncertain tax positions at December 31, 2010 and 2009 that would affect its effective tax rate. The Company does not anticipate a significant change in the amount of uncertain tax positions over the next twelve months. Since the Company is in a loss carryforward position, the Company is generally subject to US federal and state income tax examinations by tax authorities for all years for which a loss carryforward is available.

Income tax benefits computed using the federal statutory income tax rate differs from the Company's effective tax rate primarily due to the following:

	December 31, 2010	2009
Statutory tax rate	34.0%	34.0%
State taxes, net of federal benefit	2.7%	6.2%
Permanent differences (derivative loss and other)	-19.3%	0.2%
R&D tax credit	0.7%	1.6%
Increase in valuation reserve	-18.1%	-41.6%
Effective tax rate	0%	0%

11. COMMON STOCK

The Company has authorized 100,000,000 shares of Common Stock, $0.00001 par value per share, of which 51,647,171 shares and 26,259,515 shares were issued and outstanding as of December 31, 2010 and 2009, respectively.

At inception in 2005, the Company issued its founders 24,787,080 shares of Common Stock with a par value of $248 for no consideration.

In 2009, the Company issued 1,472,435 shares of Common Stock to the holders of Convertible Notes Payable upon conversion of these notes. At the conversion dates, the principal balance of $1,141,000 and accrued interest payable of $203,366 were converted into Common Stock at a price of $0.91 per share.

In March 2010, the Company sold 1,095,258 shares of Common Stock to an investor at a price per share of $0.91 and the Company received cash proceeds of $1,000,000.

During the six months ended June 30, 2010, the Company issued 3,792,417 shares of Common Stock to the holders of Convertible Notes Payable upon the conversion of these notes. At the conversion date, the principal balance of $3,040,000 and accrued interest payable of $288,128 were converted into Common Stock. Certain notes provided for conversion at a discount to the $0.91 price (see Note 8).

On October 26, 2010, in conjunction with the Merger (see Note 1), the Company issued 6,999,981 shares of Common Stock to the former shareholders of ITHC.

In connection with the Merger on October 26, 2010 and in two subsequent closings in November and December 2010, the Company completed a private placement of 13,000,000 Units of its securities for total gross proceeds of $13,000,000 and net proceeds of $10,927,883 (“the Offering”). Included in these amounts are 504,597 Units and $504,597 related to the conversion of the Bridge Notes (see Note 9). Each Unit consisted of one share of Common Stock and a warrant to purchase one share of Common Stock exercisable at $1.40 per share (the “Investor Warrants”). In conjunction with the Merger and the Offering, the Company issued to an attorney 500,000 shares of its Common Stock with a fair value of $500,000. This was considered a stock issuance cost and was therefore recorded as both a debit and credit to additional paid-in capital.

In order to account for the Units, the Company allocated the proceeds between the Common Stock and warrants first to the fair value of the warrants with the residual allocated to the Common Stock. As a result, the Company allocated $4,475,791 to the warrants with the remainder of the proceeds allocated to the Common Stock. The fair value of the Placement Agent warrants, $2,040,091, was recorded as a warrant derivative liability and a stock issuance cost net against the gross proceeds received.

In October 2010, the Company issued 500,000 shares of Common Stock with a fair value of approximately $500,000 for legal services related to the Merger and related transactions. These shares were considered non-cash stock issuance costs and were recorded as a debit and credit to additional paid-in capital.

In connection with the Offering, the Company paid the Placement Agent a commission of 10% of the funds raised from such investors in the Offering. In addition, the Placement Agent received a non-accountable expense allowance equal to 3% of the proceeds raised in the Offering as well as warrants to purchase a number of shares of Common Stock equal to 20% of the number of common shares underlying Units sold to investors in the Offering. As a result of the foregoing arrangement, the Placement Agent was paid commissions and expenses of $1,690,000 and was issued warrants to purchase (i) 2,600,000 shares of Common Stock at an exercise price of $1.00 per share and (ii) 2,600,000 shares of Common Stock at an exercise price of $1.40 per share. Other cash expenses related to the private placement totaled $382,117.

Registration Rights Agreement

In connection with the Offering, the Company entered into a Registration Rights Agreement with the private placement investors, whereby the Company agreed to register common stock as defined in the agreement. The Company is required to file within 90 days of the date of the final closing (the “Filing Deadline”), a registration statement registering for resale all shares of Common Stock issued in the private placement, including Common Stock (i) included in the Units; and (ii) issuable upon exercise of the Investor Warrants. The Company has agreed to use its reasonable efforts to have the registration statement declared effective within 180 days of filing the registration statement (the “Effectiveness Deadline”). If the Registration Statement is not filed on or before the Filing Deadline or not declared effective on or before the Effectiveness Deadline, the Company shall pay to each holder of registrable securities an amount in cash equal to one-half of one percent (0.5%) of such holder’s investment in the Offering or in the Bridge Financing on every thirty (30) day anniversary of such Filing Deadline or Effectiveness Deadline failure until such failure is cured. The payment amount shall be prorated for partial thirty (30) day periods. The maximum aggregate amount of payments to be made by the Company as the result of such failures, whether by reason of a Filing Deadline failure, Effectiveness Deadline failure or any combination thereof, shall be an amount equal to 9% of each Unit holder’s investment amount. The Company shall keep the Registration Statement effective for one (1) year from the date it is declared effective by the SEC or until Rule 144 of the Securities Act is available to the investors with respect to all of their shares, whichever is earlier.

Common Stock Reserves

As of December 31, 2010, the Company had the following reserves established for the future issuance of Common Stock as follows:

Reserve for the exercise of warrants	18,800,000
Reserve for the exercise of stock options	9,415,557
Total Reserves	28,215,557

12. DERIVATIVE INSTRUMENTS

Certain warrants issued to the investors in the Offering, the Bridge Note investors and the Placement Agent (see Notes 10 and 11) have provisions that include anti-dilution protection and, under certain conditions, grant the right to the holder to request the Company to repurchase the warrant. Accordingly, these warrants are accounted for as derivative liabilities. The Company uses the Black-Scholes option pricing model and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments. The fair value of these derivative instruments at December 31, 2010 was $10,647,190 and is included as a derivative warrant liability, a current liability. Changes in fair value of the derivative financial instruments are recognized currently in the Statement of Operations as a derivatives gain or loss. The warrant derivative loss for the year ended December 31, 2010 was $3,952,582 and was included in other income (expense) in the consolidated statement of operations. There was no derivatives loss for the year ended December 31, 2009.

The assumptions used principally in determining the fair value of warrants were as follows:

	December 31, 2010
Risk-free interest rate	2.0%
Expected dividend yield	0%
Contractual Term	4.7-4.9 years
Expected volatility	50%

The primary underlying risk exposure pertaining to the warrants is the change in fair value of the underlying Common Stock for each reporting period.

13. STOCK OPTIONS

In 2007, the Company adopted the 2007 Employee, Director and Consultant Stock Plan (the “2007 Plan”). Pursuant to the 2007 Plan, the Company’s Board of Directors (or committees and/or executive officers delegated by the Board of Directors) may grant incentive and nonqualified stock options to the Company’s employees, officers, directors, consultants and advisors. As of December 31, 2010, there were options to purchase an aggregate of 5,915,557 shares of Common Stock outstanding under the 2007 Plan and no shares available for future grants under the 2007 Plan.

On October 25, 2010, the Company’s Board of Directors adopted the 2010 Equity Incentive Plan, subject to shareholder approval (the “2010 Plan”). The 2010 Plan provides for grants of incentive stock options to employees and nonqualified stock options and restricted Common Stock to employees, consultants and non-employee directors of the Company. As of December 31, 2010, the number of shares authorized for issuance under the 2010 Plan was 3,500,000 shares. As of December 31, 2010, there were options to purchase an aggregate of 280,000 shares of Common Stock outstanding under the 2010 Plan and 3,220,000 shares available for future grants under the 2010 Plan. If shareholder approval is not obtained by October 25, 2011, all awards granted under the 2010 Plan will terminate. In addition, no award under the 2010 Plan will become exercisable until shareholder approval has been obtained and a registration statement on Form S-8 has been filed with the SEC.

Options issued under the 2007 Plan and the 2010 Plan, (collectively the "Plans") are exercisable for up to 10 years from the date of issuance.

Share-based compensation

For stock options issued and outstanding during the years ended December 31, 2010 and 2009, the Company recorded non-cash, stock-based compensation expense of $664,908 and $171,059, respectively, each net of estimated forfeitures.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Due to its limited operating history and limited number of sales of its Common Stock, the Company estimated its volatility in consideration of a number of factors including the volatility of comparable public companies. The Company uses historical data, as well as subsequent events occurring prior to the issuance of the financial statements, to estimate option exercises and employee terminations within the valuation model. The expected term of options granted under the Company's stock plans, all of which qualify as "plain vanilla," is based on the average of the contractual term (generally 10 years) and the vesting period (generally 48 months). For non-employee options, the expected term is the contractual term. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option.

The assumptions used principally in determining the fair value of options granted to employees were as follows:

	December 31,	
	2010	2009
Risk-free interest rate	1.63% - 3.05%	2.68%
Expected dividend yield	0%	0%
Expected term (employee grants)	6.25 years	6.25 years
Expected volatility	49.12%	50.1110%

A summary of option activity under the Company's stock plans and options granted to officers of the Company outside any plan as of December 31, 2010 and 2009 and changes during the years then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2008	2,980,729	$ 0.07		
Granted	963,941	$ 0.86		
Forfeited	(82,624)	$ 0.07		
Outstanding at December 31, 2009	3,862,046	$ 0.27		
Granted	2,333,511	$ 1.13		
Outstanding at December 31, 2010	6,195,557	$ 0.59	8.31	$10,322,073
Vested at December 31, 2010	2,406,112	$ 0.15	7.04	$ 5,072,223

The weighted average grant-date fair value of options granted during the years ended December 31, 2010 and 2009 was $0.55 and $0.45 per share, respectively. The total fair value of options that vested in the years ended December 31, 2010 and 2009 was $962,810 and $346,976, respectively. As of December 31, 2010 and 2009, there was approximately $2,236,133 and $1,026,595 of total unrecognized compensation expense, respectively, related to non-vested share-based option compensation arrangements. The unrecognized compensation expense is estimated to be recognized over a period of 2.95 and 2.72 years at December 31, 2010 and 2009, respectively.

14. WARRANTS

The following presents information about warrants to purchase Common Stock issued and outstanding at December 31, 2010:

Year Issued	Number of Warrants	Exercise Price	Date of Expiration
2010	15,600,000	$ 1.40	10/26/2015 - 12/3/2015
2010	3,200,000	1.00	9/26/2015 - 12/3/2015
Total	18,800,000		
Weighted average exercise price		$ 1.33	
Weighted average life in years			4.8

15. EMPLOYEE BENEFIT PLAN

In November 2006, the Company adopted a 401(k) plan (the "Plan") covering all employees. Employees must be 21 years of age in order to participate in the Plan. Under the Plan, the Company has the option to make matching contributions but has elected not to do so.

16. INTELLECTUAL PROPERTY LICENSE

The Company has obtained a world-wide exclusive license (the "CMCC License") for patents co-owned by Massachusetts Institute of Technology and Harvard's Children's Hospital covering the use of biopolymers to treat spinal cord injuries, and to promote the survival and proliferation of human stem cells in the spinal cord. The CMCC License has a 15-year term, or as long as the life of the last expiring patent right, whichever is longer, unless terminated earlier by the licensor. In connection with the CMCC License, the Company paid an initial $75,000 licensing fee (see Note 3) and is required to pay certain annual maintenance fees, milestone payments and royalties. All costs associated with maintenance of the CMCC License are expensed as incurred.

17. COMMITMENTS AND CONTINGENCIES

Legal Settlement

In 2009, the Company filed a lawsuit against a party alleging damages from a breach of a contract under which the party was providing services to the Company. In exchange for a payment of $383,000 from the party, the Company agreed to dismiss the lawsuit. The $383,000 received was recorded as other income in the Statement of Operations in the year ended December 31, 2009.

Operating Lease

On November 15, 2010, the Company entered into a commercial lease for 1,200 square feet of office and laboratory space in Medford, MA. The term of this lease is for two years with monthly payments of approximately $3,900.

Pursuant to the terms of the non-cancelable lease agreement in effect at December 31, 2010, future minimum rent commitments are as follows:

Year Ended December 31,	
2011	$47,061
2012	43,139
Total	$90,200

Total rent expense for the years ended December 31, 2010 and 2009, including month-to-month leases, was approximately $270,000 and $123,000.

18. RESTATEMENT

The Company is restating its 2010 financial statements to correct an error related to the accounting for derivative liabilities. The error related to the process of allocating the proceeds of a financing to two instruments when one of those instruments was a derivative liability. Originally, the Company allocated the proceeds using the relative fair value of the two instruments with the derivative liability being recorded at its fair value and any difference between the relative fair value and fair value being charged to a derivative gain or loss upon issuance. The purpose of this restatement is to first allocate the proceeds to the derivative to the extent of its fair value with the residual allocated to the common stock.

The December 31, 2010 balance sheet line items were impacted by the following amounts:

Additional paid-in capital	$(1,146,312)
Deficit accumulated during the development stage	1,146,312

The statement of operations line items were impacted as follows:

	Year Ended December 31, 2010	Period from November 28, 2005 (inception) to December 31, 2010
Derivatives losses	$ 1,146,312	$ 1,146,312
Net loss	$ 1,146,312	$ 1,146,312
Net loss per share, basic and fully diluted	$ 0.03	$ 0.05

The statement of changes in stockholders' equity for the year ended December 31, 2010 line items were impacted as follows:

Issuance of common stock in private Placement, net of stock issuance costs of $2,072,117 and non-cash stock issuance costs of $5,369,570	$(1,146,312)
Net loss	1,146,312

19. SUBSEQUENT EVENT

Subsequent to December 31, 2010, the Company issued 27,541 shares of Common Stock upon exercise of stock options.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Balance Sheets

	As of	
	September 30, 2011	December 31, 2010
	Unaudited	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 3,686,929	$ 8,964,194
Restricted cash	155,000	—
Prepaid expenses	119,523	81,166
Total current assets	3,961,452	9,045,360
Property and equipment, net	520,992	280,181
Other assets	121,764	53,639
Total assets	$ 4,604,208	$ 9,379,180
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current liabilities:		
Accounts payable	$ 553,807	$ 336,945
Loan payable-current portion	41,666	—
Capital lease payable-current portion	32,906	—
Derivative warrant liability	4,087,355	10,647,190
Accrued expenses	359,081	247,547
Total current liabilities	5,074,815	11,231,682
Loan payable-less current portion	76,391	—
Capital lease payable-less current portion	43,281	—
Total liabilities	5,194,487	11,231,682
Commitments and contingencies		
Stockholders' deficit:		
Common stock, $0.00001 par value, authorized 200,000,000 and 100,000,000 shares at September 30, 2011 and December 31, 2010, respectively; issued and outstanding 52,005,902 and 51,647,171 shares at September 30, 2011 and December 31, 2010, respectively.	520	516
Additional paid-in capital	12,079,127	11,235,829
Deficit accumulated during the development stage	(12,669,926)	(13,088,847)
Total stockholders' deficit	(590,279)	(1,852,502)
Total liabilities and stockholders' deficit	$ 4,604,208	$ 9,379,180

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Period from November 28, 2005 (inception) to September 30, 2011
	2011	2010	2011	2010	
Operating expenses:					
Research and development	$ 1,016,865	$ 324,626	$ 3,045,426	$ 950,059	$ 7,826,413
General and administrative	1,196,455	424,050	3,095,877	974,942	6,791,542
Total operating expenses	2,213,320	748,676	6,141,303	1,925,001	14,617,955
Operating loss	(2,213,320)	(748,676)	(6,141,303)	(1,925,001)	(14,617,955)
Other income (expense):					
Other income	—	—	—	—	383,000
Interest income	4,778	47	7,539	267	18,829
Interest expense	—	(36,931)	(7,150)	(285,259)	(1,060,805)
Derivatives gain (loss)	5,275,591	(51,195)	6,559,835	(51,195)	2,607,253
Other income (expense), net	5,280,369	(88,079)	6,560,224	(336,187)	1,948,277
Net income (loss)	$ 3,067,049	$ (836,755)	$ 418,921	$ (2,261,188)	$(12,669,678)
Net income (loss) per share, basic	$ 0.06	$ (0.03)	$ 0.01	$ (0.08)	$ (0.43)
Net income (loss) per share, diluted	$ 0.06	$ (0.03)	$ 0.01	$ (0.08)	$ (0.43)
Weighted average number of common shares outstanding, basic	51,889,111	31,147,190	51,743,138	29,378,512	29,782,271
Weighted average number of common shares outstanding, diluted	54,269,856	31,147,190	54,198,981	29,378,512	29,782,271

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,		Period from November 28, 2005 (inception) to September 30,
	2011	2010	2011
Cash flows from operating activities:			
Net income (loss)	$ 418,921	$(2,261,188)	$(12,669,678)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	101,599	36,136	194,564
Non-cash derivatives (gain) loss	(6,559,835)	51,195	(2,607,253)
Non-cash interest expense	—	236,286	962,834
Common stock issued for services	200,676	—	200,676
Share-based compensation expense	622,141	364,128	1,500,981
Changes in operating assets and liabilities:			
Restricted cash	(155,000)	—	(155,000)
Prepaid expenses	(28,306)	(40,117)	(109,472)
Other assets	(75,000)	—	(150,000)
Accounts payable	216,862	58,333	553,807
Accrued interest payable	—	13,968	(15,256)
Accrued expenses	111,534	(207,807)	359,081
Net cash used in operating activities	(5,146,408)	(1,749,066)	(11,934,716)
Cash flows from investing activities:			
Purchases of property and equipment	(241,995)	(24,610)	(593,780)
Net cash used in investing activities	(241,995)	(24,610)	(593,780)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes payable	—	700,000	4,181,000
Proceeds from convertible bridge notes	—	—	500,000
(Repayment of) proceeds from loans payable	118,057	(90,985)	118,057
Principal payments on capital lease obligation	(17,353)	—	(17,353)
Proceeds from issuance of common stock and warrants	10,434	1,000,000	11,433,721
Net cash provided by financing activities	111,138	1,609,015	16,215,425
(Decrease) Increase in cash and cash equivalents	(5,277,265)	(164,661)	3,686,929
Cash and cash equivalents at beginning of period	8,964,194	226,667	—
Cash and cash equivalents at end of period	3,686,929	$ 62,006	$ 3,686,929

(continued)

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Developmental Stage Company)

Consolidated Statements of Cash Flows (Concluded)
(Unaudited)

	Nine Months Ended September 30,		Period from November 28, 2005 (inception) to September 30, 2011
	2011	2010	
Supplemental disclosure of cash flow information and non-cash transactions:			
Cash paid for interest	$ 5,077	$ 29,586	$ 97,517
Conversion of convertible notes payable and accrued interest into common stock	$ —	$3,323,128	$ 4,672,484
Conversion of convertible bridge note payable and accrued interest into common stock	$ —	$ —	$ 504,597
Asset acquired through capital lease obligation	$93,540	$ —	$ 93,540
Beneficial conversion feature on convertible and bridge notes payable	$ —	$ 134,410	$ 134,410
Fair value of warrants issued with bridge notes payable	$ —	$ 178,726	$ 178,726
Fair value of warrants issued in connection with loan agreement	$10,051	$ —	$ 10,051
Issuance of founders shares	$ —	$ —	$ 248

See notes to the consolidated financial statements.

InVivo Therapeutics Holdings Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Period Ended September 30, 2011 (Unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Business

InVivo Therapeutics Corporation ("InVivo") was incorporated on November 28, 2005 under the laws of the State of Delaware. InVivo is developing and commercializing biopolymer scaffolding devices for the treatment of spinal cord injuries. The biopolymer devices are designed to protect the damaged spinal cord from further secondary injury and promote neuroplasticity, a process where functional recovery can occur through the rerouting of signaling pathways to the spared healthy tissue.

Since its inception, InVivo has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. Accordingly, InVivo is considered to be in the development stage.

Reverse Merger

On October 26, 2010, InVivo completed a reverse merger transaction (the "Merger") with InVivo Therapeutics Holdings Corporation (formerly Design Source, Inc.) ("ITHC"), a publicly traded company incorporated under the laws of the State of Nevada. InVivo became a wholly owned subsidiary of ITHC, which continues to operate the business of InVivo. As part of the Merger, ITHC issued 31,147,190 shares of its Common Stock to the holders of InVivo common stock on October 26, 2010 in exchange for the 2,261,862 outstanding common shares of InVivo and also issued 500,000 shares to its legal counsel in consideration for legal services provided. All share and per share amounts presented in these consolidated financial statements have been retroactively restated to reflect the 13.7706 to 1 exchange ratio of InVivo shares for ITHC shares in the Merger. Immediately prior to the Merger, ITHC had 6,999,981 shares of Common Stock outstanding.

The Merger was accounted for as a "reverse merger," and InVivo is deemed to be the accounting acquirer. The Merger was recorded as a reverse recapitalization, equivalent to the issuance of common stock by InVivo for the net monetary assets of ITHC accompanied by a recapitalization. At the date of the Merger, the 6,999,981 outstanding ITHC shares were reflected as an issuance of InVivo common stock to the prior shareholders of ITHC. ITHC had no net monetary assets as of the Merger so this issuance was recorded as a reclassification between additional paid-in capital and par value of Common Stock.

The historical consolidated financial statements are those of InVivo as the accounting acquirer. The post-merger combination of ITHC and InVivo is referred to throughout these notes to consolidated financial statements as the "Company." Subsequent to the Merger, the Company completed three closings as part of a private placement.

On October 26, 2010, in connection with the Merger described above, ITHC transferred all of its operating assets and liabilities to its wholly-owned subsidiary, D Source Split Corp., a company organized under the laws of Nevada ("DSSC"). DSSC was then split-off from ITHC through the sale of all outstanding shares of DSSC (the "Split-Off"). The assets and liabilities of ITHC were transferred to the Split-Off Shareholders in the Split-Off. ITHC executed a split off agreement with the Split-Off Shareholders which obligates the Split-Off Shareholders to assume all prior liabilities associated with Design Source, Inc. and all DSSC liabilities. In conjunction with the Split-Off, certain shareholders of ITHC surrendered for cancellation shares of ITHC common stock for no additional consideration. The purpose of the Split-Off was to make ITHC a shell company with no assets or liabilities in order to facilitate the Merger. Although all transactions related to the Merger occurred simultaneously, the Split-Off, including the cancellation of shares, was considered to have occurred immediately prior to the Merger for accounting purposes. As the accounting

acquiree in a reverse merger with a shell company, the historical financial statements of ITHC are not presented and these ITHC transactions are not reflected in the Company's accompanying consolidated financial statements.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("GAAP") consistent with those applied in, and should be read in conjunction with, the Company's audited financial statements and related footnotes for the year ended December 31, 2010 included in the Company's Annual Report on Form 10-K, as amended, as filed with the United States Securities and Exchange Commission ("SEC"). The unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company's financial position as of September 30, 2011 and its results of operations and cash flows for the interim periods presented and are not necessarily indicative of results for subsequent interim periods or for the full year. The interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements as allowed by the relevant SEC rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading.

2. CASH AND CASH EQUIVALENTS

As of September 30, 2011, the Company held approximately $3,700,000 in cash and cash equivalents. From time to time, the Company may have cash balances in financial institutions in excess of insurance limits. The Company has never experienced any losses related to these balances. All of the Company's non-interest bearing cash balances were fully insured at September 30, 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit on the amount of insurance for eligible accounts. Beginning in 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and non-interest bearing cash balances may again exceed federally insured limits. The Company's cash equivalents are in money market funds and certificates of deposit. The cash and cash equivalents in interest-bearing accounts and non-interest bearing accounts ineligible under the program amounted to approximately $3,370,000 as of September 30, 2011. Restricted cash represents a $105,000 security deposit related to the Company's credit card account and a $50,000 minimum balance in a checking account that is required as part of a loan agreement.

3. FAIR VALUE OF ASSETS AND LIABILITIES

The Company groups its assets and liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses valuation methods and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	September 30, 2011			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$ 4,087,355	—	$ 4,087,355

	December 31, 2010			
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
Derivative warrant liability	$ —	$10,647,190	—	$10,647,190

4. COMMITMENTS

Operating Lease Commitment

The Company leases approximately 1,200 square feet of laboratory and office space in Medford, Massachusetts under a lease expiring November 14, 2012. Future minimum lease payments under this operating lease are approximately as follows:

	Amount
For the years ending December 31,	
2011	$11,976
2012	43,139
Total	$55,115

The Company's rent expense under this lease was approximately $12,000 and $39,000 for the three and nine months ended September 30, 2011. Total rent expense in these periods was approximately $88,000 and $267,000, respectively.

Other Commitments

In February 2011, the Company entered into an agreement with a contract research organization to perform non-human clinical trials. The agreement requires total payments of $850,000 of which $425,000 was paid upon execution of the contract. The remaining $425,000 is expected to be paid in the fourth quarter of 2011.

Registration Payment Arrangements

In connection with the Merger (see Note 1), the Company completed a private placement of 13,000,000 Units of its securities. The Company entered into a Registration Rights Agreement with the private placement investors, whereby the Company agreed to register common stock as defined in the agreement. The Company was required to file within 90 days of the date of the final closing (the "Filing Deadline"), a registration statement registering for resale all shares of Common Stock issued in the private placement, including Common Stock (i) included in the Units; and (ii) issuable upon exercise of the Investor Warrants. On July 29, 2011, the SEC declared that the Company's Registration Statement was effective. The Company has an on-going responsibility to maintain the effectiveness of the Registration Statement until the earlier of: (i) one year from the date of effectiveness or, (ii) when Rule 144 of the Securities Act is available to the private placement investors.

5. CAPITAL LEASE OBLIGATION

In February 2011, the Company entered into a capital lease agreement under which the Company leased certain laboratory equipment. Capital lease obligation consisted of the following:

	September 30, 2011
Capital lease payable	$ 76,187
Less: current portion	(32,906)
	$ 43,281

The total value of the laboratory equipment acquired under this capital lease agreement was $124,151. The capital lease is payable in monthly installments of $2,812 payable over thirty six months with the final payment due in January 2014. For the three and nine months ended September 30, 2011, interest expense recorded on the capital lease was $949 and $2,973, respectively. For the three and nine months ended September 30, 2011, depreciation expense was $6,208 and $16,553, respectively.

6. LOAN PAYABLE

In June 2011, the Company entered into a loan agreement with a bank. The loan agreement provides the Company with a $1,000,000 line of credit for the purchase of capital equipment. The line is available to the Company until December 31, 2011. The annual interest rate is the greater of 6.75% or 3.50% above the Prime Rate. Borrowings are repayable in equal monthly installments over a thirty six month period. The Company was assessed a $7,500 commitment fee and issued the bank a warrant for the purchase of 16,071 shares of Common Stock. The warrant has a seven year term and is exercisable at $1.40 per share. The fair value of the warrant was determined to be approximately $10,000 and was recorded as a deferred financing cost that will be amortized to interest expense over a three year period commencing from the date of the first draw from the equipment line of credit. Amortization of the deferred financing costs in the three and nine months ended September 30, 2011 was $2,073. As of September 30, 2011, there was a total of $125,000 advanced on the equipment line of credit. The equipment line of credit is secured by substantially all the assets of the Company excluding intellectual property. In accordance with the agreement, the Company is required to maintain its primary banking and investments accounts with the commercial bank and a deposit of not less than $50,000 at the bank. The loan payable at September 30, 2011 consisted of the following:

	September 30, 2011
Equipment Loan	$ 118,057
Less: current portion	(41,666)
	$ 76,391

Interest expense related to the loan payable in the three and nine months ended September 30, 2011 was $1,433.

7. COMMON STOCK

The Company has authorized 200,000,000 shares of Common Stock, $0.00001 par value per share, of which 52,005,902 shares and 51,647,171 shares were issued and outstanding as of September 30, 2011 and December 31, 2010, respectively.

In February 2011, the Company issued 27,541 shares of Common Stock upon the exercise of stock options and received cash proceeds of $1,999.

In June 2011, the Company issued 65,000 unregistered shares with a fair value of approximately $55,000 to an investor relations firm in exchange for services provided.

In August 2011, the Company issued 150,000 unregistered shares with a fair value of approximately $142,500 to a firm providing investor relations services.

On August 5, 2011, Company issued 116,190 shares of Common Stock upon the exercise of stock options and received cash proceeds of $8,435.

8. DERIVATIVE INSTRUMENTS

Derivative financial instruments are recognized as a liability on the consolidated balance sheet and measured at fair value.

At September 30, 2011 and December 31, 2010, the Company had outstanding warrants to purchase 18,800,000 shares of its Common Stock which are considered to be derivative instruments since the agreements contain provisions that include anti-dilution protection and, under certain conditions, grant the right to the holder to request the Company to repurchase the warrant. The Company uses the Black-Scholes option pricing model and assumptions that consider, among other factors, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments. The fair value of these derivative instruments at September 30, 2011 and December 31, 2010 were $4,087,355 and $10,647,190, respectively. Changes in fair value of the derivative financial instruments are recognized currently in the Statement of Operations as a derivatives gain or loss. The warrant derivative gain for the three and nine months ended September 30, 2011 was $5,275,590 and $6,559,834, respectively, and was included in other income (expense) in the consolidated statement of operations. The warrant derivative loss for the three and nine months ended September 30, 2010 was $51,195.

The assumptions used principally in determining the fair value of warrants were as follows:

	As of September 30, 2011
Risk free interest rate	.96%
Expected dividend yield	0%
Contractual term	3.9-4.2 years
Expected volatility	67%

The primary underlying risk exposure pertaining to the warrants is the change in fair value of the underlying Common Stock for each reporting period.

The table below presents the changes in derivative warrant liability during the nine months ended September 30, 2011:

	Nine Months Period Ended September 30, 2011
Balance as of December 31, 2010	$ 10,647,190
Change in fair value of warrants with anti-dilution provisions	(6,559,835)
Balance as of September 30, 2011	$ 4,087,355

9. STOCK OPTIONS

In 2007, the Company adopted the 2007 Employee, Director and Consultant Stock Plan (the “2007 Plan”). Pursuant to the 2007 Plan, the Company’s Board of Directors (or committees and/or executive officers delegated by the Board of Directors) may grant incentive and nonqualified stock options to the Company’s

employees, officers, directors, consultants and advisors. As of September 30, 2011, there were options to purchase an aggregate of 4,379,005 shares of Common Stock outstanding under the 2007 Plan and no shares available for future grants under the 2007 Plan.

On October 26, 2010, the Company's Board of Directors adopted the 2010 Equity Incentive Plan, (the "2010 Plan"). The Company's shareholders approved the 2010 Plan, as amended, on August 3, 2011. The 2010 Plan provides for grants of incentive stock options to employees and nonqualified stock options and restricted Common Stock to employees, consultants and non-employee directors of the Company. As of September 30, 2011, the number of shares authorized for issuance under the 2010 Plan was 3,500,000 shares. As of September 30, 2011, there were options to purchase an aggregate of 940,000 shares of Common Stock outstanding under the 2010 Plan and 2,560,000 shares available for future grants under the 2010 Plan. Options issued under the 2007 Plan and the 2010 Plan (collectively the "Plans") are exercisable for up to 10 years from the date of issuance.

Share-based compensation

For stock options issued and outstanding for the three and nine months ended September 30, 2011, the Company recorded non-cash, stock-based compensation expense of $111,799 and $622,141, respectively, net of forfeitures.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Due to its limited operating history and limited number of sales of its Common Stock, the Company estimated its volatility in consideration of a number of factors including the volatility of comparable public companies. The Company uses historical data, as well as subsequent events occurring prior to the issuance of the financial statements, to estimate option exercises and employee terminations within the valuation model. The expected term of options granted under the Plans, all of which qualify as "plain vanilla," is based on the average of the contractual term (generally 10 years) and the vesting period (generally 48 months). For non-employee options, the expected term is the contractual term. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option.

The assumptions used principally in determining the fair value of options granted to employees were as follows:

	As of September 30, 2011
Risk-free interest rate	1.89%
Expected dividend yield	0%
Expected term (employee grants)	6.21 years
Expected volatility	67%

A summary of option activity under the Plans and options granted to officers of the Company outside any plan as of September 30, 2011 and changes during the nine months then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2010	6,195,557	$ 0.59		
Granted	580,000	$ 1.08		
Forfeited	(1,392,821)	$ 0.93		
Exercised	(143,731)	$ 0.07		
Outstanding at September 30, 2011	5,239,005	$ 0.57	7.48	$1,609,324
Exercisable at September 30, 2011	2,808,842	$ 0.27	6.47	$1,404,070

The weighted average grant-date fair value of options granted during the nine months ended September 30, 2011 was $0.54 per share. The total fair value of options that vested in the nine months ended September 30, 2011 was $1,404,070. As of September 30, 2011, there was approximately $933,637 of total unrecognized compensation expense, related to non-vested share-based option compensation arrangements. The unrecognized compensation expense is estimated to be recognized over a period of 2.84 years at September 30, 2011.

In September 2011, the Company granted 80,000 shares of Common Stock under the 2010 Plan to a consultant as a restricted stock award with 30,000 shares vesting upon FDA clearance of an Investigational Device Exemption to permit the commencement of a human clinical trial and 50,000 shares vesting upon FDA approval of the Company's biopolymer scaffolding device to treat spinal cord injuries. The Company determined upon grant that the vesting of the 30,000 shares is probable and the fair value of these shares at $23,400 is being amortized over an eight month period from September 2011 through April 2012. The Company has determined that vesting of the 50,000 shares is not probable at this time. For the three and nine months ended September 30, 2011, the Company amortized $2,925 of stock compensation expense.

In September 2011, the Company entered into an employment agreement for a Chief Science Officer. The agreement requires the Company to issue 775,000 stock options at an exercise price equal to the closing price of the common stock on the date of grant upon commencement of employment which is anticipated to be December 2011. These options will have a vesting period of four years.

10. WARRANTS

The following presents information about warrants to purchase Common Stock issued and outstanding at September 30, 2011:

Year Issued	Classification	Number of Warrants	Exercise Price	Date of Expiration
2010	Derivative	15,600,000	$ 1.40	10/26/2015-12/3/2015
2010	Derivative	3,200,000	1.00	9/26/2015-12/3/2015
2011	Equity	16,071	1.40	6/17/2018
Total		18,816,071		
Weighted average exercise price			$ 1.33	
Weighted average life in years				4.0

Table of Contents

INVIVO THERAPEUTICS HOLDINGS CORP.

[ ] Shares of Common Stock
Warrants to Purchase Up to [ ] Shares of Common Stock
and
[ ] Shares of Common Stock Underlying Warrants

PROSPECTUS

, 2011

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses payable by us in connection with the sale of the securities being registered. All such costs and expenses shall be borne by us. All amounts are estimates except the fees payable to the SEC.

SEC Registration Fee	$ 1,146
FINRA filing fee	
Printing and Edgar Filing	
Accounting Fees and Expenses	
Legal Fees and Expenses	
Miscellaneous	
Total	$

Item 14. Indemnification of Directors and Officers

Nevada Revised Statutes ("NRS") Sections 78.7502 and 78.751 provide us with the power to indemnify any of our directors, officers, employees and agents. The person entitled to indemnification must have conducted himself in good faith, and must reasonably believe that his conduct was in, or not opposed to, our best interests. In a criminal action, the director, officer, employee or agent must not have had reasonable cause to believe that his conduct was unlawful.

Under NRS Section 78.751, advances for expenses may be made by agreement if the director or officer affirms in writing that he has met the standards for indemnification and will personally repay the expenses if it is determined that such officer or director did not meet those standards.

Our bylaws include an indemnification provision under which we have the power to indemnify our directors, officers, former directors and officers, employees and other agents (including heirs and personal representatives) against all costs, charges and expenses actually and reasonably incurred, including an amount paid to settle an action or satisfy a judgment to which a director or officer is made a party by reason of being or having been a director or officer of the Company. Our bylaws further provide for the advancement of all expenses incurred in connection with a proceeding upon receipt of an undertaking by or on behalf of such person to repay such amounts if it is determined that the party is not entitled to be indemnified under our bylaws. No advance will be made by the Company to a party if it is determined that the party acted in bad faith. These indemnification rights are contractual, and as such will continue as to a person who has ceased to be a director, officer, employee or other agent, and will inure to the benefit of the heirs, executors and administrators of such a person.

Our bylaws do not eliminate or limit the liability of a director for: (i) an act or omission which involves intentional misconduct, fraud or a knowing violation of law; or (ii) the payment of dividends in violation of NRS 78.300.

We maintain an insurance policy on behalf of our directors and officers, covering certain liabilities which may arise as a result of the actions of the directors and officers.

We have entered into an indemnification agreement with each of our officers and directors pursuant to which they will be indemnified by us, subject to certain limitations, for any liabilities incurred by them in connection with their role as officers and/or directors of the Company.

Item 15. Recent Sales of Unregistered Securities

Between November 2006 and June 2008, Messrs. Reynolds, Langer and Teng were issued 1,100,000, 600,000 and 100,000 shares of InVivo's common stock, respectively. These shares converted into 15,147,660 shares, 8,262,360 shares and 1,377,060 shares of our Common Stock, respectively, upon the closing of the Merger. Between August 2006 and the date of this registration statement, InVivo sold $4,181,000 of principal amount of convertible notes (the "Convertible Notes") to 54 accredited investors and 79,536 shares of its common stock to one investor for $1,000,000. The Convertible Notes were converted into 379,989 shares of InVivo common stock before the closing of the Merger. The 79,536 shares issued to the Investor converted into 1,095,259 Shares of our Common Stock and the 379,989 shares issuable to the Convertible Note holders converted into 5,232,677 Shares of our Common Stock upon the closing of the Merger.

In October 2010, we issued 500,000 shares of our Common Stock for legal services to InVivo's counsel, Meister Seelig & Fein LLP at the closing of the Merger.

In September 2010, InVivo sold $500,000 of principal amount of bridge notes and bridge warrants. $150,000 of principal amount of the bridge notes and bridge warrants were purchased by an affiliate of Spencer Trask. Principal and accrued interest on the bridge notes converted into and was used to acquire units in the 2010 Private Placement and upon the closing of the Merger, the bridge warrants were exchanged for 500,000 New Bridge Warrants to acquire 500,000 shares of our Common Stock at a price of $1.00 per share. As consideration for locating investors to participate in the bridge financing, Spencer Trask received warrants from InVivo that were exchanged on the closing of the Merger for New Bridge Warrants to purchase 100,000 shares of Common Stock at a price of $1.00 per share. Spencer Trask received, upon conversion of the bridge notes, compensation in the same amount as it received for other units sold in the 2010 Private Placement.

In October, November and December 2010, we completed a private placement of 13 million units of our securities (consisting of shares of Common Stock and warrants to purchase Common Stock) and raised total gross proceeds of $13 million and total net proceeds of $10,913,954. We issued 13 million shares and 13 million warrants exercisable at $1.40 to investors in the private placement. We paid Spencer Trask, as placement agent, a cash commission of 10% of the funds raised from the private placement. In addition, Spencer Trask received a non-accountable expense allowance equal to 3% of the proceeds raised in the private placement as well as warrants to purchase a number of shares of Common Stock equal to 20% of the Common Stock and 20% of the Common Stock underlying the Investor Warrants sold in the private placement. Spencer Trask was paid total cash consideration of $1,690,000 and was issued warrants to purchase 2,600,000 shares of Common Stock at an exercise price of $1.00 per share and warrants to purchase 2,600,000 shares of Common Stock at an exercise price of $1.40 per share.

The transactions described above were exempt from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of these securities. The securities were offered only to "accredited investors" as defined under Rule 501(a) of Regulation D. Neither the Company nor any person acting on its behalf offered or sold these securities by any form of general solicitation or general advertising.

On February 14, 2011, we issued 27,541 shares of our Common Stock to George Calapai upon his exercise of stock options under our 2007 Stock Option Plan at an exercise price of $0.0723 per share. The issuance of these shares was effected without registration in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of these shares.

On June 17, 2011, we issued a warrant for the purchase of 16,071 shares of Common Stock to Square 1 Bank. The warrant has a seven year term and is exercisable at $1.40 per share. The issuance of this warrant was effected without registration in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of this warrant.

On June 27, 2011, we issued 65,000 shares of Common Stock to CorProminence, LLC. The issuance of these shares was effected without registration in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of these shares.

On August 5, 2011, we issued 150,000 shares of Common Stock to Crystal Research Associates, LLC. The issuance of these shares was effected without registration in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of these shares.

On November 30, 2011, we issued 250,000 shares of Common Stock to John Derby in connection with his exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.40 per share for a total of $350,000.00, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On November 30, 2011, we issued 50,267 shares of Common Stock to Andrew Meade in connection with his exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.40 per share for a total of $70,373.80, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On November 30, 2011, we issued 50,000 shares of Common Stock to Andrew Meade in connection with his exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.00 per share for a total of $50,000.00, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On November 30, 2011, we issued 10,000 shares of Common Stock to Fairfield Investment in connection with its exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.40 per share for a total of $14,000.00, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On November 30, 2011, we issued 7,253 shares of Common Stock to Steve Nicholson in connection with his exercise of a warrant to purchase common stock previously issued. Mr. Nicholson paid the exercise price via the net issuance (i.e., cashless exercise) provision set forth in the warrant. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On December 1, 2011, we issued 300,000 shares of Common Stock to Mark Tompkins in connection with his exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.40 per share for a total of $420,000.00, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

On December 6, 2011, we issued 25,000 shares of Common Stock to Reiner Fenske in connection with his exercise of a warrant to purchase common stock previously issued. The exercise price paid upon exercise of the warrant was $1.40 per share for a total of $35,000.00, which has been received by us. The issuance of these securities was effected without registration in reliance on Section 4(2) of the Securities Act as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

Item 16. Exhibits and Financial Statement Schedules

2.1	Agreement and Plan of Merger, dated October 4, 2010, by and between Design Source, Inc. and InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 2.2 to the Company's Current Report on Form 8-K, as filed with the SEC on October 6, 2010).
2.2	Agreement and Plan of Merger and Reorganization, dated as of October 26, 2010, by and among InVivo Therapeutics Holdings Corp. (f/k/a Design Source, Inc.), a Nevada corporation, InVivo Therapeutics Acquisition Corp., a Delaware corporation and InVivo Therapeutics Corporation, a Delaware corporation (incorporated by reference from Exhibit 2.2 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
2.3	Certificate of Merger (incorporated by reference from Exhibit 2.3 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
3.1	Articles of Incorporation of InVivo Therapeutics Holdings Corp., as amended (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
3.2	Amended and Restated Bylaws of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 15, 2011).
4.1	Form of Bridge Warrant of InVivo Therapeutics Corporation (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.2	Form of Bridge Promissory Note of InVivo Therapeutics Corporation (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.3	Form of Investor Warrant of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.4(i)	Form of Warrant of InVivo Therapeutics Holdings Corp. ($1.00 exercise price) issued to Placement Agent (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
4.4(ii)	Form of Warrant of InVivo Therapeutics Holdings Corp. ($1.40 exercise price) issued to Placement Agent (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
4.5	Form of Warrant of InVivo Therapeutics Holdings Corp. issued to Bridge Lenders (incorporated by reference from Exhibit 4.5 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.6	Form of Lock-Up Agreement (incorporated by reference from Exhibit 10.7 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
5.1	Opinion of BRL Law Group LLC**
10.1	Form of Securities Purchase Agreement between InVivo Therapeutics Corporation and the Bridge Lenders (incorporated by reference from Exhibit 10.1 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.2	Escrow Agreement, by and among InVivo Therapeutics Corp., InVivo Therapeutics Holdings Corp. and Signature Bank (incorporated by reference from Exhibit 10.2 to the Company's Form S-1 Registration Statement (File No. 333-171998)).

10.3	Form of Subscription Agreement, by and between InVivo Therapeutics Holdings Corp. and the investors in the offering (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.4	Form of Registration Rights Agreement, by and between InVivo Therapeutics Holdings Corp. and the investors in the offering (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.5	Split-Off Agreement, by and among InVivo Therapeutics Holdings Corp., DSource Split Corp., Peter Reichard, Lawrence Reichard and Peter Coker (incorporated by reference from Exhibit 10.5 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.6	General Release Agreement, dated as of October 26, 2010, by and among InVivo Therapeutics Corp., DSource Split Corp., Peter Reichard, Lawrence Reichard and Peter Coker (incorporated by reference from Exhibit 10.6 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.7	Amended and Restated Executive Employment Agreement by and between InVivo Therapeutics Holdings Corp. and Frank Reynolds, dated March 15, 2011 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 17, 2011).
10.8	Employment Agreement between Christopher Pritchard and InVivo Therapeutics Corp. (incorporated by reference from Exhibit 10.8 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.9	InVivo Therapeutics Corp. 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.9 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.10	InVivo Therapeutics Holdings Corp. 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.10 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.11	Amendment No. 1 to the InVivo Therapeutics Holdings Corp. 2010 Equity Incentive Plan (incorporated by reference from Appendix IV to the Company's Definitive Proxy Statement filed July 19, 2011).
10.12(i)	Form of Incentive Stock Option Agreement by and between InVivo Therapeutics Corp. and participants under the 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.11(i) to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.12(ii)	Form of Non-Qualified Stock Option Agreement by and between InVivo Therapeutics Corp. and participants under the 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.11(ii) to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.13(i)	Form of Incentive Stock Option Agreement by and between InVivo Therapeutics Holdings Corp. and participants under the 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.12(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.13(ii)	Form of Non-Qualified Stock Option Agreement by and between InVivo Therapeutics Holdings Corp. and participants under the 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.12(ii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.14	License Agreement dated July 2007 between InVivo Therapeutics Corp. and Children's Medical Center Corporation (incorporated by reference from Exhibit 10.1 to the Company's Amendment No. 2 to Quarterly Report on Form 10-Q/A for the fiscal quarter ended March 31, 2011)
10.15	Amendment One to the License Agreement, dated May 12, 2011, by and between Children's Medical Center Corporation and InVivo Therapeutics Corporation (incorporated by reference from Exhibit 10.22 to the Company's Amendment No. 4 to Form S-1 Registration Statement (File No. 333-171998)).

10.16	Form of Scientific Advisory Board Agreement entered into by InVivo Therapeutics Corp. (incorporated by reference from Exhibit 10.13 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.17	Finder's Fee Agreement dated August 18, 2010, between InVivo Therapeutics Corporation and Placement Agent (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.18	Placement Agent Agreement dated October 4, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.19	Finder's Fee Agreement dated October 26, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.20	Master Services Agreement dated October 26, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.6 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.21	Founders' Agreement among InVivo Therapeutics Corporation, Francis M. Reynolds, Robert Langer and Yang Teng dated November 1, 2006 (incorporated by reference from Exhibit 10.18 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.22	Form of Indemnification Agreement, as executed by Frank M. Reynolds, George Nolen, Christi M. Pedra, Richard J. Roberts and Adam K. Stern (incorporated by reference from Exhibit 10.19 to the Company's Form S-1 Registration Statement (File No. 333-171998)).
10.23	InVivo Therapeutics Holdings Corp. Director Compensation Plan, adopted December 10, 2010 (incorporated by reference from Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.24	Employment Offer Letter from the Company to Dr. Edward D. Wirth III, dated September 24, 2011 (incorporated by reference from Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 14, 2011).
10.25	Lease Agreement, dated November 29, 2011, between InVivo Therapeutics Corporation and RB Kendall Fee, LLC.*
10.26	Lease Guaranty, dated November 30, 2011, by InVivo Therapeutics Holdings Corporation.*
16	Letter regarding change in certifying accountant (incorporated by reference from Exhibit 16 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
21.1	Subsidiaries of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 21.1 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
23.1	Consent of Wolf & Company, P.C. *
23.2	Consent of BRL Law Group LLC (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).*

* Filed herewith
** To be filed by amendment.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

i. If the registrant is relying on Rule 430B:

A. Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

B. Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

ii. If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the

registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

7. (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, Commonwealth of Massachusetts, on December 15, 2011.

INVIVO THERAPEUTICS HOLDINGS CORP.

By: /s/ Frank M. Reynolds
Name: Frank M. Reynolds
Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, each of the undersigned officers and directors of InVivo Therapeutics Holdings Corp. hereby severally constitutes Frank M. Reynolds with full power of substitution, his or her true and lawful attorney with full power to him, to sign for the undersigned and in his or her name in the capacity indicated below, the registration statement filed herewith and any and all amendments to said registration statement (including amendments pursuant to Rule 462), and generally to do all such things in his or her name and in his or her capacity as an officer or director to enable InVivo Therapeutics Holdings Corp. to comply with the provisions of the Securities Act of 1933, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming his or her signature as it may be signed by his or her said attorney to said registration statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Frank M. Reynolds Frank M. Reynolds	Chairman, Chief Executive Officer and Chief Financial Officer (Principal Executive, Financial and Accounting Officer)	December 15, 2011
/s/ Richard J. Roberts Richard J. Roberts	Director	December 12, 2011
/s/ George Nolen George Nolen	Director	December 13, 2011
/s/ Christi M. Pedra Christi M. Pedra	Director	December 15, 2011
/s/ Adam K. Stern Adam K. Stern	Director	December 15, 2011

EXHIBIT INDEX

2.1	Agreement and Plan of Merger, dated October 4, 2010, by and between Design Source, Inc. and InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 2.2 to the Company's Current Report on Form 8-K, as filed with the SEC on October 6, 2010).
2.2	Agreement and Plan of Merger and Reorganization, dated as of October 26, 2010, by and among InVivo Therapeutics Holdings Corp. (f/k/a Design Source, Inc.), a Nevada corporation, InVivo Therapeutics Acquisition Corp., a Delaware corporation and InVivo Therapeutics Corporation, a Delaware corporation (incorporated by reference from Exhibit 2.2 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
2.3	Certificate of Merger (incorporated by reference from Exhibit 2.3 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
3.1	Articles of Incorporation of InVivo Therapeutics Holdings Corp., as amended (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
3.2	Amended and Restated Bylaws of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 15, 2011).
4.1	Form of Bridge Warrant of InVivo Therapeutics Corporation (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.2	Form of Bridge Promissory Note of InVivo Therapeutics Corporation (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.3	Form of Investor Warrant of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.4(i)	Form of Warrant of InVivo Therapeutics Holdings Corp. ($1.00 exercise price) issued to Placement Agent (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
4.4(ii)	Form of Warrant of InVivo Therapeutics Holdings Corp. ($1.40 exercise price) issued to Placement Agent (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
4.5	Form of Warrant of InVivo Therapeutics Holdings Corp. issued to Bridge Lenders (incorporated by reference from Exhibit 4.5 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
4.6	Form of Lock-Up Agreement (incorporated by reference from Exhibit 10.7 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
5.1	Opinion of BRL Law Group LLC**
10.1	Form of Securities Purchase Agreement between InVivo Therapeutics Corporation and the Bridge Lenders (incorporated by reference from Exhibit 10.1 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.2	Escrow Agreement, by and among InVivo Therapeutics Corp., InVivo Therapeutics Holdings Corp. and Signature Bank (incorporated by reference from Exhibit 10.2 to the Company's Form S-1 Registration Statement (File No. 333-171998)).

10.3	Form of Subscription Agreement, by and between InVivo Therapeutics Holdings Corp. and the investors in the offering (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.4	Form of Registration Rights Agreement, by and between InVivo Therapeutics Holdings Corp. and the investors in the offering (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.5	Split-Off Agreement, by and among InVivo Therapeutics Holdings Corp., DSource Split Corp., Peter Reichard, Lawrence Reichard and Peter Coker (incorporated by reference from Exhibit 10.5 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.6	General Release Agreement, dated as of October 26, 2010, by and among InVivo Therapeutics Corp., DSource Split Corp., Peter Reichard, Lawrence Reichard and Peter Coker (incorporated by reference from Exhibit 10.6 to the Company's Amendment No. 1 to Form S-1 Registration Statement (File No. 333-171998)).
10.7	Amended and Restated Executive Employment Agreement by and between InVivo Therapeutics Holdings Corp. and Frank Reynolds, dated March 15, 2011 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on March 17, 2011).
10.8	Employment Agreement between Christopher Pritchard and InVivo Therapeutics Corp. (incorporated by reference from Exhibit 10.8 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.9	InVivo Therapeutics Corp. 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.9 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.10	InVivo Therapeutics Holdings Corp. 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.10 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.11	Amendment No. 1 to the InVivo Therapeutics Holdings Corp. 2010 Equity Incentive Plan (incorporated by reference from Appendix IV to the Company's Definitive Proxy Statement filed July 19, 2011).
10.12(i)	Form of Incentive Stock Option Agreement by and between InVivo Therapeutics Corp. and participants under the 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.11(i) to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.12(ii)	Form of Non-Qualified Stock Option Agreement by and between InVivo Therapeutics Corp. and participants under the 2007 Stock Incentive Plan (incorporated by reference from Exhibit 10.11(ii) to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.13(i)	Form of Incentive Stock Option Agreement by and between InVivo Therapeutics Holdings Corp. and participants under the 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.12(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.13(ii)	Form of Non-Qualified Stock Option Agreement by and between InVivo Therapeutics Holdings Corp. and participants under the 2010 Equity Incentive Plan (incorporated by reference from Exhibit 10.12(ii) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.14	License Agreement dated July 2007 between InVivo Therapeutics Corp. and Children's Medical Center Corporation (incorporated by reference from Exhibit 10.1 to the Company's Amendment No. 2 to Quarterly Report on Form 10-Q/A for the fiscal quarter ended March 31, 2011)

10.15	Amendment One to the License Agreement, dated May 12, 2011, by and between Children's Medical Center Corporation and InVivo Therapeutics Corporation (incorporated by reference from Exhibit 10.22 to the Company's Amendment No. 4 to Form S-1 Registration Statement (File No. 333-171998)).
10.16	Form of Scientific Advisory Board Agreement entered into by InVivo Therapeutics Corp. (incorporated by reference from Exhibit 10.13 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.17	Finder's Fee Agreement dated August 18, 2010, between InVivo Therapeutics Corporation and Placement Agent (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.18	Placement Agent Agreement dated October 4, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.19	Finder's Fee Agreement dated October 26, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.20	Master Services Agreement dated October 26, 2010, between InVivo Therapeutics Corp. and Placement Agent (incorporated by reference from Exhibit 10.6 to the Company's Current Report on Form 8-K, as filed with the SEC on December 9, 2010.)
10.21	Founders' Agreement among InVivo Therapeutics Corporation, Francis M. Reynolds, Robert Langer and Yang Teng dated November 1, 2006 (incorporated by reference from Exhibit 10.18 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
10.22	Form of Indemnification Agreement, as executed by Frank M. Reynolds, George Nolen, Christi M. Pedra, Richard J. Roberts and Adam K. Stern (incorporated by reference from Exhibit 10.19 to the Company's Form S-1 Registration Statement (File No. 333-171998)).
10.23	InVivo Therapeutics Holdings Corp. Director Compensation Plan, adopted December 10, 2010 (incorporated by reference from Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).
10.24	Employment Offer Letter from the Company to Dr. Edward D. Wirth III, dated September 24, 2011 (incorporated by reference from Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 14, 2011).
10.25	Lease Agreement, dated November 29, 2011, between InVivo Therapeutics Corporation and RB Kendall Fee, LLC.*
10.26	Lease Guaranty, dated November 30, 2011, by InVivo Therapeutics Holdings Corporation.*
16	Letter regarding change in certifying accountant (incorporated by reference from Exhibit 16 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
21.1	Subsidiaries of InVivo Therapeutics Holdings Corp. (incorporated by reference from Exhibit 21.1 to the Company's Current Report on Form 8-K, as filed with the SEC on November 1, 2010).
23.1	Consent of Wolf & Company, P.C.*
23.2	Consent of BRL Law Group LLC (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).*

* Filed herewith
** To be filed by amendment

Exhibit 10.25

EXHIBIT 1, SHEET 1
Building No. 1400, One Kendall Square
Cambridge, Massachusetts
(the "Building")

Execution Date:	_____
Tenant:	In Vivo Therapeutics Corporation (name) a Delaware corporation (description of business organization)
Mailing Address:	Prior to Term Commencement Date: One Broadway, Cambridge, MA 02142 After the Term Commencement Date: One Kendall Square, Building 1400, 4th Floor Cambridge, Massachusetts 02139
Landlord:	RB Kendall Fee, LLC, a Delaware limited liability company
Mailing address:	c/o The Beal Companies LLP, 177 Milk Street, Boston, Massachusetts 02109 Attn: Senior Vice President – Asset Management
Building:	Building No. 1400 in One Kendall Square in the City of Cambridge, Middlesex County, Commonwealth of Massachusetts

Art. 2 Premises: An area on the fourth (4th) floor of the Building, substantially as shown on Lease Plan, Exhibit 2, and an area within the Building containing Tenant's acid neutralization system and an area within the Building for Tenant's chemical storage room, the location and rentable square footage to be determined as set forth in the Lease.

Art. 3.1 Term Commencement Date: The earlier of (i) the date that is six and one-half (6 1/2) months following the Execution Date and (ii) the date Tenant occupies the Premises for its business purposes.

Art. 3.2 Term or original Term: Six (6) years plus the Free Rent Period (as defined below) (plus the partial month, if any, following the Free Rent Period).

Art. 5 Use of Premises: Laboratory, research and development, manufacturing of medical products in a clean room facility, vivarium (limited to those portions of the Premises as shown on plans approved by Landlord as provided in the Lease), acid neutralization system and chemical storage room (limited to areas approved by Landlord), and office use, and for no other purposes and otherwise in accordance with the terms of this Lease.

Art. 6 Yearly Rent / Monthly Rent:

Period	Yearly Rent	Monthly Rent	Rent/SF
Free Rent Period*	$ 0	$ 0	$ 0
Lease Year 1	$ 920,349.00	$ 76,695.67	$ 44.00
Lease Year 2	$ 941,265.00	$ 78,438.75	$ 45.00
Lease Year 3	$ 962,182.00	$ 80,181.83	$ 46.00
Lease Year 4	$ 983,099.00	$ 81,924.99	$ 47.00
Lease Year 5	$ 1,004,016.00	$ 83,668.00	$ 48.00
Lease Year 6	$ 1,024,933.00	$ 85,411.08	$ 49.00

***** Notwithstanding the foregoing, so long as Tenant is not in default of this Lease beyond any applicable notice and cure period(s), Tenant shall be entitled to an abatement of the monthly installments of the Yearly Rent, or so-called "free rent" period, for the first (1st) three (3) full months of the Lease Term (the "Free Rent Period").

Art. 7 Total Rentable Area: 20,917 rentable area on the fourth (4th) floor

Total Rentable Area of Building No.1400: 129,220 square feet

Total Rentable Area of Complex: 639,586 square feet

Art. 8 Electric current will be furnished by Landlord to Tenant

Art. 9 Operating and Taxes:

Tenant's Proportionate Common Share of Complex: 3.27%

Tenant's Proportionate Building Share: 16.19%

Art. 29.3 Broker: CB Richard Ellis/New England, for Tenant, and FHO Partners, for Landlord

Art. 29.5 Arbitration: Massachusetts; Superior Court

Art. 29.13 Security Deposit: $392,883.00 in the form of a Letter of Credit in accordance with Article 29.13 and as subject to reduction as set forth in Article 29.13

Art. 29.14 Parking Spaces: Up to twenty-one (21) spaces

Art. 29.15 Option to Extend Term: One (1) Five (5) year option

1. REFERENCE DATA 1

2. DESCRIPTION OF DEMISED PREMISES 1
2.1 Demised Premises 1
2.2 Appurtenant Rights 1
2.3 Exclusions and Reservations 2

3. TERM OF LEASE 2
3.1 Definitions 2
3.2 Habendum 3
3.3 Declaration Fixing Term Commencement Date 3

4. READINESS FOR OCCUPANCY-ENTRY BY TENANT PRIOR TO TERM COMMENCEMENT DATE-LANDLORD'S WORK-TENANT'S WORK 3
4.1 Landlord's Work 3
4.2 Entry by Tenant Prior to Term Commencement Date 5
4.3 Conclusiveness of Landlord's Performance 5
4.4 Tenant's Work 6

5. USE OF PREMISES 6
5.1 Permitted Use 6
5.2 Prohibited Uses 7
5.3 Licenses and Permits 7

6. RENT 7

7. RENTABLE AREA 8

8. SERVICES FURNISHED BY LANDLORD 8
8.1 Electric Current. 8
8.2 Water 10
8.3 Elevators, Heat and Cleaning 10
8.4 Air Conditioning 11
8.5 Intentionally Omitted 11
8.6 Additional Air Conditioning Equipment 11
8.7 Repairs 12
8.8 Interruption or Curtailment of Services 12
8.9 Energy Conservation 13
8.10 Security 13

9. ESCALATION 13
9.1 Definitions 13
9.2 Tax Share 18
9.3 Operating Expense Share 19
9.4 Tenant Audit Right 19
9.5 Part Years 20
9.6 Effect of Taking 20
9.7 Survival 20

10. CHANGES OR ALTERATIONS BY LANDLORD 20

11. FIXTURES, EQUIPMENT AND IMPROVEMENTS-REMOVAL BY TENANT 21

12. ALTERATIONS AND IMPROVEMENTS BY TENANT 22

13. TENANT'S CONTRACTORS-MECHANICS' AND OTHER LIENS-STANDARD OF TENANT'S PERFORMANCE- COMPLIANCE WITH LAWS 23

14. REPAIRS BY TENANT-FLOOR LOAD 24
14.1 Repairs by Tenant 24
14.2 Floor Load-Heavy Machinery 25

15. INSURANCE, INDEMNIFICATION, EXONERATION AND EXCULPATION 25
15.1 General Liability Insurance 25
15.2 Certificates of Insurance 26
15.3 General 26
15.4 Property of Tenant 27
15.5 Bursting of Pipes, etc. 27
15.6 Repairs and Alterations-No Diminution of Rental Value 28

16. ASSIGNMENT, MORTGAGING AND SUBLETTING 28
16.1 Generally 28
16.2 Reimbursement, Recapture and Excess Rent 30
16.3 Certain Transfers 32

17. MISCELLANEOUS COVENANTS 34
17.1 Rules and Regulations 34
17.2 Access to Premises-Shoring 34
17.3 Accidents to Sanitary and Other Systems 35
17.4 Signs, Blinds and Drapes 35
17.5 Estoppel Certificate and Financial Statements 35
17.6 Prohibited Materials and Property 36
17.7 Requirements of Law-Fines and Penalties 36
17.8 Tenant's Acts—Effect on Insurance 36
17.9 Miscellaneous 37

18. DAMAGE BY FIRE, ETC. 37

19. WAIVER OF SUBROGATION 38

20. CONDEMNATION-EMINENT DOMAIN 39

21. DEFAULT 40
21.1 Conditions of Limitation-Re-Entry-Termination 40
21.2 Intentionally Omitted 41
21.3 Damages-Termination 41
21.4 Fees and Expenses 42
21.5 Waiver of Redemption 43
21.6 Landlord's Remedies Not Exclusive 43
21.7 Grace Period 43

22. END OF TERM-ABANDONED PROPERTY 44

23. SUBORDINATION 45

24. QUIET ENJOYMENT 47

25. ENTIRE AGREEMENT-WAIVER-SURRENDER 47
25.1 Entire Agreement 47
25.2 Waiver by Landlord 47
25.3 Surrender 48
26. INABILITY TO PERFORM-EXCULPATORY CLAUSE 48
27. BILLS AND NOTICES 49
28. PARTIES BOUND-SEIZING OF TITLE 50
29. MISCELLANEOUS 51
29.1 Separability 51
29.2 Captions, etc. 51
29.3 Broker 51
29.4 Intentionally Omitted 51
29.5 Arbitration 51
29.6 Governing Law 51
29.7 Assignment of Rents 52
29.8 Representation of Authority 52
29.9 Expenses Incurred by Landlord Upon Tenant Requests 52
29.10 Survival 52
29.11 Hazardous Materials 53
29.12 Patriot Act 55
29.13 Letter of Credit 56
29.14 Parking 58
29.15 Tenant’s Option to Extend the Term of the Lease 58
29.16 Definition of Fair Market Rental Value 59
29.17 Roof License 60
29.18 Right of First Offer on Certain Space 63
29.19 Guaranty 64

Exhibit 2 – Lease Plan
Exhibit 2A – Plan Showing Internal Staircase Work
Exhibit 2B – Landlord’s Work – Bathroom Fit Plan
Exhibit 2C – Landlord/Tenant Scope Allocation Matrix
Exhibit 2D – Tenant’s Work Letter
Exhibit 3 – Plan of Complex
Exhibit 4 – Term Commencement Date Agreement
Exhibit 5 – Form of Letter of Credit
Exhibit 6 – Plan Showing Available Space
Exhibit 7 – Taxes and Operating Costs
Exhibit 8 – Form of Guaranty
Exhibit 9 – Chemicals List

THIS INDENTURE OF LEASE made and entered into on the Execution Date as stated in Exhibit 1 and between the Landlord and the Tenant named in Exhibit 1.

Landlord does hereby demise and lease to Tenant, and Tenant does hereby hire and take from Landlord, the premises hereinafter mentioned and described (hereinafter referred to as "Premises"), upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease for the term hereinafter stated:

1. REFERENCE DATA

Each reference in this Lease to any of the terms and titles contained in any Exhibit attached to this Lease shall be deemed and construed to incorporate the data stated under that term or title in such Exhibit.

2. DESCRIPTION OF DEMISED PREMISES

2.1 Demised Premises. The Premises are that portion of the Building as described in Exhibit 1 (as the same may from time to time be constituted after changes therein, additions thereto and eliminations therefrom pursuant to rights of Landlord hereinafter reserved) and is hereinafter referred to as the "Building", substantially as shown hatched or outlined on the Lease Plan (Exhibit 2) hereto attached and incorporated by reference as a part hereof. Upon Tenant's request, Landlord will designate and demise, if necessary, additional areas within the Building for Tenant's acid neutralization system (to be located on the basement level) and Tenant's chemical storage room (to be located on the basement level, if applicable, or first (1st) floor level and not to exceed 500 rentable square feet) (the "Additional Premises"). Tenant has provided Landlord with a list of the chemicals (attached hereto as Exhibit 9) which Tenant represents is a complete list of the materials that will initially be stored in the chemical storage room. Landlord agrees that the chemical storage area Landlord provides will be in a location and of a size to be able to lawfully accommodate the chemicals on Exhibit 9 provided Tenant supplements said list with the quantities of chemicals to be stored and Landlord has approved such quantities prior to any storage. Upon such designation, the Additional Premises shall become part of the Premises under this Lease and Fixed Rent and Tenant's Proportionate Common and Building Shares shall be adjusted accordingly to reflect the rentable square footage of the Additional Premises. The parties agree to execute a lease amendment memorializing the addition of the Additional Premises and the increases in Fixed Rent and Tenant's Proportionate Common and Building Shares.

2.2 Appurtenant Rights. Tenant shall have, as appurtenant to the Premises, rights to use in common with others entitled thereto, subject to reasonable rules and regulations from time to time made by Landlord pursuant to Section 17.1; (a) the common lobbies, hallways, stairways and elevators of the Building serving the Premises, (b) common walkways necessary for access to the Building, (c) if the Premises include less than the entire rentable area of any floor, the common toilets and other common facilities of such floor; (d) during business hours (as hereinafter defined), common loading dock facilities serving the Building (provided, however, that Tenant's use of the loading dock must be in compliance with all applicable regulations and ordinances) and (e) subject to reasonable notice and scheduling and during normal business hours, the Building's freight elevator and no other appurtenant rights or easements except as provided in the Lease. Notwithstanding anything to the contrary herein or in the Lease contained, Landlord has no obligation to

allow any particular telecommunication service provider to have access to the Building or to Tenant's Premises. If Landlord permits such access, Landlord may condition such access upon the payment to Landlord by the service provider of commercially reasonable fees assessed by Landlord to tenants in the Complex generally. Landlord agrees, however, that no such access fees will be charged with respect to Comcast or Verizon (or their respective successors). Tenant shall have the right, at all times during the Term, as appurtenant to the Premises, to use no less than 51 kw of capacity from a shared emergency generator on a non-exclusive basis in common with other tenants in the Building. Landlord shall perform all necessary maintenance and repair to the generator and supply fuel as necessary, and Tenant shall pay to Landlord, as additional rent, its pro rata share being 20.4%) of such maintenance, repair and operating costs as billed by Landlord in common with other tenants having shared use of the generator.

2.3 Exclusions and Reservations. All the perimeter walls of the Premises except the inner surfaces thereof, and exterior windows, any balconies (except to the extent same are shown as part of the Premises on the Lease Plan (Exhibit 2)), terraces or roofs adjacent to the Premises, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, wires and appurtenant fixtures, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, and the use thereof, as well as the right of access through the Premises for the purposes of operation, maintenance, decoration and repair, are expressly excluded from the Premises and reserved to Landlord. Without limitation, Tenant shall have the right to use the plenum area above the finished ceiling for running conduits, cabling and other similar items and equipment, subject to plans approved by Landlord as provided for it this Lease. Landlord acknowledges that Tenant will need periodic access to the plenum area of the floor below the laboratory and vivarium portions of the Premises and Landlord agrees, upon notice from Tenant, to coordinate such access provided same does not unreasonably interfere with the operations of any tenant of the third (3rd) floor; Tenant agreeing that such work may be required to take place after the business hours of said tenant if necessary to avoid interference with its business operations.

3. TERM OF LEASE

3.1 Definitions. As used in this Lease the words and terms which follow mean and include the following:

(a) Term Commencement Date" – As set forth in Exhibit 1.

(b) "Complex" shall be defined as all of the Building, the other buildings, and the Common Areas serving such buildings, all located on the land ("Land") shown outlined on Exhibit 3.

(c) "Common Areas" shall be defined as the common walkways, accessways, and parking facilities located on the Land and common facilities in the Complex, as the same may be changed, from time to time, including without limitation, alleys, sidewalks, lobbies, hallways, toilets, stairways, fan rooms, utility closets, shaftways, street entrances, elevators, wires, conduits, meters, pipes, ducts, vaults, and any other equipment, machinery, apparatus, and fixtures wherever located on the Land, in the Complex, in the buildings in the Complex or in the Premises that either (a) serve the Premises as well as other parts of the Land or Complex, or (b) serve other parts of the Land or Complex but not the Premises. Landlord shall not make any change in or to the Common Areas that would adversely affect the reasonable and safe accessibility of the Premises, or the Tenant's use and enjoyment of the Premises as contemplated in this Lease.

(d) “Lease Year” shall mean each successive 12-month period included in whole or in part in the Term of this Lease; the first Lease Year beginning on the Term Commencement Date and ending at midnight on the day before the first anniversary of the expiration of the Free Rent Period (provided that if the date of expiration of the Free Rent Period is not the first day of a calendar month, the first Lease Year shall end at midnight on the last day of the calendar month which includes the first anniversary of the expiration of the Free Rent Period). If the first Lease Year of the Term shall be greater than one full calendar year, the Yearly Rent for such Lease Year shall be increased proportionately to the greater length of such Lease Year.

3.2 Habendum. TO HAVE AND TO HOLD the Premises for a term of years commencing on the Term Commencement Date and ending at 11:59 p.m. on the last day of the seventy-fifth (75th) complete month following the Term Commencement Date (as same may be extended in accordance with Section 29.15 below) or on such earlier date upon which said term may expire or be terminated pursuant to any of the conditions of limitation or other provisions of this Lease or pursuant to law (which date for the termination of the terms hereof will hereafter be called “Termination Date”).

3.3 Declaration Fixing Term Commencement Date. Landlord and Tenant hereby agree to execute a Term Commencement Date Agreement substantially in the form attached hereto as Exhibit 4, or as otherwise reasonably requested by Landlord confirming the actual Term Commencement Date and Termination Date, once same are determined. As soon as may be after the execution date hereof, each of the parties hereto agrees, upon demand of the other party to join in the execution, in recordable form, of a statutory notice, memorandum, etc. of lease. If this Lease is terminated before the term expires, then upon Landlord’s request the parties shall execute, deliver and record an instrument acknowledging such fact and the date of termination of this Lease. In no event shall this Lease be recorded or filed by Tenant with the Middlesex South Registry of Deeds or Middlesex South Registry District of the Land Court but each party shall, on the request of the other, execute, acknowledge and deliver a memorandum or notice of lease in commercially reasonable form.

4. READINESS FOR OCCUPANCY-ENTRY BY TENANT PRIOR TO TERM COMMENCEMENT DATE-LANDLORD’S WORK-TENANT’S WORK

4.1 Landlord’s Work. (a) Except as set forth in the following sentence, and without in any way derogating from Landlord’s ongoing maintenance and repair obligations under this lease, it is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair, decorate or otherwise prepare the Premises for Tenant’s occupation or use. Notwithstanding the foregoing, Landlord shall at its sole cost and expense, in addition to providing the Improvement Allowance, Supplemental Allowance and Bathroom Allowance (as defined in Exhibit 2D attached hereto) complete the following improvements to the Premises (“Landlord’s Work): (i) install demising partitions, and cap off and remove the internal staircase at the east end of the Premises and infill the opening of the floor deck using a 2-hour rated flooring as shown on the plan attached hereto as Exhibit 2A, with Building standard materials such that the deck is finished in a manner consistent with surrounding areas; (ii) reconstruct the west side common area bathrooms as shown on the plan attached hereto as Exhibit 2B using Building standard materials and finishes; (iii) purchase and install, per mutually agreed upon specifications and in accordance with Landlord/Tenant Scope Allocation Matrix attached as Exhibit 2C, an

air handling unit for lab and vivarium and clean room; and (iv) such other work designated as "Landlord Scope" on the "Landlord/Tenant Scope Allocation Matrix" attached hereto as Exhibit 2C (collectively, the "Landlord's Work"). The air handling unit will be located on the penthouse and Landlord will construct a supply duct from the air handling unit in the penthouse to a central location in the lab section of the Premises as designated by Tenant. The Landlord will complete the design of the MUA system design and selected equipment data sheet no later than forty-five (45) days after the Execution Date of this Lease. Tenant shall have the right to review any plans relative to the HVAC portions of Landlord's Work and Tenant shall notify Landlord in writing of Tenant's approval of such plans, or a reasonably detailed description of why Tenant disapproves the submittal within three (3) business days after receipt thereof. In the event Tenant fails to respond to Landlord's submittal within three (3) business days, then the plans submitted will be deemed approved. In the event of a disapproval, Landlord and Tenant agree to work together in good faith to revise the plans; provided, however that the cost of any changes requested by Tenant that, individually or in the aggregate, modify the scope or character of the Landlord's Work as defined in this Lease shall be the responsibility of Tenant. In addition, any changes in the scope or character of the Landlord's Work that will, individually or in the aggregate, in Landlord's reasonable opinion, result in a likelihood of delay in the completion of Landlord's Work will be considered Tenant delay. However, no such delay shall be deemed a Tenant Delay unless Landlord shall have notified Tenant of Landlord's determination and Tenant shall have had a reasonable opportunity to withdraw or revise the change. In addition to Landlord's Work, Landlord agrees to replace the carpet and the ceilings within the east side elevator cars of the Building and remediate the odor coming from the area of said elevator (the "Elevator Work") prior to the Term Commencement Date. Except if due to matters of force majeure, the Term Commencement Date will be extended by the length of any delay in the completion of the Elevator Work. In addition to the foregoing, Landlord agrees to complete renovations to the east side elevator cabs similar to those completed in the west side elevators no later than 2013.

(b) Landlord agrees to use commercially reasonable speed and diligence to complete the portion of Landlord's Work described in subparagraph (i) above no later than January 31, 2012, and to complete the balance of the Landlord's Work described in subparagraphs (ii) –(iv) above no later than April 15, 2012 (each such date being a "Target Date"), subject to delay by reason of event(s) of force majeure or by Tenant Delays (as defined below). As used herein, "Tenant Delays" or a "Tenant Delay" shall mean any delay(s) in the completion of Landlord's Work that would not have occurred but for: (a) any material change to Landlord's Work requested by Tenant and agreed to by Landlord; (b) any request by Tenant for a delay in the commencement or completion of Landlord's Work for any reason; or (c) any other act or omission of Tenant or its employees, agents or contractors (by way of example and not limitation failure to provide Landlord with the necessary plans for portions of Landlord's Work contingent thereon or failure to respond to review of Landlord's plans), and which reasonably inhibits the Landlord from timely completing the Landlord's Work by the respective Target Date. However, no such delay shall be deemed a Tenant Delay unless Landlord shall have notified Tenant of Landlord's determination and Tenant shall have had a reasonable opportunity to withdraw or revise the change. Certain portions of Landlord's Work may be undertaken simultaneously with Tenant's Work and Landlord and Tenant shall coordinate their efforts in good faith, and take commercially reasonable steps, to ensure that their respective contractors (and related subcontractors) shall each conduct their work and employ labor in such a manner so as to maintain harmonious labor relations and complete Landlord's Work and Tenant's Work in an efficient and timely manner.

(c) Provided such delay is not due to Tenant Delay or matters of force majeure, any delay in meeting the respective Target Date will extend the Term Commencement Date by the length of the delay and Tenant will be entitled to a rent credit against Tenant's Yearly Rent obligation (commencing with the expiration of the Free Rent Period) of two (2) day's Yearly Rent for each day beyond the respective Target Date, that the respective Landlord Work is not competed. To expedite delivery of the space to the Tenant, portions of Landlord's Work and Tenant's Work will be undertaken at the same time. Landlord and Tenant shall coordinate and cooperate, each with the other in good faith, to facilitate the prompt and efficient completion of all such Work, and each will use commercially reasonable efforts not to interfere with the other or its contractors, and will communicate regularly as to any anticipated conflicts or issues.

(d) Landlord shall be solely responsible for obtaining all necessary permits and approvals required for Landlord's Work.

(e) Except as is otherwise herein provided and except for the completion of Landlord's Work, all work necessary to prepare the Premises for Tenant's occupancy, shall be performed by Tenant, at Tenant's expense, and in accordance with the terms and conditions of this Lease.

(f) Landlord shall perform Landlord's Work in a good and workmanlike manner, and in accordance with all applicable laws, codes and regulations. Landlord shall warrant materials and workmanship for a period of at least one (1) year from the Term Commencement Date.

(g) Notwithstanding any provision of this Lease to the contrary, Landlord shall deliver all structural and Common Area components of the Building including without limitation the roof, elevators, windows, parking garage, parking deck, loading docks, Building lobby, Common Areas and the life safety infrastructure of the Building in good working condition and Landlord represents that the these components have a useful life at least as long as the Term of this Lease. All mechanical, electrical, lighting, plumbing and life safety systems serving the Premises shall be delivered in good working order and have a useful life of at least the length of the Term of this Lease. Should any capital systems or items fail and need replacement during the Term of this Lease, Landlord at its sole cost and expense shall be responsible for the replacement cost for such items and the replacement cost is not to be included in Operating Costs.

4.2 Entry by Tenant Prior to Term Commencement Date. Tenant acknowledges that a portion of the Premises is currently occupied by another tenant, whose term expires on or before December 31, 2011. With Landlord's prior written consent, which shall not be unreasonably withheld, Tenant shall have the right to enter the unoccupied portions of the Premises prior to the Term Commencement Date, during normal business hours and without payment of rent or other charges, to perform inspections, prepare plans and perform the Tenant's Work (as hereinafter defined) as is to be performed by, or under the direction or control of, Tenant and as is otherwise in compliance with the terms of this Lease. Such right of entry shall be subject to all provisions of this Lease, and any entry thereunder shall be at the risk of Tenant. Landlord and Tenant agree to cooperate with each other to coordinate the construction of Landlord's Work while Tenant's Work is ongoing and Tenant agrees not to unreasonably interfere with the completion of Landlord's Work. Landlord shall keep Tenant advised as to the schedule of the existing tenant and any changes in the date of planned vacancy.

4.3 Conclusiveness of Landlord's Performance. Without in any way limiting (i) any warranty on Landlord's Work, if any is provided under this Lease or (ii) Landlord's ongoing maintenance and repair obligations under this Lease, Tenant shall be conclusively deemed to have agreed that Landlord has performed all of its obligations under this Article 4 unless not later than the end of the sixth calendar month next beginning after the Term Commencement Date Tenant shall give Landlord written notice specifying the respects in which Landlord has not performed any such obligation.

4.4 Tenant's Work. Promptly upon execution and delivery of this Lease, Tenant will apply for necessary demolition permits to allow for demolition in preparation for Tenant's Work. Landlord will cooperate with Tenant in filing for and obtaining the same, and will promptly sign any appropriate applications and the like provided Tenant's demolition plans have been approved by Landlord, as provided in Exhibit 2D. If Landlord fails to respond to Tenant's demolition plans within three (3) business days after same have been received by Landlord then the Term Commencement Date shall be delayed by and the Free Rent Period extended by the number of days beyond the three (3) business day period that Landlord fails to respond. In the event Landlord fails to respond to the demolition plans within six (6) business days after Landlord's receipt of the said plans, then the plans shall be deemed approved. Tenant shall complete the Tenant's Work pursuant to the Work Letter attached hereto as Exhibit 2D. Subject to the provisions of Section 19, Tenant shall be liable for any damages or delays caused by Tenant's activities at the Premises in connection with Tenant's Work.

5. USE OF PREMISES

5.1 Permitted Use. Tenant shall continuously during the term hereof occupy and use the Premises only for the purposes as stated in Exhibit 1 and for no other purposes. Service and utility areas (whether or not a part of the Premises) shall be used only for the particular purpose for which they were designed. Without limiting the generality of the foregoing, Tenant agrees that it shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used for the preparation or dispensing of food. Notwithstanding the foregoing, but subject to the other terms and provisions of this Lease, Tenant may, with Landlord's prior written consent, which consent shall not be unreasonably withheld, install at its own cost and expense so-called hot-cold water fountains, vending machines, microwave ovens, toaster ovens, coffee makers and so-called Dwyer refrigerator-sink-stove combinations, for the preparation of beverages and foods, provided that no commercial cooking, frying, etc., are carried on in the Premises to such extent as requires special exhaust venting, Tenant hereby acknowledging that the Building is not engineered to provide any such special venting.

The vivarium will be permitted to be operated in the portion of the Premises shown on plans approved by Landlord in accordance with Exhibit 2D, and subject to any future vivarium expansion approved by Landlord (such approval not to be unreasonably withheld, delayed or conditioned), shall be used for biopharmaceutical research and development and the handling and testing of rodents and other small mammals (the "Permitted Animals"). If Tenant proposes to use any animals other than the Permitted Animals in its operations, it shall first obtain the prior written consent of Landlord, which consent Landlord shall not unreasonably withhold, condition or delay. Animal testing, solely of Permitted Animals, shall be permitted subject to the following: (i) all testing shall be conducted in strict compliance with all applicable governmental rules and regulations and with good scientific and medical practice; (ii) all dead animals, any part thereof or any waste products related thereto, shall be disposed of, at Tenant's sole cost and expense, in strict compliance with all applicable governmental rules and regulations and with good scientific and medical practice; (iii) no odors, noises or any similar nuisance shall be permitted to emanate from or permeate outside the vivarium; and (iv) Tenant's use of the vivarium shall not interfere with the peaceable and quiet use and enjoyment by other tenants or occupants of the Building of their respective premises in the Building. Tenant shall procure and deliver to Landlord copies of all necessary permits and approvals necessary for the use and operation of the vivarium before allowing any actual Permitted Animals into the Premises and shall maintain such permits and approvals during the Lease term.

5.2 Prohibited Uses. Notwithstanding any other provision of this Lease, but recognizing the Permitted Use, Tenant shall not use, or suffer or permit the use or occupancy of, or suffer or permit anything to be done in or anything to be brought into or kept in or about the Premises or the Building or any part thereof (including, without limitation, any materials, appliances or equipment used in the construction or other preparation of the Premises and furniture and carpeting): (i) which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or any other legal requirements; (ii) for any unlawful purposes or in any unlawful manner; (iii) which, in the reasonable judgment of Landlord shall in any way (a) impair, interfere with or otherwise materially diminish the quality of any of the Building services or the proper and economic heating, cleaning, ventilating, air conditioning or other servicing of the Building or Premises, or with the use or occupancy of any of the other areas of the Building, or occasion injury or damage to any occupants of the Premises or other tenants or occupants of the Building; or (iv) which is inconsistent with the maintenance of the Building as a first-class mixed use, office and laboratory building in the quality of comparably aged similarly equipped first-class rehabilitated buildings in East Cambridge, Massachusetts ("Comparable Buildings") in its maintenance, use, or occupancy.

5.3 Licenses and Permits. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's particular business (as opposed to the lawful operation of a mixed used office and laboratory building), and if the failure to secure such license or permit would in any way adversely affect Landlord, the Premises, the Building or Tenant's ability to perform any of its obligations under this Lease, Tenant, at Tenant's expense, shall duly procure and thereafter maintain such license and submit the same to inspection by Landlord. Tenant, at Tenant's expense, shall at all times comply with the terms and conditions of each such license or permit. Tenant shall furnish all data and information to governmental authorities and Landlord as required in accordance with legal, regulatory, licensing or other similar requirements as they relate to Tenant's use or occupancy of the Premises or the Building, provided that Tenant shall not be required to furnish to Landlord any data or information that is confidential or proprietary information or that is otherwise protected from disclosure under applicable principles of intellectual property law, unless required to do so by court order, after Tenant has had an opportunity to appear and be heard.

6. RENT

During the term of this Lease, the Yearly Rent and other charges, at the rate stated in Exhibit 1, shall be payable by Tenant to Landlord by monthly payments, as stated in Exhibit 1, in advance and without demand on the first day of each month for and in respect of such month other than the months comprising the Free Rent Period . Subject to the Free Rent Period, the rent and other charges reserved and covenanted to be paid under this Lease shall commence on the Term Commencement Date. If, by reason of any provisions of this Lease, the rent reserved hereunder shall commence or terminate on any day other than the first day of a calendar month, the rent for such calendar month shall be prorated. The rent and all other amounts payable to Landlord at the address provided in Exhibit 1 to this Lease or, if Landlord shall so direct in writing, to Landlord's agent or nominee, in lawful money of the United States which shall be legal tender for payment of all debts and dues, public and private, at the time of payment, at the office of the Landlord or such place as Landlord may designate, and the rent and other charges in all

circumstances shall be payable without any setoff or deduction except as may be provided under this Lease. Rental and any other sums due hereunder not paid on or before the fifth (5th) day following the date due shall bear interest for each month or fraction thereof from the due date until paid computed at the annual rate of five percentage (5%) points over the so-called prime rate then currently from time to time charged to its most favored corporate customers by the largest national bank (N.A.) located in the city in which the Building is located, or at any applicable lesser maximum legally permissible rate for debts of this nature, provided that no such late charge will be imposed on the first late payment in any twelve-month period, provided that payment is made within the notice and grace period set forth in Section 21.7.

7. RENTABLE AREA

Total Rentable Area of the Premises, the Building and the Complex are agreed to be the amounts set forth in Exhibit 1. Landlord reserves the right, throughout the term of the Lease, to recalculate the Total Rentable Area of the Building and/or the Complex based on (and only on) actual physical changes to the rentable area of the Building, Complex or Premises. Landlord represents that the measurement of the Premises, the Building and the Complex, as set forth on Exhibit 1, Sheet 1 above, have been performed in accordance with ANSI/BOMA Measurement Standard Z65.1-1996.

8. SERVICES FURNISHED BY LANDLORD

8.1 Electric Current.

(a) As stated in Exhibit 1, Landlord will either furnish to Tenant, as an incident of this Lease, electric current for the operation of lighting fixtures, the 120-volt electrical outlets initially installed in the Premises and Tenant will reimburse Landlord for the cost of such electric current as measured by a separate submeter or check meter, as hereinafter set forth, or Landlord will require Tenant to contract with the company supplying electric current for the purchase and obtaining by Tenant of electric current directly from such company to be billed directly to, and paid for by, Tenant. Landlord will furnish to the Premises, at a minimum, 400 amp, 480/277 volt service, with 15 watts per rentable square foot, to a central distribution panel contained within a common area electrical room. The electricity furnished to the Premises and described above is in addition to the power required for the make-up air unit to be furnished by Landlord as part of Landlord's Work. Power for the make-up air unit will be provided through a dedicated source in the penthouse, and will be sub-metered by Tenant for Tenant's account.

(b) If Landlord is providing electric current to Tenant, as aforesaid, then Tenant shall reimburse Landlord for the entire cost of such electric current as follows:

(1) Commencing as of the Term Commencement Date and continuing until the procedures set forth in Paragraph 2 of this Article 8.1(b) are effected, Tenant shall pay to Landlord at the same time and in the same manner that it pays its monthly payments of Yearly Rent hereunder, estimated payments (i.e., based upon Landlord's reasonable estimate) on account of Tenant's obligation to reimburse Landlord for electricity consumed in the Premises.

(2) Periodically (but no less frequently than monthly) after the Term Commencement Date, Landlord shall determine the actual cost of electricity consumed by Tenant in the Premises (i.e. by reading Tenant's submeter and by applying an electric rate). If the total of Tenant's estimated monthly payments on account of such period is less than the actual cost of electricity consumed in the Premises during such period, Tenant shall pay the difference to Landlord within fifteen (15) days of when billed therefor. If the total of Tenant's estimated monthly payments on account of such period is greater than the actual cost of electricity consumed in the Premises during such period, Tenant may credit the difference against its next installment of rental or other charges due hereunder, provided that any excess credit shall be repaid to Tenant within a reasonable time following the expiration of the Lease term provided Tenant is not in default under this Lease.

(3) After each adjustment, as set forth in Paragraph 2 above, the amount of estimated monthly payments on account of Tenant's obligation to reimburse Landlord for electricity in the Premises shall be adjusted based upon the actual cost of electricity consumed during the immediately preceding period.

(c) If Landlord is furnishing Tenant electric current hereunder, Landlord, at any time, at its option and upon not less than thirty (30) days' prior written notice to Tenant, may discontinue such furnishing of electric current to the Premises; and in such case Tenant shall contract with the company supplying electric current for the purchase and obtaining by Tenant of electric current directly from such company. In the event Tenant itself contracts for electricity with the supplier, pursuant to Landlord's option as above stated, Landlord shall (i) permit its risers, conduits and feeders to the extent available, suitable and safely capable, to be used for the purpose of enabling Tenant to purchase and obtain electric current directly from such company, (ii) without cost or charge to Tenant, make such alterations and additions to the electrical equipment and/or appliances in the Building as such company shall specify for the purpose of enabling Tenant to purchase and obtain electric current directly from such company, and (iii) at Landlord's expense, furnish and install in or near the Premises any necessary metering equipment used in connection with measuring Tenant's consumption of electric current and Tenant, at Tenant's expense, shall maintain and keep in repair such metering equipment. Landlord shall in no event discontinue any such service until such time as the replacement service is in effect, such that Tenant will at all times have an uninterrupted access to electricity in the Premises.

(d) Whether or not Landlord is furnishing electric current to Tenant, if Tenant shall require electric current for use in the Premises in excess of such reasonable quantity to be furnished for such use as hereinabove provided and if (i) in Landlord's reasonable judgment, Landlord's facilities are inadequate for such excess requirements or (ii) such excess use shall result in an additional burden on the Building air conditioning system and additional cost to Landlord on account thereof, then, as the case may be, (x) Landlord, upon written request and at the sole cost and expense of Tenant, will furnish and install such additional wire, conduits, feeders, switchboards and appurtenances as reasonably may be required to supply such additional requirements of Tenant if current therefor be available to Landlord, provided that the same shall be permitted by applicable laws and insurance regulations and shall not cause damage to the Building or the Premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs or interfere with or disturb other tenants or occupants of the Building or (y) Tenant shall reimburse Landlord for such additional cost, as aforesaid. Tenant acknowledges that it has been provided with an opportunity to confirm that the electric current serving the Premises will be adequate to supply its proposed permitted uses of the Premises.

(e) Landlord, at Tenant's expense and upon Tenant's request, shall purchase and install all replacement lamps of types generally commercially available (including, but not limited to, incandescent and fluorescent) used in the Premises.

(f) Subject to the provision of Section 8.8, Landlord shall not in any way be liable or responsible to Tenant for any loss, damage or expense which Tenant may sustain or incur if the quantity, character, or supply of electrical energy is changed or is no longer available or suitable for Tenant's requirements. Landlord shall at all times keep in good order, condition and repair all risers, conduits and feeders serving the Premises, so as to enable Tenant to purchase and obtain electric current directly from the utility company.

(g) Tenant agrees that it will not make any material alteration or material addition to the electrical equipment and/or appliances in the Premises without, in the case where such alterations may impact the Building, Complex or Building systems or where consent would otherwise be required under Section 12 of the Lease), the prior written consent of Landlord in each instance first obtained, which consent will not be unreasonably withheld, delayed or conditioned, and using contractor(s) approved by Landlord, and will advise Landlord of any other alteration or addition to such electrical equipment and/or appliances.

8.2 Water. Landlord shall furnish, without additional charge (other than normal reimbursement through Operating Costs), domestic water for ordinary Premises, cleaning, toilet, lavatory, kitchen, laboratory and drinking purposes. If Tenant requires, uses or consumes materially greater quantities of water for any purpose other than for the aforementioned purposes, and such use continues after written notice from Landlord thereof, Landlord may (i) assess a reasonable charge for the additional water so used or consumed by Tenant, or (ii) install a water meter and thereby measure Tenant's water consumption for all purposes. In the latter event, Tenant shall pay the cost of the meter and the cost of installation thereof and shall keep said meter and installation equipment in good working order and repair. Tenant agrees to pay for water consumed, as shown on said meter, together with the sewer charge based on said meter charges, as and when bills are rendered, and on default in making such payment Landlord may pay such charges and collect the same from Tenant. If water service is separately metered or sub-metered, then the cost of water will be excluded from Operating Costs to be reimbursed by Tenant. In addition to the domestic water described above, Landlord shall provide without additional charge (but to be included in Operating Costs), 24 hours per day, seven days per week (subject to matters of force majeure): (i) hot water for heating purposes in the laboratory and vivarium areas, at a minimum flow rate of 50 gallons per minute, and (ii) chilled water for cooling purposes required for Tenant's use at a minimum flow rate of 160 gallons per minute. The hot and chilled water supply and return lines shall be brought to the Premises by Landlord and be available for connection by Tenant.

8.3 Elevators, Heat and Cleaning. Landlord shall: (i) provide passenger elevator facilities (which may be manually or automatically operated, either or both, as Landlord may from time to time elect) on Mondays through Fridays, excepting Massachusetts and federal legal holidays, from 8:00 a.m. to 6:00 p.m. and on Saturdays, excepting legal holidays, from 8:00 a.m. to 1:00 p.m. (called "business days") and have one (1) elevator in operation available for Tenant's use, non-exclusively, together with others having business in the Building, at all other times; (ii) furnish heat (substantially equivalent to that being furnished in Comparable Buildings) to the Premises during the normal heating season on business days; and (iii) cause the common areas of the

Building to be cleaned on Monday through Friday (excepting Massachusetts or City of Cambridge legal holidays) in a manner consistent with cleaning standards generally prevailing in Comparable Buildings The HVAC systems and equipment serving the Premises shall maintain (a) an average temperature in the usable common areas of the Building generally between 65 degrees Fahrenheit and 72 degrees Fahrenheit during the above Building hours, and generally between 60 degrees Fahrenheit and 80 degrees Fahrenheit during off hours, and (b) an average temperature in the office portions of the Premises generally between 65 degrees Fahrenheit and 72 degree Fahrenheit during Building hours, and generally between 60 degrees Fahrenheit and 80 degrees Fahrenheit during off hours (the "HVAC Criteria"). The laboratory portion of the Premises will also be separately served by the "make-up air" unit to be installed by Landlord as part of Landlord's Work (and which will be connected to Tenant's electric meter serving the Premises). Tenant will have sole control over its own temperatures in its laboratory portions of the Premises. Landlord shall be responsible for coordination of the relative temperatures within the office portions of the Premises and the balancing of the systems and equipment serving the office portions of the Premises. All costs and expenses incurred by Landlord in connection with foregoing services shall be included as part of the Operating Costs (as defined below). Tenant shall be responsible, at its sole cost and expense, for providing cleaning and janitorial services to the Premises in a neat and first-class manner consistent with the cleaning standards generally prevailing in Comparable Buildings using an insured contractor or contractors selected by Tenant and reasonably approved in writing by Landlord, and such provider shall not interfere with the use and operation of the Building or Complex by Landlord or any other tenant or occupant thereof.

8.4 Air Conditioning. Landlord shall through the air conditioning equipment of the Building furnish to and distribute in the Premises air conditioning as normal seasonal changes may require on business days during the hours as aforesaid in Article 8.3 when air conditioning may reasonably be required for the comfortable occupancy of the Premises by Tenant. Tenant agrees to lower and close the blinds or drapes when necessary because of the sun's position, whenever the air conditioning system is in operation, and to cooperate fully with Landlord with regard to, and to abide by all the reasonable regulations and requirements which Landlord may prescribe for the proper functioning and protection of the air conditioning system.

8.5 Intentionally Omitted

8.6 Additional Air Conditioning Equipment. In the event Tenant requires additional air conditioning for business machines, meeting rooms or other special purposes, all over or above those facilities and equipment initially installed in the Premises (whether by Landlord or Tenant, including without limitation the supplemental systems and equipment to be installed for the laboratory and vivarium areas), or because of occupancy or excess electrical loads by Tenant, any additional air conditioning units, chillers, condensers, compressors, ducts, piping and other equipment, such additional air conditioning equipment will be installed, but only if, in Landlord's reasonable judgment, the same will not cause damage or injury to the Building or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or disturb other tenants. At Landlord's sole election, such equipment will either be installed:

(a) by Landlord at Tenant's expense and Tenant shall reimburse Landlord in such an amount as will compensate it for the cost incurred by it in operating, maintaining and repairing, as necessary, such additional air conditioning equipment. At Landlord's election, such equipment shall (i) be maintained and repaired as necessary by Tenant at Tenant's sole cost and expense, and (ii) throughout the term of this Lease, Tenant shall, at Tenant's sole cost and expense, purchase and maintain a service contract for such equipment from a service provider reasonably approved by Landlord. Tenant shall obtain Landlord's prior written approval (not to be unreasonably withheld, delayed or conditioned) of both the form of service contract and of the service provider; or

(b) by Tenant, subject to Landlord's reasonable prior approval of Tenant's plans and specifications for such work. In such event: (i) such equipment shall be maintained, repaired and replaced by Tenant at Tenant's sole cost and expense, and (ii) throughout the term of this Lease, Tenant shall, at Tenant's sole cost and expense, purchase and maintain a service contract for such equipment from a service provider reasonably approved by Landlord. Tenant shall obtain Landlord's prior written approval (not to be unreasonably withheld, delayed or conditioned) of both the form of service contract and of the service provider.

8.7 Repairs. Except as otherwise provided in Articles 18 and 20, and subject to Tenant's obligations in Article 14, Landlord shall keep and maintain the roof, exterior walls and windows, structural floor slabs, columns, elevators, public stairways and corridors, public lavatories, and other common equipment (including, without limitation, sanitary, electrical, heating, air conditioning, or other systems) serving both the Building and the Common Areas, as well as the fan coil units serving the office and office support areas of the Premises, in good condition and repair, consistent with the standards for Comparable Buildings, and in compliance with all applicable legal requirements. Landlord shall keep the paved portions of the Common Areas reasonably free of ice and snow and shall maintain all landscaped areas in a neat condition.

8.8 Interruption or Curtailment of Services. When necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the reasonable judgment of Landlord are desirable or necessary to be made, or of difficulty or inability in securing supplies or labor, or of strikes, or of any other cause beyond the reasonable control of Landlord, whether such other cause be similar or dissimilar to those hereinabove specifically mentioned until said cause has been removed, Landlord reserves the right to interrupt, curtail, stop or suspend (i) the furnishing of heating, elevator, air conditioning, and cleaning services and (ii) the operation of the plumbing and electric systems. Landlord shall exercise reasonable diligence to eliminate the cause of any such interruption, curtailment, stoppage or suspension, but there shall be no diminution or abatement of rent or other compensation due from Landlord to Tenant hereunder, nor shall this Lease be affected or any of the Tenant's obligations hereunder reduced, and the Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage, or suspension of services or systems.

Notwithstanding the foregoing, Tenant shall be entitled to a proportionate abatement of Yearly Rent in the event of a Landlord Service Interruption (as defined below). For the purposes hereof, a "Landlord Service Interruption" shall occur in the event (i) the Premises or a portion thereof shall lack any service which Landlord is required to provide hereunder thereby rendering the Premises untenantable for the entirety of the Landlord Service Interruption Cure Period (as defined below), (ii) such lack of service was not caused by Tenant, its employees, contractors, invitees or agents; (iii) Tenant in fact ceases to use the entire Premises or the affected portion for the entirety of the Landlord Service Interruption Cure Period; and (iii) such interruption of service was the result of causes, events or circumstances within the Landlord's reasonable control and the cure of such interruption is within Landlord's reasonable control. For the purposes hereof, the "Landlord Service Interruption Cure Period" shall be defined as six (6) consecutive business days after Landlord's receipt of written notice from Tenant of the Landlord Service Interruption. In addition, and without limitation of the foregoing, if (i) the Premises or any portion thereof shall lack any service which Landlord is required to provide hereunder thereby rendering the Premises or any portion thereof untenantable for forty-five (45) consecutive days, and (ii) such lack of service was not caused by

Tenant, its employees, contractors, invitees or agents; (iii) Tenant in fact ceases to use the Premises or the affected portion for the entirety of such 45-day period, then at any time thereafter (but prior to the restoration of such service), Tenant shall have the right to terminate this Lease by giving written notice thereof to Landlord, and thereupon this Lease shall expire on the thirtieth (30th) day after the giving of such notice, with the same force and effect as if such day were the date initially set forth herein as the expiration date. Notwithstanding the foregoing, in the event Tenant is able to continue its manufacturing and laboratory operations within the Premises despite the lack of service, the time period for termination in the preceding sentence shall increase to sixty (60) days.

8.9 Energy Conservation. Notwithstanding anything to the contrary in this Article 8 or in this Lease contained, Landlord may institute, and Tenant shall comply with, such commercially reasonable and generally applicable policies, programs and measures as may be instituted by Landlord for all similar tenants (i.e laboratory and office tenants) of the Complex, and as may be necessary, required or expedient for the reasonable conservation and/or preservation of energy or energy services, or as may be necessary or required to comply with applicable codes, rules or regulations.

8.10 Security.

Landlord shall provide commercially reasonable twenty-four (24) hour security to the Building in the form of roving security guards or such other security measures as Landlord reasonably deems appropriate. All costs and expenses incurred by Landlord in connection with foregoing services shall be included as part of the Operating Costs (as defined below).

9. ESCALATION

9.1 Definitions. As used in this Article 9, the words and terms which follow mean and include the following:

(a) “Operating Year” shall mean a calendar year in which occurs any part of the term of this Lease.

(b) “Tenant’s Proportionate Building Share” shall initially be the figure as stated in Exhibit 1. Tenant’s Proportionate Building Share is the ratio of the Total Rentable Area of the Premises to the aggregate Total Rentable Area of the Building, as adjusted from time to time due to (and only due to) actual physical changes to the rentable area of the Building, Complex or Premises. As changes or modifications to the Building occurs, Tenant’s Proportionate Building Share shall be adjusted to equal the then current ratio of the Total Rentable Area of the Premises to the aggregate Total Rentable Area within the Building per BOMA method.

(c) “Tenant’s Proportionate Common Share” shall initially be the figure as stated in Exhibit 1, however, any recalculation to the Total Rentable Area of the Building and/or the Complex shall be based on actual physical changes to the rentable area of the Building, Complex or Premises.

Tenant's Proportionate Common Share is the ratio of the Total Rentable Area of the Premises to the aggregate Total Rentable Area, from time to time, of all buildings within the Complex which have been completed and for which a certificate of occupancy has been issued. As additional buildings are completed within the Complex, Tenant's Proportionate Common Share shall be adjusted to equal the then current ratio of the Total Rentable Area of the Premises to the aggregate Total Rentable Area within the Complex.

(d) "Taxes" shall mean the real estate taxes and other taxes, levies and assessments imposed upon the Building and the Common Areas of the Complex and upon any personal property of Landlord used in the operation thereof, or Landlord's interest in the Building, the Common Areas, or such personal property; charges, fees and assessments for transit, housing, police, fire or other governmental services or purported benefits to the Building and/or the Common Areas; service or user payments in lieu of taxes; and any and all other taxes, levies, betterments, assessments and charges arising from the ownership, leasing, operating, use or occupancy of the Building, the Common Areas or based upon rentals derived therefrom, which are or shall be imposed by Federal, State, Municipal or other authorities. As of the Execution Date, "Taxes" shall not include any franchise, transfer, rental, income or profit tax, capital levy or excise, provided, however, that any of the same and any other tax, excise, fee, levy, charge or assessment, however described, that may in the future be levied or assessed as a substitute for or an addition to, in whole or in part, any tax, levy or assessment which would otherwise constitute "Taxes," whether or not now customary or in the contemplation of the parties on the Execution Date of this Lease, shall constitute "Taxes," but only to the extent calculated as if the Complex is the only real estate owned by Landlord. The parties acknowledge that, as of the Execution Date, Taxes are based upon several separate tax bills affecting the Complex. Taxes shall be allocated by Landlord, in Landlord's reasonable judgment, among the Building (the portion of Taxes allocable to the Building being referred to herein as "Building Taxes"), the other buildings of the Complex, and the Common Areas (the portion of Taxes allocable to the Common Areas being referred to herein as "Common Area Taxes").

(e) "Tax Period" shall be any fiscal/tax period in respect of which Taxes are due and payable to the appropriate governmental taxing authority, any portion of which period occurs during the term of this Lease, the first such Period being the one in which the Term Commencement Date occurs.

(f) "Operating Costs":

(1) Definition of Operating Costs. "Operating Costs" shall mean all actual costs incurred and expenditures of whatever nature made by Landlord in the operation and management, for repair and cleaning and maintenance of the Building, the Complex, and the Common Areas of the Complex including, without limitation, vehicular and pedestrian passageways belonging to Landlord and related to the Complex, related equipment, facilities and appurtenances, elevators, cooling and heating equipment. In the event that Landlord or Landlord's managers or agents perform services for the benefit of the Complex off-site which would otherwise be performed on-site (e.g., accounting), the cost of such services shall be reasonably allocated among the properties benefiting from such service and shall be included in Operating Costs. Operating Costs shall not include "Excluded Costs," as hereinafter defined.

(2) Definition of Excluded Costs. “Excluded Costs” shall be defined as:

(i) any increase in Landlord’s insurance rates which may result from the negligent failure of Landlord or its agents, employees or contractors to comply with the provisions of this Lease;

(ii) depreciation on the Building or the Complex;

(iii) interest on and amortization of debt (including without limitation “points” or other charges or costs related to any financing or refinancing;

(iv) the cost of leasehold improvements, including without limitation redecorating or renovation work, for other tenants of the Complex;

(v) fees and expenses (including legal and brokerage fees) for procuring new tenants for the Complex;

(vi) costs incurred in financing or refinancing of the Building or the Complex;

(vii) the cost of any work or service performed for any tenant in the Complex (other than Tenant) to a materially greater extent or in a materially more favorable manner than that furnished generally to tenants (including Tenant) in the Complex;

(viii) the cost of any item included in Operating Costs to the extent that Landlord is reimbursed for such cost by an insurance company (or, if greater to the extent Landlord would have been so entitled if Landlord has been, but was not, carrying the insurance coverage required under this Lease) except to the extent of any so-called “deductible” amount under policies of insurance Landlord, or by a condemning authority, another tenant or any other party (Landlord agreeing to diligently pursue insurance claims as would a reasonably prudent landlord);

(ix) wages, salaries or other compensation paid to any employees at or above the grade of property manager (it being understood that “property manager” shall mean the individual responsible for management, maintenance and operation of the Complex, whose time is devoted primarily to the Complex);

(x) wages, salaries or other compensation paid for clerks or attendant in concessions, kiosks, information centers or stores or establishments operated by Landlord or any affiliate of Landlord (excluding security personnel);

(xi) the cost of constructing the Building or the Complex or the cost of correcting defects (latent or otherwise) in the construction of the Building, the Complex or in the Complex equipment;

(xii) costs that, under generally accepted accounting principles, would be considered capital costs (including without limitation any rental payments for equipment which, if purchased, would be excluded as a capital cost under generally accepted accounting principles);

(xiii) fines, interest and penalties incurred due to the late payment of any amount by Landlord;

(xiv) the general corporate overhead costs and expenses of the Landlord entity (except to the extent of the management fee);

(xv) costs and expenses incurred in any dispute with any particular tenant;

(xvi) the cost of electricity or other services sold separately by Landlord to other tenants directly and exclusively for which Landlord is reimbursed by the other tenants or third parties;

(xvii) any penalties or damages that Landlord pays to Tenant under this Lease, or to other tenants in the Building under their respective leases; and any penalties incurred due to Landlord's violation or any violation of any government order; any ground or underlying lease rental;

(xviii) costs arising from Landlord's charitable or political contributions excluding charitable contributions up to $1,000 per year made at the reasonable discretion of Landlord in order to maintain or obtain local goodwill for the Complex and its operations and occupants;

(xix) costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building;

(xx) costs and expenses (including taxes) to operate the parking garage, valet and other parking services for the Building, and any replacement garages or parking facilities and any shuttle services as may be placed in service, including any capital improvements to the parking areas;

(xxi) remediation of hazardous materials or substances in the Building or the Complex, or on the land parcels on which it is located; provided, however, that with respect to the remediation of any material or substance which, as of the Execution Date, was not considered as a matter of law to be a hazardous material or substance, but which subsequently is so determined, the costs of which shall be included in Operating Costs;

(xxii) any costs (other than the management fee described below) representing an amount paid to an entity related to Landlord which is in excess of the amount which would have been paid absent such relationship; and

(xxiii) any expenses for repairs or maintenance to the extent covered by warranties or service contracts, or to the extent caused by the negligent or wrongful act or omission of an identifiable third party, whether or not reimbursed by insurance.

(3) Capital Expenditures. All costs and expenses made by Landlord that would be classified as capital costs or expenses under generally accepted accounting principles, or that are required to be capitalized under applicable Internal Revenue Service regulations or guidelines, shall be Excluded Costs.

(4) Specifically Included Categories of Operating Costs. Unless the same are Excluded Costs, Operating Costs shall include, but not be limited to, the following:

Federal Social Security, Unemployment and Old Age Taxes and contributions and State Unemployment taxes and contributions accruing to and paid by the Landlord on account of all employees of Landlord and/or Landlord's managing agent, who are directly employed in, about or on account of the Complex, except that taxes levied upon the net income of the Landlord and taxes withheld from employees, and "Taxes" as defined in Article 9.1(d) shall not be included herein.

Water: All charges and rates connected with water supplied to the Building and related sewer use charges.

Heat and Air Conditioning: All charges connected with heat and air conditioning supplied to the common areas of the Building.

Wages: Wages and cost of all employee benefits of all employees of the Landlord and/or Landlord's managing agent who are employed in, about or on account of the Building.

Cleaning: The cost of labor (including third party janitorial contracts), supplies, tools and material for cleaning the common areas of the Building and Complex.

Elevator Maintenance: All expenses for or on account of the upkeep and maintenance of all elevators in the Building.

Management Fee: The cost of professional management of the Complex not to exceed three percent (3%) of the gross revenues of the Complex provided that such percentage may increase provided such amount does not exceed that customarily paid to unaffiliated third parties for management of Comparable Buildings.

Administrative Costs: The cost of office expense for the management of the Complex, including, without limitation, rent, business supplies and equipment.

Electricity: The cost of all electric current for the operation of any machine, appliance or device used for the operation of the Premises and the Building, including the cost of electric current for the elevators, lights, air conditioning and heating, but not including electric current which is supplied to any area intended to be leased to tenants or that is paid for directly to the utility by the user/tenant in the Building or for which the user/tenant reimburses Landlord. (If and so long as Tenant is billed directly by the electric utility for its own consumption as determined by its separate meter, or billed directly by Landlord as determined by a check meter, then Operating Costs shall include only Building and public area electric current consumption and not any demised Premises electric current consumption.) Wherever separate metering is unlawful, prohibited by utility company regulation or tariff or is otherwise impracticable, relevant consumption figures for the purposes of this Article 9 shall be determined by fair and reasonable allocations and engineering estimates made by Landlord.

Insurance, etc.: Fire, casualty, liability, rent loss and such other insurance as may from time to time be required by lending institutions on first-class office buildings in the City or Town wherein the Building is located and all other expenses customarily incurred in connection with the operation and maintenance of first-class office buildings in the City or Town wherein the Building is located including, without limitation, insurance deductible amounts**.**

(5) Definitions of Building Operating Costs and Common Area Operating Costs. “Building Operating Costs” shall be defined as the amount of Operating Costs allocable to the Building in any Operating Year. “Common Area Operating Costs” shall be defined as the amount of Operating Costs allocable to the Common Areas in any Operating Year. All Operating Costs incurred by Landlord in respect of the Complex shall be allocated, in Landlord’s reasonable judgment, among the Building, the other buildings of the Complex, and the Common Areas based upon the relative rentable areas of such buildings.

(6) Gross-Up Provision. Notwithstanding the foregoing, in determining the amount of Operating Costs for any calendar year or any portion thereof falling within the term, if less than ninety-five percent (95%) of the Rentable Area of the Building shall have been occupied by tenants at any time during the period in question, then, at Landlord’s election, then those elements of Operating Costs that vary according to occupancy for such period shall be adjusted, on an item-by-item basis, to equal the amount Operating Costs would have been for such period had occupancy been ninety-five percent (95%) throughout such period. The extrapolation of Operating Costs under this paragraph shall be performed by appropriately adjusting the cost of those components of Operating Costs that are impacted by changes in the occupancy of the Building.

9.2 Tax Share. Commencing as of the Term Commencement Date and continuing thereafter with respect to each Tax Year occurring during the term of the Lease, Tenant shall pay to Landlord, with respect to any Tax Period, the sum of: (x) Tenant’s Proportionate Building Share of Building Taxes for such Tax Period, plus (y) Tenant’s Proportionate Common Share of Common Area Taxes for such Tax Period, such sum being hereinafter referred to as “Tax Share”. In implementation and not in limitation of the foregoing, Tenant shall remit to Landlord pro rata monthly installments on account of projected Tax Share, calculated by Landlord on the basis of the most recent Tax data or budget available. If the total of such monthly remittances on account of any Tax Period is greater than the actual Tax Share for such Tax Period, Tenant may credit the difference against the next installment of rental or other charges due to Landlord hereunder. If the total of such remittances is less than the actual Tax Share for such Tax Period, Tenant shall pay the difference to Landlord within thirty (30) days of when billed therefor. Landlord represents that the actual Taxes for fiscal 2011, as well as the projected Taxes for fiscal 2012, are shown on Exhibit 7.

Appropriate credit against Tax Share shall be given for any refund obtained by reason of a reduction in any Taxes (including without limitation Tenant's share of any interest thereon) by the Assessors or the administrative, judicial or other governmental agency responsible therefor. The original computations, as well as reimbursement or payments of additional charges, if any, or allowances, if any, under the provisions of this Article 9.2 shall be based on the original assessed valuations with adjustments to be made at a later date when the tax refund, if any, shall be paid to Landlord by the taxing authorities. Expenditures for legal fees and for other similar or dissimilar expenses incurred in obtaining the tax refund may be charged against the tax refund before the adjustments are made for the Tax Period.

9.3 Operating Expense Share. Commencing as of the Term Commencement Date and continuing thereafter with respect to each Operating Year occurring during the term of the Lease, Tenant shall pay to Landlord, with respect to any Operating Year, the sum of: (x) Tenant's Proportionate Building Share of Building Operating Costs for such Operating Year, plus (y) Tenant's Proportionate Common Share of Common Operating Costs for such Operating Year, such sum being hereinafter referred to as "Operating Expense Share." In implementation and not in limitation of the foregoing, Tenant shall remit to Landlord pro rata monthly installments on account of projected Operating Expense Share, calculated by Landlord on the basis of the most recent Operating Costs data or budget available. If the total of such monthly remittances on account of any Operating Year is greater than the actual Operating Expense Share for such Operating Year, Tenant may credit the difference against the next installment of rent or other charges due to Landlord hereunder. If the total of such remittances is less than actual Operating Expense Share for such Operating Year, Tenant shall pay the difference to Landlord within thirty (30) days after being billed therefor. Landlord represents that the actual Operating Costs for 2010, as well as the projected Operating Costs for 2011 and 2012, are shown on Exhibit 7.

9.4 Tenant Audit Right. Landlord shall permit Tenant, at Tenant's expense and during normal business hours, but only one time with respect to any Operating Year (it being agreed, however, that prior Operating Years may be referred to solely for purposes of comparison and determining consistency of operating and accounting practices and not in order to review said prior Operating Years), to review Landlord's books, invoices and statements relating to the Operating Costs (including Taxes) for the applicable Operating Year for the purpose of verifying the Operating Costs and Tenant's share thereof; provided that notice of Tenant's desire to so review is given to Landlord not later than six (6) months after Tenant receives an annual statement from Landlord, and provided that such review is thereafter commenced and prosecuted by Tenant with due diligence. Landlord shall retain all records of Operating Costs and Taxes for at least three (3) years. Any Operating Costs statement or accounting by Landlord shall be binding and conclusive upon Tenant unless (i) Tenant duly requests such review within such six (6) month period, and (ii) within three (3) months after such review request, Tenant shall notify Landlord in writing that Tenant disputes the correctness of such statement, specifying the particular respects in which the statement is claimed to be incorrect. Tenant shall have no right to conduct a review or to give Landlord notice that it desires to conduct a review at any time Tenant is in default under the Lease beyond applicable notice and cure periods. The accountant conducting the review shall (i) be a qualified lease auditor selected by Tenant and

approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed) having at least five (5) years applicable experience, and (ii) be compensated on an hourly basis and shall not be compensated based upon a percentage of overcharges it discovers. No subtenant shall have any right to conduct a review, and no assignee shall conduct a review for any period prior to the effective date of its assignment. Tenant agrees that all information obtained from any such Operating Costs review, including without limitation, the results of any Operating Costs review shall be kept strictly confidential by Tenant and shall not be disclosed to any other person or entity (unless required by court order or by applicable legal requirement). If the audit discloses any mutually agreed upon (or ultimately determined) overpayment on the part of Tenant, then Tenant shall be entitled to a credit on the next succeeding installment of Rent for an amount equal to the overcharge plus interest on the amount of such overcharge from the date on which same was paid by Tenant until the date refunded by Landlord at the prime rate then published in *The Wall Street Journal*, and such credit shall be extended to succeeding installments of Rent in the event such overcharge exceeds the amount of the next succeeding such installment and, in the event the term of this Lease has expired or been earlier terminated, then Tenant shall be entitled to a refund of such excess from Landlord within thirty (30) days after such date or expiration or earlier termination. If the audit discloses any mutually agreed upon (or ultimately determined) undercharge or underpayment on the part of Tenant, then Landlord shall be entitled payment of that difference, to be paid within thirty (30) days after such determination.

9.5 Part Years. If the Term Commencement Date or the Termination Date occurs in the middle of an Operating Year or Tax Period, Tenant shall be liable for only that portion of the Operating Expense or Tax Share, as the case may be, in respect of such Operating Year or Tax Period represented by a fraction, the numerator of which is the number of days of the herein term which falls within the Operating Year or Tax Period and the denominator of which is three hundred sixty-five (365), or the number of days in said Tax Period, as the case may be.

9.6 Effect of Taking. In the event of any taking of the Building or the land upon which it stands under circumstances whereby this Lease shall not terminate under the provisions of Article 20 then, Tenant's Proportionate Building Share and Tenant's Proportionate Common Share shall be adjusted appropriately to reflect the proportion of the Premises and/or the Building remaining after such taking.

9.7 Survival. Any obligations under this Article 9 which shall not have been paid at the expiration or sooner termination of the term of this Lease shall survive such expiration and shall be paid when and as the amount of same shall be determined to be due.

10. CHANGES OR ALTERATIONS BY LANDLORD

Landlord reserves the right, exercisable by itself or its nominee, at any time and from time to time without incurring any liability to Tenant therefor or otherwise affecting Tenant's obligations under this Lease (except as expressly provided for in this Lease and provided, however, the foregoing shall not prohibit Tenant from seeking direct money damages arising from Landlord's breach of the Lease), to make such changes, alterations,

additions, improvements, repairs or replacements in or to: (i) the Building (including the Premises) and the fixtures and equipment thereof, (ii) the street entrances, halls, passages, elevators, escalators, and stairways of the Building, notwithstanding providing access by use of the East Elevator Core to Tenant's entrance to the Premises and (iii) the Common Areas, and facilities located therein, as Landlord may deem necessary or desirable, and to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the Building and/or the Common Areas, provided, however, that no such change shall be inconsistent with the operation and maintenance of the Building and the Complex similar to Comparable Buildings and there shall be no unreasonable obstruction of the right of safe access to, or unreasonable interference with the use and enjoyment of, the Premises or the Common Areas by Tenant. Nothing contained in this Article 10 shall be deemed to relieve Tenant of any duty, obligation or liability of Tenant with respect to making any repair, replacement or improvement or complying with any law, order or requirement of any governmental or other authority. Landlord reserves the right to adopt and at any time and from time to time to change the name or address of the Building. Except as otherwise expressly provided herein, and without limited Tenant's appurtenant rights under this Lease, neither this Lease nor any use by Tenant shall give Tenant any right or easement for the use of any door, passage, concourse, walkway or parking area within the Building or in the Common Areas, and the use of such doors, passages, concourses, walkways, parking areas and such conveniences may be regulated or discontinued at any time and from time to time by Landlord without notice to Tenant and without affecting the obligation of Tenant hereunder or incurring any liability to Tenant therefor, provided, however, that there be no unreasonable obstruction of the right of safe access to, or unreasonable interference with the use of the Premises by Tenant.

Landlord may temporarily obstruct windows of the Premises with scaffolding to the extent reasonably necessary in order to diligently perform its repairs, renovations, restorations, alterations, installations and maintenance, or any other similar obligations under this Lease (including, but not limited to, compliance with legal requirements) and/or any other lease or agreement and Landlord shall not be liable for any damage Tenant may sustain thereby and Tenant shall not be entitled to any compensation therefor nor abatements of rent nor shall the same release Tenant from its obligations hereunder nor constitute an eviction.

11. FIXTURES, EQUIPMENT AND IMPROVEMENTS-REMOVAL BY TENANT

All fixtures, equipment, improvements and appurtenances attached to or built into the Premises prior to or during the term, whether by Landlord at its expense or at the expense of Tenant (either or both) or by Tenant shall be and remain part of the Premises and shall not be removed by Tenant during or at the end of the term unless Landlord otherwise elects to require Tenant to remove such fixtures, equipment, improvements and appurtenances, in accordance with Articles 12 and/or 22 of the Lease. All electric, plumbing, heating and sprinkling systems, fixtures and outlets, vaults, paneling, molding, shelving, radiator enclosures, cork, rubber, linoleum and composition floors, ventilating,

silencing, air conditioning and cooling equipment, shall be deemed to be included in such fixtures, equipment, improvements and appurtenances, whether or not attached to or built into the Premises. All of Tenant's removable electric fixtures, carpets, drinking or tap water facilities, furniture, trade fixtures, business equipment or lab equipment, manufacturing equipment or Tenant's inventory or stock in trade shall not be deemed to be included in such fixtures, equipment, improvements and appurtenances and will be removed by Tenant upon the condition that such removal shall not materially damage the Premises or the Building and that the cost of repairing any damage to the Premises or the Building arising from installation or such removal shall be paid by Tenant; provided, however, that any such items purchased or constructed using the Improvement Allowance, Supplemental Allowance or Bathroom Allowance shall remain as part of the Premises and shall become Landlord's property upon expiration or earlier termination of the Term. Notwithstanding any of the foregoing to the contrary, Tenant shall at all times (and at any time) be allowed to remove (whether or not the same are replaced) from the Premises any equipment or facility that is not permanently integrated into the Premise or the Building, including without limitation any fume or ventilation hoods or exhaust vents and any manufacturing or laboratory equipment or fixtures, to the extent paid for by Tenant and not using the Improvement Allowance, Supplemental Allowance or Bathroom Allowance. The covenants of this Section shall survive the expiration or earlier termination of the Term.

12. ALTERATIONS AND IMPROVEMENTS BY TENANT

This Article 12 shall only be applicable to alterations, additions or improvements that Tenant desires to make after the Term Commencement Date, and this Article 12 shall have no application to the performance of Tenant's Work. Tenant shall make no alterations, decorations, installations, removals, additions or improvements in or to the Premises after the completion of Tenant's Work without Landlord's prior written consent and unless made by contractors or mechanics approved by Landlord. No consent or approval shall be required for cosmetic changes or non-structural alterations costing less than $50,000 per alteration and that do not require a building permit so long as same are consistent with the quality of Tenant's Work, but in all instance with reasonable prior notice thereof and all such alteration shall otherwise be subject to the terms and conditions of Article 12. No installations or work shall be undertaken or begun by Tenant until: (i) Landlord has approved written plans and specifications (if usually prepared for work of the type in question) and a time schedule for such work; (ii) Tenant has made provision for either written waivers of liens from all contractors, laborers and suppliers of materials for such installations or work, the filing of lien bonds on behalf of such contractors, laborers and suppliers, or other appropriate and customary protective measures reasonably approved by Landlord; and (iii) in the event the costs of any such alterations exceeds $100,000, Tenant has procured appropriate surety payment and performance bonds provided that Landlord has advised Tenant that same shall be required. No material amendments or additions to such plans and specifications shall be made without the prior written consent of Landlord. Landlord's consent and approval required under this Article 12 shall not be unreasonably withheld, delayed or conditioned,

and Landlord shall, at no cost to Landlord, cooperate with Tenant in submitting and pursuing any application for necessary governmental permits or approvals. Landlord's approval is solely given for the benefit of Landlord and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of Tenant's plans for any purpose whatsoever. Without limiting the foregoing, Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials, whether building standard or non-building standard, appliances or equipment selected by Tenant in connection with any work performed by or on behalf of Tenant in the Premises including, without limitation, furniture, carpeting, copiers, laser printers, computers and refrigerators. Any such work, alterations, decorations, installations, removals, additions and improvements shall be done at Tenant's sole expense and at such times and in such manner as Landlord may from time to time designate. If Tenant shall make any alterations, decorations, installations, removals, additions or improvements, then Landlord may elect by written notice to Tenant at the time of Landlord's approval or consent, to require the Tenant at the expiration or sooner termination of the term of this Lease to restore the Premises to substantially the same condition as existed at the Term Commencement Date.

If, solely as a result of any alterations, installations, additions and improvements made by Tenant, Landlord is obligated to comply with the Americans With Disabilities Act or any other federal, state or local laws or regulations and such compliance requires Landlord to make any improvement or alteration to any portion of the Building or the Complex, as a condition to Landlord's consent, Landlord shall give Tenant notice thereof, and (unless Tenant alters its planned improvements) Landlord shall have the right to require Tenant to pay to Landlord prior to the construction of any such alteration, decoration, installation, removal, addition or improvement by Tenant, the entire cost of any improvement or alteration Landlord is obligated to complete by such law or regulation solely as a result of Tenant's work described above.

13. TENANT'S CONTRACTORS-MECHANICS' AND OTHER LIENS-STANDARD OF TENANT'S PERFORMANCE-COMPLIANCE WITH LAWS

Whenever Tenant shall make any alterations, decorations, installations, removals, additions or improvements in or to the Premises—whether such work be done prior to or after the Term Commencement Date—Tenant will strictly observe the following covenants and agreements:

(a) Tenant agrees that it will not, either directly or indirectly, use any contractors and/or materials if their use will create any difficulty, whether in the nature of a labor dispute or otherwise, with other contractors and/or labor engaged by Tenant or Landlord or others in the construction, maintenance and/or operation of the Building or any part thereof.

(b) In no event shall any material or equipment be incorporated in or added to the Premises, so as to become a fixture or otherwise a part of the Building, in connection with any such alteration, decoration, installation, addition or improvement which is subject to any lien, charge, mortgage or other encumbrance of any kind whatsoever or is subject to any security interest or any form of title retention agreement. No installations or work shall be undertaken or begun by Tenant until (i) Tenant has made provision for written waiver of liens from all contractors, laborers and suppliers of materials for such installations or work, and taken other appropriate and customary protective measures approved by Landlord; and (ii) in the case of Tenant's Work, if the cost to complete Tenant's Work exceeds $10/rsf over the Improvement Allowance, Tenant has procured appropriate surety payment and performance bonds which shall name Landlord as an additional obligee and has filed lien bond(s) (in jurisdictions where available) on behalf of such contractors, laborers and suppliers. Any mechanic's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within ten (10) days thereafter, at Tenant's expense by filing the bond required by law or otherwise. If Tenant fails so to discharge any lien, Landlord may do so at Tenant's expense and Tenant shall reimburse Landlord for any expense or cost incurred by Landlord in so doing within fifteen (15) days after rendition of a bill therefor.

(c) All installations or work done by Tenant shall be at its own expense and shall at all times comply with (i) laws, rules, orders and regulations of governmental authorities having jurisdiction thereof; (ii) orders, rules and regulations of any Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, and governing insurance rating bureaus; (iii) Rules and Regulations of Landlord; and (iv) plans and specifications prepared by and at the expense of Tenant theretofore submitted to and approved by Landlord pursuant to Article 12 above or the Tenant's Work Letter attached as Exhibit 2D.

(d) Tenant shall procure and deliver to Landlord copies of all necessary permits before undertaking any work in the Premises; do all of such work in a good and workmanlike manner, employing materials of good quality and complying with all governmental requirements; and defend, save harmless, exonerate and indemnify Landlord from all injury, loss or damage to any person or property occasioned by or growing out of such work. Tenant shall cause contractors employed by Tenant to carry Worker's Compensation Insurance in accordance with statutory requirements, Automobile Liability Insurance and, naming Landlord as an additional insured, Commercial General Liability Insurance covering such contractors on or about the Premises in the amounts stated in Article 15 hereof or in such other reasonable amounts as Landlord shall require and to submit certificates evidencing such coverage to Landlord prior to the commencement of such work.

14. REPAIRS BY TENANT-FLOOR LOAD

14.1 Repairs by Tenant. Tenant shall keep all and singular the Premises neat and clean and in such repair, order and condition as the same are in on the Term Commencement Date or may be put in during the term hereof, reasonable use and wearing thereof and damage by fire or by other casualty excepted. For purposes of this Lease, the terms "reasonable use and wearing" and "ordinary wear and use" (as referred to in Article 22 herein) constitute that normal, gradual deterioration which occurs due to aging and ordinary use of the Premises despite reasonable and timely maintenance and repair, but in no event shall the aforementioned terms excuse Tenant from its duty to keep the Premises in good maintenance and repair or otherwise usable, serviceable and tenantable as required in the Lease. Tenant shall be solely responsible for the proper maintenance of all equipment and appliances operated by Tenant, including, without limitation, copiers,

laser printers, computers and refrigerators. Subject to Article 19 below, Tenant shall make, as and when needed as a result of misuse by, or neglect or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, invitees, or licensees or otherwise, all repairs in and about the Premises necessary to preserve them in such repair, order and condition, which repairs shall be in quality and class equal to the original work. If Tenant defaults in doing so (which continues beyond the expiration of applicable notice and grace periods), Landlord may elect, at the expense of Tenant, to make any such repairs or to repair any damage or injury to the Building or the Premises caused by moving property of Tenant in or out of the Building, or by installation or removal of furniture or other property, or by misuse by, or neglect, or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, or licensees.

14.2 Floor Load-Heavy Machinery. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot of area which such floor was designed to carry (which is 125 pounds per square foot) and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all business machines and mechanical equipment, including safes, which shall be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter, or fixtures into or out of the Building without Landlord's prior written consent. If such safe, machinery, equipment, freight, bulky matter or fixtures requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with applicable laws and regulations. Any such moving shall be at the sole risk and hazard of Tenant and Tenant will defend, indemnify and save Landlord harmless against and from any liability, loss, injury, claim or suit resulting directly or indirectly from such moving. Proper placement of all such business machines, etc., in the Premises shall be Tenant's responsibility.

15. INSURANCE, INDEMNIFICATION, EXONERATION AND EXCULPATION

15.1 General Liability Insurance. During the term of this Lease, Tenant shall procure, and keep in force and pay for:

(a) Commercial General Liability Insurance insuring Tenant on an occurrence basis against all claims and demands for personal injury liability (including, without limitation, bodily injury, sickness, disease, and death) or damage to property which may be claimed to have occurred from and after the time Tenant and/or its contractors enter the Premises in accordance with Article 4 of this Lease, of not less than Three Million ($3,000,000) Dollars per occurrence and Five Million ($5,000,000) Dollars in the aggregate in the event of personal or bodily injury to any number of persons or damage to property, arising out of any one occurrence, and contain the "Amendment of the Pollution Exclusion" for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. Landlord may from time to time during the term increase the coverages required of Tenant hereunder to that customarily carried in the area in which the Premises are located on property similar to the Premises.

(b) Workers' Compensation in amounts required by the State in which the Building is located and Employer's Liability insurance in the amount of $1,000,000.00 occurrence.

(c) Tenant shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all peril commonly insured against by prudent lessees in the business of Tenant or attributable to prevention of access to the Premises as a result of such perils.

(d) So called "Special Form" insurance coverage for all of its contents, furniture, furnishings, equipment, improvements, fixtures and personal property located at the Premises providing protection in an amount equal to one hundred percent (100%) of the insurable replacement cost of said items. If this Lease is terminated as the result of a casualty in accordance with Section 18, the proceeds of said insurance actually received by Tenant (net of reasonable costs of collection) attributable to the replacement of all tenant improvements installed at the Premises by Landlord or at Landlord's cost shall be paid to Landlord.

(e) Any other form or forms of insurance that are readily available at reasonable rates as Landlord or any mortgagees of Landlord may reasonably and customarily require from time to time from other similar tenants in form, in amounts and for insurance risks against which a prudent tenant would protect itself and provided same are required by landlords of Comparable Buildings.

15.2 Certificates of Insurance. Such insurance shall be effected with insurers approved by Landlord, authorized to do business in the State wherein the Building is situated under valid and enforceable policies wherein Tenant names Landlord, Landlord's managing agent and Landlord's Mortgagees as additional insureds. Such insurance shall provide that it shall not be canceled or modified without at least thirty (30) days' prior written notice to Landlord (except ten (10) days in the case of non-payment of premium) to the extent such provision is commercially obtainable, and, if not, Tenant shall be responsible for and defend and indemnify Landlord from and against any loss, cost, damage or claim suffered by or on behalf of Landlord as a result of such cancellation or modification, which indemnity shall be in addition to and not in lieu of any other right or remedy herein. On or before the time Tenant and/or its contractors enter the Premises in accordance with Articles 4 and 14 of this Lease and thereafter not less than ten (10) days prior to the expiration date of each expiring policy, certificates of such policies together with evidence reasonably satisfactory to Landlord of the payment of all premiums for such policies, shall be delivered by Tenant to Landlord and certificates as aforesaid of such coverage shall upon request of Landlord, be delivered by Tenant to the holder of any mortgage affecting the Premises.

15.3 General. Except for matters arising from the negligent or wrongful act or omission of Landlord or its agents, employees or contractors, and subject always to applicable waivers of claims and rights of subrogation, as set forth in Article 19, Tenant will save Landlord, its agents and employees, harmless and will exonerate, defend and indemnify Landlord, its agents and employees, from and against any and all claims, liabilities or penalties asserted by or on behalf of any person, firm, corporation or public authority arising from the Tenant's breach of the Lease or:

(a) On account of or based upon any injury to person, or loss of or damage to property, sustained or occurring in the Premises;

(b) On account of or based upon any injury to person, or loss of or damage to property, sustained or occurring elsewhere (other than on the Premises) in or about the Building (and, in particular, without limiting the generality of the foregoing, on or about the elevators, stairways, public corridors, sidewalks, concourses, arcades, malls, galleries, vehicular tunnels, approaches, areaways, roof, or other appurtenances and facilities used in connection with the Building or Premises) arising out of the fault, negligence or misconduct of Tenant, its agents, employees or contractors;

(c) On account of or based upon (including monies due on account of) any work or thing whatsoever done (other than by Landlord or its contractors, or agents or employees of either) on the Premises during the term of this Lease and during the period of time, if any, prior to the Term Commencement Date that Tenant may have been given access to the Premises; and

(d) Tenant's obligations (to the extent the same are within the scope of customary coverage of a commercial general liability policy) under this Article 15.3 shall be insured either under the Commercial General Liability Insurance required under Article 15.1, above, or by a contractual insurance rider or other coverage; and certificates of insurance in respect thereof shall be provided by Tenant to Landlord upon request.

15.4 Property of Tenant. In addition to and not in limitation of the foregoing, Tenant covenants and agrees that, to the maximum extent permitted by law, all merchandise, furniture, fixtures and property of every kind, nature and description related or arising out of Tenant's leasehold estate hereunder, which may be in or upon the Premises or Building, in the public corridors, or on the sidewalks, areaways and approaches adjacent thereto, shall be at the sole risk and hazard of Tenant, and that if the whole or any part thereof shall be damaged, destroyed, stolen or removed from any cause or reason whatsoever, no part of said damage or loss shall be charged to, or borne by, Landlord.

15.5 Bursting of Pipes, etc. Without limitation of Landlord's ongoing repair and maintenance obligations under this Lease, and subject to the waiver of subrogation contained in Article 19, Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, air contaminants or emissions, electricity, electrical or electronic emanations or disturbance, water, rain or snow or leaks from any part of the Building or from the pipes, appliances, equipment or plumbing works or from the roof, street or subsurface or from any other place or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, unless caused by or due to the negligence or willful misconduct of Landlord, its agents, servants or employees, and then only after (i) notice to Landlord of the condition claimed to constitute negligence (to the extent that Tenant had actual knowledge thereof) and (ii) the expiration of a reasonable time after such notice has been received by Landlord without Landlord having taken all reasonable and practicable means to cure or correct such condition; and pending such cure or correction by Landlord, Tenant shall take all reasonably prudent temporary measures and safeguards to prevent any injury, loss or damage to persons or property. In no event shall Landlord or its agents be liable for any such loss or damage caused by other tenants or persons in the Building or caused by operations in construction of any private, public, or quasi-public work.

15.6 Repairs and Alterations-No Diminution of Rental Value. Except as otherwise provided in this Lease or under applicable law, there shall be no allowance to Tenant for diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to Tenant arising from any repairs, alterations, additions, replacements or improvements made by Landlord, or any related work, Tenant or others in or to any portion of the Building or Premises or any property adjoining the Building, or in or to fixtures, appurtenances, or equipment thereof, or for failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the Building, or of the Premises, or in or to the fixtures, appurtenances or equipment thereof.

15.7 Landlord's Insurance. During the Term, Landlord shall procure and maintain (a) a policy or policies of insurance covering loss or damage to the Building caused by any peril covered under fire, extended coverage and "Special Form" insurance in an amount of not less than the replacement cost value above foundation walls, as reasonably determined by Landlord from time to time, subject to commercially reasonably deductibles and retention and including a waiver of subrogation in favor of Tenant as required in Section 19; and (b) reasonable amounts of liability insurance covering the Complex in the form and such amounts as reasonably determined by Landlord from time to time. The cost of such insurance shall be included in Operating Costs.

15.8 Landlord's Indemnity. Subject to applicable waivers of claims and rights of subrogation set forth in Section 19, Landlord shall indemnify, defend and protect Tenant, and it agents, employees and contractors and hold each of them harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons, damage to property occurring or resulting from the negligent or willful and wrongful acts or omissions of Landlord or its agents, employees, licensees, or contractors, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the negligence or willful misconduct of Tenant or its agents, employees or contractors.

16. ASSIGNMENT, MORTGAGING AND SUBLETTING

16.1 Generally. (a) Notwithstanding any other provisions of this Lease, Tenant covenants and agrees that it will not assign this Lease or sublet (which term, without limitation, shall include the granting of any concessions, licenses, occupancy rights, management arrangements and the like) the whole or any part of the Premises to anyone, other than a Permitted Transferee, as hereinafter defined, without, in each instance, having first received the express, written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. A change in Tenant's name shall not constitute an assignment or sublease hereunder, provided Tenant notifies Landlord in writing of such name change when making such change. Tenant shall not collaterally assign this Lease (or any portion thereof) or permit any assignment of this Lease by mortgage, other encumbrance or operation of law.

(b) Without limitation, it shall not be unreasonable for Landlord to withhold such approval from any assignment or subletting where, in Landlord's opinion: (i) the proposed assignee or sublessee does not have a financial standing and credit rating reasonably acceptable to Landlord in light of the obligation being assumed; (ii) the proposed assignee or sublessee does not have a good reputation in the community; (iii) the business in which the proposed assignee or sublessee is not a Permitted Use; (iv) the proposed sublessee or assignee is a current tenant or a prospective tenant (meaning such tenant has been shown space or has requested a proposal or has made an offer to lease space within the last six (6) months before the date of Tenant's consent request) of the Building; (v) the use of the Premises by any sublessee or assignee (even though a permitted use hereunder) is for any other use other than office and laboratory use and such other use violates any exclusive use or other use restriction granted by Landlord in any other lease or would otherwise cause Landlord to be in violation of its obligations under another lease or agreement to which Landlord is a party and of which Tenant shall have been given written notice; (vi) if such assignment or subleasing is not approved of by the holder of any mortgage on the Building or Land (if such approval is required); (vii) a proposed assignee's or subtenant's business is other than office and laboratory use and such other use will impose a burden on the Common Areas or other facilities serving the Building or the Land that is materially greater than the burden imposed by Tenant, in Landlord's reasonable judgment; (viii) any guarantor of this Lease refuses to consent to the proposed transfer or to execute a written agreement reaffirming the guaranty; (ix) Tenant is in default (beyond the expiration of applicable notice and grace periods) of any of its obligations under the Lease at the time of the request or at the time of the proposed assignment or sublease; (x) if requested by Landlord, the assignee or subtenant refuses to sign a non-disturbance and attornment agreement in favor of Landlord's lender; (xi) Landlord has sued or been sued by the proposed assignee or subtenant or has otherwise been involved in a legal dispute with the proposed assignee or subtenant; (xii) intentionally omitted; (xiii) the assignment or sublease will result in there being more than three (3) subtenant of the Premises; or (xiv) the assignee or subtenant is a governmental or quasi-governmental entity or an agency, department or instrumentality of a governmental or quasi-governmental agency. Landlord may condition its consent upon such assignee depositing with Landlord such additional security as Landlord may reasonably require to assure the performance and observance of the obligations of such party to Landlord. In no event, however, shall Tenant assign this Lease or sublet the whole or any part of the Premises to a proposed assignee or sublessee which has been judicially declared bankrupt or insolvent according to law within two (2) years prior to the consent request, or with respect to which an assignment has been made of property for the benefit of creditors, or with respect to which a receiver, guardian, conservator, trustee in involuntary bankruptcy or similar officer has been appointed to take charge of all or any substantial part of the proposed assignee's or sublessee's property by a court of competent jurisdiction, or with respect to which a petition has been filed for reorganization under any provisions of the Bankruptcy Code now or hereafter enacted, or if a proposed assignee or sublessee has filed a petition for such reorganization, or for arrangements under any provisions of the Bankruptcy Code now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for the payment of debts.

(c) Any request by Tenant for such consent shall set forth or be accompanied by, in detail reasonably satisfactory to Landlord, the identification of the proposed assignee or sublessee, its financial condition and the terms on which the proposed assignment or subletting is to be made, including, without limitation, a signed copy of all assignment and sublease documents, and clearly stating the rent or any other consideration to be paid in respect thereto. Tenant's request shall not be deemed complete or submitted until all of the foregoing information has been received by Landlord. Landlord shall respond to such request for consent within thirty (30) days following Landlord's receipt of all information, documentation and security required by Landlord with respect to such proposed sublease or assignment.

(d) The foregoing restrictions shall be binding on any assignee or sublessee to which Landlord has consented, provided, notwithstanding anything else contained in this Lease, Landlord's consent to any further assignment, subleasing or any sub-subleasing by any approved assignee or sublessee will not be unreasonably withheld, delayed or conditioned.

(e) In the case of any assignment of this Lease or subletting of the Premises, the Tenant named herein shall be and remain fully and primarily liable for the obligations of Tenant hereunder, notwithstanding such assignment or subletting, including, without limitation, the obligation to pay the Yearly Rent and other amounts provided under this Lease, and the Tenant shall be deemed to have waived all suretyship defenses.

(f) In addition to the foregoing, it shall be a condition of the validity of any such assignment that the assignee agrees directly with Landlord, in form reasonably satisfactory to Landlord, to be bound by all the obligations of Tenant hereunder, including, without limitation, the obligation to pay Yearly Rent and other amounts provided for under this Lease, the covenant regarding use and the covenant against further assignment and subletting as provided above.

16.2 Reimbursement, Recapture and Excess Rent.

(a) Tenant shall, upon demand, reimburse Landlord for the reasonable fees and expenses (including legal and administrative fees and costs) up to a maximum amount of $1500, incurred by Landlord in processing any request to assign this Lease or to sublet all or any portion of the Premises, whether or not Landlord agrees thereto, and if Tenant shall fail promptly so to reimburse Landlord, the same shall be a default in Tenant's monetary obligations under this Lease subject to the any applicable grace period set forth in Section 21.7 below.

(b) If Tenant requests Landlord's consent to assign this Lease or sublet (or otherwise grant occupancy rights in and to) all or a portion of the Premises, Landlord shall have the option, exercisable by written notice to Tenant given within thirty (30) days after Landlord's receipt of Tenant's completed request (or if tenant delivers a recapture notice without reference to a specified sublease or assignment, within thirty (30) days

after Landlord's receipt of that notice), to terminate this Lease as of the date specified in such notice, which shall not be less than thirty (30) days nor more than one hundred twenty (120) days after the date of such notice, as to the entire Premises in the case of a proposed assignment or subletting of the whole Premises, and as to the portion of the Premises to be sublet in the case of a subletting of a portion for the duration of the Term. In the event of termination in respect of a portion of the Premises, the portion so eliminated shall be delivered to Landlord on the date specified in good order and condition in the manner provided in this Lease at the end of the Term and thereafter, to the extent necessary in Landlord's judgment, Landlord, at its own cost and expense, may have access to and may make modification to the Premises (or portion thereof) so as to make such portion a self-contained rental unit with access to common areas, elevators and the like. Yearly Rent and the rentable floor area of the Premises (and any calculations based thereon) shall be adjusted according to the extent of the Premises for which the Lease is terminated.

(c) Without limitation of the rights of Landlord hereunder in respect thereto, if there is any assignment of this Lease by Tenant for consideration or a subletting of the whole of the Premises by Tenant at a rent which exceeds the rent payable hereunder by Tenant, or if there is a subletting of a portion of the Premises by Tenant at a rent in excess of the subleased portion's pro rata share of the rent payable hereunder by Tenant, then Tenant shall pay to Landlord, as additional rent, forthwith upon Tenant's receipt of, in the case of an assignment, one-half of the consideration (or the cash equivalent thereof) therefor and in the case of a subletting, one-half of any such excess rent. For the purposes of this subsection, the term "rent" shall mean all Yearly Rent, additional rent or other payments and/or consideration payable by one party to another for the use and occupancy of all or a portion of the Premises including, without limitation, key money, or bonus money paid by the assignee or subtenant to Tenant in connection with such transaction and any payment in excess of fair market value for services rendered by Tenant to the assignee or subtenant or for assets, fixtures, inventory, equipment or furniture transferred by Tenant to the assignee or subtenant in connection with any such transaction, but shall exclude any separate payments by Tenant for reasonable attorney's fees and broker's commissions and market-based tenant improvement costs or allowances in connection with such assignment or subletting (all of which may be recovered by Tenant prior to sharing any such profit).

(d) If the Premises or any part thereof are sublet by Tenant, following the occurrence of a default which has continued beyond the applicable notice and cure period, Landlord, in addition to any other remedies provided hereunder or at law, may at its option (while such default continues uncured) collect directly from such sublessee(s) all rents becoming due to the Tenant under such sublease(s) and apply such rent against any amounts due Landlord by Tenant under this Lease, and Tenant hereby irrevocably authorizes and directs such sublessee(s) to so make all such rent payments, if so directed by Landlord; and it is understood that no such election or collection or payment shall be construed to constitute a novation of this Lease or a release of Tenant hereunder, or to create any lease or occupancy agreement between the Landlord and such subtenant or impose any obligations on Landlord, or otherwise constitute the recognition of such sublease by Landlord for any purpose whatsoever.

(e) The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

Tenant hereby absolutely and unconditionally assigns and transfers to Landlord all of Tenant's interest in all rentals and income arising from any sublease entered into by Tenant, and Landlord may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a default occurs in the performance of Tenant's obligations under this Lease, and continues beyond the expiration of all applicable notice and grace periods. Tenant may receive, collect and enjoy the rents accruing under such sublease. Landlord shall not, by reason of this or any other assignment of such rents to Landlord nor by reason of the collection of the rents from a subtenant, be deemed to have assumed or recognized any sublease or to be liable to the subtenant for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease, including, but not limited to, Tenant's obligation to return any security deposit. Tenant hereby irrevocably authorizes and directs any such subtenant, upon receipt of a written notice from Landlord stating that a default exists in the performance of Tenant's obligations under this Lease, to pay to Landlord the rents due as they become due under the sublease. Tenant agrees that such subtenant shall have the right to rely upon any such statement and request from Landlord, and that such subtenant shall pay such rents to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. In the event Tenant shall default in the performance of its obligations under this Lease or Landlord terminates this Lease by reason of a default of Tenant, Landlord at its option and without any obligation to do so, may require any subtenant to attorn to Landlord, in which event Landlord shall undertake the obligations of Tenant under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by such subtenant to Tenant or for any other prior defaults of Tenant under such sublease

16.3 Certain Transfers.

(a) The provisions of this Section 16.3(a) shall not be applicable so long as the Tenant is a corporation or other legal entity, the outstanding voting stock of which is listed on a recognized security exchange, or if at least fifty percent (50%) of its voting stock is owned by another corporation, the voting stock of which is so listed. If at any time Tenant's interest in this Lease is held by a corporation, trust, partnership, limited liability company or other entity, the transfer of more than forty percent (40%) (or such lesser percentage which results in a change in the control of Tenant) of the voting stock, beneficial interests, partnership interests, membership interests or other ownership interests therein (whether at one time or in the aggregate) shall be deemed an assignment of this Lease, and shall require Landlord's prior written consent, which consent shall not unreasonably with withheld, delayed or conditioned.

(b) To enable Landlord to determine the ownership of Tenant, Tenant agrees to furnish to Landlord, from time to time promptly after Landlord's request therefor, (i) if the first sentence of subsection 16.3(a) is applicable, proof of listing on a recognized security exchange, or (ii) if the first sentence of subsection 16.3(a) is not applicable, an accurate and complete listing of the holders of its stock, beneficial interests, partnership interests, membership interests or other ownership interests therein as of such request and as of the date of this Lease. Landlord shall keep strictly confidential any information received by Landlord pursuant to this Section 16.3(b) (provided such information is not otherwise available to the public) and provided, however, that Landlord shall have the right to disclose any such information to existing or prospective mortgagees, or prospective purchasers of the Building, but only under a similar confidentiality agreement.

(c) Notwithstanding any other provision of this Section, transactions with an entity which controls or is controlled by Tenant or is under common control with Tenant, or any entity into or with which Tenant is merged or consolidated, or any entity that acquires all or substantially all of the assets of Tenant (a "Permitted Transferee"), shall not be deemed to be an assignment or subletting within the meaning of this Section, provided that in any of such events (1) Landlord receives prior written notice of any such transactions, (2) the assignee or subtenant agrees directly with Landlord, by written instrument in form satisfactory to Landlord, to be bound by all the obligations of Tenant hereunder including, without limitation, the covenant against further assignment and subletting, (3) in no event shall Tenant be released from its obligations under this Lease, (4) any such transfer or transaction is for a legitimate, regular business purpose of Tenant other than a transfer of Tenant's interest in this Lease, and (5) the involvement by Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise) whether or not a formal assignment or hypothecation of this Lease or Tenant's assets occurs, will not result in a material reduction (such that the successor entity would not reasonably be able to meet its obligations hereunder as the same come due) of the "Net Worth" of Tenant as hereinafter defined, by an amount equal to such Net Worth of Tenant as it is represented to Landlord at the time of the execution by Landlord of this Lease. "Net Worth" of Tenant for purposes of this section shall be the tangible net worth of Tenant (excluding any guarantors whose financial statements are not consolidated with those of Tenant and excluding any warrant liabilities) established under generally accepted accounting principles consistently applied.

17. MISCELLANEOUS COVENANTS

Tenant covenants and agrees as follows:

17.1 Rules and Regulations. Tenant will faithfully observe and comply with the commercially reasonable Rules and Regulations, if any, annexed hereto and such other and further reasonable Rules and Regulations as Landlord hereafter at any time or from time to time may make and may communicate in writing to Tenant, which in the reasonable judgment of Landlord shall be necessary for the reputation, safety, care or appearance of the Building, or the preservation of good order therein, or the operation or maintenance of the Building, or the equipment thereof, or the comfort of tenants or others in the Building, provided, however, that in the case of any conflict between the provisions of this Lease and any such regulations, the provisions of this Lease shall control, and provided further that nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant or such other tenant's servants, employees, agents, contractors, visitors, invitees or licensees. Landlord shall, however, use commercially reasonable efforts to equitably and evenly enforce the same.

17.2 Access to Premises-Shoring. Tenant shall: (i) upon reasonable prior written notice permit Landlord to erect, use and maintain pipes, ducts and conduits in and through the Premises, provided the same do not materially reduce the floor area or materially adversely affect the appearance thereof or materially affect Tenant's use and access to the Premises for the Permitted Use; (ii) upon prior oral notice (except that no notice shall be required in emergency situations), permit Landlord and any mortgagee of the Building or the Building and land or of the interest of Landlord therein, and any lessor under any ground or underlying lease, and their representatives, to have reasonable access to and to enter upon the Premises at all reasonable hours for the purposes of inspection or of making repairs, replacements or improvements in or to the Premises or the Building or equipment (including, without limitation, sanitary, electrical, heating, air conditioning or other systems) or of complying with all laws, orders and requirements of governmental or other authority or of exercising any right reserved to Landlord by this Lease (including the right during the progress of any such repairs, replacements or improvements or while performing work and furnishing materials in connection with compliance with any such laws, orders or requirements to take upon or through, or to keep and store within, the Premises all necessary materials, tools and equipment); and (iii) permit Landlord, at reasonable times, to show the Premises during ordinary business hours to any existing or prospective mortgagee, ground lessor, purchaser, or assignee of any mortgage, of the Building or of the Building and the land or of the interest of Landlord therein, and during the period of twelve (12) months next preceding the Termination Date to any person contemplating the leasing of the Premises or any part thereof. Except in connection with exercising Landlord's re-entry rights following a default (beyond applicable notice and cure periods), and otherwise absent an emergency situation requiring Landlord's immediate entry, Landlord shall not enter areas designated as secure areas (meaning the clean rooms, laboratories and vivarium) without a representative of Tenant present provided Tenant has provided Landlord with a written list of telephone contacts including contacts to obtain access after business hours. If Tenant shall not be personally present to open and permit an entry into the Premises at any time when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations and covenants of this Lease. Provided that Landlord shall incur no additional expense thereby, Landlord shall exercise its rights of access to the Premises permitted under any of the terms and provisions of this Lease in such manner as to minimize to the extent practicable interference with Tenant's use and occupation of the Premises.

17.3 Accidents to Sanitary and Other Systems. Tenant shall give to Landlord prompt notice of any fire or accident in the Premises or in the Building and of any damage to, or defective condition in, any part or appurtenance of the Building including, without limitation, sanitary, electrical, ventilation, heating and air conditioning or other systems located in, or passing through, the Premises. Except as otherwise provided in Articles 18 and 20, and subject to Tenant's obligations in Article 14, such damage or defective condition shall be remedied by Landlord with reasonable diligence, but if such damage or defective condition was caused by Tenant or by the employees, licensees, contractors or invitees of Tenant, the cost to remedy the same shall be paid by Tenant, subject to Article 19 if applicable. In addition, all reasonable costs incurred by Landlord in connection with the investigation of any notice given by Tenant shall be paid by Tenant if the reported damage or defective condition was caused by the Tenant or by the employees, licensees, contractors, or invitees of Tenant.

17.4 Signs, Blinds and Drapes. Tenant shall put no signs in any part of the Building. Notwithstanding the foregoing, however, Tenant, at its own expense, shall have the right, subject to Landlord's prior written consent not to be unreasonably withheld or delayed, to place signs on the entrance door to the Premises and on the wall adjacent to the Premises entrance door provided such signage is in compliance with all applicable laws and regulations. Tenant will be permitted to install and maintain, subject to Landlord's reasonable approval to be unreasonably withheld, conditioned or delayed, a sign with its corporate logo at the entrance to the Premises. Landlord shall provide, at its cost, Building standard signage on all tenant directories within the Complex including the three (3) exterior kiosks located at the pedestrian level entries to the Complex as well as the garage lobby entrance and elevator lobby directory for the Building. No signs or blinds may be put on or in any window or elsewhere if visible from the exterior of the Building, nor may the building standard drapes or blinds be removed by Tenant. Tenant may hang its own drapes, provided that they shall not in any way interfere with the building standard drapery or blinds or be visible from the exterior of the Building and that such drapes are so hung and installed that when drawn, the building standard drapery or blinds are automatically also drawn. Any signs or lettering in the public corridors or on the doors shall conform to Landlord's building standard design. Neither Landlord's name, nor the name of the Building or Complex of which the Building is a part, or the name of any other structure erected therein shall be used without Landlord's consent in any advertising material (except on business stationery or as an address in advertising matter), nor shall any such name, as aforesaid, be used in any undignified, confusing, detrimental or misleading manner.

17.5 Estoppel Certificate and Financial Statements. Tenant shall at any time and from time to time upon not less than twenty (20) days' prior notice by Landlord to Tenant, execute, acknowledge and deliver to Landlord a statement in writing certifying, to the best of Tenant's knowledge, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the Yearly Rent and other charges have been paid in advance, if any, stating whether or not Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default and such other facts as Landlord may reasonably request provided same are customary for such certificates, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Building or of the Building and the land or of any interest of Landlord therein, any mortgagee or prospective mortgagee thereof, any lessor or prospective lessor thereof, any lessee or prospective lessee thereof, or any prospective assignee of any mortgage thereof. However, no such certificate shall have the effect of amending this Lease, and in the case of any conflict between this Lease and any certificate, this Lease shall prevail.

17.6 Prohibited Materials and Property. Except as provided in Section 29.11(b), Tenant shall not bring or permit to be brought or kept in or on the Premises or elsewhere in the Building (i) any inflammable, combustible or explosive fluid, material, chemical or substance including, without limitation, any hazardous substances as defined under Massachusetts General Laws chapter 21E, the Federal Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 USC §9601 et seq., as amended, under Section 3001 of the Federal Resource Conservation and Recovery Act of 1976, as amended, or under any regulation of any governmental authority regulating environmental or health matters (except for standard office supplies stored in proper containers), (ii) any materials, appliances or equipment (including, without limitation, materials, appliances and equipment selected by Tenant for the construction or other preparation of the Premises and furniture and carpeting) which pose any danger to life, safety or health or may cause damage, injury or death; (iii) any unique, unusually valuable, rare or exotic property, work of art or the like unless the same is fully insured under all-risk coverage, or (iv) any data processing, electronic, optical or other equipment or property of a delicate, fragile or vulnerable nature unless the same are housed, shielded and protected against harm and damage, whether by cleaning or maintenance personnel, radiations or emanations from other equipment now or hereafter installed in the Building, or otherwise. Nor shall Tenant cause or permit any harmful air emissions, odors of cooking or other processes, or any unusual or other objectionable odors or emissions to emanate from or permeate the Premises. Notwithstanding the foregoing, Landlord agrees to provide Tenant with a chemical storage room (as provided in Section 2.1) and, in addition thereto, Landlord agrees that the fourth (4th) floor of the Premises shall include one (1) additional designated control area for Tenant's storage of chemicals used in connection with its Permitted Use. No additional control areas beyond those specified in the preceding sentence shall be permitted in the Premises without Landlord's prior written consent, which Landlord may withhold in its sole discretion. Landlord acknowledges that it is not the intent of this Lease or this Section 17.6 to prohibit or restrict Tenant from using the Premises for the Permitted Use, including without limitation the laboratory and vivarium uses and the manufacturing of medical products. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is properly monitored according to all then applicable environmental requirements.

17.7 Requirements of Law-Fines and Penalties. Without limiting Landlord's obligation to keep the Building and Common Areas in compliance with the same, with respect to Tenant's business operations within the Premises, Tenant at its sole expense shall comply with all laws, rules, orders and regulations, including, without limitation, all energy-related requirements, of Federal, State, County and Municipal Authorities and with any direction of any public officer or officers, pursuant to law. Tenant shall reimburse and compensate Landlord for all expenditures made by, or damages or fines sustained or incurred by, Landlord due to nonperformance or noncompliance with or breach or failure to observe any item, covenant, or condition of this Lease upon Tenant's part to be kept, observed, performed or complied with. If Tenant receives notice from any governmental authority of any violation of law, ordinance, order or regulation applicable to the Premises, it shall give prompt notice thereof to Landlord.

17.8 Tenant's Acts—Effect on Insurance. Tenant shall not do or permit to be done any act or thing upon the Premises or elsewhere in the Building which will invalidate or be in conflict with any insurance policies covering the Building and the fixtures and property therein (of which Tenant shall have been given prior notice); and shall not do, or permit to be done, any act or thing upon the Premises which shall subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said Premises or for any other reason. Landlord represents that office and laboratory and vivarium and manufacturing use generally as contemplated herein will not be a violation of the foregoing. Tenant at its own expense shall comply with all rules, orders, regulations and requirements of the Board of Fire Underwriters, or any other similar body having jurisdiction, and shall not (i) do, or permit anything to be done, in or upon the Premises, or bring or keep anything therein, except as now or hereafter permitted by the Fire Department, Board of Underwriters, Fire Insurance Rating Organization, or other authority having

jurisdiction, and then only in such quantity and manner of storage as will not increase the rate for any insurance applicable to the Building, or (ii) use the Premises in a manner which shall increase such insurance rates on the Building, or on property located therein, over that applicable when Tenant first took occupancy of the Premises hereunder. If by reason of the failure of Tenant to comply with the provisions hereof the insurance rate applicable to any policy of insurance shall at any time thereafter be higher than it otherwise would be, the Tenant shall reimburse Landlord for that part of any insurance premiums thereafter paid by Landlord, which shall have been charged because of such failure by Tenant.

17.9 Miscellaneous. Tenant shall not suffer or permit the Premises or any fixtures, equipment or utilities therein or serving the same, to be overloaded, damaged or defaced, nor permit any hole to be drilled or made in any part thereof. Tenant shall not suffer or permit any employee, contractor, business invitee or visitor to violate any covenant, agreement or obligations of the Tenant under this Lease.

18. DAMAGE BY FIRE, ETC.

(a) If the Premises or the Building are damaged in whole or in part by any fire or other casualty (a "casualty"), the Tenant shall immediately give notice thereof to the Landlord. Unless this Lease is terminated as provided herein, the Landlord, at its own expense (except for any reasonable insurance deductibles of less than one hundred thousand dollars ($100,000) which shall be deemed Operating Costs), and proceeding with due diligence and all reasonable dispatch, but subject to delays beyond the reasonable control of Landlord, shall repair and reconstruct the same so as to restore the Premises (but not any alterations or additions made by or for Tenant or any trade fixtures, equipment or personal property of Tenant except for Landlord's Work) to substantially the same condition they were in prior to the casualty, subject to zoning, building and other laws then in effect. Notwithstanding the foregoing, in no event shall Landlord be obligated either to repair or rebuild if the damage or destruction results from a casualty that is not insured and would not be covered by the insurance Landlord is required to carry hereunder, or (so long as Landlord was carrying 100% replacement cost coverage) if the costs of such repairing or rebuilding exceeds the amount of the insurance proceeds (net of all costs and expenses incurred in obtaining same) received by Landlord on account thereof. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting from delays in repairing such damage.

(b) Landlord shall, within forty-five (45) days after the occurrence of a casualty, provide Tenant with a good faith estimate of the time required to repair the damage to the Premises or the Building, as provided herein; if such estimate is for a period of more than two hundred seventy (270) days from the occurrence of the casualty (or during the last eighteen (18) months of the term, for a period of more than ninety (90) days), the Premises shall be deemed "substantially damaged". If the Premises or the Building are substantially damaged, Landlord may elect to terminate this Lease by giving Tenant written notice of such termination within sixty (60) days of the date of such casualty; and if the Premises or the Building are substantially damaged, and if as a result the Premises or a material portion of the laboratory or vivarium portions of the Premises are rendered substantially untenantable (meaning Tenant is not able to conduct its business operations within the Premises) or inaccessible for the uses permitted under this Lease, then Tenant may terminate this Lease by giving Landlord written notice of such termination within sixty (60) days of the date of such casualty. Notwithstanding anything to the contrary contained herein, in the event that neither party shall terminate this Lease as set forth herein, and Landlord shall, for any reason other than a delay caused by Tenant or due to governmental regulation or an event of force majeure, fail to commence the required repair or restoration of the Premises within a reasonable time, and thereafter complete the repair and restoration of the Premises to a condition substantially suitable for the uses permitted under this Lease within three hundred (300) days after the date of such casualty (or if such casualty occurs during the last eighteen (18) months of the Term, within one hundred five (105) days after the date of such casualty),

then in either such case Tenant may terminate this Lease upon thirty (30) days written notice to Landlord in which event this Lease shall terminate upon such thirtieth (30th) day unless Landlord shall substantially complete such repair and restoration within such thirty (30) day period in which event Tenant's termination shall be void and of no further force or effect.

(c) For so long as such damage results in material interference with the operation of Tenant's use of the Premises which material interference causes Tenant to be unable to use the Premises, the Yearly Rent and additional rent payable by Tenant shall abate or be reduced proportionately for the period, commencing on the day following such material interference and continuing until the Premises has been substantially restored.

(d) If the Premises are damaged by a casualty, and the Lease is not terminated as provided herein, the Tenant, at its own expense, and proceeding with all reasonable dispatch, shall repair and reconstruct all of the improvements, alterations and additions made to the Premises by or for Tenant, including and any trade fixtures, equipment or personal property of Tenant which shall have been damaged or destroyed (other than Landlord's Work).

Any dispute between the parties relating to the provisions or obligations in this Article 18 shall be submitted to arbitration pursuant to Article 29.5 hereof.

19. WAIVER OF SUBROGATION

In any case in which Tenant shall be obligated to pay to Landlord any loss, cost, damage, liability, or expense suffered or incurred by Landlord, Landlord shall allow to Tenant as an offset against the amount thereof (i) the net proceeds of any insurance collected by Landlord for or on account of such loss, cost, damage, liability or expense, provided that the allowance of such offset does not invalidate or prejudice the policy or policies under which such proceeds were payable, and (ii) if such loss, cost, damage, liability or expense shall have been caused by a peril against which Landlord has agreed to procure insurance coverage under the terms of this Lease, the amount of such insurance coverage, whether or not actually procured by Landlord.

In any case in which Landlord or Landlord's managing agent shall be obligated to pay to Tenant any loss, cost, damage, liability or expense suffered or incurred by Tenant, Tenant shall allow to Landlord or Landlord's managing agent, as the case may be, as an offset against the amount thereof (i) the net proceeds of any insurance collected by Tenant for or on account of such loss, cost, damage, liability, or expense, provided that the allowance of such offset does not invalidate the policy or policies under which such proceeds were payable and (ii) if such loss, cost, damage, liability or expense shall have been caused by a peril against which Tenant has agreed to procure insurance coverage under the terms of this Lease, the amount of such insurance coverage, whether or not actually procured by Tenant.

The parties hereto shall each procure an appropriate clause in, or endorsement on, any property insurance policy covering the Premises and the Building and personal property, fixtures and equipment located thereon and therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery in favor of either party, its respective agents or employees. Each party hereby agrees that it will not make any claim against or seek to recover from the other or its agents or employees for any loss or damage to its property or the property of others resulting from fire or other perils covered by such property insurance.

20. CONDEMNATION-EMINENT DOMAIN

(a) In the event of any condemnation or taking in any manner for public or quasi-public use, which shall be deemed to include a voluntary conveyance in lieu of a taking (a "taking") of the whole of the Building, this Lease shall forthwith terminate as of the date when Tenant is required to vacate the Premises.

(b) Unless this Lease is terminated as provided herein, the Landlord, at its own expense, and proceeding with due diligence and all reasonable dispatch, but subject to delays beyond the reasonable control of Landlord, shall restore the remaining portion of the Premises (but not any alterations or improvements made by or for Tenant, but including Landlord's Work or any trade fixtures, equipment or personal property of Tenant) and the necessary portions of the Building as nearly as practicable to the same condition as it was prior to such taking, subject to zoning and building laws then in effect. Notwithstanding the foregoing, Landlord's obligation to restore the remaining portion of the Premises shall be limited to the extent of the condemnation proceeds (net of all costs and expenses incurred in connection with same) received by Landlord on account thereof. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting from delays in restoring the Premises.

(c) In the event that only a part of the Premises or the Building shall be taken, then, if such taking is a substantial taking (as hereinafter defined), either Landlord or Tenant may by delivery of notice in writing to the other within sixty (60) days following the date on which Landlord's title has been divested by such authority, terminate this Lease, effective as of the date when Tenant is required to vacate any portion of the Premises or appurtenant rights. A "substantial taking" shall mean a taking which: requires restoration and repair of the remaining portion of the Building that cannot in the ordinary course be reasonably expected to be repaired within one hundred eighty (180) days; results in the loss of reasonable access to the Premises; or results in the loss of more than twenty percent (20%) of the rentable floor area of the Premises.

(d) If this Lease is not terminated as aforesaid, then this Lease shall continue in full force and effect, provided if as a result of which there is material interference with the operation of Tenant's use of the Premises, then the Yearly Rent and additional rent payable by Tenant shall be justly and equitably abated and reduced according to the nature and extent of the loss of use thereof suffered by Tenant.

(e) Landlord shall have and hereby reserves and excepts, and Tenant hereby grants and assigns to Landlord, all rights to recover for damages to the Building, the Complex, and the leasehold interest hereby created (including any award made for the value of the estate vested by this Lease in Tenant), and to compensation accrued or hereafter to accrue by reason of such taking, and by way of confirming the foregoing, Tenant hereby grants and assigns, and covenants with Landlord to grant and assign, to Landlord all rights to such damages of compensation. Nothing contained herein shall be construed to prevent Tenant from prosecuting in any condemnation proceedings a separate claim for the value of any of Tenant's leasehold improvements and personal property and for relocation expenses and business losses, provided that such action shall not affect the amount of compensation otherwise recoverable by Landlord from the taking authority.

Any dispute between the parties relating to the provisions or obligations in this Article 20 shall be submitted to arbitration pursuant to Article 29.5 hereof.

21. DEFAULT

21.1 Conditions of Limitation-Re-Entry-Termination. This Lease and the herein term and estate are upon the condition that if, subject always to the notice and grace provisions in Section 21.7, (a) Tenant shall neglect or fail to perform or observe any of the Tenant's covenants or agreements herein, including (without limitation) the covenants or agreements with regard to the payment when due of rent, additional charges, reimbursement for increase in Landlord's costs, or any other charge payable by Tenant to Landlord (all of which shall be considered as part of Yearly Rent for the purposes of invoking Landlord's statutory or other rights and remedies in respect of payment defaults); or (b) Tenant shall abandon the Premises; or (c) Tenant shall admit in writing Tenant's inability to pay its debts generally as they become due, or by the making or offering to make a composition of its debts with its creditors; or (d) Tenant shall make an assignment or trust mortgage, or other conveyance or transfer of like nature, of all or a substantial part of its property for the benefit of its creditors, or (e) an attachment on mesne process, on execution or otherwise, or other legal process shall issue against Tenant or its property and a sale of any of its assets shall be held thereunder; or (f) any lien, attachment or the like shall be entered, recorded or filed against Tenant's leasehold interest in the Premises in any court, registry, etc. and Tenant shall fail to discharge or secure by surety bond such lien, attachment, etc. within thirty (30) days of such entry, recording or filing, as the case may be; or (g) the leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within thirty (30) days thereafter; or (h) a receiver, sequesterer, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's property and such appointment shall not be vacated within sixty (60) days; or (i) any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors, and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within sixty (60) days or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding, or (j) any event shall occur or any contingency shall arise whereby this Lease, or the term and estate thereby created, would (by operation of law or otherwise) devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted under Article 16 hereof - then, and in any such event Landlord may, by notice to Tenant, elect to terminate this Lease; and thereupon (and without prejudice to any remedies which might otherwise be available for arrears of rent or other charges due hereunder or preceding breach of covenant or agreement and without prejudice to Tenant's liability for damages as hereinafter stated), this Lease shall terminate as of the date specified therein(but no fewer than five (5) days after such notice) as though that were the Termination Date as stated in Section 3.2. Without being taken or deemed to be guilty of any manner of trespass or conversion, and without being liable to indictment, prosecution or damages therefor, Landlord may, to the fullest extent permitted by applicable law, enter into and upon the Premises (or any part thereof in the name of the whole); repossess the same as of its former estate; and expel Tenant and those claiming under Tenant. Wherever "Tenant " is used in subdivisions (c), (d), (e), (f), (g), (h) and (i) of this Article 21.1, it shall be deemed to include any one of (i) any corporation of which Tenant is a controlled subsidiary and (ii) any guarantor of any of Tenant's obligations under this Lease. The words "re-entry" and "re-enter" as used in this Lease are not restricted to their technical legal meanings.

21.2 Intentionally Omitted.

21.3 Damages-Termination. Upon the termination of this Lease under the provisions of this Article 21, Tenant shall pay to Landlord the rent and other charges payable by Tenant to Landlord up to the time of such termination, shall continue to be liable for any preceding breach of covenant, and in addition, shall pay to Landlord as damages, at the election of Landlord

either:

(x) the amount by which, at the time of the termination of this Lease (or at any time thereafter if Landlord shall have initially elected damages under subparagraph (y), below), (i) the aggregate of the rent and other charges projected over the period commencing with such termination and ending on the Termination Date as stated in Exhibit 1 exceeds (ii) the aggregate projected fair market rental value of the Premises for such period;

or:

(y) amounts equal to the rent and other charges which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefor specified herein following such termination and until the Termination Date as specified in Exhibit 1, provided, however, if Landlord shall re-let the Premises during such period, that Landlord shall credit Tenant with the net rents received by Landlord from such re-letting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the actual expenses incurred or paid by Landlord in terminating this Lease, as well as the expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other similar and dissimilar expenses properly chargeable against the Premises and the rental therefrom, it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining term of this Lease; and provided, further, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder and (ii) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this Subparagraph (y) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

Landlord shall use commercially reasonable efforts to mitigate any damages resulting from an event of default by Tenant under this Lease. Landlord's obligation to mitigate damages shall be satisfied in full if Landlord undertakes to lease the Premises (or any portion thereof) to another tenant (a "Substitute Tenant") in accordance with the following criteria: (a) Landlord shall have no obligation to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete legal possession of the Premises including, without limitation, the final

and unappealable legal right to relet the Premises free of any claim of Tenant; (b) Landlord shall not be obligated to lease or show the Premises, on a priority basis, or offer the Premises to a prospective tenant when other premises in the Building suitable for that prospective tenant's use are (or soon will be) available; (c) Landlord shall not be obligated to lease the Premises to a Substitute Tenant for a rent less than the current fair market rent then prevailing for similar uses in Comparable Buildings, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord, in Landlord's good faith discretion; (d) Landlord shall not be obligated to enter into a lease with a Substitute Tenant whose use would: (i) violate any restriction, covenant, or requirement contained in the lease of another tenant of the Building; (ii) adversely affect, in Landlord's good faith opinion, the reputation of the Building; or (iii) be incompatible, in Landlord's good faith opinion, with the operation of the Building; and (e) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant which does not have, in Landlord's good faith opinion, sufficient financial resources to operate the Premises in a first class manner and to fulfill all of the obligations in connection with the lease thereof as and when the same become due.

In calculating the rent and other charges under Subparagraph (x), above, there shall be included, in addition to the Yearly Rent, Tax Share and Operating Expense Share and all other considerations agreed to be paid or performed by Tenant, on the assumption that all such amounts and considerations would have remained constant (except as herein otherwise provided) for the balance of the full term hereby granted.

Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired if it had not been terminated hereunder.

Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. Notwithstanding anything to the contrary, Landlord shall be entitled to recover, in addition to the rent and other charges under Subparagraph (x) or (y) above, the actual cost of recovering possession of the Premises, reasonable attorneys' fees, any real estate commissions actually paid by Landlord and the unamortized value of any free rent, reduced rent, tenant improvement allowance or other economic concessions provided by Landlord.

21.4 Fees and Expenses.

(a) If Tenant shall default in the performance of any covenant on Tenant's part to be performed as in this Lease contained, beyond any applicable notice and cure periods, and such default continues beyond all applicable notice and grace periods, Landlord may immediately, or at any time thereafter, without notice, perform the same for the account of Tenant. If Landlord at any time is compelled to pay or elects to pay any sum of money, or do any act which will require the payment of any sum of

money, by reason of the failure of Tenant to comply with any provision hereof, or if Landlord is compelled to or does incur any expense, including reasonable attorneys' fees, in instituting, prosecuting, and/or defending any action or proceeding instituted by reason of any default of Tenant hereunder, Tenant shall on demand pay to Landlord by way of reimbursement the sum or sums so paid by Landlord with all costs and damages, plus interest computed as provided in Article 6 hereof.

(b) Tenant shall pay Landlord's actual and reasonable cost and expense, including reasonable attorneys' fees, incurred (i) in successfully enforcing any obligation of Tenant under this Lease or (ii) as a result of Landlord, without its fault, being made party to any litigation pending by or against Tenant or any persons claiming through or under Tenant. Landlord shall pay Tenant's actual and reasonable cost and expense, including reasonable attorney's fees, incurred in successfully enforcing any obligation of Landlord under this Lease.

21.5 Waiver of Redemption. Tenant does hereby waive and surrender all rights and privileges which it might have under or by reason of any present or future law to redeem the Premises or to have a continuance of this Lease for the term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided.

21.6 Landlord's Remedies Not Exclusive. The specified remedies to which either party may resort hereunder are cumulative and are not intended to be exclusive of any remedies or means of redress to which such party may at any time be lawfully entitled, and either party may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for except where limited and with regard to the remedies set forth in Sections 4.1, 8.8, 10, 18 and 20.

21.7 Grace Period. Notwithstanding anything to the contrary in this Article contained, Landlord agrees not to take any action to terminate this Lease (a) for default by Tenant in the payment when due of any sum of money, if Tenant shall cure such default within five (5) business days after receipt of written notice thereof is given by Landlord to Tenant, provided, however, that no such notice need be given and no such default in the payment of money shall be curable if on two (2) prior occasions in the preceding 12-month period there had been a default in the payment of money which had been cured after notice of non-payment thereof had been given by Landlord to Tenant as herein provided or (b) for default by Tenant in the performance of any covenant other than a covenant to pay a sum of money, if Tenant shall cure such default within a period of thirty (30) days after written notice thereof given by Landlord to Tenant (the "Non-Monetary Grace Period") (except where the nature of the default is such that remedial action should appropriately take place sooner, as indicated in such written notice), or within such additional period as may reasonably be required to cure such default if (because of governmental restrictions or any other cause beyond the reasonable control of Tenant) the default is of such a nature that it cannot be cured within such thirty (30) day period, provided, however, (1) that there shall be no extension of time beyond such thirty (30) day period for the curing of any such default unless, not more than ten (10) days after the receipt of the notice of default, Tenant in writing (i) shall specify the cause on account of which the default cannot be cured during such period and shall advise Landlord of its intention duly to institute all steps necessary to cure the default and (ii) shall, as soon as reasonably practicable, duly institute and thereafter diligently prosecute to completion all steps necessary to cure such default and, (2) that no notice of the opportunity to cure a default need be

given, and no grace period whatsoever shall be allowed to Tenant, if the default is incurable or if the same covenant or condition the breach of which gave rise to default had, by reason of a breach on a prior occasion, been the subject of a notice hereunder to cure such default given more than once during the preceding 12 month period.

Notwithstanding anything to the contrary in this Article 21.7 contained, except to the extent prohibited by applicable law, any statutory notice and grace periods provided to Tenant by law are hereby expressly waived by Tenant. Notwithstanding any provision of this Lease to the contrary, neither Tenant's officers, directors, trustees, shareholders, agents or employees, nor their respective partners, heirs, successors and assigns, shall ever have any personal liability for the obligations of Tenant hereunder, and Landlord hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Landlord.

22. END OF TERM-ABANDONED PROPERTY

Upon the expiration or other termination of the term of this Lease, Tenant shall peaceably quit and surrender to Landlord the Premises and all alterations and additions thereto, broom clean, in good order, repair and condition (except as provided herein and in Articles 8.7, 18 and 20) excepting only ordinary wear and use (as defined in Article 14.1 hereof) and damage by fire or other casualty or other matters for which, under other provisions of this Lease, Tenant has no responsibility of repair or restoration. Tenant shall remove all of its property, including, without limitation, all telecommunication, computer and other cabling installed by Tenant in the Premises or elsewhere in the Building, and, to the extent specified by Landlord in writing at the time of installation thereof, all alterations and additions made by Tenant and all partitions made by Tenant wholly within the Premises, and shall repair any damages to the Premises or the Building caused by their installation or by such removal. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

Tenant will remove any personal property from the Building and the Premises upon or prior to the expiration or termination of this Lease and any such property which shall remain in the Building or the Premises thereafter shall be conclusively deemed to have been abandoned, and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any part thereof shall be sold, Landlord may receive and retain the proceeds of such sale and apply the same, at its option, against the expenses of the sale, the cost of moving and storage, any arrears of Yearly Rent, additional or other charges payable hereunder by Tenant to Landlord and any damages to which Landlord may be entitled under Article 21 hereof or pursuant to law.

If Tenant or anyone claiming under Tenant shall remain in possession of the Premises or any part thereof after the expiration or prior termination of the term of this Lease without any agreement in writing between Landlord and Tenant with respect thereto, then, prior to the acceptance of any payments for rent or use and occupancy by

Landlord, the person remaining in possession shall be deemed a tenant-at-sufferance. Whereas the parties hereby acknowledge that Landlord may need the Premises after the expiration or prior termination of the term of the Lease for other tenants and that the damages which Landlord may suffer as the result of Tenant's holding-over cannot be determined as of the Execution Date hereof, in the event that Tenant so holds over, Tenant shall pay to Landlord in addition to all rental and other charges due and accrued under the Lease prior to the date of termination, charges (based upon fair market rental value of the Premises) for use and occupation of the Premises thereafter and, in addition to such sums and any and all other rights and remedies which Landlord may have at law or in equity, an additional use and occupancy charge in the amount of fifty percent (50%) of either the Yearly Rent and other charges calculated (on a daily basis) at the highest rate payable under the terms of this Lease, but measured from the day on which Tenant's hold-over commenced and terminating on the day on which Tenant vacates the Premises or the fair market value of the Premises for such period, whichever is greater. In addition, Tenant shall save Landlord, its agents and employees, harmless and will exonerate, defend and indemnify Landlord, its agents and employees, from and against any and all damages which Landlord may suffer on account of Tenant's hold-over in the Premises after the expiration or prior termination of the term of the Lease; provided, however, that Tenant shall not be liable to landlord for consequential damages resulting from Tenant's holdover in the Premises until said holdovers extends more than fifteen (15) days after the expiration or prior termination of the Lease.

23. SUBORDINATION

(a) Subject to any mortgagee's or ground lessor's election, as hereinafter provided for, this Lease is subject and subordinate in all respects to all matters of record (including, without limitation, deeds and land disposition agreements), ground leases and/or underlying leases, and all mortgages, any of which may now or hereafter be placed on or affect such leases and/or the real property of which the Premises are a part, or any part of such real property, and/or Landlord's interest or estate therein, and to each advance made and/or hereafter to be made under any such mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions therefor. In confirmation of, and as a condition to, any such subordination, Tenant shall execute, acknowledge and deliver promptly any commercially reasonable and customary certificate or instrument that Landlord and/or any mortgagee and/or lessor under any ground or underlying lease and/or their respective successors in interest may request; provided that Tenant receives the written agreement of the mortgagee or ground lessor that Tenant's use and occupancy hereunder will not be disturbed in the event of termination or foreclosure. Tenant acknowledges that, where applicable, any consent or approval hereafter given by Landlord may be subject to the further consent or approval of such mortgagee and/or ground lessor; and the failure or refusal of such mortgagee and/or ground lessor to give such consent or approval shall, notwithstanding anything to the contrary in this Lease contained, constitute reasonable justification for Landlord's withholding its consent or approval.

(b) Any such mortgagee or ground lessor may from time to time subordinate or revoke any such subordination of the mortgage or ground lease held by it to this Lease. Such subordination or revocation, as the case may be, shall be effected by written notice to Tenant and by recording an instrument of subordination or of such revocation, as the case may be, with the appropriate registry of deeds or land records and to be effective without any further act or deed on the part of Tenant. In confirmation of such subordination or of such revocation, as the case may be, Tenant shall execute, acknowledge and promptly deliver any certificate or instrument that Landlord, any mortgagee or ground lessor may request, subject to Landlord's, mortgagee's and ground lessor's right to do so for, on behalf and in the name of Tenant under certain circumstances, as hereinafter provided.

(c) Without limitation of any of the provisions of this Lease, if any ground lessor or mortgagee shall succeed to the interest of Landlord by reason of the exercise of its rights under such ground lease or mortgage (or the acceptance of voluntary conveyance in lieu thereof) or any third party (including, without limitation, any foreclosure purchaser or mortgage receiver) shall succeed to such interest by reason of any such exercise or the expiration or sooner termination of such ground lease, however caused, then such successor may, upon notice and request to Tenant (which, in the case of a ground lease, shall be within thirty (30) days after such expiration or sooner termination), succeed to the interest of Landlord under this Lease, provided, however, that such successor shall not: (i) be liable for any previous act or omission of Landlord under this Lease; subject to the terms and conditions of the applicable non-disturbance agreement or subordination and non-disturbance agreement. In the event of such succession to the interest of the Landlord — and notwithstanding that any such mortgage or ground lease may antedate this Lease — the Tenant shall attorn to such successor and shall ipso facto be and become bound directly to such successor in interest to Landlord to perform and observe all the Tenant's obligations under this Lease without the necessity of the execution of any further instrument. Nevertheless, Tenant agrees at any time and from time to time during the term hereof to execute a suitable instrument in confirmation of Tenant's agreement to attorn, as aforesaid, subject to Landlord's, mortgagee's and ground lessor's right to do so for, on behalf and in the name of Tenant under certain circumstances, as hereinafter provided.

(d) The term "mortgage(s)" as used in this Lease shall include any mortgage or deed of trust. The term "mortgagee(s)" as used in this Lease shall include any mortgagee or any trustee and beneficiary under a deed of trust or receiver appointed under a mortgage or deed of trust. The term "mortgagor(s)" as used in this Lease shall include any mortgagor or any grantor under a deed of trust.

(e) Intentionally omitted.

(f) Notwithstanding anything to the contrary contained in this Article 23, if all or part of Landlord's estate and interest in the real property of which the Premises are a part shall be a leasehold estate held under a ground lease, then: (i) the foregoing subordination provisions of this Article 23 shall not apply to any mortgages of the fee interest in said real property to which Landlord's leasehold estate is not otherwise subject and subordinate; and (ii) the provisions of this Article 23 shall in no way waive, abrogate or otherwise affect any agreement by any ground lessor (x) not to terminate this Lease incident to any termination of such ground lease prior to its term expiring or (y) not to name or join Tenant in any action or proceeding by such ground lessor to recover possession of such real property or for any other relief.

(g) In the event of any failure by Landlord to perform, fulfill or observe any agreement by Landlord herein, in no event will the Landlord be deemed to be in default under this Lease permitting Tenant to exercise any or all rights or remedies under this Lease until the Tenant shall have given written notice of such failure to any mortgagee (ground lessor and/or trustee) of which Tenant shall have been advised and until a reasonable period of time shall have elapsed following the giving of such notice, during which such mortgagee (ground lessor and/or trustee) shall have the right, but shall not be obligated, to remedy such failure.

(h) Landlord agrees to use commercially reasonable efforts to obtain from its current mortgagee a subordination, non-disturbance and attornment agreements based upon the mortgagee's form.

24. QUIET ENJOYMENT

Landlord covenants that if, and so long as, there exists no default continuing uncured beyond the expiration of applicable notice and grace periods, Tenant shall quietly enjoy the Premises from and against the claims of all persons claiming by, through or under Landlord subject, nevertheless, to the covenants, agreements, terms, provisions and conditions of this Lease and to the mortgages, ground leases and/or underlying leases to which this Lease is subject and subordinate, as hereinabove set forth.

Without incurring any liability to Tenant, Landlord may permit access to the Premises and open the same, whether or not Tenant shall be present, upon any written demand or subpoena of any receiver, trustee, assignee for the benefit of creditors, sheriff, marshal or court officer entitled to, or reasonably purporting to be entitled to, such access for the purpose of taking possession of, or removing, Tenant's property or for any other lawful purpose (but this provision and any action by Landlord hereunder shall not be deemed a recognition by Landlord that the person or official making such demand has any right or interest in or to this Lease, or in or to the Premises), or upon demand of any representative of the fire, police, building, sanitation or other department of the city, state or federal governments. If Tenant is not present in the Premises, Landlord will endeavor to give Tenant prompt notice of such demand and a reasonable opportunity to contest the same.

25. ENTIRE AGREEMENT-WAIVER-SURRENDER

25.1 Entire Agreement. This Lease and the Exhibits made a part hereof contain the entire and only agreement between the parties and any and all statements and representations, written and oral, including previous correspondence and agreements between the parties hereto, are merged herein. Tenant acknowledges that all representations and statements upon which it relied in executing this Lease are contained herein and that the Tenant in no way relied upon any other statements or representations, written or oral. Any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Lease in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

25.2 Waiver by Landlord. The failure of Landlord to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, or any of the Rules and Regulations promulgated hereunder, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The failure of Tenant to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. Except as may otherwise be expressly set forth herein, no provisions of this Lease shall be deemed to have been waived by Tenant unless such waiver be in writing signed by Tenant. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of such Rules and Regulations against Tenant and/or any other tenant in

the Building shall not be deemed a waiver of any such Rules and Regulations. No provisions of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

25.3 Surrender. No act or thing done by Landlord during the term hereby demised shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys of the Premises prior to the termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of the Lease or a surrender of the Premises. In the event that Tenant at any time desires to have Landlord underlet the Premises for Tenant's account, Landlord or Landlord's agents are authorized to receive the keys for such purposes without releasing Tenant from any of the obligations under this Lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such underletting.

26. INABILITY TO PERFORM-EXCULPATORY CLAUSE

(a) Except as may otherwise be provided in this Lease, the obligations of Tenant to pay rent hereunder and perform all the other covenants, agreements, terms, provisions and conditions hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of its obligations under this Lease or is unable to supply or is delayed in supplying any service expressly or impliedly to be supplied or is unable to make or is delayed in making any repairs, replacements, additions, alterations, improvements or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reason of strikes or labor troubles or any other similar or dissimilar cause whatsoever beyond Landlord's reasonable control, including but not limited to, governmental preemption in connection with a national emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war, hostilities or other similar or dissimilar emergency (provided that lack of funds shall never be considered a matter beyond Landlord's control). In each such instance of inability of Landlord to perform, Landlord shall exercise reasonable diligence to eliminate the cause of such inability to perform. Any time period within which Tenant is required to perform any obligation hereunder (other than the payment of Rent and additional rent) shall be extended for any period in which Tenant is unable to fulfill such obligation or is delayed in so doing by reason of strikes or labor troubles or any other similar or dissimilar cause whatsoever beyond Tenant's reasonable control (provided that lack of funds shall never be considered a matter beyond Tenant's control), including but not limited to, governmental preemption in connection with a national emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war, hostilities or other similar or dissimilar emergency. In each such instance of inability of Tenant to perform, Tenant shall exercise reasonable diligence to eliminate the cause of such inability to perform.

(b) Tenant shall neither assert nor seek to enforce any claim against Landlord, or Landlord's agents or employees, or the assets of Landlord or of Landlord's agents or employees, for breach of this Lease or otherwise, other than against Landlord's interest in the Complex of which the Premises are a part and in the uncollected rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease, it being specifically agreed that in no event

shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives, and the like, disclosed or undisclosed, thereof) ever be personally liable for any such liability. This paragraph shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or to take any other action which shall not involve the personal liability of Landlord to respond in monetary damages from Landlord's assets other than the Landlord's interest in said real estate, as aforesaid. In no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for consequential or incidental damages. In no event shall Tenant or Tenant's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for consequential or incidental damages; except, as to Tenant only, to the extent arising from a violation of Tenant's obligations set forth in Article 22 or Article 29.11, for breach of which Landlord shall have recourse to its rights and remedies without the foregoing limitation on damages. Without limiting the foregoing, in no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for lost profits of Tenant. Without limiting the foregoing, in no event shall Tenant's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for lost profits of Landlord.

(c) Landlord shall not be deemed to be in default of its obligations under the Lease unless Tenant has given Landlord written notice of such default, and Landlord has failed to cure such default within thirty (30) days after Landlord receives such notice or such longer period of time as Landlord may reasonably require to cure such default. Notwithstanding the foregoing, in the case of any asserted failure of Landlord to perform its obligations and covenants hereunder, which failure is reasonably likely to give rise to imminent danger of damage to property or bodily injury, Landlord will respond promptly upon notice thereof and take all such actions as may be commercially reasonable and necessary. Except as otherwise expressly provided in this Lease, in no event shall Tenant's obligation to pay Yearly Rent or other charges under this Lease abate based upon any default by Landlord of its obligations under the Lease.

27. BILLS AND NOTICES

Any notice, consent, request, bill, demand or statement hereunder by either party to the other party shall be in writing and, if received at Landlord's or Tenant's address, shall be deemed to have been duly given when either delivered or served personally or sent via overnight mail (via nationally recognized courier), addressed to Landlord at its address as stated in Exhibit 1 with a copy to Landlord, c/o Beal and Company, Inc., One Kendall Square, Building 400, 2nd Floor, Cambridge, Massachusetts 02139; ATTN: General Manager and a copy to Sherin and Lodgen LLP, 101 Federal Street, Boston, Massachusetts 02110, ATTN: Robert M. Carney, and to Tenant at the Premises (or at Tenant's address as stated in Exhibit 1, if mailed prior to Tenant's occupancy of the Premises), and a copy to Stephen T. Langer, Langer & McLaughlin, LLP, 855 Boylston Street, Boston, MA 02116, or if any address for notices shall have been duly changed as hereinafter provided, if mailed as aforesaid to the party at such changed address. Either party may at any time change the address or specify an additional address for such notices, consents, requests, bills, demands or statements by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed or additional address, provided such changed or additional address is within the United States.

If Tenant is a partnership, Tenant, for itself, and on behalf of all of its partners, hereby appoints Tenant's Service Partner, as identified on Exhibit 1, to accept service of any notice, consent, request, bill, demand or statement hereunder by Landlord and any service of process in any judicial proceeding with respect to this Lease on behalf of Tenant and as agent and attorney-in-fact for each partner of Tenant.

All bills and statements for reimbursement or other payments or charges due from Tenant to Landlord hereunder shall be due and payable in full thirty (30) days, unless herein otherwise provided, after submission thereof by Landlord to Tenant. Tenant's failure to make timely payment of any amounts indicated by such bills and statements, whether for work done by Landlord at Tenant's request, reimbursement provided for by this Lease or for any other sums properly owing by Tenant to Landlord, shall be treated as a default in the payment of rent, in which event Landlord shall have all rights and remedies provided in this Lease for the nonpayment of rent.

28. PARTIES BOUND-SEIZING OF TITLE

The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article 16 hereof shall operate to vest any rights in any successor or assignee of Tenant and that the provisions of this Article 28 shall not be construed as modifying the conditions of limitation contained in Article 21 hereof.

If, in connection with or as a consequence of the sale, transfer or other disposition of the real estate (land and/or Building, either or both, as the case may be) of which the Premises are a part, Landlord ceases to be the owner of the reversionary interest in the Premises, then upon assumption thereof by the buyer or transferee, Landlord shall be entirely freed and relieved from the performance and observance thereafter of all covenants and obligations hereunder on the part of Landlord to be performed and observed, it being understood and agreed in such event (and it shall be deemed and construed as a covenant running with the land) that the person succeeding to Landlord's ownership of said reversionary interest shall thereupon and thereafter assume, and perform and observe, any and all of such covenants and obligations of Landlord.

29. MISCELLANEOUS

29.1 Separability. If any provision of this Lease or portion of such provision or the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of the Lease (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

29.2 Captions, etc. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent of any provisions thereof. References to "State" shall mean, where appropriate, the Commonwealth of Massachusetts.

29.3 Broker. Tenant represents and warrants that it has not directly or indirectly dealt, with respect to the leasing of office space in the Building or the Complex of which it is a part (called "Building, etc." in this Article 29.3) with any broker or had its attention called to the Premises or other space to let in the Building, etc. by anyone other than the broker, person or firm, if any, designated in Exhibit 1. Tenant agrees to defend, exonerate and save harmless and indemnify Landlord and anyone claiming by, through or under Landlord against any claims for a commission arising out of the execution and delivery of this Lease or out of negotiations between Landlord and Tenant with respect to the leasing of other space in the Building, etc., provided that Landlord shall be solely responsible for the payment of brokerage commissions to the broker, person or firm, if any, designated in Exhibit 1.

29.4 Intentionally Omitted.

29.5 Arbitration. Any disputes relating to the provisions or obligations contained in Articles 2.1, 18 and 20 of this Lease as to which a specific provision for a reference to arbitration is made herein shall be submitted to arbitration in accordance with the provisions of applicable state law (as identified on Exhibit 1), as from time to time amended. Arbitration proceedings, including the selection of an arbitrator, shall be conducted pursuant to the rules, regulations and procedures from time to time in effect as promulgated by the Real Estate Bar Association of Massachusetts. Prior written notice of application by either party for arbitration shall be given to the other at least ten (10) days before submission of the application to the said Association's office in the City wherein the Building is situated (or the nearest other city having an Association office). The arbitrator shall hear the parties and their evidence. The decision of the arbitrator shall be binding and conclusive, and judgment upon the award or decision of the arbitrator may be entered in the appropriate court of law (as identified on Exhibit 1); and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the Court or a Judge thereof may be served outside the State wherein the Building is situated by registered mail or by personal service, provided a reasonable time for appearance is allowed. The costs and expenses of each arbitration hereunder and their apportionment between the parties shall be determined by the arbitrator in his award or decision. No arbitrable dispute shall be deemed to have arisen under this Lease prior to the expiration of the period of twenty (20) days after the date of the giving of written notice by the party asserting the existence of the dispute together with a description thereof sufficient for an understanding thereof.

29.6 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the State wherein the Building is situated and any applicable local municipal rules, regulations, by-laws, ordinances and the like.

29.7 Assignment of Rents. With reference to any assignment by Landlord of its interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to or held by a bank, trust company, insurance company or other institutional lender holding a mortgage or ground lease on the Building, Tenant agrees:

(a) that the execution thereof by Landlord and the acceptance thereof by such mortgagee and/or ground lessor shall never be deemed an assumption by such mortgagee and/or ground lessor of any of the obligations of the Landlord hereunder, unless such mortgagee and/or ground lessor shall, by written notice sent to the Tenant, specifically otherwise elect; and

(b) that, except as aforesaid, such mortgagee and/or ground lessor shall be treated as having assumed the Landlord's obligations hereunder only upon foreclosure of such mortgagee's mortgage or deed of trust or termination of such ground lessor's ground lease and the taking of possession of the demised Premises after having given notice of its exercise of the option stated in Article 23 hereof to succeed to the interest of the Landlord under this Lease.

29.8 Representation of Authority. By his or her execution hereof each of the signatories on behalf of the respective parties hereby warrants and represents to the other that he is duly authorized to execute this Lease on behalf of such party. If Tenant is a corporation, Tenant hereby appoints the signatory whose name appears below on behalf of Tenant as Tenant's attorney-in-fact for the purpose of executing this Lease for and on behalf of Tenant.

29.9 Expenses Incurred by Landlord Upon Tenant Requests. Tenant shall, upon demand, reimburse Landlord for all reasonable expenses, including, without limitation, legal fees, incurred by Landlord in connection with all requests by Tenant for consents, approvals or execution of collateral documentation related to this Lease, including, without limitation, costs incurred by Landlord in the review and approval of Tenant's plans and specifications in connection with proposed alterations to be made by Tenant to the Premises, requests by Tenant to sublet the Premises or assign its interest in the Lease, the execution by Landlord of estoppel certificates requested by Tenant, and requests by Tenant for Landlord to execute waivers of Landlord's interest in Tenant's property in connection with third party financing by Tenant. Such costs shall be deemed to be additional rent under the Lease. Except to the extent provided otherwise in the Lease, wherever one party is required under the terms of this Lease to reimburse the other for costs incurred, the party requesting reimbursement shall be entitled to recover the actual and reasonable costs or expenses actually paid out-of-pocket to third parties, and shall not recover administrative fees or charges, mark-ups or in-house allocations of staff costs. The party requesting reimbursement shall provide reasonable back-up or evidence of payment upon request

29.10 Survival. Without limiting any other obligation of the Tenant or Landlord which may survive the expiration or prior termination of the term of the Lease, all obligations on the part of Tenant or Landlord to indemnify, defend, or hold the other party harmless, as set forth in this Lease (including, without limitation, Tenant's obligations under Articles 13(d), 15.3, and 29.3) shall survive the expiration or prior termination of the term of the Lease.

29.11 Hazardous Materials. Landlord and Tenant agree as follows with respect to the existence or use of "Hazardous Material" in or on the Premises, the Building or the Complex.

(a) Tenant, at its sole cost and expense, shall comply with the Emergency Planning and Community Right to Know Act (EPCRTKA) 42 U.S.C. § 11001-11050, and all other laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority having jurisdiction concerning environmental, health and safety matters (collectively, "Environmental Laws"), including, but not limited to, any discharge into the air, surface, water, sewers, soil or groundwater of any Hazardous Material (as defined in Article 29.11(c)), whether within or outside the Premises within the Complex. Notwithstanding the foregoing, nothing contained in this Lease requires, or shall be construed to require, Tenant to incur any liability related to or arising from environmental conditions (i) for which the Landlord is responsible pursuant to the terms of this Lease, or (ii) which existed within the Premises or the Complex prior to the date Tenant takes possession of the Premises. Upon execution of this Lease, Landlord shall provide Tenant with copies of any decommissioning reports in its possession for the Premises provided such reports are not the subject of any confidentiality obligations of Landlord, and Tenant shall have no obligation or liability for any environmental conditions not so disclosed to Tenant therein that existing prior to the date Tenant tales possession of the Premises.

(b) Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or otherwise in the Complex by Tenant, its agents, employees, contractors or invitees, without providing Landlord with a written list of all such Hazardous Materials, including quantities used, except for Hazardous Materials which are typically used in the operation of offices or laboratories, provided that such materials are stored, used and disposed of in strict compliance with all applicable Environmental Laws and with good scientific and medical practice. Within five (5) business days after receipt of Landlord's request, Tenant shall provide Landlord with an updated list of all Hazardous Materials, including quantities used and such other information as Landlord may reasonably request, used by Tenant in the Premises or otherwise in the Complex. Notwithstanding the foregoing, with respect to any of Tenant's Hazardous Material which Tenant does not properly handle, store or dispose of in compliance with all applicable Environmental Laws and good scientific and medical practice, Tenant shall, upon written notice from Landlord, no longer have the right to bring such material into the Premises, Building of which the Premises is a part or the Complex until Tenant has demonstrated, to Landlord's reasonable satisfaction, that Tenant has implemented programs to thereafter properly handle, store or dispose of such material.

(c) As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law, specifically including live organisms, viruses and fungi, medical waste, and so-called "biohazard" materials. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) designated as a "hazardous substance" pursuant to Section 1311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601), (iv) defined as "hazardous substance" or "oil" under Chapter 21E of the General Laws of Massachusetts, or (v) a so-called "biohazard" or medical waste, or is contaminated with blood or other bodily fluids; and "Environmental Laws" include, without limitation, the laws listed in the preceding clauses (i) through (iv).

(d) Intentionally omitted.

(e) Subject to Article 19 and except for matters caused by Landlord or its agents, employees or contractors, Tenant hereby covenants and agrees to indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (collectively "Losses") which Landlord may reasonably incur arising out of contamination of real estate, the Complex or other property not a part of the Premises, which contamination arises as a result of: (i) the presence of Hazardous Material in the Premises, the presence of which is caused or permitted by Tenant, or (ii) from a breach by Tenant of its obligations under this Article 29.11. This indemnification of Landlord by Tenant includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises based upon the circumstances identified in the first sentence of this Article 29.11(e). The indemnification and hold harmless obligations of Tenant under this Article 29.11(e) shall survive any termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the Building or otherwise in the Complex caused or permitted by Tenant results in any contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to a condition which complies with all Environmental Laws; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions, in Landlord's reasonable discretion, would not potentially have any materially adverse long-term or short-term effect on the Premises, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws. Notwithstanding any provision of this Lease to the contrary, Tenant shall in no event have any liability (by way of indemnification or otherwise) for removal or remediation of any Hazardous Materials from the Premises, Building or the Complex to the extent that such Hazardous Materials (i) existed in, on or under the Premises, the Building or the Complex, as the case may be, prior to the Term Commencement Date, or (ii) were placed or released in, on or under the Building or the Premises other than by the act, negligence or omission of Tenant or its agents, employees, or contractors.

(f) On or before the date that Tenant, and anyone claiming by, through or under Tenant, vacates the Premises, and immediately prior to the time that Tenant delivers the Premises to Landlord, Tenant shall:

(1) Cause the Premises to be decommissioned in accordance with the regulations of the U.S. Nuclear Regulatory Commission and/or the Massachusetts Department of Public Health for the control of radiation, cause the Premises to be released for unrestricted use by the Radiation Control Program of the Massachusetts Department of Public Health for the control of radiation, and deliver to Landlord the report of a certified industrial hygienist stating that he or she has examined the Premises (including visual inspection, Geiger counter evaluation and airborne and surface monitoring) and found no evidence that such portion contains Hazardous Materials, as defined in this Article 29.11, or is otherwise in violation of any Environmental Law, as defined in this Article 29.11 hereof.

(2) Provide to Landlord a copy of its most current chemical waste removal manifest and a certification from Tenant executed by an officer of Tenant that no Hazardous Materials or other potentially dangerous or harmful chemicals brought onto the Premises from and after the date that Tenant first took occupancy of the Premises remain in the Premises.

29.12 Patriot Act.

Tenant represents and warrants to Landlord that:

(A) Tenant has not received any notice that it is in violation of any Anti-Terrorism Law

(B) Tenant is not, as of the date hereof:

(i) knowingly conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person;

(ii) knowingly dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or

(iii) knowingly engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and

(C) Neither Tenant nor (to the best of Tenant's knowledge) any of its affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, is a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material default under this Lease.

As used herein, "Anti-Terrorism Law" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act, and any regulations promulgated under any of them. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "Prohibited Person" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "USA Patriot Act" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

29.13 Letter of Credit. In order to secure Tenant's obligations to Landlord under this Lease, Tenant shall deliver to Landlord, on the date that Tenant executes and delivers the Lease to Landlord, an Irrevocable Standby Letter of Credit ("Letter of Credit") which shall be (1) in the form attached hereto as Exhibit 5, (2) issued by a bank reasonably acceptable to Landlord (Landlord agreeing that Square 1 Bank is acceptable) upon presentment made in or from Boston, Massachusetts or by mail or facsimile, (3) in an amount equal to Three Hundred Ninety-Two Thousand Eight Hundred and Eighty-Three and 00/100 ($392,883.00) Dollars, and (4) for a term of not less than one (1) year, subject to extension in accordance with the terms of the Letter of Credit. In the event of a change of circumstance relating to the bank issuing the Letter of Credit, or if Landlord otherwise believes that the financial condition of the issuing bank has been materially degraded, Landlord reserves the right to require Tenant to replace the Letter of Credit from time to time with a similar letter of credit issued by another bank satisfactory to Landlord. Tenant shall, on or before the date thirty (30) days prior to the expiration of the term of such Letter of Credit, deliver to Landlord a new Letter of Credit satisfying the foregoing conditions ("Substitute Letter of Credit") in lieu of the Letter of Credit then being held by Landlord. Such Letter of Credit shall be automatically renewable for successive one-year periods provided that if the issuer of such Letter of Credit gives notice of its election not to renew such Letter of Credit for any additional period pursuant thereto, Tenant shall be required to deliver a Substitute Letter of Credit satisfying the conditions hereof, on or before the date thirty (30) days prior to the expiration of the term of such Letter of Credit. Tenant agrees that it shall from time to time, as necessary, whether as a result of a draw on the Letter of Credit by Landlord pursuant to the terms hereof or as a result of the expiration of the Letter of Credit then in effect, renew or replace the original and any subsequent Letter of Credit so that a Letter of Credit, in the amount required hereunder, is in effect throughout term of this Lease, including any extensions thereof, or in the event that Tenant remains in possession of the Premises following the expiration of the term, or if Tenant has obligations hereunder to Landlord that remain unsatisfied following the expiration of the term (as may be extended), and for four (4) months after the latest to occur of the foregoing (i.e., the expiration of the term (as may be extended), the date on which Tenant vacates and yields up the premises, etc.). If Tenant fails to furnish such renewal or replacement at least 30 days prior to the stated expiration date of the Letter of Credit then held by Landlord, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) as a security deposit pursuant to the terms of this Article 29.13.

In the event that Tenant is in default of its obligations under the Lease beyond applicable notice and cure periods, then the Landlord shall have the right, at any time after such event, without giving any further notice to Tenant, to draw down from said Letter of Credit (Substitute Letter of Credit or Additional Letter of Credit, as defined below, as the case may be) (a) the amount necessary to cure such default or (b) if such default cannot reasonably be cured by the expenditure of money, to exercise all rights and remedies Landlord may have on account of such default, the amount which, in Landlord's opinion, is necessary to satisfy Tenant's liability on account thereof. In the event of any such draw by the Landlord, Tenant shall, within fifteen (15) business days of written

demand therefor, deliver to Landlord an additional Letter of Credit satisfying the foregoing conditions ("Additional Letter of Credit"), except that the amount of such Additional Letter of Credit shall be the amount of such draw. In addition, in the event of a termination based upon the default of Tenant under the Lease, or a rejection of the Lease pursuant to the provisions of the Federal Bankruptcy Code, Landlord shall have the right to draw upon the Letter of Credit (from time to time, if necessary) to cover the full amount of damages and other amounts due from Tenant to Landlord under the Lease. Any amounts so drawn shall, at Landlord's election, be applied first to any unpaid rent and other charges which were due prior to the filing of the petition for protection under the Federal Bankruptcy Code.

Upon request of Landlord or any (prospective) purchaser or mortgagee of the Building, Tenant shall, at its expense, cooperate with Landlord (at no cost to Tenant) in obtaining an amendment to or replacement of any Letter of Credit which Landlord is then holding so that the amended or new Letter of Credit reflects the name of the new owner of the Building or mortgagee, as the case may be.

To the extent that Landlord has not previously drawn upon any Letter of Credit, Substitute Letter of Credit, Additional Letter of Credit or Security Proceeds (collectively "Collateral") held by the Landlord, and to the extent that Tenant is not otherwise in default of its obligations under the Lease as of the termination date of the Lease, Landlord shall return such Collateral to Tenant on the termination of the term of the Lease.

In no event shall the proceeds of any Letter of Credit be deemed to be a prepayment of rent nor shall it be considered as a measure of liquidated damages.

Notwithstanding the foregoing, provided that: (i) Tenant has not been in default of any of its obligations under this Lease after the giving of any applicable notice and the expiration of any applicable grace period prior to any Reduction Date, as hereinafter defined, in question, (ii) Tenant is, as of such Reduction Date, not then in default of its obligation under the Lease (provided, however, that if there is no reduction of the security deposit based upon Tenant's failure to satisfy the condition set forth in this clause (ii), then Tenant may subsequently achieve a reduction in the security deposit pursuant to this sentence at such time as Tenant cures such default, so long as the Lease is then in full force and effect and Tenant is otherwise then in full compliance with its obligations under the Lease), and (iii) the Lease is then in full force and effect, Landlord shall refund to Tenant such portion of the Letter of Credit which it is then holding so as to cause the total Letter of Credit to be reduced as of each Reduction Date as follows: Each time that Tenant provides Landlord with evidence that is reasonably satisfactory to Landlord that Tenant has secured ten million dollars in capital within each successive one year time frame for its business purposes (each as "Reduction Date") the Letter of Credit shall be reduced by twenty-five percent (25%). In no event, however, shall the Letter of Credit be reduced more than three (3) times in accordance with the preceding sentence.

Any reduction in the Letter of Credit shall be accomplished by Tenant providing Landlord with a substitute Letter of Credit in the reduced amount in exchange for the existing Letter of Credit(s) which Landlord is then holding, or by an amendment to the existing Letter of Credit(s) then held by Landlord, in form and substance acceptable to Landlord, which is accepted by Landlord in writing.

29.14 Parking. Commencing as of the Term Commencement Date and continuing thereafter throughout the term of the Lease, the Landlord will make available to Tenant up to twenty-one (21) monthly parking passes for use in the One Kendall Square Garage (the "Garage") which Landlord represents and warrants is owned in fee by it. Tenant shall have no right to sublet, assign, or otherwise transfer said parking passes except in connection with an assignment of this Lease or sublease of the Premises which is permitted pursuant to the provisions of this Lease. Said parking passes shall be paid for by Tenant at the then current prevailing rate in the Garage, as such rate may vary from time to time. The current rate for such passes as of the Execution Date of this Lease is $220.00 per month. If, for any reason, Tenant shall fail timely to pay the charge for said parking passes, and fails to cure such nonpayment within ten (10) business days after receipt of Landlord notice), Landlord shall have the same rights against Tenant as Landlord has with respect to the timely payment of Yearly Rent hereunder. Said parking passes will be on an unassigned, non-reserved basis, and shall be subject to reasonable rules and regulations from time to time in force. Tenant shall have the right, from time to time upon at least thirty (30) days prior written notice to Landlord, to surrender one or more of such parking passes, and upon such surrender, Tenant shall have no further rights or obligations with respect to such surrendered passes. To the extent available, Tenant shall have the option to lease additional parking passes on a month-to-month basis but otherwise subject to the terms of this Section 29.14.

29.15 Tenant's Option to Extend the Term of the Lease.

A. On the conditions, which conditions Landlord may waive, at its election, by written notice to Tenant at any time, that Tenant is not in default of its covenants and obligations under the Lease, beyond applicable notice and cure periods, and that InVivo Therapeutics Corporation, itself, or a Permitted Transferee (as defined in Article 16), is occupying at least seventy-five (75%) of the Premises then demised to Tenant, both as of the time of option exercise and as of the commencement of the hereinafter described additional term, Tenant shall have the option to extend the term of this Lease for one (1) additional five (5) year term, such additional term commencing as of the expiration of the initial Lease term. Tenant may exercise such option to extend by giving Landlord written notice at least fourteen (14) months prior to the expiration of the initial Lease term. Upon the timely giving of such notice, the term of this Lease shall be deemed extended upon all of the terms and conditions of this Lease, except that Landlord shall have no obligation to construct or renovate the Premises and that the Yearly Rent during such additional term shall be as hereinafter set forth. If Tenant fails to give timely notice, as aforesaid, Tenant shall have no further right to extend the term of this Lease, time being of the essence of this Article 29.15. If Tenant fails to timely exercise its rights hereunder, then within twenty (20) days of Landlord's request therefor, Tenant shall execute and deliver to Landlord a certification, in recordable form, confirming the Tenant's failure to exercise (or waiver of) such right, and Tenant's failure to so execute and deliver such certification shall (without limiting Landlord's remedies on account thereof) entitle Landlord to execute and deliver to any third party, and record, an affidavit confirming the failure or waiver, which affidavit shall be binding on Tenant and may be conclusively relied on by third parties.

B. Yearly Rent. The Yearly Rent during the additional term shall be based upon the Fair Market Rental Value, as defined in Article 29.16, as of the commencement of the additional term, of the Premises then demised to Tenant.

C. Tenant shall have no further option to extend the term of the Lease other than the one (1) additional five (5) year term herein provided.

D. Notwithstanding the fact that, upon Tenant's exercise of the herein option to extend the term of the Lease, such extension shall be self executing, as aforesaid, the parties shall promptly execute a lease amendment reflecting such additional term after Tenant exercises the herein option, except that the Yearly Rent payable in respect of such additional term may not be set forth in said amendment. Subsequently, after such Yearly Rent is determined, the parties shall execute a written agreement confirming the same. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Article 29.15, unless otherwise specifically provided in such lease amendment.

29.16 Definition of Fair Market Rental Value.

A. "Fair Market Rental Value" shall be computed as of the date in question at the then current Yearly Rent, including provisions for subsequent increases and other adjustments for leases or agreements to lease then currently being negotiated, or executed in comparable space located in the Complex, or leases or agreements to lease then currently being negotiated or executed for comparable space located elsewhere in Comparable Buildings. In determining Fair Market Rental Value, all relevant factors shall be taken into account and given effect, including, without limitation: size, location and condition of Premises (excluding, however, improvements made by Tenant at its cost), building quality, lease term, including any further renewal options, tenant's obligations with respect to operating expenses and taxes, concessions, tenant improvement allowances (if any), condition of building, and services and amenities provided by the Landlord.

B. Dispute as to Fair Market Rental Value:

Landlord shall initially designate Fair Market Rental Value and Landlord shall furnish data in support of such designation. If Tenant disagrees with Landlord's designation of a Fair Market Rental Value, Tenant shall notify Landlord, by written notice given within thirty (30) days after Tenant has been notified of Landlord's designation, of its disagreement whereupon the parties shall negotiate in good faith to arrive at a mutually agreeable Fair Market Rental Value or, at Tenant's option, Tenant's desire to terminate its Option to Extend negotiations. If the parties are unable to agree within thirty (30) days after Tenant's notice to Landlord, the parties shall submit such Fair Market Rental Value to arbitration. Fair Market Rental Value shall be submitted to arbitration as follows: Fair

Market Rental Value shall be determined by impartial arbitrators, one to be chosen by the Landlord, one to be chosen by Tenant, and a third to be selected, if necessary, as below provided. The unanimous written decision of the two first chosen, without selection and participation of a third arbitrator, or otherwise, the written decision of a majority of three arbitrators chosen and selected as aforesaid, shall be conclusive and binding upon Landlord and Tenant. Landlord and Tenant shall each notify the other of its chosen arbitrator within ten (10) days following the call for arbitration and, unless such two arbitrators shall have reached a unanimous decision within thirty (30) days after their designation, they shall so notify the President of the Boston Bar Association (or such organization as may succeed to said Boston Bar Association) and request him or her to select an impartial third arbitrator. All arbitrators shall have at least ten (10) years of professional experience as an office building owner, real estate manager or real estate broker dealing with like types of properties, to determine Fair Market Rental Value as herein defined. Such third arbitrator and the first two chosen shall, subject to commercial arbitration rules of the Real Estate Bar Association of Massachusetts, hear the parties and their evidence and render their decision within thirty (30) days following the conclusion of such hearing and notify Landlord and Tenant thereof. Landlord and Tenant shall bear the expense of the third arbitrator (if any) equally. The decision of the arbitrators shall be binding and conclusive, and judgment upon the award or decision of the arbitrators may be entered in the appropriate court of law (as identified on Exhibit 1); and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the Court or a Judge thereof may be served outside the Commonwealth of Massachusetts by registered mail or by personal service, provided a reasonable time for appearance is allowed. If the dispute between the parties as to a Fair Market Rental Value has not been resolved before the commencement of Tenant's obligation to pay rent based upon such Fair Market Rental Value, then Tenant shall pay Yearly Rent and other charges under the Lease in respect of the Premises in question based upon the Fair Market Rental Value designated by Landlord until either the agreement of the parties as to the Fair Market Rental Value, or the decision of the arbitrators, as the case may be, at which time Tenant shall pay any underpayment of rent and other charges to Landlord, or Landlord shall refund any overpayment of rent and other charges to Tenant.

29.17 Roof License

(a) Tenant shall have the non-exclusive license, at no additional charge, to install, operate and maintain, all in good order and repair, Roof-top equipment including, upon prior written consent of Landlord, not to be unreasonably withheld, one (1) or more antennae, satellite or other communication devices (collectively with other roof-top transmission and reception equipment, "Antenna") and related mechanical or electrical equipment, conduits, cables, transmitters, receivers, and computer processing equipment (collectively, with the Antenna, the "Roof-top Equipment") on a portion or portions of the roof of the Building ("Roof") in compliance with all of the terms and conditions of this Lease, including but not limited to Article 12, and all of the specifications relating thereto as reasonably promulgated by and amended by Landlord from time to time

(the “Specifications”). Tenant acknowledges and agrees that the right granted to Tenant hereunder is a non-exclusive license and is not a lease or an appurtenant right to the Premises and, further, that Tenant’s liabilities under this Lease are not contingent or conditioned upon its ability to use the Roof-top Equipment and Tenant shall continue to be obligated to perform all of its obligations under the Lease if Tenant is unable to use the Roof-top Equipment. Tenant shall only use the Antenna to transmit and receive data transmissions for Tenant’s use. No person or entity other than Tenant (or a permitted subtenant or assignee, successor or assign) shall have the right to use or receive transmissions from the Antenna.

(b) The Roof-top Equipment installed by or on behalf of Tenant shall be installed at a location or locations on the Roof selected by Landlord, in its sole but reasonable discretion, and Landlord shall have the right, to be exercised in good faith, to require Tenant to relocate the Roof-top Equipment, from time to time, at Landlord’s sole cost and expense (if due to Landlord’s repairs and maintenance), so long as the new location or locations are suitable for Tenant’s operations. Tenant’s ability to use the Roof for its Roof-top Equipment as provided hereunder shall be in conjunction with other Building tenants and occupants and shall be proportionately distributed (and Roof space may be reserved) by Landlord in connection with such distribution. Landlord makes no representation or warranty to Tenant that the Roof will be satisfactory to Tenant or will permit Tenant to send or receive the transmissions it desires, provided Landlord shall use commercially reasonable efforts to assist Tenant to locate a satisfactory location on the Roof in connection with the Antenna. Prior to installing or replacing any Roof-top Equipment, Tenant shall submit to Landlord plans and specifications for the installation thereof, as the case may be, prepared by a licensed engineer reasonably satisfactory to Landlord (the “Plans”). The Plans shall be consistent with the Specifications, and otherwise reasonably satisfactory to Landlord, and shall show the location of the installations of the Roof-top Equipment, any structural requirements and installations, and all related equipment and components on the Roof, the location and type of all piping, conduit, wiring, cabling, the manner in which same will be placed on and fastened to the Roof and any other information requested by Landlord, in Landlord’s good faith discretion. Landlord shall have the right to require that any Roof-top Equipment not be visible from any location on the ground and/or that the all such Roof-top Equipment be screened in a manner satisfactory to Landlord and that all Roof-top Equipment be installed in such a way so as to allow maintenance and repairs to the Roof from time to time, all in Landlord’s good faith discretion. Landlord shall have the right to employ an engineer or other consultant to review the Plans and the reasonable, actual cost of such engineer or consultant shall be paid by Tenant to Landlord within thirty (30) days after request therefor. After Landlord has approved the Plans and prior to installing the Roof-top Equipment and any related equipment, wiring, conduit, piping, or cabling, Tenant shall obtain and provide to Landlord: (a) all required governmental and quasi-governmental permits, licenses, special zoning variances and authorizations, as required by applicable laws, rules, ordinances, regulations and restrictions, all of which Tenant shall obtain at its own cost and expense; and (b) a policy or certificate of insurance evidencing such insurance coverage as may be reasonably required by Landlord. Any

alteration or modification of the Roof-top Equipment or any associated piping, conduit, wiring, cabling, equipment after the Plans have been approved shall require Landlord's prior written approval, which may be given or withheld in Landlord's good faith discretion. Landlord makes no representation or warranty that Tenant will be permitted under applicable law to install the Roof-top Equipment on the Roof.

(c) Installation and maintenance of the Roof-top Equipment or any associated structural work, piping, conduit, wiring, cabling, equipment shall be performed solely by contractors approved by Landlord, in its reasonable discretion. Landlord may require Tenant to use a roofing contractor selected by Landlord to perform any work that could damage, penetrate or alter the Roof and an electrician selected by Landlord to install any associated piping, conduit, wiring, cabling, equipment on the Roof or in the Building. Landlord may require anyone going on the Roof to execute in advance a liability waiver satisfactory to Landlord. Tenant shall bear all costs and expenses incurred in connection with the installation, operation and maintenance of the Roof-top Equipment and Tenant shall release, defend, indemnify and save Landlord harmless against and from any liability, loss, injury, damage, claim or suit resulting directly or indirectly from the aforesaid installations as provided in Section 15.3, use of the Roof and the Use and operation of any of the Roof-Top Equipment, and this indemnity shall survive the termination of this Lease and Tenant acknowledges and agrees that the foregoing limitations and/or restrictions shall not give rise to any right to terminate this Lease or any claim of breach of Landlord under this Lease or any claim for damages against Landlord or Landlord's Agents at law or equity, including injunctive relief.

(d) Tenant acknowledges that Landlord may decide, in its good faith discretion, from time to time, to repair or replace the Roof (hereinafter "Roof Repairs"). If Landlord elects to make Roof Repairs, Tenant shall, upon Landlord's request, temporarily remove or relocate the Roof-top Equipment so that the Roof Repairs may be completed. The cost of removing and reinstalling same shall be paid by Tenant, at Tenant's sole cost and expense. Except for matters arising from the negligence or misconduct of Landlord or its agents, employees or contractors, Landlord shall not be liable to Tenant for any damages, lost profits or other costs or expenses incurred by Tenant as the result of the Roof Repairs.

(e) On the termination or expiration of the Lease, Tenant shall remove the Roof-top Equipment and all associated conduit, wiring, cabling, equipment and repair any damages caused thereby, at Tenant's sole cost and expense. If Tenant does not remove same on or before the date this Lease terminates or expires, Tenant hereby authorizes Landlord to remove and dispose of same and associated conduit, wiring, cabling, equipment, and Tenant shall promptly reimburse Landlord for the costs and expenses it incurs in removing and disposing of same and repairing any damages caused thereby. Tenant agrees that Landlord may dispose of the Roof-top Equipment and any associated conduit, wiring, cabling, equipment in any manner selected by Landlord.

(f) Tenant's license to operate and maintain the Roof-top Equipment hereunder shall automatically expire and terminate on the date that the term of the Lease expires or is otherwise terminated. This license to operate and maintain the Roof-top Equipment shall also terminate, at Landlord's option, if any of the following continue for more than three (3) days after written notice from Landlord to Tenant: (a) the Antenna and/or applicable Roof-top Equipment is causing physical damage to the Building or the Roof, (b) the Antenna and/or applicable Roof-top Equipment is interfering with the normal or customary transmission or receipt of signals from or to the Building, (c) the Antenna and/or applicable Roof-top Equipment is causing Landlord to be in violation of any agreement to which Landlord is a party or (d) the Antenna and/or applicable Roof-top Equipment is causing Landlord to be in violation any local, state or federal law, regulation or ordinance; provided, Tenant shall have the right to remedy any of the foregoing circumstances to ensure the cessation of damage, interference, or violation, as the case may be, to Landlord's reasonable satisfaction and thereupon Tenant may resume such use. Notwithstanding the foregoing, Landlord may suspend such right prior to the expiration of the three (3) day period but after notice (which may be oral) to Tenant under any of the following circumstances: (x) if necessary to prevent civil or criminal liability of in connection therewith; (y) if necessary to prevent an imminent and material interference of the conduct of business in the Building; or (z) if necessary to prevent injury to persons or imminent and material damage to the Building, Roof or other property therein (which shall include but not be limited to damage to or leaking of the Roof membrane). Any dispute between the parties under this Article 29.17 shall be submitted to arbitration pursuant to Article 29.5 hereof.

29.18 Right of First Offer on Certain Space.

(a) Tenant shall have a right of first offer to lease certain space on the fourth (4th) floor of the Building designated on the plan attached as Exhibit 6 that becomes available for occupancy (the "Available Space") during the Lease term subject to and in accordance with the terms and conditions set forth in this Section 29.18. If at any time from and after the Term Commencement Date, any Available Space shall become available, Landlord shall notify Tenant thereof in writing ("Landlord's Available Space Notice"), which notice shall include the anticipated estimated date upon which such Available Space shall become available for occupancy by Tenant (the "Anticipated Available Space Commencement Date") along with a floor plan showing the approximate rentable square footage thereof. Tenant shall have the right to lease all such Available Space described in Landlord's Available Space Notice only by giving written notice to Landlord within five (5) business days after Tenant receives Landlord's Available Space Notice, time being of the essence. If Tenant so elects to lease the subject Available Space, such Available Space shall be leased upon the same terms and conditions contained in this Lease, except that: (x) the Yearly Rent for such space shall be equal to the Fair Market Rental Value therefor determined in accordance with Article 29.16 (made applicable hereto by such changes and modifications as are required given the application hereof) above, and the subject Available Space shall be and become part of the Premises hereunder upon the delivery of such Available Space to Tenant, and (y) it is understood and agreed that the subject Available Space shall be leased by Tenant in its then "as-is", "where-is" condition, without warranty or representation by Landlord and Landlord shall have no obligation to complete any work to prepare the applicable Available Space for Tenant's use and occupancy or provide any allowance or contribution therefor; provided, however, that Landlord agrees to demise the Available Space and deliver same without occupants and in broom-clean condition. If such election is made any time during the last Lease Year of the Lease Term then such election shall only be valid if Tenant elects to extend the term of the Lease as provided in Article 29.15. Following such election by Tenant, and effective as of the delivery of the applicable Available Space and for the balance of the Term and any extension thereof: (i) the "Premises", as used in this Lease, shall include the applicable Available Space; (ii) the Total Rentable

Floor Area of the Premises shall be increased to include the rentable square footage of the applicable Available Space (and any additional rent, charges and expenses due under this Lease shall be re-calculated to reflect the inclusion of the Available Space); and (iii) the annual Yearly Rent shall equal the sum of the then current Yearly Rent provided for in this Lease plus the Yearly Rent for the applicable Available Space as determined herein. If tenant demised the Additional Space and as a result thereof demises the entire floor of the Building, Tenant shall have the option to reconfigure the floor as a single-tenant floor, subject to Landlord approval as provided in Article 12. To confirm the inclusion of the subject Available Space as set forth above, Landlord shall prepare, and Tenant and Landlord shall promptly execute and deliver, an amendment to this Lease reflecting the foregoing terms and incorporation of any Available Space. For the purposes hereof, space shall be deemed "available for occupancy" when any lease or occupancy agreement (including extension periods) has expired or is due to expire within not less than six (6) months, or Landlord has elected not to renew the lease of the present tenant, and any prior options, rights or rights to lease with respect to such Available Space have expired or been waived and Landlord is free to lease such space to third parties without restriction.

(b) If Tenant fails to timely exercise any of its rights hereunder, the right(s) granted hereunder as to the applicable Available Space shall be deemed waived for all purposes, and Landlord may lease the applicable Available Space to any party and upon any terms free of any rights of Tenant. Tenant, following such waiver and within five (5) business days of Landlord's request therefor, shall execute and deliver to Landlord a certification, in recordable form, confirming the waiver of such right, and Tenant's failure to so execute and deliver such certification shall (without limiting Landlord's remedies on account thereof) entitle Landlord to execute and deliver to any third party, and record, an affidavit confirming the waiver, which affidavit shall be binding on Tenant and may be conclusively relied on by third parties. Notwithstanding the foregoing, if Landlord does not lease the Available Space within six (6) months after the date of Landlord's Available Space Notice on the same terms as set forth in the notice (it being agreed that the terms shall be deemed the "same" as long as the net present value of all of the economics of the deal have not changed by more than 7%), then Landlord must reoffer the Available Space to Tenant.

(c) Tenant understands that its rights under this Section are and shall be subject and subordinate to any rights held by Merrimack Pharmaceuticals to the Available Space.

29.19 Guaranty.

In order to secure Tenant's obligations to Landlord under this Lease, Tenant shall deliver to Landlord, on the Execution Date a guaranty from In Vivo Therapeutics Holdings Corp. in the form attached hereto as Exhibit 8.

IN WITNESS WHEREOF the parties hereto have executed this Indenture of Lease in multiple copies, each to be considered an original hereof, as a sealed instrument on the day and year noted in Exhibit 1 as the Execution Date.

LANDLORD:	TENANT:
RB KENDALL FEE, LLC	INVIVO THERAPEUTICS CORPORATION
By: /s/ Robert L. Beal	By: /s/ Frank Reynolds
Name: Robert L. Beal	(Name) Frank Reynolds
Title: Its Authorized Signatory	(Title) Chief Executive Officer Hereunto Duly Authorized

IF TENANT IS A CORPORATION, A SECRETARY'S OR CLERK'S CERTIFICATE OF THE AUTHORITY AND THE INCUMBENCY OF THE PERSON SIGNING ON BEHALF OF TENANT SHOULD BE ATTACHED.

EXHIBIT 2
LEASE PLAN

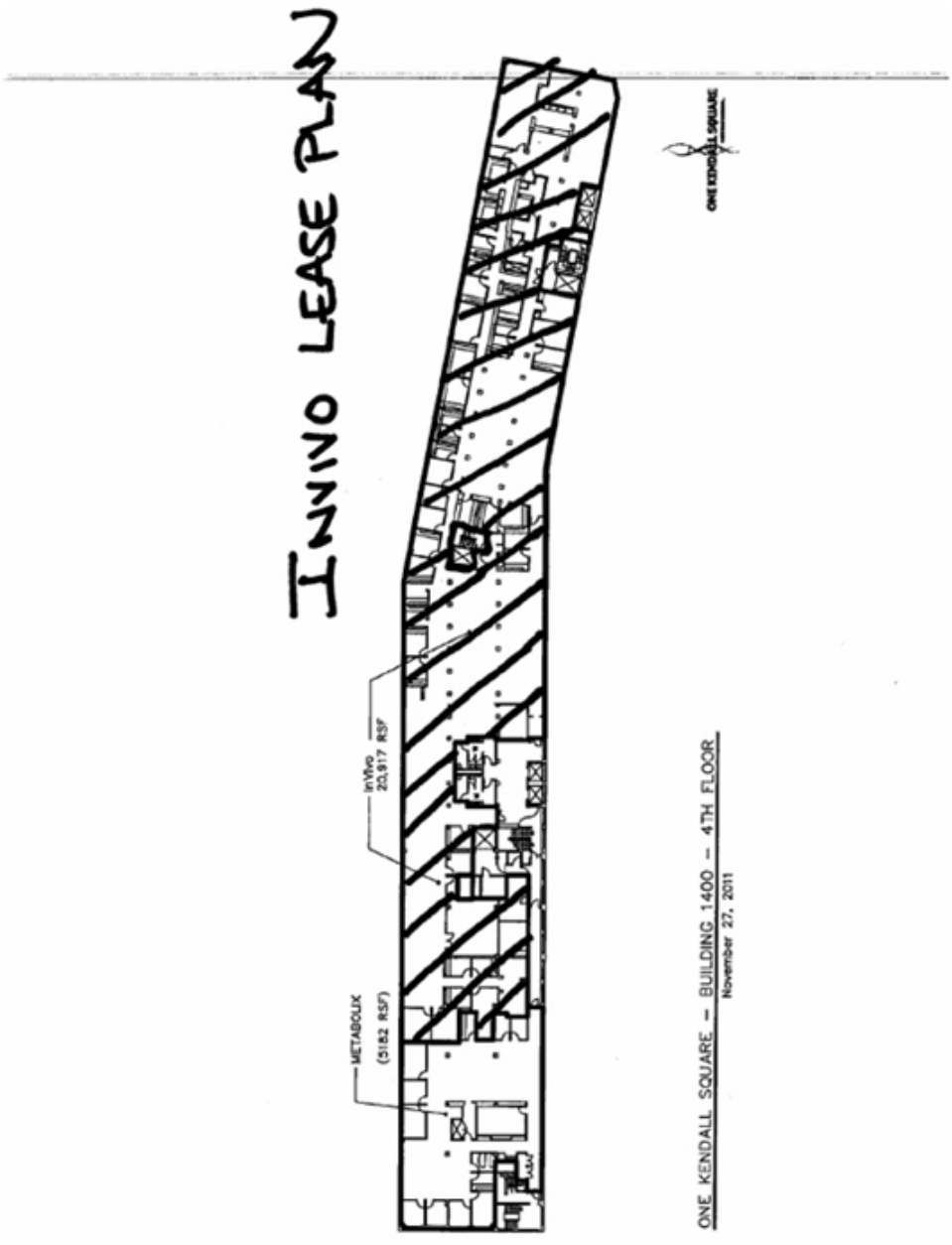

EXHIBIT 2A
PLAN SHOWING INTERNAL STAIRCASE WORK

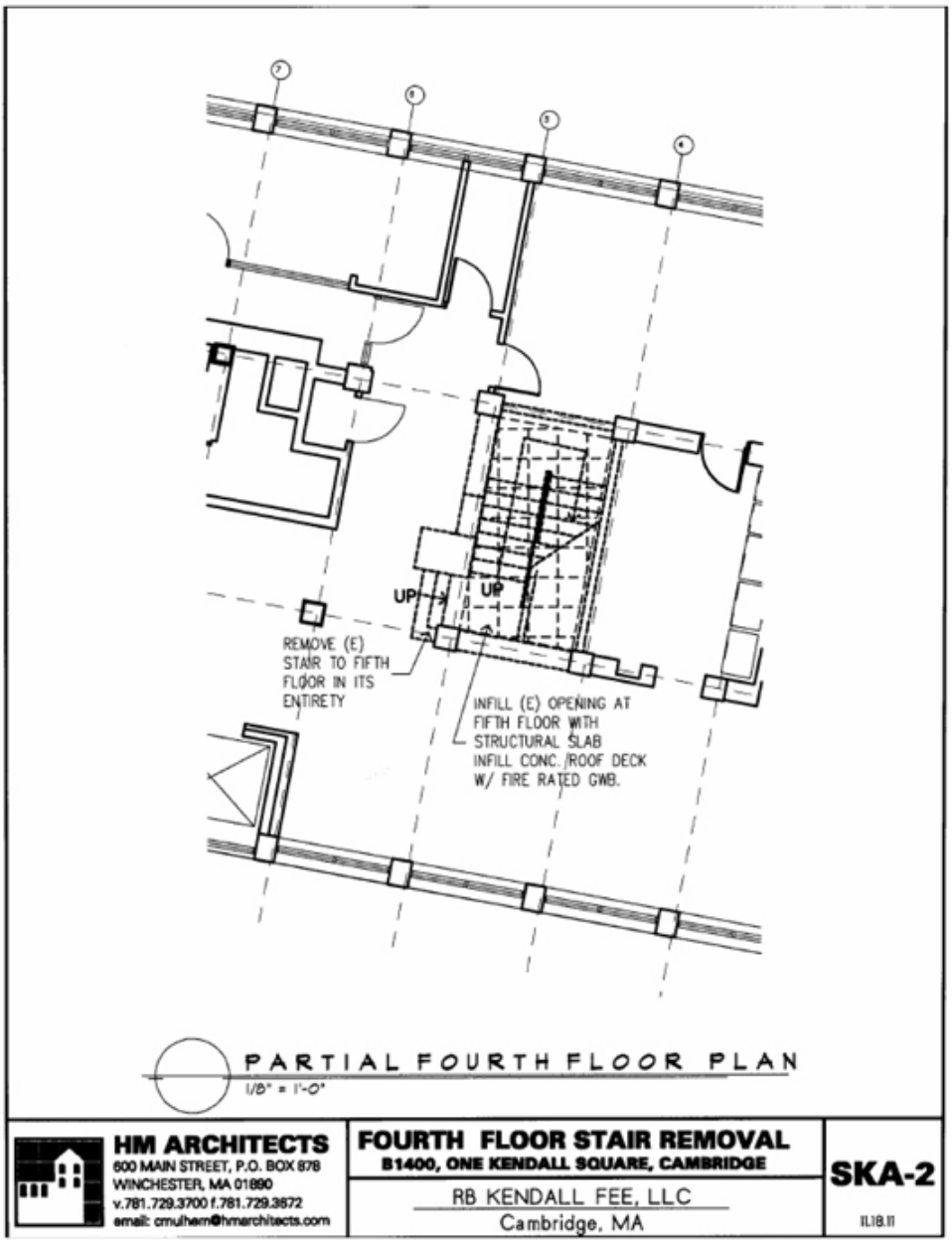

EXHIBIT 2B
LANDLORD'WORK-BATHROOM FIT PLAN

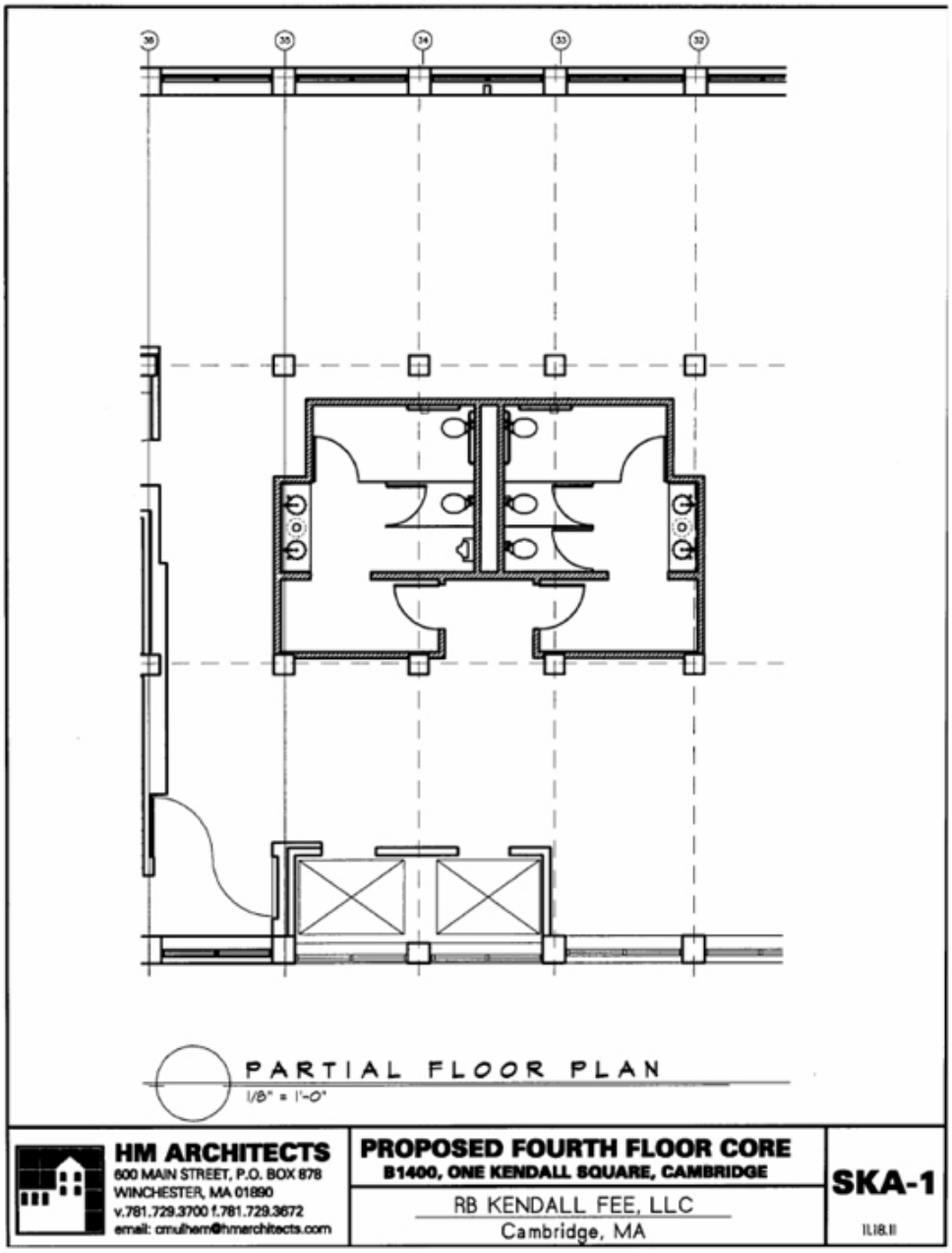

EXHIBIT 2C
LANDLORD/TENANT SCOPE ALLOCATION MATRIX

InVivo

One Kendall Square

11/4/2011

Landlord/Tenant Scope Allocation Matrix

Base Building vs. Tenant Work

Description	Landlord Scope	Tenant Scope	Comments
Mechanical			
Air handling units and general exhaust system operate 24/7.	N/A	N/A	Yes
Redundant AHU and exhaust fan serving Vivarium connected to standby power (_____ CFM)		X	Tenant will require the addition of up to 4 louvers on the street side / north side of the tenant premises located between column lines 31 and 36 for vivarium back up AHU and cleanroom AHU intake that will be located on tenant's floor.

Purchase and drop Air handling unit with capacity based on 1.75 CFM/usable SF for the lab premises. Office premises air handling unit capacity sized to meet all building codes. Airflows assume a 60% office and 40% lab split.	X		Air Handling Units to provide 12,500 cfm, 100% outside air @ 55degF, with 30% pre-filters & 90% final filters w/ discharge sound attenuator. Landlord will bring duct from AHU to the tenant premises, it is up to tenant where that air will be distributed.
Supply and return air ductwork are done throughout floor.		X	Landlord will locate the MUA on the proposed platform in the mechanical penthouse. Landlord shall route the supply duct across the penthouse or partially through the fifth floor such that the supply duct enters tenant's premises in the lab area (area understood as between column lines 36-41) of the 4th floor premises.
Exhaust air ductwork risers with connections at vertical shafts for tenants use		X	Landlord to designate a location within the building through the fifth floor to the penthouse for tenant's use in running an exhaust duct to penthouse or roof mounted exhaust fans. The Exhaust shaft shall be 4' x 5' and be located near column lines 39 or as agreed during detail design. In the event this shaft is not feasible, the Exhaust ductwork will be run along outside of building. These ducts will be located along south side of building and part of the Tenant's work through the TI allowance.
Lab Exhaust capacity based on ___ CFM/usable SF for all lab spaces.		X	Tenant needs to determine

New or modified supply, return and exhaust ductwork within tenants space (including fans, ductwork and exhaust grilles)		X	
Tenant specialty exhaust systems		X	
Base Building common area ventilation system (ie: electric room, tel/data rooms, lobby, common toilet core, and loading dock).	X		Exists today
Chilled water feed required for Tenants use (160 GPM).	X		
Chilled water distribution required for Tenants use		X	
Hot water plant required for tenant use (50 GPM).	X		Landlord shall provide hot water supply for tenant's use for hydronic reheats. Tenant requires fifty (50) GPM at a temperature between 140-180degF. The 50 GPM required by tenant for reheat is in addition to the Landlord's hot water needs for the makeupair unit.
Chilled water, hot water and condenser water systems operate 24/7.	N/A	N/A	Yes
Tenant hot water and chilled water distribution piping		X	
Building hot water and chilled water risers.	X		
Additional hot water and chilled water risers needed above Landlord capacities		X	
Any steam requirements (risers, distribution, etc)		X	No steam in Bldg

Dedicated Tenant specialty area mechanical systems (ie: cold rooms, warm rooms, IT rooms, etc.)		X	
Automatic temperature control system for Base building equipment and common areas.	X		
Automatic temperature control system for Tenant equipment and areas.		X	
Electrical			
Transformer vault with utility supplied 480/277V, 3 phase, 4 wire.	X		Landlord to provide 400 amps (15 watts/sf) from the main electrical room to serve the tenant space on the 4th Floor and an additional service to come from the mechanical bus duct for power for the landlord’s supplied penthouse AHU. Tenant is responsible for the equipment to sub-meter the service to power the landlord’s supplied penthouse AHU.
Conductors, metering equipment and circuit breakers to tenant areas		X	

Standby Generator capacity of 5 watts/sf of lab premises for tenant systems and equipment, including fuel storage and acoustic enclosure.	X		Landlord to provide 6 watts/rsf of the lab premises (which is equal to 51 KW). Tenant shall have the right to place an emergency generator in the courtyard area between Building 1400 and Building 600 or on the penthouse/roof subject to Landlord's review. Landlord shall evaluate the gas capacity on the penthouse/roof to determine if the additional generator (by tenant) can be located on penthouse/roof.
Standby Generator for base building life safety systems and equipment, including fuel storage and acoustic enclosure.	X		Exists today
Standby generator distribution system with transfer switches and associated panels for tenant use.		X	
Standby generator distribution system with transfer switches for base building life safety use.	X		Exists today
Life safety systems for Tenant areas, connected to base building systems		X	Emergency Lights and Exit Signs are tenant responsibility. Not connected to Base Bldg systems.
Electric closets for base building systems and core areas.	X		Exists today
Electric closets for tenant areas.		X	
Power distribution for tenant areas.		X	

Addressable Fire Alarm System, devices to Base Building common areas, mechanical/electrical rooms	X		Exists today
Fire Alarm devices within Tenant areas, connected to Base Building system and addressable Fire Command Center		X	
Lighting in base building areas	X		Exists today
Lighting in tenant areas		X	
Base Building telecommunications room	X		Exists today
Telephone/data system, including service, wiring and distribution		X	
Plumbing			
Domestic sanitary waste piping for Base Building	X		Exists today
Lab waste piping connection within building for Tenant use.		X	
Storm system connection and roof drainage system.	X		Exists today
Secondary storm drainage system.		X	Tenant responsibility if needed.
Natural gas service to building for Base Building and Tenant use.	X		Exists today
Tenant gas service including meter and distribution piping for Tenant services.		X	
Domestic cold water service to building	X		Exists today
Potable cold water distribution to Base Building equipment and common areas.	X		Exists today
Base Building toilet/janitor core including cold water, hot water, waste and vent systems.	X		Exists today

Potable and non-potable distribution piping to Tenant areas.		X	
pH neutralization system.		X	
Air compressor and distribution system.		X	
Vacuum pump and distribution system.		X	
RO/DI equipment and distribution system.		X	
Gas cylinders and distribution system (ie: nitrogen co2, argon, etc.)		X	
Tempered water heater and distribution piping to Tenant pH neutralization system area eyewash/shower unit.		X	
Tenant tempered water eyewash/showers and distribution piping.		X	
Fire Protection			
Fire service and double-check valve assembly.	X		Exists today
Alarm check valve and Siamese connection.	X		Exists today
Sprinkler coverage in tenant spaces.		X	
Modification of sprinkler piping and head layout to suit tenant build-out and Tenant hazard index.		X	
Flow switches, tamper switches, pressure switches.		X	
Acoustical			
Acoustical sound attenuation and isolation of base building systems	X		
Acoustical sound attenuation and isolation of tenant systems		X	

Security			
Security System for Tenant Areas. Tenant systems needs to be coordinated with landlord.		X	
Miscellaneous			
Stair Removal from 4th to 5th Floor	X		
Demo of Shower Area on Westside Bathrooms	X		
Renovation of Westside Common Bathrooms with Building Standard finishes	X		Landlord will renovate the Westside bathrooms with similar finishes to the B600/700 toilet cores. Landlord will design reconfiguration to be similar to the design shown on the Tenant's latest fit plan (dated 2011.10.21).
Renovation of Eastside Tenant Bathrooms within premises		X	LL to provide $45,000, in addition to the Tenant Improvement allowance, for Tenant to upgrade the Eastside tenant bathrooms.

EXHIBIT 2D
TENANT'S WORK LETTER

THIS WORK LETTER (the "Work Letter") is attached to and made part, of that certain Lease (the "Lease") by and between RB BEAL KENDALLL FEE, LLC ("Landlord") and IN VIVO THERAPEUTICS CORPORATION ("Tenant"). The terms, definitions, and other provisions of the Lease are hereby incorporated into this Work Letter by reference as if set forth in full. Capitalized terms used herein but not defined in this Work Letter shall have the meanings set forth in the Lease. In connection with the execution of the Lease, Landlord and Tenant hereby agree as follows

1. Tenant's Work. Tenant, at its sole cost and expense, but subject to the Improvement Allowance and the Supplemental Allowance and the Bathroom Allowance (as defined below), shall cause the Substantial Completion (as defined below) of the leasehold improvement work necessary to prepare the Premises for the use and occupancy by Tenant (with the exception of Landlord's Work as defined in the Lease) in accordance with Tenant's Plans (as defined below) ("Tenant's Work"). All construction work and installations conducted in connection with Tenant's Work shall be done in a good and workmanlike manner with new, good quality materials and finishes equal to or better than Building standard construction materials and finishes, in a lien-free manner and in compliance with all applicable local, state and federal requirements, and all requirements of public authorities related to, or arising out of the performance of, such construction work and the terms and conditions of this Work Letter (and applicable provisions of the Lease).

2. Plans for the Tenant's Work; Contractor Approval. Tenant's Work shall be in conformity with plans and specifications submitted to and approved by Landlord as provided below. Landlord hereby approves (i) Vanderweil P&IDC, LLC as "Tenant's Contractor," (ii) Kling Stubbins as "Tenant's Architect," and (iii) Sullivan Engineering as Tenant's MEP engineer. Tenant's Work shall be undertaken in accordance with the following provisions:

a. On or before the date of this Lease, Landlord shall have furnished Tenant with such as-built plans and specifications or other information as may be in Landlord's possession or control regarding the existing condition of the Premises and, to the extent same is relevant to Tenant's Work, the Building. On or before the date that is ninety (90) days after the Execution Date of this Lease, Tenant shall prepare and submit to Landlord for its approval two (2) sets of fully dimensioned scale plans and specifications (suitable for submission with a building permit application) for Tenant's Work (including plans, elevations, critical sections and details and as otherwise provided in the Lease) ("Tenant's Plans"). Tenant's Plans shall be prepared by Tenant's Architect. Prior to the submission of Tenant's Plans, Tenant may elect to submit design development drawings and specifications (the "Interim Plans") for Landlord's review and approval. Throughout the approval process for Tenant's Plans, Tenant and Landlord shall each use commercially reasonable and diligent efforts to cooperate with the other and with the other's architect or engineer in responding to questions or requests for information or submissions regarding existing conditions and design requirements for the Tenant's Work. Landlord's approval of Tenant's Plans and, if applicable, any Interim Plans (or any requested modification, amendment or alteration thereto) shall not be unreasonably withheld, conditioned or delayed so long as such plans do not (i) require any adverse modification to any existing permits and approvals obtained by Landlord in connection with the Building,

(ii) involve adverse changes to structural components of the Building, or (iii) not require any material modifications of the Building's mechanical, electrical, plumbing, fire or life-safety systems. Notwithstanding the foregoing, Landlord acknowledges that Tenant's Work will involve alterations to the exterior of a portion of the Building and substantial rooftop equipment and changes to the ventilation systems currently serving the Premises, but such work shall remain subject to Landlord review and approval as provided herein. All construction work done by or on behalf of Tenant, on or to the Premises (including the Tenant's Work) causing roof penetrations shall, at Landlord's request, be performed by or supervised by Landlord's roofing contractor, by Tenant's Contractor or by another contractor selected by Tenant and reasonably approved by Landlord, and at Tenant's expense, in such a way so as to not void any roof warranties or guaranties, provided, in the case the work is completed by Landlord's contractor, the amount charged by Landlord's roofing contractor for such work is competitive to the amount that would be charged by other reputable contractors performing the same scope of work.

b. If Tenant elects to prepare and submit Interim Plans, then within four (4) business days after receipt of the Interim Plans (unless the response reasonably requires a longer time, in which case Landlord shall so notify Tenant of those aspects that will require additional time), Landlord shall return one set of prints thereof with Landlord's approval and/or required modifications noted thereon. Whether or not Tenant has prepared and submitted Interim Plans, within four (4) business days after receipt of Tenant's Plans (unless the response reasonably requires a longer time, in which case Landlord shall so notify Tenant of those aspects that will require additional time), Landlord shall return one set of prints thereof with Landlord's approval and/or required modifications noted thereon. Notwithstanding the foregoing, Landlord shall not be entitled to disapprove any aspect of Tenant's Plans that was shown or indicated on, or is consistent with, any approved Interim Plans. To the extent that Landlord has not disapproved in writing (with a reasonably detailed statement of the grounds therefor) any submission of Interim Plans or Tenant's Plans, or requested in writing any additional material that is reasonably necessary to continue its review, within four (4) business days after receipt thereof, the submission shall be deemed to have been approved.

If Landlord has approved Interim Plans or Tenant's Plans subject to modifications, such modifications shall be deemed to be acceptable to and approved by Tenant unless Tenant shall prepare and resubmit revised plans for further consideration by Landlord within seven (7) business days. If Landlord has required modifications without approving Interim Plans or Tenant's Plans, Tenant shall prepare and resubmit revised drawings within seven (7) business days for consideration by Landlord. All revised plans shall be submitted, with changes highlighted, and Landlord shall approve or disapprove such revised drawings within four (4) business days following receipt of the same. The foregoing submission process shall continue until Landlord has approved the Interim Plans or the Tenant's Plans, as the case may be, and upon such approval, the approved plans shall constitute the "Tenant's Plans." Any approval granted by Landlord hereunder shall be granted solely for the benefit of Landlord, and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of any of Tenant's Plans for any other purpose whatsoever (other than as Landlord's consent to Tenant's Plans) and Landlord assumes no responsibility whatsoever, and shall not be liable, for the manufacturer's, architect's, or engineer's design or performance of any structural, mechanical, electrical, or plumbing systems or equipment of Tenant relating to the Tenant's Work or Tenant's Plans or Interim Plans. Without limiting the foregoing, Tenant shall be responsible for all elements of the design of Tenant's Work (including, without limitation, the compliance of the Tenant's Work and Tenant's Plans with local, state and federal requirements, functionality of design, the structural integrity of the design, the configuration of the Premises, and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of the Interim Plans or the Tenant's Plans shall in no event relieve Tenant of the responsibility therefor. The foregoing shall not in any way derogate from Landlord's responsibility to prepare the Premises for delivery, as indicated in the Lease. Notwithstanding the time periods permitted for either party's review of Tenant's Plans, both parties agree to use reasonable efforts to complete such review as soon as practical.

c. Upon Landlord's approval of Tenant's Plans, Tenant shall not materially modify, amend or alter Tenant's Plans without Landlord's prior written approval (which shall not be unreasonably withheld, delayed or conditioned) during the construction process and (unless the response reasonably requires a longer time, in which case Landlord shall so notify Tenant), Landlord shall respond within four (4) business days to Tenant's request. Any material changes in the Tenant's Work from Tenant's Plans as approved by Landlord shall be subject to Landlord's prior written approval (which shall not be unreasonably withheld, delayed or conditioned). Any deviation (other than immaterial changes that do not affect the quality or nature of the improvements or require an alteration in any Building mechanical, electrical, plumbing, fire or life-safety systems or Landlord's permits and approvals-such others being deemed material changes) in construction from the design specifications and criteria set forth in Tenant's Plans as approved by Landlord shall be promptly cured by Tenant.

d. Tenant's Plans shall include detailed drawings and specifications for the design and installation of Tenant's fire alarm and security system(s) for the Premises. Such system(s) shall meet all appropriate building code requirements, and the fire alarm and security systems shall, at Tenant's expense, be integrated into, and in operational harmony with, Landlord's fire alarm and security systems for the Building. Unless otherwise authorized or approved by Landlord in writing, Landlord's electrical contractor and/or fire alarm contractor shall, at Tenant's expense, make all final connections between Tenant's and Landlord's fire alarm and security systems, provided the amount charged by such contractor for such work is competitive to the amount that would be charged by other reputable contractors performing the same scope of work. Tenant shall ensure that all work performed on the fire alarm and security system(s) shall be coordinated at the job site with the Landlord's representative.

e. Upon the delivery of the Premises to Tenant and after final approval of Tenant's Plans by Landlord, Tenant shall proceed to commence and diligently complete construction of Tenant's Work in accordance with Tenant's Plans and this Work Letter. Tenant's contractors and subcontractors shall , at Landlord's option, be subject to administrative supervision by Landlord, at Landlord's sole cost and expense, in their use of the Building. Tenant shall furnish to Landlord a copy of the executed contract and applicable detailed cost schedule (and applicable back-up material as reasonably requested by Landlord) between Tenant and Tenant's general Contractor covering all of Tenant's obligations under this Work Letter. Tenant will furnish a list of the primary suppliers and subcontractors that Tenant intends to use for Tenant's Work. Tenant shall use commercially reasonable efforts to cause such Tenant's Work to be performed in an efficient a manner. Subject to applicable waivers of claims and rights of subrogation set forth in the Lease, Tenant shall indemnify Landlord from and reimburse Landlord on demand for the cost of repairing any damage to the Building caused by Tenant or its contractors during performance of the Tenant's Work. Tenant's Contractor shall conduct its work and employ labor in such manner as to maintain harmonious labor relations and to coordinate their activities with Landlord's contractors so as not to interfere with Landlord or any other tenant or occupant of the Building. Any work to be performed outside of the Premises shall be coordinated with Landlord, and shall be subject to reasonable scheduling requirements of Landlord.

f. Tenant acknowledges that it has engaged (or shall engage) its architects and contractors and Tenant shall be solely responsible for the actions and omissions of its architects and contractors or for delays caused by its architects or contractors. Landlord's approval of any of Tenant's Architects or Tenant's Contractor and of any documents prepared by any of them, including but not limited to Tenant's Plans, shall not be for the benefit of Tenant (except as evidence of consent to Tenant's Plans) or any third party or be construed as a representation or warranty as to the suitability or legal compliance of same, and Landlord shall have no duty to Tenant or to any third parties for the actions or omissions of Tenant's architects or contractors. Subject to applicable waivers of claims and rights of subrogation set forth in the Lease, Tenant shall indemnify and hold harmless Landlord against any and all losses, costs, damages, claims and liabilities arising from the actions or omissions of Tenant's architects and contractors.

g. Notwithstanding anything to the contrary contained in this Exhibit of this Lease, Landlord agrees that Tenant shall not be required to remove any of Tenant's Work completed in accordance with Landlord approved Tenant Plans upon the expiration or earlier termination of this Lease.

3. Permits and Approvals. Tenant shall obtain all building and other permits and approvals necessary to perform the construction and installation of the Tenant's Work prior to the commencement of such work. Except in accordance with the Tenant's Plans approved by Landlord hereunder, the Tenant's Work shall not (a) require any modification to any existing permits and approvals obtained by Landlord in connection with the Building, (b) not involve changes to structural components of the Building nor involve any floor, or exterior wall penetrations unless approved by Landlord, or (c) not require any material modifications of the Building's mechanical, electrical, plumbing, fire or life-safety systems unless approved by Landlord.

4. Prior to Commencing the Tenant's Work. Prior to commencing the Tenant's Work, Tenant shall deliver to Landlord (in addition to any other requirements under the Lease) the following:

a. The address of Tenant's Contractor(s), and the names of the primary subcontractors Tenant's Contractor intends to engage for the construction of the Tenant's Work and Notices of Identification from each such entity pursuant to M.G.L. c.254, §4.

b. The estimated commencement date of construction and the estimated date of completion of Tenant's Work, including fixturization.

c. Certificates or policies of insurance evidencing that Tenant and Tenant's Contractor(s) have in effect (and shall maintain at all times during the course of the construction of Tenant's Work hereunder) the insurance coverages required under the Lease.

d. An executed copy of the applicable building permit(s) for such work.

5. Temporary Connections; Trash; Other Costs. During the construction of the Tenant's Work, Landlord shall provide and pay for connections for all utilities brought to the Premises, if required. Trash removal relating to the Tenant's Work will be done continually at Tenant's sole cost and expense. Landlord will provide a suitable and dedicated location on Landlord's property in reasonable proximity to the Building for a construction dumpster to be obtained and maintained by Tenant, at Tenant's sole cost and expense, until completion of Tenant's Work (such dumpster to be for the exclusive use of Tenant). Tenant shall cause such dumpster to be emptied in regular intervals and in accordance with applicable laws, regulations and ordinances. Tenant shall be responsible for paying such actual third-party costs and expenses relating to required testing or re-setting Building systems as may be required following completion of Tenant's Work and for ensuring that Tenant's Contractors, subcontractors and their respective employees do not park in tenant or Building parking facilities. Landlord shall provide without charge two (2) parking spaces for Tenant's use as provided in the Lease during the construction period.

6. Storage; Release and Indemnity; MSDS. Storage of Tenant's contractors' construction materials, tools and equipment shall be confined within the Premises in an area or areas designated by Landlord, and in no event shall any materials or debris be stored outside of the Premises or Building. To the extent Tenant's equipment, fixtures, furniture, furnishings or other materials are stored or installed in the Premises prior to the Term Commencement Date by Tenant or its agents, Tenant hereby releases Landlord for any and all liability therefor and agrees to indemnify and hold Landlord harmless from and against any and all liability, loss, claim, cause of action, damages, cost or expense arising out of or in connection with loss or damage or destruction of any such equipment, fixtures, furnishings or other materials, unless such loss, damage or destruction is caused by the negligence or willful misconduct of Landlord or its agents. Tenant shall cause its contractors to provide Landlord with Material Safety Data Sheets (MSDS) for all chemicals and substances they propose to use on, at, in or about the Premises, which use shall be subject to the reasonable approval of Landlord.

7. Performance of Tenant's Work. Tenant shall take all reasonably necessary measures to maintain harmonious labor relations at the Building and to ensure that Tenant's Contractor (and subcontractors) and any contractors utilized by Landlord or other tenants of the Building cooperate in all commercially reasonable ways. In addition, if construction during normal construction hours unreasonably and materially disturbs other tenants in the Building, in Landlord's reasonable discretion, Landlord shall so notify Tenant and Tenant shall promptly cure same, failing which Landlord may require Tenant to stop performance of those portions of Tenant's Work so disturbing other tenants during normal construction hours and to perform the same after normal construction hours.

8. Substantial Completion. As used herein the term "Substantial Completion" or "substantially complete" shall mean that the applicable work (*i.e.*, the Tenant's Work or Landlord's Work) shall have been completed in accordance with the requirements of the Lease except for (i) those details of construction, decoration and mechanical adjustments which are minor in character and, in the case of Landlord's Work, the non-completion of which are agreed to in writing by the parties and do not unreasonably interfere with the construction of Tenant' s Work (collectively, "punchlist items") and (ii) that, in the case of Tenant's Work, a certificate of occupancy (temporary or permanent) or a fully-signed off building permit for the Premises issued by the City of Cambridge (the "Certificate of Occupancy") permitting the use of the Premises is available (meaning that the material requirements have been completed, but the final certificate has not yet issued) or has been issued, and that such work is otherwise substantially complete but the Certificate of Occupancy cannot be issued because the other party's work is not substantially complete.

9. Upon Completion. Upon completion of the Tenant's Work, Tenant shall furnish Landlord:

a. Certificate of Occupancy issued by the City of Cambridge and other governmental approvals, if any, necessary to permit occupancy of the Premises for the Permitted Uses.

b. A notarized affidavit from Tenant's Contractor that all amounts due for work done and materials furnished in completing Tenant's Work have been paid.

c. Final releases of liens reasonably satisfactory in form and substance to Landlord from all contractors and subcontractors and from all material suppliers under direct contract with Tenant's Contractor , that have been involved in the performance of the Tenant's Work.

d. Two (2) complete sets of as-built plans (one (1) reproducible CAD file) and specifications covering all of the Tenant's Work, including architectural, electrical, and plumbing, with a list and description of all work performed by the contractors, subcontractors, and material suppliers, with all changes or modifications listed thereon.

10. Damage to Base Building. Tenant shall also be responsible for the cost of any alterations to the Building required as a result of the Tenant's Work. Any damage to the existing finishes of the Building shall be patched and repaired by Tenant, at its expense, and all such work shall be done to Landlord's reasonable satisfaction. If any patched and painted area does not match the original surface, then the entire surface shall be repainted at Tenant's expense. Subject to applicable waivers of claims and rights of subrogation set forth in the Lease**,** Tenant agrees to indemnify and hold harmless Landlord, its agents, and employees from and against any and all costs, expenses, damage, loss, or liability, including, but not limited to, reasonable attorneys' fees and costs, which arise out of, is occasioned by, or is in any way attributable to the build-out of the Premises by Tenant pursuant to this Work Letter.

11. Payment of Costs for Tenant's Work; Improvement Allowance. Subject to the Improvement Allowance set forth herein, Tenant shall pay all of the costs and expenses of the Tenant's Work (which cost shall include, without limitation, the costs of construction, leasehold improvements and permanent lab equipment needed such as controls, and specialized fume hoods, the cost of permits and permit expediting, and all architectural and engineering services obtained by Tenant in connection therewith). Landlord will provide Tenant an allowance (the "Improvement Allowance") equal to the lesser of (i) the actual cost of planning and performing Tenant's Work, or (ii) Three Million One Hundred and Thirty-Seven Thousand Five Hundred and Fifty and 00/100 ($3,137,550.00) Dollars ($150.00 per square foot of Rentable Area of the Premises)(such amount to be increased based on the rentable square feet of the Additional Premises). The Improvement Allowance shall be utilized for so-called "hard" costs and building improvements to the Premises pursuant to Tenant's Plans (including without limitation fume hoods, lab benches and cabinets, clean room and vivarium fixtures, all non-portable kitchen equipment, wiring and cabling for Tenant's telecommunications and information technology systems, Tenant's emergency generator, any additional air handling and ventilation equipment, as well as special control systems to monitor air quality in vivarium and clean areas, plumbing fixtures and lighting), for so-called "soft" costs limited to architectural, engineering and other design costs, permit fees, construction management fees and shall expressly not be used towards portable fixtures, furnishings or office furniture. So long as Tenant is not in default of the Lease beyond any applicable

notice and cure period, payment of the Improvement Allowance shall be paid by Landlord to Tenant, based upon requests for payment submitted by Tenant not more often than monthly. Each request for payment shall be accompanied by a written certification reasonably satisfactory to Landlord by Tenant's Architect that all work up to the date of the prior request for payment has been completed, along with the releases (partial or complete) of liens from all of Tenant's contractors and subcontractors for all work done and materials furnished up to the date of Tenant's request for payment and Tenant's final request for payment shall also be accompanied by the applicable items required under Article 9, above, along with any other support documentation reasonably required by Landlord in connection therewith. Upon receipt thereof, Landlord shall pay to Tenant, within thirty (30) days after submission of such items to Landlord, an amount equal to Landlord's pro-rata share of such request for payment. Landlord's pro-rata share shall mean the percentage that the Improvement Allowance (and, if applicable, the Supplemental Allowance) bears to the total cost of the Tenant's Work. Landlord may retain and hold back from any such advance an amount equal to ten (10%) percent of any amounts payable pending final completion, other than those payable for architectural or engineering design fees, or for materials that are being or have been paid for in full. Landlord's pro-rata share may be reviewed and recalculated by Landlord from time to time and upon any cumulative upgrade/change orders in and upon such recalculation the necessary credits or payments shall be made by either Landlord or Tenant to bring the amount paid under the Improvement Allowance into compliance with the revised pro-rata share. Upon final completion of the Tenant's Work and receipt by Landlord of the items required under Article 9 above, Landlord shall pay to Tenant within thirty (30) days the remaining Improvement Allowance, plus the retainage (provided, however, that the retainage may be held back by Landlord until the agreed-upon punch-list items have been completed and, at Landlord's election, thirty (30) days have elapsed since Tenant's Contractor has properly recorded its Notice of Substantial Completion, in a reasonably acceptable form, in Middlesex County Registry of Deeds in accordance with MGL Ch. 254 and has provided Landlord with satisfactory evidence that all subcontractors and vendors have been provided with a copy of the recorded Notice). Any and all costs for the construction of the Premises above the Improvement Allowance (and the Supplemental Allowance and the Bathroom Allowance) shall be paid by Tenant to the applicable contractors, subcontractors, and material suppliers. Landlord reserves the right to make any payment (or portion thereof) of the Improvement Allowance payable jointly to Tenant and its general contractor (or subcontractor or supplier) or directly to such contractor, subcontractor or supplier. In the event Landlord fails to make a payment of any portion of the Improvement Allowance, Supplemental Allowance or Bathroom Allowance despite all of the necessary conditions for payment in accordance with this Work Letter being satisfied, and provided that Landlord has provided written confirmation to the Tenant that such unpaid amounts are not in dispute, then Tenant may offset against Yearly Rent an amount equal to such unpaid portion.

If the cost of Tenant's Work exceeds the Improvement Allowance, then upon Tenant's written request, Landlord shall pay up to an additional Two Hundred and Nine Thousand One Hundred and Seventy and 00/100 ($209,170.00) Dollars ($10.00 per square foot of Rentable Area of the Premises) (the "Supplemental Allowance") towards the cost of Tenant's Work. The payment of the Supplemental Allowance shall be subject to and conditioned upon the same requirements as are applicable to the Improvement Allowance except as otherwise provided herein. If Landlord pays the Supplemental Allowance, then Yearly Rent shall be increased in an amount equal to the Supplemental Allowance, amortized, on a straight line basis, over the initial term of the Lease (i.e. seventy-two months) with an implied interest rate of 8% per annum.

In addition to the Improvement Allowance and the Supplemental Allowance, Landlord will provide a separate allowance of Forty-Five Thousand and 00/100 Dollars ($45,000.00) (the "Bathroom Allowance") towards Tenant's construction of a men's and women's bathroom in the Premises for the exclusive use of Tenant (which shall be part of Tenant's Work). The payment of the Bathroom Allowance shall be in a lump sum, and shall be paid to Tenant (without any retainage) on substantial completion.

12. Punch-list. In or within seven (7) business days of Substantial Completion of the Tenant's Work, the parties shall schedule a meeting(s) to jointly inspect the Premises and the Tenant's Work in order to identify those incomplete items or unfinished details that will be part of the agreed-upon punch-list for the Tenant's Work. The punch-list will be prepared by Tenant's Architect and initialed by the parties once in agreement. Such punch-list items shall be completed by Tenant's Contractor as soon as reasonably practicable thereafter and in any event not later than thirty (30) days following the completion of the punch-list (except for such item(s) that by its nature or due to circumstances beyond the reasonable control of the party charged with doing such work, cannot be completed within such 30 day period).

EXHIBIT 3
PLAN OF COMPLEX

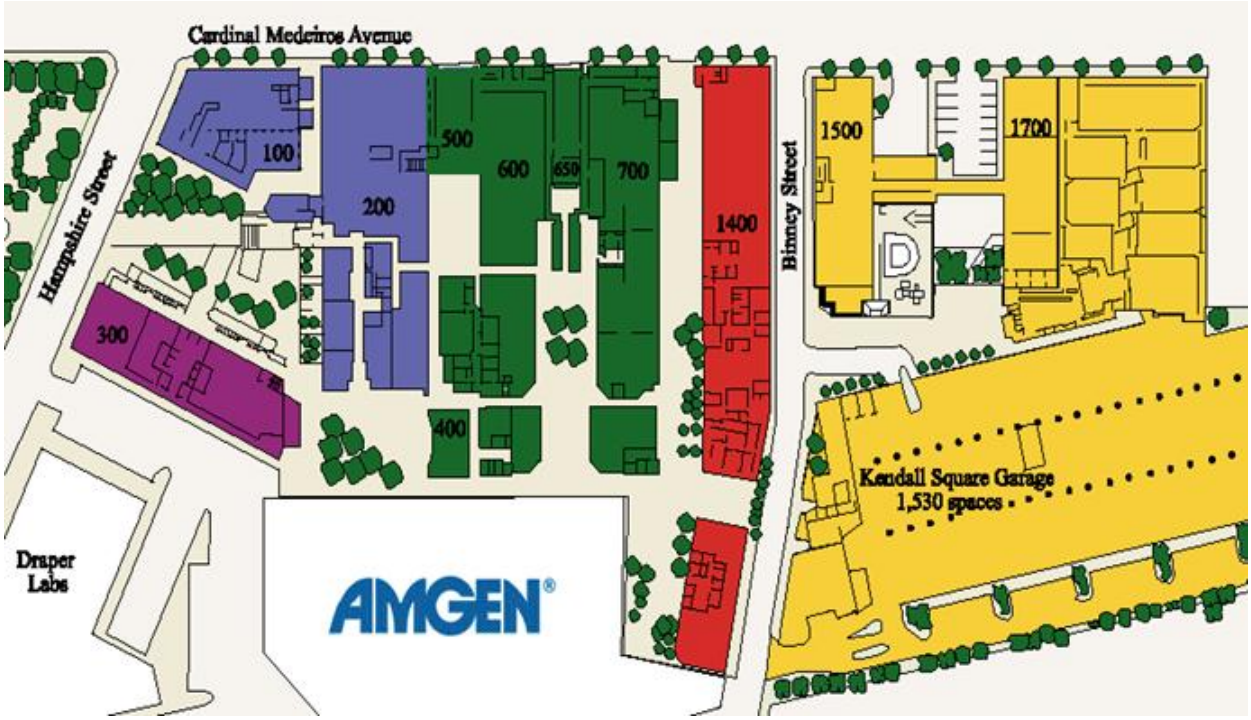

EXHIBIT 4
TERM COMMENCEMENT DATE AGREEMENT

_____ ("Tenant") hereby certifies that it has entered into a lease with RB KENDALL FEE, LLC ("Landlord") dated _____, 20__ **[, as amended by _____ dated _____, 20__,]** and verifies the following information as of the _____ day of _____, 200__:

Address of Building:	Building _____, One Kendall Square, Cambridge, MA 02139
Number of Rentable Square Feet in Premises:	_____ r.s.f.
Term Commencement Date:	_____, 20__
Rent Commencement Date:	_____, 20__
Lease Termination Date:	_____, 20__
Tenant's Proportionate Common Share:	_____ %
Tenant's Proportionate Building Share:	_____ %

Tenant acknowledges and agrees that all improvements Landlord is obligated to make to the Premises, if any, have been completed to Tenant's satisfaction, that Tenant has accepted possession of the Premises, and that as of the date hereof, there exist no offsets or defenses to the obligations of Tenant under the Lease.

TENANT:

_____

By: _____
Name: _____
Title: _____
Hereunto duly authorized

LANDLORD:

RB KENDALL FEE, LLC

By: _____
Name: Robert L. Beal
Title: Its Authorized Signatory

EXHIBIT 5
FORM LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

DATE:

BENEFICIARY:
RB KENDALL FEE, LLC
c/o Beal and Company, Inc.
177 Milk Street
Boston, MA 02109
AS "LANDLORD"

APPLICANT:

_____
Building _____
One Kendall Square, MA 02139
AS "TENANT"

AMOUNT: US $_____ (_____ AND 00/100 U.S. DOLLARS)

EXPIRATION DATE: _____

LOCATION: AT OUR COUNTERS IN BOSTON, MASSACHUSETTS

DEAR SIR/MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR AVAILABLE BY YOUR DRAFT DRAWN ON US AT SIGHT IN THE FORM OF EXHIBIT "B" ATTACHED AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

1. THE ORIGINAL OF THIS LETTER OF CREDIT AND ALL AMENDMENT(S), IF ANY.

2. A DATED CERTIFICATION FROM THE BENEFICIARY SIGNED BY AN AUTHORIZED OFFICER OR AGENT, FOLLOWED BY ITS DESIGNATED TITLE, STATING THE FOLLOWING:

(A) "THE AMOUNT REPRESENTS FUNDS DUE AND OWING TO US FROM APPLICANT PURSUANT TO THAT CERTAIN LEASE BY AND BETWEEN BENEFICIARY, AS LANDLORD, AND APPLICANT, AS TENANT."

OR

(B) "WE HEREBY CERTIFY THAT WE HAVE RECEIVED NOTICE FROM _____ BANK THAT LETTER OF CREDIT NO. _____ WILL NOT BE RENEWED, AND THAT WE HAVE NOT RECEIVED A REPLACEMENT OF THIS LETTER OF CREDIT FROM APPLICANT SATISFACTORY TO US AT LEAST THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE OF THIS LETTER OF CREDIT."

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
DATED

THE LEASE AGREEMENT MENTIONED ABOVE IS FOR IDENTIFICATION PURPOSES ONLY AND IT IS NOT INTENDED THAT SAID LEASE AGREEMENT BE INCORPORATED HEREIN OR FORM PART OF THIS LETTER OF CREDIT.

OUR OBLIGATION UNDER THIS CREDIT SHALL NOT BE AFFECTED BY ANY CIRCUMSTANCES, CLAIM OR DEFENSE, REAL OR PERSONAL, OF ANY PARTY AS TO THE ENFORCEABILITY OF THE LEASE BETWEEN YOU AND TENANT, IT BEING UNDERSTOOD THAT OUR OBLIGATION SHALL BE THAT OF A PRIMARY OBLIGOR AND NOT THAT OF A SURETY, GUARANTOR OR ACCOMMODATION MAKER. IF YOU DELIVER THE WRITTEN CERTIFICATE REFERENCED ABOVE TO US, (I) WE SHALL HAVE NO OBLIGATION TO DETERMINE WHETHER ANY OF THE STATEMENTS THEREIN ARE TRUE, (II) OUR OBLIGATIONS HEREUNDER SHALL NOT BE AFFECTED IN ANY MANNER WHATSOEVER IF THE STATEMENTS MADE IN SUCH CERTIFICATE ARE UNTRUE IN WHOLE OR IN PART, AND (III) OUR OBLIGATIONS HEREUNDER SHALL NOT BE AFFECTED IN ANY MANNER WHATSOEVER IF TENANT DELIVERS INSTRUCTIONS OR CORRESPONDENCE TO WHICH EITHER (A) DENIES THE TRUTH OF THE STATEMENT SET FORTH IN THE CERTIFICATE REFERRED TO ABOVE, OR (B) INSTRUCTS US NOT TO PAY BENEFICIARY ON THIS CREDIT FOR ANY REASON WHATSOEVER.

PARTIAL AND MULTIPLE DRAWS ARE ALLOWED. EXCEPT AS EXPRESSLY SET FORTH HEREIN, THIS LETTER OF CREDIT MUST ACCOMPANY ANY DRAWINGS HEREUNDER FOR ENDORSEMENT OF THE DRAWING AMOUNT AND WILL BE RETURNED TO THE BENEFICIARY UNLESS IT IS FULLY UTILIZED.

DRAFT(S) AND DOCUMENTS MUST INDICATE THE NUMBER AND DATE OF THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT, FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE NOTIFY YOU BY REGISTERED MAIL/OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESSES THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND SIX (6) MONTHS BEYOND LEASE EXPIRATION.

THIS LETTER OF CREDIT MAY BE TRANSFERRED WITHOUT COST TO THE BENEFICIARY, ONE OR MORE TIMES BUT IN EACH INSTANCE TO A SINGLE BENEFICIARY AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF THE TRANSFER AND ONLY BY THE ISSUING BANK UPON OUR RECEIPT OF THE ATTACHED “EXHIBIT A” DULY COMPLETED AND EXECUTED BY THE BENEFICIARY AND ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS, IF ANY.

ALL DEMANDS FOR PAYMENT SHALL BE MADE BY PRESENTATION OF THE ORIGINAL APPROPRIATE DOCUMENTS PRIOR TO 10:00 A.M. E.S.T. TIME, ON A BUSINESS DAY AT OUR OFFICE (THE "BANK'S OFFICE") AT: _____

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
DATED

BOSTON, MASSACHUSETTS _____, ATTENTION: _____ OR BY FACSIMILE TRANSMISSION AT: (617) ____-_____; AND SIMULTANEOUSLY UNDER TELEPHONE ADVICE TO: (617) ____-_____, ATTENTION: _____ WITH ORIGINALS TO FOLLOW BY OVERNIGHT COURIER SERVICE.

PAYMENT AGAINST CONFORMING PRESENTATIONS HEREUNDER SHALL BE MADE BY BANK DURING NORMAL BUSINESS HOURS OF THE BANK'S OFFICE WITHIN ONE (1) BUSINESS DAY AFTER PRESENTATION.

WE HEREBY AGREE WITH THE DRAWERS, ENDORSERS AND BONAFIDE HOLDERS THAT THE DRAFTS DRAWN UNDER AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED UPON PRESENTATION TO THE DRAWEE, IF NEGOTIATED ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500.

AUTHORIZED SIGNATURE	AUTHORIZED SIGNATURE

EXHIBIT “A”

DATE:

TO:

RE: STANDBY LETTER OF CREDIT
NO. ISSUED

BY
ATTN:

L/C AMOUNT:

LADIES AND GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

(NAME OF TRANSFEREE)
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SINCERELY,

(BENEFICIARY’S NAME)

SIGNATURE OF BENEFICIARY

SIGNATURE AUTHENTICATED

(NAME OF BANK)

AUTHORIZED SIGNATURE

EXHIBIT “B”

DATE: _____ REF. NO. _____

AT SIGHT OF THIS DRAFT

PAY TO THE ORDER OF _____ US$_____

USDOLLARS

_____

_____

DRAWN UNDER _____ BANK, BOSTON, MASSACHUSETTS, STANDBY LETTER OF CREDIT NUMBER NO. _____ DATED _____

TO: _____ BANK
_____ _____
_____, MA _____ (BENEFICIARY’S NAME)

_____
Authorized Signature

EXHIBIT 6
PLAN SHOWING AVAILABLE SPACE

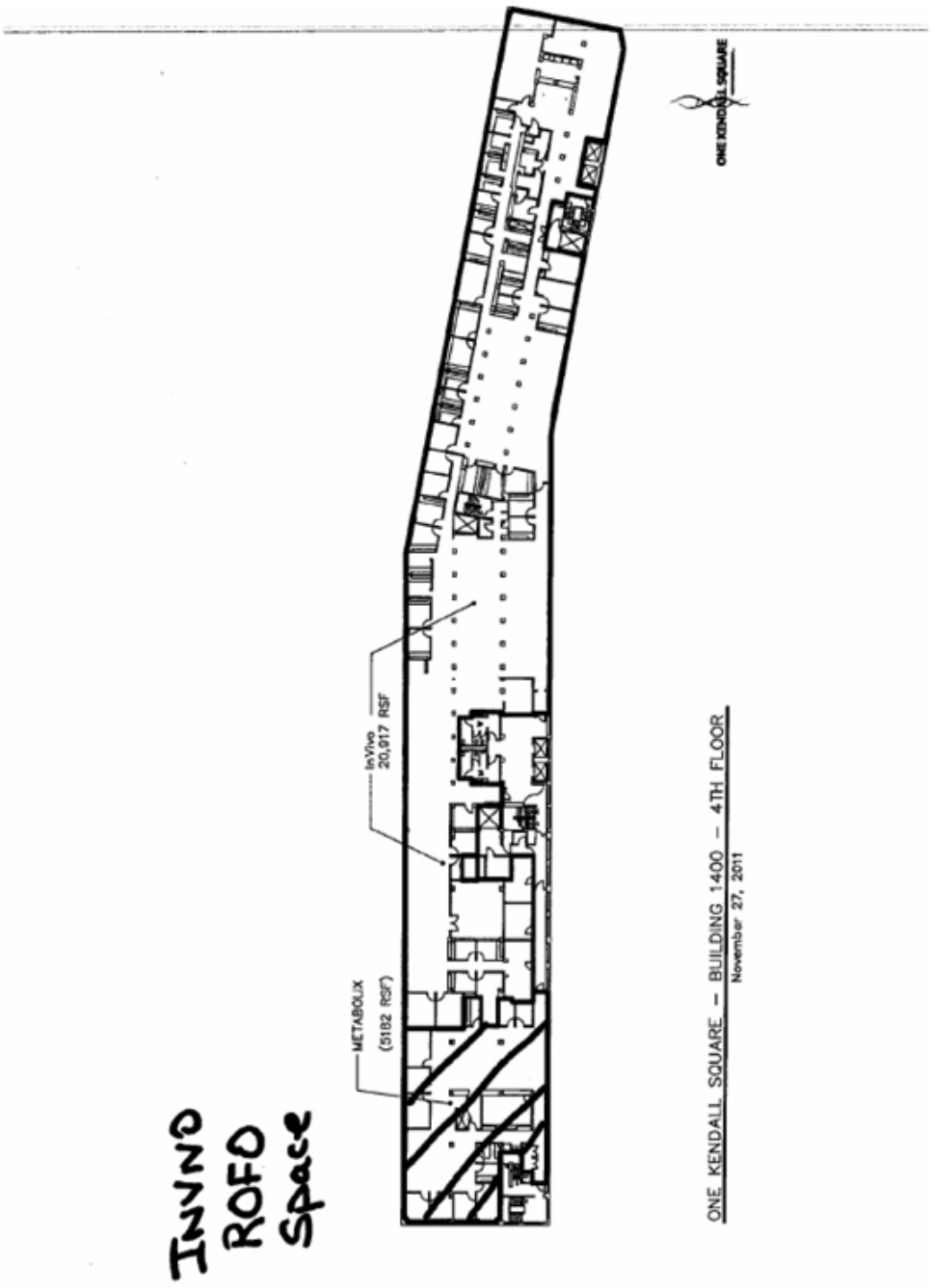

EXHIBIT 7
TAXES AND OPERATING COSTS

One Kendall Square
Maintenance Charges (CAMC)
FY 2012
Estimated Charges

Building 1400 - Lab

Description	Total Complex Operating Expenses	Building Specific Operating Expenses	
Payroll	1,016,276.20	—	
Janitorial/Trash/Day Porter	414,633.36	33,855.36	
Utilities	11,457.72	403,820.00	
Repair & Maintenance	111,574.50	197,960.59	
Security & Alarms	450,076.85	20,033.62	
General & Administrative	136,734.23	52,340.24	
Management Fee	—	187,609.11	
Grounds Care	40,758.30	2,589.21	
Snow Removal	137,250.00	—	
Parking Maintenance	—	—	
Total CAMC	**2,318,761.16**	**$898,208.13**	
2012 Estimated OPEX PSF:	**3.63**	**6.95**	**$10.58**

One Kendall Square
Maintenance Charges (CAMC)
FY 2011
Estimated Charges

Building 1400 - Lab

Description	Total Complex Operating Expenses	Building Specific Operating Expenses	
Payroll	927,335.00	—	
Janitorial/Trash/Day Porter	385,303.32	24,585.56	
Utilities	11,124.00	340,900.00	
Repair & Maintenance	107,400.00	189,766.89	
Security & Alarms	428,698.04	15,763.00	
General & Administrative	127,848.08	29,060.12	
Management Fee	—	209,310.73	
Grounds Care	39,881.00	2,477.76	
Snow Removal	125,000.00	—	
Parking Maintenance	—	—	
Total CAMC	**2,152,589.44**	**$811,864.06**	
2011 Estimated OPEX PSF:	**3.37**	**6.28**	**$9.65**

One Kendall Square
Maintenance Charges (CAMC)
FY 2010
Actual Charges

Building 1400 - Lab

Description	Total Complex Operating Expenses	Building Specific Operating Expenses	
Payroll	700,483.04	—	
Janitorial/Trash/Day Porter	325,788.33	21,959.97	
Utilities	7,667.91	360,566.75	
Repair & Maintenance	62.316.38	147,531.31	
Security & Alarms	408,467.75	11,465.82	
General & Administrative	102,293.94	11,441.59	
Management Fee	—	177,210.18	
Grounds Care	38,803.86	2,402.02	
Snow Removal	52,104.00	—	
Parking Maintenance	—	—	
Total CAMC	**1,697,925.21**	**$732,577.64**	
2010 Estimated OPEX PSF:	**2.65**	**5.67**	**$8.32**

EXHIBIT 8
FORM OF GUARANTY

LEASE GUARANTY

In consideration of the making of the lease agreement by and between RB Kendall Fee, LLC, as Landlord, and _____, as Tenant, dated , for the premises consisting of approximately _____ rentable square feet on the _____ (____) floor of Building _____ located in One Kendall Square, Cambridge, Massachusetts (hereinafter referred to as the "Lease") and for the purpose of inducing Landlord to enter into and make the Lease, the undersigned hereby unconditionally guarantees without deduction by reason of setoff, defense or counterclaim to Landlord and its successors and assigns, the full and prompt payment of rent and all other sums required to be paid by Tenant under the Lease ("Guaranteed Payments") and the full and faithful performance of all terms, conditions, covenants, obligations and agreements contained in the Lease on the Tenant's part to be performed ("Guaranteed Obligations") and the undersigned further promises to pay all of the Landlord's actual third-party costs and expenses (including reasonable attorney's fees and costs) incurred in endeavoring to collect the Guaranteed Payments or to enforce the Guaranteed Obligations or incurred in enforcing this Guaranty as well as all damages which Landlord may suffer in consequence of any default or breach under the Lease or this Guaranty.

Subject to the terms and conditions of this Guaranty, Landlord may at any time and from time to time, without notice to the undersigned, take any or all of the following actions without affecting or impairing the liability and obligations of the undersigned on this Guaranty:

(a) grant an extension or extensions of time of payment of any Guaranteed Payment or time for performance of any Guaranteed Obligation;

(b) grant an indulgence or indulgences in a Guaranteed Payment or in the performance of any Guaranteed Obligation;

(c) modify or amend the Lease or any term thereof, or any obligation of Tenant arising thereunder;

(d) consent to any assignment or assignments, sublease or subleases by Tenant or the Tenant's assigns or sublessees or a change or different use of the Premises;

(e) consent to an extension or extensions of the term of the Lease;

(f) accept other guarantors; and/or

(g) release any person primarily or secondarily liable.

The liability of the undersigned under this Guaranty shall in no way be affected or impaired by any failure or delay in enforcing any Guaranteed Payment or Guaranteed Obligation or this Guaranty or any security therefor or in exercising any right or power in respect thereto, or by any compromise, waiver, settlement, change, subordination, modification or disposition of any Guaranteed Payment or Guaranteed Obligation or of any security therefor. Notwithstanding the foregoing, Guarantor shall have the benefit of any agreement between Landlord and Tenant that affects or reduces Tenant's obligations under the Lease, and Guarantor's liability to Landlord for any obligation of Tenant shall not in any case be greater than the actual obligation of Tenant to Landlord. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of Landlord, at any time, to resort for payment to Tenant or any other Guaranty or to any security or other rights and remedies, and Landlord shall have the right to enforce this Guaranty irrespective of whether or not other proceedings or steps are pending or being taken seeking resort to or realization upon or from any of the foregoing (provided that Guarantor's liability to Landlord for any obligation of Tenant shall not in any case be greater than the actual obligation of Tenant to Landlord).

The undersigned waives presentment, protest, demand, notice of dishonor or default, notice of acceptance of this Guaranty, notice of any extensions granted or other action taken in reliance hereon and all demands and notices of any kind in connection with this guaranty or any Guaranteed Payment of Guaranteed Obligation.

The undersigned hereby acknowledges full and complete notice and knowledge of all of the terms, conditions, covenants, obligations and agreements of the Lease.

The payment by the undersigned of any amount pursuant to this Guaranty shall not in any way entitle the undersigned to any right, title or interest (whether by subrogation or otherwise) of the Tenant under the Lease or to any security being held for any Guaranteed Payment or Guaranteed Obligation.

This Guaranty shall be continuing, absolute and unconditional and remain in full force and effect until all Guaranteed Payments are made, all Guaranteed Obligations are performed, and all obligations of the undersigned under this Guaranty are fulfilled except to extent otherwise provided in the Lease.

This Guaranty shall also bind the heirs, personal representatives, successors and assigns of the undersigned and inure to the benefit of Landlord, its successors and assigns. This Guaranty shall be construed according to the laws of the Commonwealth of Massachusetts, in which state it shall be performed by the undersigned.

If this Guaranty is executed by more than one person, all singular nouns and verbs herein relating to the undersigned shall include the plural number and the obligation of the several guarantors shall be joint and several.

The Landlord and the undersigned intend and believe that each provision of this Guaranty comports with all applicable law. However, if any provision of this Guaranty is found by a court to be invalid for any reason, the parties intend that the remainder of this Guaranty shall continue in full force and effect and the invalid provision shall be construed as if it were not contained herein.

If Tenant shall at any time default in the performance or observance of any of the terms, covenants or conditions in the Lease contained on Tenant’s part to be kept, performed or observed, Guarantor will keep, perform and observe same, as the case may be, in the place and stead of Tenant. In the event of a payment default by Tenant (being any base rent, additional rent or other amount or any portion thereof due under the Lease), receipt by Landlord of such payment from Guarantor shall be deemed full performance by tenant of such payment obligation and Landlord shall accept the payment as such.

Additionally, Guarantor agrees to pay to Landlord any and all reasonable and necessary incidental damages and expenses incurred by Landlord as a direct and proximate result of Tenant’s failure to perform, which expenses shall include reasonable attorney’s fees. Guarantor further agrees to pay to Landlord interest on any and all sums due and owing Landlord, by reason of Tenant’s failure to pay same, at the highest rate allowed by law at the time of payment. Notwithstanding any provision hereof to the contrary, and except as may be expressly set forth in Section 26(b) as to Tenant’s liability, Guarantor shall never be liable for indirect, consequential or punitive damages of any kind.

The obligations of Guarantor hereunder shall not be released by Landlord’s receipt, application or release of any security given for the performance and observance of any covenant or condition contained in the Lease on Tenant’s part to be performed or observed.

The liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Tenant in any creditor’s receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant’s liability under the Lease resulting from the operation of any present or future provision of the national Bankruptcy Act or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant; (e) any disability or other defense of Tenant; (f) the cessation from any cause whatsoever of the liability of Tenant; (g) the exercise by Landlord of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

Guarantor understands and agrees that, if Tenant becomes insolvent or is adjudicated bankrupt, whether by voluntary or involuntary petition, or if any bankruptcy action involving Tenant is commenced or filed, or if a petition for reorganization, arrangement or similar relief is filed against Tenant, or if a receiver of any part of Tenant's property or assets is appointed by any court, Guarantor will pay to Landlord the amount of all accrued, unpaid and accruing Minimum Rent and other charges due under the Lease to the date when the trustee or administrator accepts the Lease and commences paying same; provided, however, at such time as the trustee or administrator rejects the Lease, Guarantor shall pay to Landlord all accrued, unpaid and accruing Minimum Annual Rent and other charges under the Lease for the remainder of the Term. At the option of the Landlord, Guarantor shall either: (a) pay Landlord an amount equal to the damages that Landlord could elect upon lease termination as set forth in Section 21.3 of the Lease; or (b) execute and deliver to Landlord a new lease for the balance of the Term with the same terms and conditions as the Lease and with Guarantor as tenant thereunder. Any operation of any present or future debtor's relief act or similar act or law or decision of any court shall in no way affect the obligations of Guarantor or Tenant to perform any of the terms, covenants or conditions of the Lease or of this Guarantee.

Guarantor further agrees that it may be joined in any action against Tenant in connection with the obligations of Tenant under the Lease and recovery may be had against Guarantor in any such action. Landlord may enforce the obligations of Guarantor hereunder without first taking any action whatsoever against Tenant or its successors and assigns, or pursue any other remedy or apply any security it may hold, and Guarantor hereby waives all right to assert or plead any defenses that would be available be available to Tenant by virtue of any stay, moratorium law or other similar law as well as any and all surety or other defenses in the nature thereof.

Until all of the covenants and conditions in the Lease on Tenant's part to be performed and observed are fully performed and observed, Guarantor subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under the Lease.

This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, and to any assignment, subletting or other tenancy thereunder or to any holdover term following the Term granted under the Lease or any extension or renewal thereof. Notwithstanding the foregoing, if at any time Tenant (or any assignee or successor of Tenant) is not owned or controlled by, or otherwise affiliated with, Guarantor, no amendment to the Lease that increases the obligations of Tenant under the Lease shall be effective against or binding on Guarantor unless approved in writing by Guarantor.

In the event this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction or in the event of any limitation of Guarantor's liability hereunder other than as expressly provided herein, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a joint and several tenant therein with respect to the obligations of Tenant thereunder hereby guaranteed.

In the event of any litigation between Guarantor and Landlord with respect to the subject matter hereof, the unsuccessful party to such litigation agrees to pay to the successful party all actual and reasonable third-party fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

Subject to applicable statutes of limitation, no delay on the part of Landlord in exercising any right hereunder or under the Lease shall operate as a waiver of such right or of any other right of Landlord under the Lease or hereunder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to a waiver of the same or any other right on any future occasion.

If there is more than one undersigned Guarantor, the term Guarantor, as used herein, shall include all of the undersigned; each and every provision of this Guaranty shall be binding on each and every one of the undersigned jointly and severally liable hereunder; and Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

This instrument constitutes the entire agreement between Landlord and Guarantor with respect to the subject matter hereof, superseding all prior oral or written agreements or understandings with respect thereto and may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

Notice hereunder shall be in writing and shall be effective upon personal service or after deposit thereof in the United States Mail, registered or certified delivery, return receipt requested, or via nationally recognized overnight courier, to the other party addressed, if to Landlord or Tenant, as provided in the Lease, and if to Guarantor, to the address(es) set forth below, except that under no circumstances shall Landlord be obligated to give Guarantor any notice not specifically required to be given by Landlord pursuant to this Guarantee. Either party may by notice given as aforesaid designate a different address for notice purposes.

This Guaranty may be assigned in whole or part by Landlord upon written notice to Guarantor. . Landlord shall not assign or transfer its rights hereunder other than to a successor landlord under the Lease, to a lender of Landlord, and to any successor of a lender of Landlord (including, without limitation, any purchaser at foreclosure of a mortgage held by any such lender or any grantee of any deed in lieu of foreclosure of such a mortgage).

WAIVER OF JURY TRIAL. LANDLORD AND GUARANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD AGAINST TENANT OR TENANT (OR GUARANTOR) AGAINST LANDLORD ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THE LEASE, THIS GUARANTY, THE RELATIONSHIP OF LANDLORD AND TENANT (AND GUARANTOR), TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT.

EACH GUARANTOR ACKNOWLEDGES THAT THEY HAVE CAREFULLY READ AND REVIEWED THE LEASE, THE GUARANTOR AND EACH TERM AND PROVISION CONTAINED THEREIN AND, BY EXECUTION OF THIS GUARANTY, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THE LEASE AND THIS GUARANTY ARE EXECUTED, THE TERMS THEREOF AND EFFECTUATE THE INTENT AND PURPOSE OF THE PARTIES WITH RESPECT TO THE PREMISES. GUARANTOR ACKNOWLEDGES THAT IT HAS BEEN GIVEN THE OPPORTUNITY TO HAVE THIS GUARANTY REVIEWED BY ITS LEGAL COUNSEL PRIOR TO ITS EXECUTION.

IN WITNESS WHEREOF, the undersigned has executed this guaranty as a sealed instrument this day of _____, 20____

WITNESS:

_____

Address: _____
_____
_____

EXHIBIT 9
CHEMICALS LIST

Laboratory Chemicals Used at InVivo Therapeutics

4-(Dimethylamino)pyridine, Acetic acid, Acetonitrile, Boric Acid, ,Calcium chloride, Chloroform, Dimethyl sulfoxide (DMSO), Distilled Water, Dulbecco' s Modified Eagle Medium, Dulbecco's Phosphate Buffered Saline, EDTA, Ethanol 100%, Ethanol 95%, Ether, Ethyl acetate, Formic acid, Forskolin, Glacial Acetic acid, HBr/ acetic acid, hydrochloric acid, HEPES Buffer, Heregulin, Hexane, Methanol, Methylene chloride, Magnesium chloride, N,N'-Dicyclohexylcarbodiimide(DCC), *N*,*N*-Dimethylformamide, N-hydroxysuccinimide (NHS), Ninhydrin, Paraformaldehyde, Permount, Sodium bicarbonate, Sodium chloride, Sodium Hydroxide, Sodium phosphate (dibasic), Sodium phosphate (monobasic), Sodium Tetraborate decahydrate, Sucrose, Tetrahydrofuran (THF), Tin-2-ethyhexanoate, Toluene, Triethylamine, Trifluoroacetic acid, TRIS Buffer, Trypsin EDTA, Xylene

Exhibit 10.26

LEASE GUARANTY

In consideration of the making of the lease agreement by and between RB Kendall Fee, LLC, as Landlord, and InVivo Therapeutics Corporation, a Delaware corporation, as Tenant, dated of even date herewith, for the premises consisting of approximately 20,917 rentable square feet on the fourth (4th) floor of Building 1400 located in One Kendall Square, Cambridge, Massachusetts (hereinafter referred to as the "Lease") and for the purpose of inducing Landlord to enter into and make the Lease, the undersigned hereby unconditionally guarantees without deduction by reason of setoff, defense or counterclaim to Landlord and its successors and assigns, the full and prompt payment of rent and all other sums required to be paid by Tenant under the Lease ("Guaranteed Payments") and the full and faithful performance of all terms, conditions, covenants, obligations and agreements contained in the Lease on the Tenant's part to be performed ("Guaranteed Obligations") and the undersigned further promises to pay all of the Landlord's actual third-party costs and expenses (including reasonable attorney's fees and costs) incurred in endeavoring to collect the Guaranteed Payments or to enforce the Guaranteed Obligations or incurred in enforcing this Guaranty as well as all damages which Landlord may suffer in consequence of any default or breach under the Lease or this Guaranty.

Subject to the terms and conditions of this Guaranty, Landlord may at any time and from time to time, without notice to the undersigned, take any or all of the following actions without affecting or impairing the liability and obligations of the undersigned on this Guaranty:

(a) grant an extension or extensions of time of payment of any Guaranteed Payment or time for performance of any Guaranteed Obligation;

(b) grant an indulgence or indulgences in a Guaranteed Payment or in the performance of any Guaranteed Obligation;

(c) modify or amend the Lease or any term thereof, or any obligation of Tenant arising thereunder;

(d) consent to any assignment or assignments, sublease or subleases by Tenant or the Tenant's assigns or sublessees or a change or different use of the Premises;

(e) consent to an extension or extensions of the term of the Lease;

(f) accept other guarantors; and/or

(g) release any person primarily or secondarily liable.

The liability of the undersigned under this Guaranty shall in no way be affected or impaired by any failure or delay in enforcing any Guaranteed Payment or Guaranteed Obligation or this Guaranty or any security therefor or in exercising any right or power in respect thereto, or by any compromise, waiver, settlement, change, subordination, modification or disposition of any Guaranteed Payment or Guaranteed Obligation or of any security therefor. Notwithstanding the foregoing, Guarantor shall have the benefit of any agreement between Landlord and Tenant that affects or reduces Tenant's obligations under the Lease, and Guarantor's liability to Landlord for any obligation of Tenant shall not in any case be greater than the actual obligation of Tenant to Landlord. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of Landlord, at any time, to resort for payment to Tenant or any other Guaranty or to any security or other rights and remedies, and Landlord shall have the right to enforce this Guaranty irrespective of whether or not other proceedings or steps are pending or being taken seeking resort to or realization upon or from any of the foregoing (provided that Guarantor's liability to Landlord for any obligation of Tenant shall not in any case be greater than the actual obligation of Tenant to Landlord).

The undersigned waives presentment, protest, demand, notice of dishonor or default, notice of acceptance of this Guaranty, notice of any extensions granted or other action taken in reliance hereon and all demands and notices of any kind in connection with this guaranty or any Guaranteed Payment of Guaranteed Obligation.

The undersigned hereby acknowledges full and complete notice and knowledge of all of the terms, conditions, covenants, obligations and agreements of the Lease.

The payment by the undersigned of any amount pursuant to this Guaranty shall not in any way entitle the undersigned to any right, title or interest (whether by subrogation or otherwise) of the Tenant under the Lease or to any security being held for any Guaranteed Payment or Guaranteed Obligation.

This Guaranty shall be continuing, absolute and unconditional and remain in full force and effect until all Guaranteed Payments are made, all Guaranteed Obligations are performed, and all obligations of the undersigned under this Guaranty are fulfilled except to extent otherwise provided in the Lease.

This Guaranty shall also bind the heirs, personal representatives, successors and assigns of the undersigned and inure to the benefit of Landlord, its successors and assigns. This Guaranty shall be construed according to the laws of the Commonwealth of Massachusetts, in which state it shall be performed by the undersigned.

If this Guaranty is executed by more than one person, all singular nouns and verbs herein relating to the undersigned shall include the plural number and the obligation of the several guarantors shall be joint and several.

The Landlord and the undersigned intend and believe that each provision of this Guaranty comports with all applicable law. However, if any provision of this Guaranty is found by a court to be invalid for any reason, the parties intend that the remainder of this Guaranty shall continue in full force and effect and the invalid provision shall be construed as if it were not contained herein.

If Tenant shall at any time default in the performance or observance of any of the terms, covenants or conditions in the Lease contained on Tenant's part to be kept, performed or observed, Guarantor will keep, perform and observe same, as the case may be, in the place and stead of Tenant. In the event of a payment default by Tenant (being any base rent, additional rent or other amount or any portion thereof due under the Lease), receipt by Landlord of such payment from Guarantor shall be deemed full performance by tenant of such payment obligation and Landlord shall accept the payment as such.

Additionally, Guarantor agrees to pay to Landlord any and all reasonable and necessary incidental damages and expenses incurred by Landlord as a direct and proximate result of Tenant's failure to perform, which expenses shall include reasonable attorney's fees. Guarantor further agrees to pay to Landlord interest on any and all sums due and owing Landlord, by reason of Tenant's failure to pay same, at the highest rate allowed by law at the time of payment. Notwithstanding any provision hereof to the contrary, and except as may be expressly set forth in Section 26(b) as to Tenant's liability, Guarantor shall never be liable for indirect, consequential or punitive damages of any kind.

The obligations of Guarantor hereunder shall not be released by Landlord's receipt, application or release of any security given for the performance and observance of any covenant or condition contained in the Lease on Tenant's part to be performed or observed.

The liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Tenant in any creditor's receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of the national Bankruptcy Act or other statute or from the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant; (e) any disability or other defense of Tenant; (f) the cessation from any cause whatsoever of the liability of Tenant; (g) the exercise by Landlord of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

Guarantor understands and agrees that, if Tenant becomes insolvent or is adjudicated bankrupt, whether by voluntary or involuntary petition, or if any bankruptcy action involving Tenant is commenced or filed, or if a petition for reorganization, arrangement or similar relief is filed against Tenant, or if a receiver of any part of Tenant's property or assets is appointed by any court, Guarantor will pay to Landlord the amount of all accrued, unpaid and accruing Minimum Rent and other charges due under the Lease to the date when the trustee or administrator accepts the Lease and commences paying same; provided, however, at such time as the trustee or administrator rejects the Lease, Guarantor shall pay to Landlord all accrued, unpaid and accruing Minimum Annual Rent and other charges under the Lease for the remainder of the Term. At the option of the Landlord, Guarantor shall either: (a) pay Landlord an amount equal to the damages that Landlord could elect upon lease termination as set forth in Section 21.3 of the Lease; or (b) execute and deliver to Landlord a new lease for the balance of the Term with the same terms and conditions as the Lease and with Guarantor as tenant thereunder. Any operation of any present or future debtor's relief act or similar act or law or decision of any court shall in no way affect the obligations of Guarantor or Tenant to perform any of the terms, covenants or conditions of the Lease or of this Guarantee.

Guarantor further agrees that it may be joined in any action against Tenant in connection with the obligations of Tenant under the Lease and recovery may be had against Guarantor in any such action. Landlord may enforce the obligations of Guarantor hereunder without first taking any action whatsoever against Tenant or its successors and assigns, or pursue any other remedy or apply any security it may hold, and Guarantor hereby waives all right to assert or plead any defenses that would otherwise be available to Tenant by virtue of any stay, moratorium law or other similar law, as well as any and all surety or other defenses in the nature thereof.

Until all of the covenants and conditions in the Lease on Tenant's part to be performed and observed are fully performed and observed, Guarantor subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under the Lease.

This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, and to any assignment, subletting or other tenancy thereunder or to any holdover term following the Term granted under the Lease or any extension or renewal thereof. Notwithstanding the foregoing, if at any time Tenant (or any assignee or successor of Tenant) is not owned or controlled by, or otherwise affiliated with, Guarantor, no amendment to the Lease that increases the obligations of Tenant under the Lease shall be effective against or binding on Guarantor unless approved in writing by Guarantor.

In the event this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction or in the event of any limitation of Guarantor's liability hereunder other than as expressly provided herein, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a joint and several tenant therein with respect to the obligations of Tenant thereunder hereby guaranteed.

In the event of any litigation between Guarantor and Landlord with respect to the subject matter hereof, the unsuccessful party to such litigation agrees to pay to the successful party all actual and reasonable third-party fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

Subject to applicable statutes of limitation, no delay on the part of Landlord in exercising any right hereunder or under the Lease shall operate as a waiver of such right or of any other right of Landlord under the Lease or hereunder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to a waiver of the same or any other right on any future occasion.

If there is more than one undersigned Guarantor, the term Guarantor, as used herein, shall include all of the undersigned; each and every provision of this Guaranty shall be binding on each and every one of the undersigned jointly and severally liable hereunder; and Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

This instrument constitutes the entire agreement between Landlord and Guarantor with respect to the subject matter hereof, superseding all prior oral or written agreements or understandings with respect thereto and may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

Notice hereunder shall be in writing and shall be effective upon personal service or after deposit thereof in the United States Mail, registered or certified delivery, return receipt requested, or via nationally recognized overnight courier, to the other party addressed, if to Landlord or Tenant, as provided in the Lease, and if to Guarantor, to the address(es) set forth below, except that under no circumstances shall Landlord be obligated to give Guarantor any notice not specifically required to be given by Landlord pursuant to this Guarantee. Either party may by notice given as aforesaid designate a different address for notice purposes.

This Guaranty may be assigned in whole or part by Landlord upon written notice to Guarantor. Landlord shall not assign or transfer its rights hereunder other than to a successor landlord under the Lease, to a lender of Landlord, and to any successor of a lender of Landlord (including, without limitation, any purchaser at foreclosure of a mortgage held by any such lender or any grantee of any deed in lieu of foreclosure of such a mortgage).

WAIVER OF JURY TRIAL. LANDLORD AND GUARANTOR HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD AGAINST TENANT OR TENANT (OR GUARANTOR) AGAINST LANDLORD ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THE LEASE, THIS GUARANTY, THE RELATIONSHIP OF LANDLORD AND TENANT (AND GUARANTOR), TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT.

EACH GUARANTOR ACKNOWLEDGES THAT THEY HAVE CAREFULLY READ AND REVIEWED THE LEASE, THE GUARANTOR AND EACH TERM AND PROVISION CONTAINED THEREIN AND, BY EXECUTION OF THIS GUARANTY, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THE LEASE AND THIS GUARANTY ARE EXECUTED, THE TERMS THEREOF AND EFFECTUATE THE INTENT AND PURPOSE OF THE PARTIES WITH RESPECT TO THE PREMISES. GUARANTOR ACKNOWLEDGES THAT IT HAS BEEN GIVEN THE OPPORTUNITY TO HAVE THIS GUARANTY REVIEWED BY ITS LEGAL COUNSEL PRIOR TO ITS EXECUTION.

IN WITNESS WHEREOF, the undersigned has executed this guaranty as a sealed instrument this 30 day of November, 2011

WITNESS:

/s/ Lauren Mitarotondo
Name: Lauren Mitarotondo

IN VIVO THERAPEUTICS HOLDINGS CORPORATION

By: /s/ Frank Reynolds
Name: Frank Reynolds
Title: CEO

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the use in this Registration Statement on Form S-1 of InVivo Therapeutics Holdings Corporation of our report dated March 24, 2011, except for Notes 9, 11, 12 and 18 as to which the date is June 29, 2011, relating to our audits of the financial statements of InVivo Therapeutics Holdings Corporation, appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to our firm under the caption “Experts” in such Prospectus.

/s/ Wolf & Company, P.C.

Wolf & Company, P.C.
Boston, Massachusetts
December 16, 2011