Table of Contents

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from _____ to _____

Commission File Number 001-38360

Solid Biosciences Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	**90-0943402**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
141 Portland Street, Fifth Floor Cambridge, MA	**02139**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 337-4680

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.001 par value per share	**The Nasdaq Stock Market LLC**
(Title of each class)	**(Name of each exchange on which registered)**

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

As of June 30, 2017, the last business day of the Registrant's most recently completed second fiscal quarter, the Registrant's common stock was not publicly traded. The Registrant's common stock began trading on the Nasdaq Global Select Market on January 26, 2018. As of March 15, 2018, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $157.4 million, based upon the closing price on the Nasdaq Global Select Market reported for such date. Shares of common stock held by each of our officers and directors, together with their affiliated investment funds, and by each person who is known to own 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates of the Registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of Registrant's common stock outstanding as of March 15, 2018 was 35,476,892.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe,” “estimate,” “project,” “anticipate,” “expect,” “seek,” “predict,” “aim,” “continue,” “possible,” “intend,” “may,” “might,” “will,” “could,” “would” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report on Form 10-K. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Annual Report on Form 10-K.

The forward-looking statements in this Annual Report on Form 10-K include, among other things, statements about:

- the timing, progress and results of preclinical studies and clinical trials for SGT-001 and our other product candidates;
- our ability to resolve the full and partial clinical holds on SGT-001 and the requirements for and timing of any such resolutions;
- our ability to obtain and maintain U.S. regulatory approval of SGT-001, and the timing and scope thereof;
- our ability to obtain and maintain foreign regulatory approvals, and the timing and the scope thereof;
- the size of the patient populations and potential market opportunity for SGT-001 and our other product candidates, if approved for commercial use;
- our manufacturing capabilities and strategy, including the scalability and commercial viability of our manufacturing methods and processes;
- our plans to develop and commercialize SGT-001 and our other product candidates, if approved;
- the pricing and reimbursement of SGT-001 and any other product candidates we may develop, if approved;
- the establishment of sales, marketing and distribution capabilities and entry into agreements with third parties to market and sell SGT-001 or our other product candidates, if approved;
- the rate and degree of market acceptance and clinical utility of SGT-001 and any other product candidates we may develop and for which we may receive approval;
- our expectations related to our use of capital resources;
- our estimates regarding expenses, ongoing losses, future revenue, capital requirements and need for and ability to obtain additional financing;
- our intellectual property position;
- our competitive and market position;
- developments relating to our competitors and our industry; and
- the impact of laws and regulations on our operations.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking

statements are not guarantees of future performance and that our actual results of operations, financial condition, business and prospects may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition, business and prospects are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results may not be indicative of results in subsequent periods.

You should read this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

As used in this Annual Report on Form 10-K, the terms “Solid,” “the Company,” “we,” “us” and “our” refer to Solid Biosciences Inc. unless the context indicates otherwise.

PART I

Item 1. Business.

Overview

Our mission is to cure Duchenne muscular dystrophy, or DMD, a genetic muscle-wasting disease predominantly affecting boys, with symptoms that usually manifest between three and five years of age. DMD is a progressive, irreversible and ultimately fatal disease that affects approximately one in every 3,500 to 5,000 live male births and has an estimated prevalence of 10,000 to 15,000 cases in the United States alone. DMD is caused by mutations in the dystrophin gene, which result in the absence or near-absence of dystrophin protein. Dystrophin protein works to strengthen muscle fibers and protect them from daily wear and tear. Without functioning dystrophin and certain associated proteins, muscles suffer excessive damage from normal daily activities and are unable to regenerate, leading to the build-up of fibrotic, or scar, and fat tissue. There is no cure for DMD and, for the vast majority of patients, there are no satisfactory symptomatic or disease-modifying treatments. Our lead product candidate, SGT-001, is a gene transfer under development to restore functional dystrophin protein expression in patients' muscles. Based on our preclinical program that included multiple animal species of different phenotypes and genetic variations, we believe the mechanism of action of SGT-001, if our clinical trials prove to be successful, has the potential to slow or even halt the progression of DMD, regardless of the type of genetic mutation or stage of the disease.

SGT-001 has been granted Rare Pediatric Disease Designation, or RPDD, in the United States and Orphan Drug Designations in both the United States and European Union. In November 2017, we initiated a Phase I/II clinical trial for SGT-001, called IGNITE DMD, and in February 2018 we dosed the first patient, a non-ambulatory adolescent. On March 14, 2018, we announced that IGNITE DMD was placed on full clinical hold following a serious adverse event reported in the clinical trial.

For patients suffering from DMD, symptoms usually begin to manifest between three and five years of age, when they fail to reach developmental milestones or experience motor function challenges, such as difficulty walking or climbing stairs. As the disease progresses, patients with DMD experience frequent falls; can no longer run, play sports or perform most daily functions; and are further weakened by physical activity. By their early teens, DMD patients typically lose their ability to walk and ultimately become dependent on a wheelchair for mobility. By their 20s, patients essentially become paralyzed from the neck down and require a ventilator to breathe. Though disease severity and life expectancy vary, a DMD patient's quality of life dramatically decreases over time, with death typically occurring by early adulthood from either cardiac or respiratory complications.

Our founders, who are personally touched by the disease, created a biotechnology company purpose-built to accelerate the discovery and development of meaningful therapies for all patients affected by DMD. Through this disease-focused business model, our research team, led by experts in DMD biology and drug development, along with key opinion leaders in DMD, continuously evaluate emerging science to identify high-potential product candidates. Our selection process includes extensive diligence and initial pharmacology research with highly specific, predefined criteria, which provide us with confidence in our development program decisions. Through this data-driven selection process, we have evaluated a number of programs and identified gene therapy as a potentially beneficial approach for DMD, and thus initiated development of our lead product candidate SGT-001. We will continue to apply this rigorous approach and reject the majority of the candidates we evaluate in our effort to develop only programs that we believe have the greatest likelihood of becoming therapies for DMD patients.

Our product candidates

SGT-001 is our lead gene transfer candidate. Gene transfer, a type of gene therapy, is designed to address diseases caused by mutated genes through the delivery of functional versions of those genes, called transgenes. The transgenes are then utilized by the body to produce proteins that are absent or not functional prior to

treatment, potentially offering long-lasting beneficial clinical effects. SGT-001 is designed to address the underlying genetic cause of DMD by delivering a synthetic transgene that produces dystrophin-like protein that is only expressed in muscles of the body, including cardiac and respiratory muscles. Our SGT-001 vector is derived from a naturally occurring, non-pathogenic virus called adeno-associated virus, or AAV, which was selected for its ability to efficiently enter skeletal, diaphragm and cardiac muscle tissues. The vector is designed to carry a synthetic dystrophin transgene construct, called microdystrophin, that retains the most critical components of the full-size dystrophin gene yet is small enough to fit within AAV packaging constraints. SGT-001 is designed to drive microdystrophin protein expression in affected muscles throughout the body. We have studied the efficacy, safety and durability of SGT-001 in multiple preclinical models and its functional benefits in DMD animal studies. In contrast to other therapeutic approaches that are designed to target specific mutations in the dystrophin gene, we believe SGT-001 is a mutation agnostic approach.

In the fourth quarter of 2017, we initiated a randomized, controlled, open-label, single-ascending dose Phase I/II clinical trial, called IGNITE DMD, to evaluate SGT-001 in ambulatory and non-ambulatory males with DMD aged four to 17 years. The primary objectives of IGNITE DMD are to assess the safety and tolerability of SGT-001, as well as efficacy as defined by microdystrophin protein expression. The clinical trial is also designed to assess muscle function and mass, respiratory and cardiovascular function, serum and muscle biomarkers associated with microdystrophin production, patient reported outcomes and quality of life measures, among other endpoints. IGNITE DMD is anticipated to enroll 16 to 32 patients with DMD, who will be randomly assigned to either an active treatment group or a delayed treatment group. It is planned so that adolescents aged 12 to 17 years will receive treatment and, at a later stage of the clinical trial, children aged four to 11 years will be dosed. Efficacy will be assessed by comparing microdystrophin protein expression in muscle biopsy before treatment and 12 months after treatment for each patient. Participants in the control group who continue to meet clinical trial criteria would receive active treatment after 12 months.

In March 2018, the U.S. Food and Drug Administration, or the FDA, placed IGNITE DMD on full clinical hold following our report of a serious adverse event in the clinical trial. On February 14, 2018, the first patient in IGNITE DMD, a non-ambulatory adolescent, received a dose of 5E13 vg/kg of SGT-001, the low dose in the clinical trial. Several days after administration the patient was hospitalized due to laboratory findings that included a decrease in platelet count followed by a reduction in red blood cell count and evidence of complement activation. The patient showed no signs or symptoms of coagulopathy (bleeding disorder), had no relevant changes from baseline in liver function tests and responded well to medical treatment.

We reported the serious adverse event to the FDA and, because it was unexpected, classified it as a Suspected Unexpected Serious Adverse Reaction, or SUSAR. We have halted enrollment and dosing in IGNITE DMD and are awaiting the formal clinical hold letter from the FDA.

Assuming successful resolution of the full clinical hold and based on data from the clinical trial, we will determine next steps for SGT-001 clinical development, including additional clinical trials that may include other patient populations, as well as the need for larger confirmatory clinical trials.

In addition, pursuant to a letter we received from the FDA in November 2017, we are not permitted to dose patients in the higher-dose group of IGNITE DMD due to a partial clinical hold. The hold relates to the number of vials and manufacturing lots utilized per patient, as well as manufacturing processes to support the higher-dose group. We have submitted our response to the FDA and are awaiting their feedback.

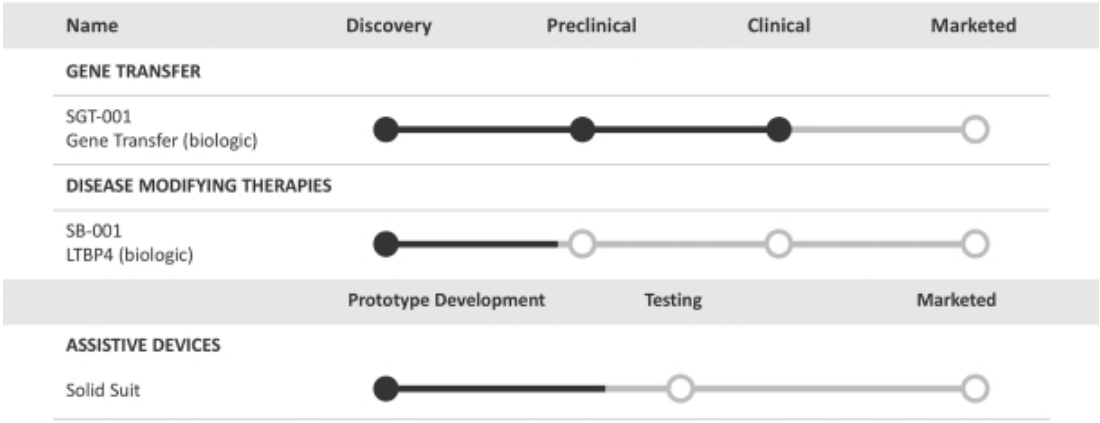
If successfully developed and approved, we intend to commercialize SGT-001 in the United States and European Union, and we may enter into licensing agreements or strategic collaborations to commercialize the product candidate in other markets.

Taking into account the prevalence and incidence of DMD and the anticipated dosing requirements for gene transfer, we anticipate that there will be a need for a substantial supply of SGT-001 for clinical trials and, if approved, for commercial markets. Through significant targeted investments to address this challenge, we generated sufficient drug product supply to initiate our IGNITE DMD. We continue to develop our manufacturing process to meet future clinical and commercial production needs for SGT-001.

While we believe gene transfer may be able to slow or halt DMD disease progression, many patients would still suffer from the manifestations of the disease, such as tissue damage to their muscles, inflammation, cardiac dysfunction and fibrosis. As part of our disease-focused business model, we are also building a portfolio of complementary disease modifying therapies to address these manifestations. Our portfolio currently includes an initial disease modifying candidate, SB-001, a monoclonal antibody designed to reduce fibrosis and inflammation, as well as a number of emerging and complementary programs. We intend to commence preclinical activities for the SB-001 program in 2018.

In addition to developing our pipeline of product candidates, we believe it is critical to invest time and resources in tools and technologies designed to help us more effectively understand DMD, accurately monitor disease progression and assist patients in daily life. As part of this goal, we are developing biomarkers and sensors that may allow us to identify treatment targets faster, measure the therapeutic impact of potential product candidates better and reach decision points earlier. In addition, through our Solid Suit program, we are developing a line of soft, wearable assistive devices with the goal of providing functional and therapeutic benefits to DMD patients.

Our pipeline



We seek to protect our proprietary and intellectual property position through a combination of patents, trade secret laws, proprietary know-how, continuing technological innovation, and entering into non-disclosure, confidentiality and invention assignment agreements. We have exclusively licensed three issued U.S. patents, one pending U.S. non-provisional patent application, and seven issued patents and eleven pending patent applications in foreign jurisdictions. We have filed three pending U.S. provisional patent applications. We intend to continue building out our intellectual property protection to further strengthen our position in the DMD field.

Who we are

Solid Biosciences was founded in 2013 by our Chief Executive Officer, Ilan Ganot, our Chairman of the Board, Andrey Zarur, and our President, Gilad Hayeem, with the goal of developing meaningful therapies for patients with DMD. Solid is the English translation of Eytani, the Hebrew name of Ilan and Annie Ganot's son,

who was diagnosed with the disease in 2012. Our founders, unsatisfied with the existing therapeutic landscape, proceeded to raise funds to execute on our disease-focused business model. We assembled a passionate management team and scientific advisory board composed of individuals with extensive experience in DMD, gene therapy, product discovery, research and development, manufacturing, business strategy and finance.

In 2015, we began exclusively licensing the elements of the construct for SGT-001 and other elements of our gene transfer program from the University of Michigan, the University of Missouri and the University of Washington. Since then, we have continued to use our extensive network across the academic, business and patient communities to identify, vet and pursue high-potential complementary product candidates to address the needs of DMD patients.

Since our inception, we have raised private capital from a group of top-tier corporate and private investors. In addition, three leading U.K.-based DMD charities provided initial seed funding for our gene transfer program in return for equity in our company, and we have accepted additional contributions from several DMD charities to fund our early-stage research programs. In January 2018, we completed our initial public offering resulting in net proceeds of $129.3 million, after deducting underwriting discounts and commissions and offering expenses.

We operated as a Delaware limited liability company under the name Solid Biosciences, LLC until immediately prior to the effectiveness of our registration statement on Form S-1 on January 25, 2018, at which time we converted into a Delaware corporation pursuant to a statutory conversion and changed our name to Solid Biosciences Inc.

Mission

Our mission, which guides every aspect of our operations, is to cure DMD. Underscoring this mission, our disease-focused business model is founded on the following fundamental values:

- identify and develop meaningful therapies for all patients with DMD;
- bring together the leading experts in DMD, science, technology, disease management and care; and
- be guided by the needs of DMD patients.

About Duchenne muscular dystrophy

DMD is an X-chromosome-linked, muscle-wasting disease, predominantly affecting boys. Progressive, irreversible and ultimately fatal, DMD occurs in approximately one in every 3,500 to 5,000 live male births and has an estimated prevalence of 10,000 to 15,000 cases in the United States alone. In DMD, mutations in the dystrophin gene result in the body’s inability to produce functioning dystrophin protein, which works to strengthen muscle fibers and protect them from daily wear and tear. Dystrophin protein also serves as the cornerstone of the dystrophin glycoprotein complex, or DGC, a group of proteins that links the inner and outer components of muscle cells to ensure proper muscle function.

Without dystrophin and the DGC, muscles suffer excessive damage from normal daily activities and are unable to regenerate, leading to the build-up of scar and fat tissue. More than 1,000 dystrophin gene mutations, which can be inherited or can occur spontaneously, have been identified in people with DMD.

For patients suffering from DMD, symptoms usually begin to manifest between three and five years of age, when they fail to reach developmental milestones or experience motor function challenges, such as difficulty walking or climbing stairs. Muscle wasting initially presents in the legs and pelvic area, then in the muscles of the shoulders, neck and arms. As the disease progresses, patients with DMD experience frequent falls, can no longer run, play sports or perform most daily functions, and are further weakened by physical activity. In addition to physical challenges, DMD also commonly involves cognitive difficulties and behavioral challenges.

By their early teens, DMD patients typically lose their ability to walk and become dependent on a wheelchair for mobility. By their 20s, patients essentially become paralyzed from the neck down and require a ventilator to breathe. Though disease severity and life expectancy vary, a patient's quality of life dramatically decreases over time, with death typically occurring by early adulthood from either cardiac or respiratory complications.

Need for effective therapies

There is no cure for DMD and, for the vast majority of patients, there are no satisfactory symptomatic or disease-modifying treatments.

Glucocorticoid treatment, the current standard-of-care, has been shown to temporarily improve muscle strength, prolong the period of ambulation and slow the progression of DMD. However, glucocorticoid use is associated with well-known adverse events, such as severe weight gain, stunted growth, weakening of bone structure and metabolic dysfunctions, among others. The most commonly used glucocorticoids include prednisone and deflazacort (EMFLAZA). Deflazacort has been commercially available in several countries outside of the United States and was approved in the United States for the treatment of DMD in 2017.

In recent years, certain regulators have conditionally approved two new therapies, eteplirsen (EXONDYS 51) and ataluren (Translarna), which target specific mutations in the dystrophin gene. These therapies are indicated for only a small portion of the DMD patient population, and their respective efficacy profiles still need to be fully understood.

Eteplirsen is an antisense oligonucleotide indicated for DMD patients who have a confirmed mutation of the dystrophin gene amenable to exon 51 skipping, which affects approximately 13% of DMD patients. Eteplirsen is administered as a weekly intravenous infusion. In 2016, eteplirsen was granted accelerated approval from the FDA based on an increase in dystrophin in skeletal muscle observed in some patients who received the therapy. However, the FDA concluded that a clinical benefit, including improved motor function, has not been established. Eteplirsen is still under review by regulatory authorities outside of the United States.

Ataluren is a small molecule indicated for the treatment of patients who have DMD resulting from nonsense mutations in the dystrophin gene, which also affect approximately 13% of DMD patients. In 2014, ataluren received conditional marketing authorization from the European Commission, and has since been approved in several other countries outside of the United States. Ataluren's indication is currently limited to ambulatory patients five years of age and older. In February 2018, the FDA reiterated its denial of PTC Therapeutics, Inc.'s appeal of the complete response letter for the new drug application for ataluren.

Current best practices for treating DMD patients also dictate a multidisciplinary approach to disease management, which includes physical and occupational therapy to preserve strength, function and flexibility, orthopedic management to reduce the risk of scoliosis and other bone and joint problems, pulmonary, cardiac and gastrointestinal management, and psychosocial management to support behavior and learning.

Burden of disease

Despite recent therapeutic advances, DMD represents a significant societal and economic burden. The economic burden, estimated at $1.2 billion annually in the United States (excluding costly mortality and end-of-life care expenses), includes costs associated with hospital admissions, medication, frequent doctor visits and investment in assistive devices, as well as indirect costs related to productivity losses for the caregivers and costs due to pain, anxiety and social handicap. Of this amount, approximately 45% is represented by indirect costs. Only a small proportion of DMD patients are employed and many caregivers reduce their hours or stop working altogether to care for their children, who progressively require more help with everyday tasks, such as eating, dressing and using the bathroom. In some cases, patients also experience serious mental health issues that require additional support and treatment.

Solid's 360-degree solution

We aim to address the full spectrum of DMD disease manifestation, from its underlying genetic cause to other disorders that result from disease progression. We are advancing corrective therapies, disease-modifying therapies and assistive devices, as well as tools to accelerate drug development.

Gene transfer—A corrective therapy

Gene therapy is a therapeutic approach that aims to address diseases caused by gene mutations. A gene is a portion of deoxyribonucleic acid, or DNA, that provides the instructions for the body to construct proteins that perform functions needed for life. Genes are prone to mutations, which can either be inherited or occur spontaneously. While many mutations are harmless, some lead to the absence of crucial proteins, resulting in serious genetic diseases like DMD.

Gene transfer, a type of gene therapy, is designed to address diseases caused by mutated genes through the delivery of functional versions of those genes, called transgenes. The transgenes are then utilized by the body to produce proteins that are absent or not functional prior to treatment, potentially offering long-lasting beneficial effects.

We have focused our initial efforts on gene transfer because we believe it has the greatest potential to address the root cause of DMD: the absence or near-absence of dystrophin protein. If successful, we believe gene transfer can slow or stop the progression of DMD in a majority of patients, irrespective of their genetic mutation, by producing long-term, muscle-specific expression of a functional dystrophin-like protein.

Our gene transfer candidate, or vector, includes three components:

- a viral capsid—a protein shell utilized as a vehicle to deliver a transgene to cells in the body;
- a transgene—a functional gene intended to produce a functional protein; and
- a promoter—a specialized DNA sequence that directs cells to produce the protein in specific tissues.

SGT-001

SGT-001, our lead gene transfer candidate, is designed to preserve muscle function in DMD patients after a single administration. The SGT-001 vector is comprised of a functional transgene and a muscle-specific promoter which are delivered via an AAV capsid.

The vector is modified to no longer self-replicate, yet retains its ability to effectively introduce new genetic material directly into patients' cells. AAV vectors have been extensively studied in human clinical trials in multiple disease indications, including in clinical trials of high-dose, systemically delivered AAV gene therapies being conducted by third parties.

Capsid: The capsid of the SGT-001 vector is derived from a naturally occurring, non-pathogenic virus called AAV. There are several subtypes of AAV capsids that differ based on the proteins that make up their structure. These capsids have affinities for different sites in the body. We selected the AAV9 serotype capsid for clinical development based on our preclinical data, which demonstrated the capsid's ability to enter skeletal, diaphragm and cardiac muscle tissues.

Transgene: Dystrophin, the largest gene in the body, exceeds the carrying capacity of AAV vectors. To overcome this challenge, we advanced development of the SGT-001 transgene, a synthetic, dystrophin-like gene that fits into AAV and has the ability to drive functional protein expression in skeletal, diaphragm and cardiac muscle tissue.

The concept of a modified therapeutic dystrophin gene originated from research on Becker muscular dystrophy, or BMD, where researchers discovered that certain BMD patients had mutations in the dystrophin gene that drove expression of a functional form of dystrophin protein, allowing patients to live relatively normal lives. This discovery led scientists to engineer a number of synthetic, dystrophin transgene constructs, called microdystrophins, that retained only the most critical components of the full-size dystrophin gene yet were small enough to fit within AAV packaging constraints. There are several types of microdystrophins that differ based on the configuration of their components. Microdystrophins were subsequently demonstrated to functionally protect muscle in mouse models of DMD.

The SGT-001 microdystrophin construct, which is our lead clinical candidate for DMD, is based on three decades of development and optimization work at the University of Missouri and the University of Washington as well as other academic institutions. In preclinical studies, Jeffrey Chamberlain, Ph.D., from the University of Washington, and Dongsheng Duan, Ph.D., from the University of Missouri, identified a proprietary configuration of genetic components that, when administered systemically, produces functional microdystrophin protein expression that not only stabilizes muscle membranes and protects muscle against injury, but also simultaneously restores the localization of DGC to the muscle membrane, notably increasing neuronal nitric oxide synthase, or nNOS, concentration. In subsequent published studies, Dr. Duan demonstrated in animal models that, in comparison to earlier configurations, nNOS-restoring microdystrophins were more effective in improving muscle function and blood circulation.

Promoter: The expression of the SGT-001 microdystrophin transgene is regulated by a modified, synthetic muscle-specific promoter cassette called CK8, which is derived from the naturally occurring muscle creatine kinase promoter. Regulatory cassettes, such as CK8, are used to prompt gene expression specifically in muscle tissues. In comparison to other regulatory cassettes, we chose CK8 due to its small size and its ability to drive microdystrophin transgene expression in skeletal, diaphragm and cardiac muscle tissues. In our preclinical studies in small and large animal models, CK8 restricted microdystrophin transgene expression to these muscles.

SGT-001 preclinical program

Our comprehensive preclinical program for SGT-001 is comprised of studies that inform efficacy, durability and safety, as well as dose response and the kinetics of transgene expression. Our program includes three different animal species: mice, dogs and non-human primates, or NHPs. Our preclinical studies were performed by third-party collaborators over the last three years.

Well established mouse and dog disease models for DMD offered us the opportunity to better evaluate the potential translatability of SGT-001 to humans. While studies in dystrophic mice, such as the mdx mouse, provide important efficacy rationale, we chose to perform additional functional studies in dystrophic dogs because they exhibit a more severe dystrophic phenotype and progress similarly to human patients at earlier stages of the disease. Dog models enabled us to assess various endpoints, including biodistribution, expression, durability and function in a large animal species.

Because DMD is a disease defined by a lack of dystrophin protein, it is important to reliably detect microdystrophin expression in muscle after SGT-001 treatment. As part of our core preclinical program, we developed well characterized and well recognized analytic approaches to confirm transgene expression and localization, using the following assays:

- Immunofluorescence: A qualitative method to determine if a transgene is expressed and localized to muscle membrane.
- Western blot: A recognized method to quantify dystrophin expression, which is a validated biomarker.
- Mass spectrometry: A highly sensitive analytical method to quantify transgene expression.

We also employed immunofluorescence to confirm if our microdystrophin construct restored the DGC, including key proteins such as sarcoglycan and nNOS.

Efficacy in dystrophic mice

Multiple studies in both dystrophic, or mdx, and healthy, or wild-type, mice have demonstrated that a single intravenous administration of SGT-001 induces measurable levels of microdystrophin protein expression. In all studies, microdystrophin protein expression was measured using immunofluorescence, Western blot and mass spectrometry.

In an mdx dose-response study, a clear dose-dependent pattern of transgene expression was observed at day 28 by all three assays. As an example, at a dose of 1E14 vg/kg, transgene expression as quantified by positive immunoflouresence staining in the quadriceps and heart muscle tissues was 50% and 80%, respectively, of the full-length dystrophin levels quantified in healthy wild-type control muscles. Similar levels of microdystrophin expression were found in all mdx studies completed to date. Efficacy studies performed in dystrophic mice treated with SGT-001 demonstrated significant, dose-responsive improvements in both muscle morphology and multiple physiological parameters. In a blinded efficacy study performed in mdx mice dosed at approximately six weeks of age, SGT-001 treatment showed a statistically significant improvement in grip strength, which assesses arm and leg strength, at multiple doses.

In addition, using a treadmill exhaustion assay, the total distance run by the SGT-001-treated mdx mice was approximately two- to fifteen-fold longer compared to the untreated mice at all time points five-weeks post-dose.

At study termination, muscle force was measured *ex vivo* in the extensor digitorum longus muscle in all animals. SGT-001-treated mdx mice, dosed at either 2E14 or 4.5E14 vg/kg, exhibited a 1.3-fold increase in specific muscle force over untreated controls when compared to the untreated mdx mice.

In a second efficacy study employing a more severe dystrophic mouse model, or DBA/2J-mdx, a version of SGT-001 was administered at a dose of 1E15 vg/kg. Treated mice exhibited functional results that were similar to untreated wild-type animals. In the SGT-001-treated DBA/2J-mdx mice, the specific muscle force was similar to wild-type mice. Further, the treated animals were protected against muscle damage associated with eccentric contractions, a type of contraction related to muscle lengthening under load that is known to be highly damaging to dystrophic muscles. In contrast, untreated DBA/2J-mdx mice showed significantly reduced specific force and no protection against eccentric contraction induced muscle damage.

Efficacy in dystrophic dogs

Two independent studies in dystrophic dogs assessed durability of microdystrophin expression and efficacy, respectively. These studies were performed in two distinct dystrophic dog models (mixed breed dystrophic dogs, or cDMD, and Golden Retriever Muscular Dystrophy, or GRMD), collectively encompassing a number of genetic mutations that lead to the absence of dystrophin protein. This enabled us to assess SGT-001 across multiple mutations, which is more reflective of the composition of the DMD patient population. Both studies used a canine-optimized version of the microdystrophin gene.

In a long-term dose-ranging study, five three-month-old, juvenile cDMD dogs received an intravenous dose of either 5E13 vg/kg (n=1), 1E14 vg/kg (n=2), 3E14 vg/kg (n=1) or 5E14 vg/kg (n=1). In this study, muscle biopsies were collected from the skeletal muscles at one, three, six, 12, 16, 20, 24 and 30 months after injection. Robust transgene expression was detected by immunofluorescence at all time points and at all of the dose levels. In animals dosed with 1E14 vg/kg, approximately 70-90% of the muscle fibers were positive for microdystrophin. In treated muscle samples, transgene expression was associated with stabilization of the DGC, including nNOS. To date, all doses have been well tolerated and there has been no observed immune response to the transgene. This study is currently ongoing.

A blinded dose-ranging study in the GRMD model assessed the general safety and efficacy of the canine construct of SGT-001. The three dose levels (1E13, 1E14 and 2E14 vg/kg) were administered at three months of age and animals were followed for three months following administration. All doses were well tolerated and there was no observed immune response to the transgene.

Dose-dependent transgene expression was detected in interim biopsies of skeletal muscles at day 28 and 45 and at the end of the study at day 91 in skeletal, diaphragm and cardiac muscles. A blinded histological evaluation of the muscle tissue revealed a reduction of dystrophic pathology at the higher dose levels. In the mid- and high-dose groups, all muscles biopsied at the end of the study exhibited improved pathology compared to low dose and untreated controls. Biodistribution studies demonstrated dose dependent transgene expression that was only detectable in the muscle tissues.

The observed dose response was detectable by both immunofluorescence and Western blot. Quantification by Western blot averaged less than 10% of wild-type in the low-dose (1E13 vg/kg) animals. In the mid-dose animals, the level of expression among the skeletal muscles ranged from an average of approximately 20% to approximately 50% of wild-type control muscles. At 2E14 vg/kg, the level of expression ranged from 30% to 70% of wild-type dystrophin. This data also correlates to quantification of microdystrophin via mass spectrometry.

Dose-dependent, sustained expression of microdystrophin not only correlated with histological improvements in muscle, but also provided statistically significant improvements in measures of muscle function. At day 90, muscle force generation was improved in both the 1E14 vg/kg and 2E14 vg/kg cohorts, indicating that the microdystrophin produced by SGT-001 is highly protective in a large animal dystrophic species.

The efficacy data collectively described above in both dystrophic mouse and dog models was incorporated into an overall nonclinical model to inform dose selection for our clinical program.

Manufacturing comparability

As part of our manufacturing process development, we have run comparability studies at each stage of our process scale-up. These comparability studies were carried out using *in vivo* mouse models to ensure that our drug product produced at different scales is comparable to each other.

Safety

As part of our preclinical program, we performed necessary good laboratory practices, or GLP, toxicology studies to establish the overall safety profile of SGT-001 in wild-type mice and NHPs. The data and our conclusions from these studies were included in our Investigational New Drug application, or IND, submission to the FDA. Systemic administration of SGT-001 was generally well tolerated in both species. We observed no evidence of test-article-related toxicity for up to 13 weeks after systemic administration of SGT-001 in either species that would prevent us from initiating clinical trials. In the NHP study, test-article-related effects were self-limited, mild chemistry and hematology changes with no microscopic correlates at the end of the study. There was a transient and asymptomatic increase in liver function enzymes observed in NHPs starting on day 9, which returned to normal levels by day 21. We believe there were no other relevant test-article-related adverse events associated with SGT-001 administration in either GLP study. In the NHP toxicology study, a single animal from the high dose cohort was euthanized after it did not recover from an anesthetic procedure. We believe this event was attributed to procedural errors. However, AAV vector cannot be completely ruled out as a contributing factor to the toxicity that gave rise to the event.

Clinical development of SGT-001

We are developing SGT-001 for the treatment of DMD through a single intravenous administration. In the fourth quarter of 2017, we announced the initiation of IGNITE DMD, a randomized, controlled, open-label, single-ascending dose Phase I/II clinical trial designed to evaluate SGT-001 in ambulatory and non-ambulatory males with DMD aged four to 17 years. The primary objectives of IGNITE DMD are to assess the safety and tolerability of SGT-001, as well as efficacy as defined by microdystrophin protein expression. The clinical

trial is also designed to assess muscle function and mass, respiratory and cardiovascular function, serum and muscle biomarkers associated with microdystrophin production, patient reported outcomes and quality of life measures, among other endpoints. IGNITE DMD is anticipated to enroll 16 to 32 patients with DMD. Key inclusion criteria include: established clinical diagnosis of DMD and documented dystrophin gene mutation predictive of DMD phenotype; anti-AAV9 antibodies below pre-specified thresholds; stable cardiac and pulmonary function; and a stable daily dose of oral corticosteroids for 24 weeks. There is no enrollment restriction in the clinical trial protocol based on a patient's underlying dystrophin gene mutation.

IGNITE DMD participants will be randomly assigned to either an active treatment group or a delayed treatment control group. The selection of our starting dose, 5E13 vg/kg, was based on safety and efficacy data observed in our preclinical studies. Dose escalation between cohorts and decisions regarding clinical trial progression will occur after review by the Data Safety Monitoring Board, or DSMB. It is planned so that adolescents aged 12 to 17 years will be treated initially, followed by children aged four to 11 years. Efficacy will be assessed by comparing microdystrophin protein expression in muscle biopsy before and 12 months after treatment for each patient. Other endpoints will be compared against the control group. We anticipate that the delayed treatment control group will be rolled into an active treatment phase after 12 months, as long as participants continue to meet clinical trial criteria. Long-term follow up will continue per regulatory guidelines.

In March 2018, the FDA placed IGNITE DMD on full clinical hold following our report of a serious adverse event in the clinical trial. On February 14, 2018, the first patient in IGNITE DMD, a non-ambulatory adolescent, received a dose of 5E13 vg/kg of SGT-001, the low dose in the clinical trial. Several days after administration the patient was hospitalized due to laboratory findings that included a decrease in platelet count followed by a reduction in red blood cell count and evidence of complement activation. The patient showed no signs or symptoms of coagulopathy (bleeding disorder), had no relevant changes from baseline in liver function tests and responded well to medical treatment.

We reported the serious adverse event to the FDA and, because it was unexpected, classified it as a Suspected Unexpected Serious Adverse Reaction, or SUSAR. We have halted enrollment and dosing in IGNITE DMD and are awaiting the formal clinical hold letter from the FDA.

Assuming successful resolution of the full clinical hold and data from the clinical trial, we will determine next steps for SGT-001 clinical development, including additional clinical trials that may include other patient populations, as well as the need for larger confirmatory clinical trials.

In addition to the full clinical hold on IGNITE DMD, we also must resolve a partial clinical hold on the higher-dose group in the clinical trial. Pursuant to a letter we received from the FDA in November 2017, we are not permitted to dose patients in the higher-dose group of the clinical trial until we decrease the number of vials and utilize no more than a single production lot per patient, as well as demonstrate that we have the appropriate manufacturing processes in place to support the higher-dose group. We have submitted our response to the FDA and are awaiting their feedback.

Manufacturing SGT-001

The prevalence and incidence of DMD, combined with average patient weight and anticipated dosing requirements for SGT-001, result in a substantial supply need for clinical trials and, if approved, for commercial markets. To address this challenge, we developed a manufacturing process that we believe will be scalable to meet clinical and commercial production needs for SGT-001.

Our suspension-based process is founded on seminal work by scientists at the University of Florida and has been optimized for manufacturability by our internal process development scientists with the support of our

Contract Development Manufacturing Organizations, or CDMO, partners. The process consists of three steps. First, we produce two replication-incompetent Herpes Simplex Virus, or HSV, stocks, one containing our microdystrophin construct and the other containing the critical elements of the AAV9. We then use these two HSV stocks to coinfect suspension-adapted human embryonic kidney cells (HEK-293), which are then purified and concentrated in our downstream process to produce our gene transfer candidate. Our team has developed the analytical testing methods needed to support consistency and strict standards of quality and potency. We believe that this approach will increase our speed of development, ensure consistent quality and regulatory compliance, and reduce the risk of delay or unexpected production costs.

Current status and plans for clinical and commercial scale-up

We believe that our investment in our scalable manufacturing process over the last several years will allow us to minimize the need for changes throughout clinical development and upon commercialization, while ensuring supply at the high volume required at all stages. We intend to supply our clinical development program for SGT-001 with drug product produced at current good manufacturing practices, or cGMP, - compliant facilities located at partner CDMOs. We are currently operating at 250-liter scale. Our in-house scientists are continuing to work to increase the productivity and efficiency of our manufacturing process. In addition, we intend to establish the capability and capacity to supply SGT-001 at commercial scale from multiple sources, including potentially building our own GMP facility to ensure redundancy and reliability.

Complementary disease-modifying therapies

While we believe gene transfer may be able to slow or halt DMD disease progression, many patients would still suffer from the manifestations of the disease, such as tissue damage to their muscles, impaired muscle strength, inflammation, cardiac dysfunction and fibrosis. We are building a portfolio of complementary disease-modifying therapies designed to address these manifestations.

Our portfolio currently includes SB-001, our initial disease modifying candidate that is aimed at addressing fibrosis, as well as several emerging and complementary programs. We have chosen to focus our efforts on these programs following rigorous preclinical testing and our assessment of clinical potential given natural human modifiers. If initial preclinical studies are successful, we envision initiating additional studies for our disease-modifying programs in combination with SGT-001. We continue to assess additional emerging therapeutic approaches from academia and industry through our highly focused product candidate selection process to further build our portfolio.

SB-001 (LTBP4)

SB-001 is a monoclonal antibody intended to reduce fibrosis and inflammation. It is designed to target and stabilize the LTBP4 protein. LTBP4 is highly expressed in muscle and, when stable, prevents fibrosis and inflammation by inhibiting the activation of the TGF-beta pathway.

The rationale for targeting LTBP4 originated from observations in DMD natural history studies. Researchers found that subsets of patients with genetic variants in the LTBP4 gene maintained their ability to walk longer compared to patients in the study who did not. Researchers discovered that these genetic variants lead to reduced TGF-beta signaling. Elizabeth McNally, M.D., Ph.D., Director of the Center for Genetic Medicine at Northwestern University, hypothesized that stabilization of the LTBP4 protein in DMD patients could mimic the effect.

In order to assess the efficacy of potential human antibody clinical candidates in preclinical models, mice expressing the human version of LTBP4 were crossed with mdx mice to generate a DMD model that expressed human LTBP4 (hLTBP4:mdx). Preliminary studies showed that the hLTBP4:mdx animals treated with an anti-LTBP4 antibody showed significantly lower levels of fibrosis and inflammation due to the stabilization of the LTBP4 protein.

In partnership with Dr. McNally and Adimab LLC, SB-001 development efforts are underway to optimize lead candidate human immunoglobulin G, or IgG, antibodies directed against LTBP4. Additional selection and characterization are being employed to obtain high affinity antibodies. We plan to conduct preclinical *in vivo* efficacy, biodistribution and safety studies utilizing these human antibodies in hLTBP4:mdx mice beginning in 2018, following final *in vitro* antibody characterization and scale-up of manufacturing efforts.

Tools to accelerate discovery and development

We believe it is critical to invest time and research into tools designed to help us more effectively measure disease progression and the therapeutic impact of our product candidates. We are focused on developing biomarkers and sensors that will allow us to identify treatment targets faster, better measure the therapeutic impact of potential product candidates and reach therapeutic decision points earlier.

Blood-based and imaging biomarkers

We are working to identify non-invasive blood-based and imaging biomarkers that could potentially reduce or eliminate the need for muscle biopsies in clinical trials, reducing stress on patients and allowing better evaluation of potential product candidates. We are developing a platform technology that may enable the non-invasive measurement of changes associated with increased dystrophin and dystrophin-like protein expression in DMD patients by using established imaging techniques. We are also currently using leading, robust platforms to perform extensive analysis on blood-based samples to establish molecular signatures based on various stages of DMD disease progression.

Sensor-less mobility tracking

We are working to develop naturalistic motor function measurement at home with an ambient measurement system, which is based on sensors such as Microsoft Kinect. This system uses infrared technology to detect body movement and is designed to collect mobility data for DMD patients without requiring wearable sensors. If successful, this new non-invasive technology would enable us to understand in greater detail the therapeutic impact of potential product candidates as they relate to everyday activities, and could provide information to establish and measure clinical endpoints in future clinical trials.

Assistive devices

Solid Suit

We are currently developing a line of soft, wearable assistive devices that may have both functional and therapeutic benefits, with the goal of helping patients perform day-to-day activities with greater ease and preserving their muscle function. We refer to these devices as the Solid Suit. This work is being done in collaboration with technology innovators and engineering and disease experts, and is informed by input from the patient community. The Solid Suit utilizes cutting-edge technologies to power soft, light-weight comfortable exoskeletons with the potential to offset muscle fatigue and augment muscle strength. We are developing the Solid Suit in three separate components, two of which are currently in prototype development.

Intellectual property

Our commercial success depends in part on our ability to obtain and maintain proprietary or intellectual property protection for our product candidates, including SGT-001, and other know-how, to operate without infringing, misappropriating or otherwise violating the intellectual property rights of others, and to prevent others from infringing, misappropriating or otherwise violating our intellectual property rights. We also rely on patents, trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary and intellectual property position.

As of March 15, 2018, we have filed three pending U.S. provisional patent applications and have exclusively licensed three issued U.S. patents, one pending U.S. non-provisional patent application, and seven granted patents and eleven pending patent applications in foreign jurisdictions. The issued U.S. patents are projected to expire between 2021 and 2028, excluding any patent term adjustments and any patent term extensions, and any U.S. patents that may issue from the pending U.S. non-provisional patent application and U.S. provisional patent applications (assuming U.S. non-provisional patent applications are timely filed with respect to such provisional patent applications and all other applicable requirements are satisfied) would be projected to expire between 2036 and 2039, excluding any patent term adjustments and any patent term extensions.

With respect to our gene transfer programs, we exclusively licensed patent families that relate to microdystrophin genes. With respect to SGT-001, we exclusively licensed one issued U.S. patent and one pending U.S. non-provisional patent application, which generally claim the structural elements of SGT-001 and the promoter sequence used in SGT-001. This issued U.S. patent is projected to expire in 2028, excluding any patent term adjustments and any patent term extensions. We also own one pending U.S. provisional patent application relating to SGT-001. Any U.S. patents that may issue from the pending U.S. non-provisional patent application and our pending U.S. provisional patent application (assuming a U.S. non-provisional patent application is timely filed with respect to such provisional patent application and all other applicable requirements are satisfied) would be projected to expire between 2036 and 2039, excluding any patent term adjustments and any patent term extensions. Substantive prosecution of our provisional patent application has not yet commenced at the U.S. Patent and Trademark Office, or USPTO. Our provisional patent application is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of our provisional patent application. If we do not timely file the non-provisional patent application, we may lose our priority date with respect to our provisional patent application and any patent protection on the inventions disclosed in our provisional patent application. While we intend to file a non-provisional patent application, we cannot predict whether such future patent application will result in the issuance of a patent that effectively protects SGT-001, or if such issued patent or any of our licensor's issued patents will effectively prevent others from commercializing competitive products. In any event, patent prosecution is a lengthy process, during which the scope of the claims initially submitted for examination by the USPTO offices are often significantly narrowed by the time they issue, if they issue at all.

With respect to SB-001, we do not currently own or in-license any issued patents or patent applications relating to such product candidate. We have an exclusive option to negotiate for licenses of certain patents and patent applications relating to SB-001 from Ikaika Therapeutics, LLC. If we exercise such option, Ikaika Therapeutics, LLC is only required to negotiate the terms of a potential license agreement with us for certain specified periods of time and we may be unable to enter into such a definitive license agreement within the required timeframe or under terms that are acceptable to us. If we are unable to enter into such a definitive license agreement, we will not have any license to such patents and patent applications.

The term of individual patents depends upon the legal term for patents in the countries in which they are obtained. In most countries, including the United States, the patent term is 20 years from the earliest filing date of a non-provisional patent application. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier filed patent. The term of a patent that covers a drug or biological product may also be eligible for patent term extension when FDA approval is granted, subject to certain limitations and provided statutory and regulatory requirements are met (for more information, please see "Business—U.S. patent term restoration and marketing exclusivity"). In the future, if and when our product candidates receive approval from the FDA or foreign regulatory authorities, we expect to apply for patent term extensions on issued patents we may obtain in the future covering those products, depending upon the length of the clinical trials for each product and other factors. There can be no assurance that any of our pending patent applications will issue or that we will benefit from any patent term extension or favorable adjustment to the term of any of our patents.

As with other biotechnology and pharmaceutical companies, our ability to maintain and solidify our proprietary and intellectual property position for our product candidates will depend on our success in obtaining effective patent claims and enforcing those claims if granted. However, our owned and licensed pending patent applications, and any patent applications that we may in the future file or license from third parties may not result in the issuance of patents. We also cannot predict the breadth of claims that may be allowed or enforced in our patents. Any issued patents that we may receive in the future may be challenged, invalidated or circumvented. In addition, because of the extensive time required for clinical development and regulatory review of a product candidate we may develop, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby limiting protection such patent would afford the respective product and any competitive advantage such patent may provide.

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our collaborators and scientific advisors, and non-competition, non-solicitation, confidentiality, and invention assignment agreements with our employees and consultants. We have also executed agreements requiring assignment of inventions with selected scientific advisors and collaborators. The confidentiality agreements we enter into are designed to protect our proprietary information and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty. We cannot guarantee, however, that these agreements will afford us adequate protection of our intellectual property and proprietary information rights.

We also seek trademark protection in the United States and internationally where available and when appropriate. We currently own U.S. federal registrations for the marks SOLID, SOLID GT and SOLID BIOSCIENCES and a European Union registration for the mark SOLID GT.

Strategic partnerships and collaborations/licenses

We have certain obligations under licensing agreements with third parties that include annual maintenance fees and payments that are contingent upon achieving various development, commercial and regulatory milestones. Pursuant to many of these license agreements, we are required to make milestone payments if certain development, regulatory and commercial sales milestones are achieved, and may have certain additional research funding obligations. Also, pursuant to the terms of many of these license agreements, when and if commercial sales of a licensed product commence, we must pay royalties to our licensors on net sales of the respective licensed products.

University of Washington License Agreement

In 2015, we entered into a license agreement with the University of Washington, acting through UW CoMotion, under which we obtained an exclusive, royalty-bearing, sublicensable, worldwide license under certain patent applications owned by the University of Washington relating to novel micro-dystrophins to develop, manufacture, and commercialize products for use in the treatment of DMD and related disease indications caused by a lack of functional dystrophin. We have the right to grant sublicenses to third parties contingent upon written approval by the University of Washington prior to executing such sublicense, which approval may not be unreasonably withheld.

In consideration for the rights granted by the agreement, we paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2015. We are required to reimburse the University of Washington for costs incurred in applying for, prosecuting and maintaining patents and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones. There were no milestones achieved as of December 31, 2016 and 2015. In October 2017, the first milestone was achieved under this agreement. The

milestone payment was recorded as a research and development expense in the fourth quarter of 2017. We must also pay royalties of a low single digit percentage of future sales by us and our sublicensees of products developed under the licensed patent rights. In addition, we must pay an annual maintenance fee until certain milestones are achieved, at which time a minimum annual royalty requirement will replace such maintenance fee and will apply to us and our sublicensees.

We are obligated to use our commercially reasonable efforts, consistent with sound and reasonable business practices and judgment, to commercialize the inventions covered by the licensed patent rights and to make and sell products based on that patent as soon as practicable and maximize sales thereof.

The University of Washington controls the prosecution and maintenance of the licensed patents in consultation with us and at our expense. In countries in which we have not requested prosecution or maintenance of licensed patents, the University of Washington may prosecute and maintain such licensed patents at its own cost. We have the first right to enforce such licensed patents at our expense. However, we may not enter into any settlement in any manner relating to the licensed patents without the University of Washington's prior written consent.

The license agreement remains in effect until the expiration of the last-to-expire patent licensed under the agreement. We may terminate the agreement at any time upon providing sixty days' written notice to the University of Washington. The University of Washington may terminate the agreement upon our uncured, material breach of the agreement or if we enter into an insolvency-related event.

The University of Missouri License Agreement

In 2015, we entered into a license agreement with the Curators of the University of Missouri, or the University of Missouri, a public corporation of Missouri, under which we obtained an exclusive, royalty-bearing, sublicensable, worldwide license under certain patents and patent applications owned by the University of Missouri relating to a novel synthetic microdystrophin gene to make, sell and distribute products for use in the treatment of DMD and related disease indications resulting from a lack of functional dystrophin.

In consideration for the rights granted by the agreement, we paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2015. We are required to reimburse the University of Missouri for costs incurred in applying for, prosecuting and maintaining the licensed patents and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones for each product developed based on the licensed patents. There were no milestones achieved as of December 31, 2016 and 2015. In October 2017, the first milestone was achieved under this agreement. The milestone payment was recorded as a research and development expense in the fourth quarter of 2017. We must pay a royalty of a low single digit percentage of future sales by us or our sublicensees of products developed using the licensed patents. In addition, we must pay an annual maintenance fee until certain milestones are achieved, after which time a minimum annual royalty will replace such maintenance fee.

Under the agreement, we granted the University of Missouri a non-exclusive, royalty-free, irrevocable, paid-up license, with the right to grant sublicenses to non-profit, academic, educational or governmental institutions, to practice and use improvements made by us using the licensed patent rights, solely for non-commercial research purposes.

We are obligated to use our reasonable best efforts to introduce products based on the licensed patent rights into the commercial market as soon as possible, consistent with sound and reasonable business practices and judgment, and thereafter to keep such products reasonably available to the public.

The University of Missouri controls the prosecution and maintenance of the licensed patents in consultation with us and at our expense. In countries in which we have not requested prosecution or maintenance of licensed

patents, the University of Missouri may prosecute and maintain such licensed patents at its own cost. We have the first right to enforce such licensed patents at our expense. However, any settlement, consent judgment or other voluntary disposition of litigation that materially limits the scope, validity or enforceability of the licensed patent or admits fault or wrongdoing on the part of the University of Missouri must be pre-approved in writing by the University of Missouri.

The license agreement remains in effect until the expiration of the last-to-expire patent or the abandonment of the last to be abandoned patent application licensed under the agreement. The University of Missouri may terminate the agreement, or render the license granted thereunder non-exclusive, in individual countries if we and our sublicensees fail to achieve certain milestones. We may terminate the license agreement at any time upon providing six months' written notice to the University of Missouri and paying a termination fee. Each of the University of Missouri and we may also terminate the agreement for an uncured default or breach of the agreement by the other party. Our ability to cure such breach only applies to the first two notices of such breach provided by the University of Missouri, and thereafter, the University of Missouri may terminate the agreement for our default or breach of the agreement upon thirty days' written notice without an opportunity to cure such default or breach.

The University of Michigan License Agreement

In 2016, we entered into a license agreement with the Regents of the University of Michigan, or the University of Michigan, a constitutional corporation of Michigan, under which we obtained an exclusive, royalty-bearing, sublicensable, worldwide license to make, sell and distribute products under certain patents owned by the University of Michigan related to microdystrophin and utrophin spectrin-like nucleic acid sequences for any use that, but for this agreement, would comprise an infringement of a valid claim included in the licensed patent rights.

In consideration for the rights granted by the agreement, we paid a one-time license fee and a separate fee to cover past patent prosecution costs. We recorded the upfront license fee as a research and development expense in 2016. We are required to reimburse the University of Michigan for costs incurred in applying for, prosecuting and maintaining patents, and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones. There were no milestones achieved as of December 31, 2017 and 2016. We must also pay royalties of a low single-digit percentage of future sales by us or our sublicensees of products developed using the licensed rights, with a minimum annual royalty after certain milestones are achieved. In addition, we must pay an annual maintenance fee in any year in which the minimum annual royalty is not reached.

Under the agreement, the University of Michigan reserves for itself and its affiliates the right to use the licensed rights for non-commercial research, public service, internal and educational purposes and the right to grant the same limited non-commercial rights to other non-profit research institutions.

We are obligated to use commercially reasonable efforts to bring one or more products based on the licensed patents to market through a diligence program for utilizing the licensed patents, to continue diligent marketing efforts throughout the term of the agreement, and to make reasonable amounts of such products commercially available, in each case consistent with prudent business practices and judgment.

The University of Michigan controls the prosecution and maintenance of the licensed patents in consultation with us and at our expense. In countries in which we have not requested prosecution or maintenance of licensed patents, the University of Michigan may prosecute and maintain such licensed patents at its own cost. We have the first right to enforce such licensed patents at our expense. However, we may only enter into a settlement with the advice and consent of the University of Michigan.

The license agreement remains in effect until the expiration of the last-to-expire patent licensed under the agreement. The University of Michigan may terminate the agreement upon our uncured material breach of the

agreement, including failure to make required payments under the agreement or to achieve certain milestones, or if we become insolvent or bankrupt. We may terminate the license agreement at any time upon providing sixty days' written notice to the University of Michigan.

Harvard College License Agreements

In 2016 and 2017, we entered into license agreements with the President and Fellows of Harvard College, or Harvard College, under which we obtained non-exclusive, royalty-bearing, sublicensable, worldwide licenses to use certain intellectual property owned by Harvard College to develop, manufacture, and commercialize products for use in the treatment of DMD.

In consideration for the rights granted by each agreement, we paid one-time, non-refundable license fees, which were recorded as a research and development expense in 2016 and 2017. We are required to pay an annual license maintenance fee until certain milestones are achieved, after which time the annual maintenance fee will increase annually. Such annual maintenance fees will further increase if we grant certain rights to a sublicensee or strategic partner with whom we collaborate on the development and commercialization of licensed products. The annual maintenance fees are creditable against royalty payments. We also must pay milestone payments within thirty days after achieving certain milestones. There were no milestones achieved as of December 31, 2017 and 2016 under either agreement. We must pay a royalty on future sales by us or our sublicensees of products developed using the licensed technology.

The license agreements each remain in effect for an initial term of fifteen years, with automatic three-year renewal periods thereafter unless one of the parties provides notice of non-renewal. We may terminate the license agreements at any time upon providing sixty days' written notice to Harvard College. Harvard College may terminate the agreements in the event we become bankrupt or insolvent. Both Harvard College and we may also terminate the agreements for an uncured material breach of the agreements by the other party.

Other License Agreements

In 2016, we entered into a license agreement with Life Technologies Corporation, or Life Technologies. In consideration for obtaining a non-exclusive, royalty-free, worldwide license to use certain technologies and associated know-how to develop our product candidates, we paid a one-time, non-refundable license fee. This fee was recorded as a research and development expense in 2016. The license agreement will remain effective in perpetuity unless earlier terminated. Life Technologies has the right to terminate the agreement upon our material, uncured breach of the agreement or in the event that it determines that continued performance of the agreement may violate any laws. We are obligated to diligently pursue regulatory approval necessary for the development, manufacture and sale of the licensed products. We have the right to terminate the agreement at any time upon providing thirty days' written notice to Life Technologies.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly changing technologies, significant competition and a strong emphasis on intellectual property. This is also true in treatments of DMD, as well as in gene therapy. While we believe that our focus, strength of team, expertise in gene therapy, scientific knowledge and intellectual property provide us with competitive advantages, we face competition from several different sources, including large and small biopharmaceutical companies, academic research institutions, government agencies and public and private research institutions. Not only must we compete with other companies that are focused on gene transfer technology, but any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, clinical trials, regulatory approvals and product marketing than

we do. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

We are aware of several companies and research institutions focused on developing systemic gene transfers for DMD, including Pfizer Inc. and Sarepta Therapeutics, Inc. Any advances in gene transfer technology made by a competitor may be used to develop therapies that could compete with our lead product candidate.

For our gene transfer product candidate, we are aware of the following competitors:

- Pfizer Inc. is developing PF-06939926, an AAV-mediated microdystrophin gene transfer and we understand the clinical trial is currently recruiting patients.
- Sarepta Therapeutics, Inc. has entered into a research and option agreement with Nationwide Children's Hospital for AAVrh74.MHCK7.micro-Dystrophin, its AAV-mediated microdystrophin gene transfer program. In January 2018, Sarepta announced that Nationwide Children's Hospital had begun dosing patients in a Phase I/II clinical trial designed to assess the safety and tolerability of AAVrh74.MHCK7.micro-Dystrophin in individuals with DMD.
- Sarepta Therapeutics, Inc. and Genethon have entered into a research collaboration to develop an AAV-mediated microdystrophin gene transfer.

In addition to the investigational gene transfer programs discussed above, there are two therapies, which are intended to be disease modifying, that are currently approved for DMD by certain regulators. These products are eteplirsen (EXONDYS 51) and ataluren (Translarna), each of which is indicated for approximately 13% of DMD patients.

Government regulation and product approval

U.S. government regulation and product approval

In the United States, biologic products including gene therapy products, such as our lead product candidate, are licensed for marketing by the FDA under the Public Health Service Act, or PHS Act, and regulated by the FDA under the Federal Food, Drug, and Cosmetic Act, or FD&C Act, as well as by other federal, state and local statutes and regulations. Both the FD&C Act and the PHS Act and their corresponding regulations govern, among other things, the testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, reporting, advertising and other promotional practices involving biologic products. FDA approval must be obtained before conducting human clinical testing of biologic products. Additionally, each clinical trial protocol for a gene therapy product candidate is reviewed by the FDA and, in limited instances, the U.S. National Institutes of Health, or the NIH, through its Office of Biotechnology Activities' Recombinant DNA Advisory Committee, or RAC. FDA must license a biologic product before it may be marketed within the United States.

Within the FDA, the Center for Biologics Evaluation and Research, or the CBER, regulates gene therapy products. Within CBER, the review of gene therapy and related products is consolidated in the Office of Tissues and Advanced Therapies, or the OTAT, and the FDA has established the Cellular, Tissue and Gene Therapies Advisory Committee to advise CBER on its reviews. CBER works closely with the NIH and the RAC, which makes recommendations to the NIH on gene therapy issues and engages in a public discussion of scientific, safety, ethical and societal issues related to proposed and ongoing gene therapy protocols. To date, the FDA has licensed one human gene therapy product for sale, and the agency has provided guidance for the development of other gene therapy products. This guidance includes a growing body of guidance documents on chemistry, manufacturing and control, or CMC, clinical investigations and other areas of gene therapy development, all of which are intended to facilitate the industry's development of gene therapy products.

U.S. biologic products development process

The process required by the FDA before a biologic product may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and *in vivo* studies according to the FDA's GLP requirements and applicable requirements for the humane use of laboratory animals or other applicable regulations;
- submission to the FDA of an application for an IND, which allows human clinical trials to begin unless the FDA objects within 30 days;
- approval by an institutional review board, or IRB, reviewing each clinical site before each clinical trial may be initiated;
- approval by an institutional biosafety committee, or IBC, assessing the safety of the clinical research and identifying any potential risk to public health or the environment;
- performance of adequate and well controlled human clinical trials according to the FDA's regulations commonly referred to as good clinical practices, or GCPs, and any additional requirements for the protection of human research subjects and their health information, to establish the safety, potency and purity of the proposed biologic product for its intended use;
- preparation and submission to the FDA of a biologics license application, or BLA, for marketing approval that includes substantive evidence of safety, purity and potency from results of preclinical testing and clinical trials, and detailed information about the CMC for the product, reports of the outcomes and full data sets of the clinical trials and proposed labeling and packaging for the product;
- review of the product candidate by an FDA advisory committee, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the biologic product candidate is produced to assess compliance with cGMP requirements and to assure that the facilities, methods and controls are adequate to preserve the biologic product candidate's identity, safety, strength, quality and purity;
- potential FDA audit of the nonclinical and clinical trial sites that generated the data in support of the BLA;
- payment of user fees;
- FDA review and licensure of the BLA; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

Before testing any biologic product candidate in humans, including a gene therapy product candidate, the product candidate must undergo preclinical testing. Preclinical tests, also referred to as nonclinical studies, include laboratory evaluations of product chemistry, toxicity and formulation, as well as *in vivo* studies to assess the potential safety and activity of the product candidate and to establish a rationale for therapeutic use. The conduct of certain nonclinical studies must comply with federal regulations and requirements, including GLPs.

If a gene therapy trial is conducted at, or sponsored by, institutions receiving NIH funding for recombinant DNA research, prior to the submission of an IND to the FDA, a protocol and related documents must be submitted to, and the study registered with, the NIH Office of Biotechnology Activities, or OBA, pursuant to the NIH Guidelines for Research Involving Recombinant DNA Molecules, or NIH Guidelines. Compliance with the NIH Guidelines is mandatory for investigators at institutions receiving NIH funds for research involving recombinant DNA. However, many companies and other institutions, not otherwise subject to the NIH Guidelines, voluntarily follow them. NIH is responsible for convening the RAC that discusses protocols that raise

novel or particularly important scientific, safety or ethical considerations at one of its quarterly public meetings. The OBA will notify the FDA of the RAC's decision regarding the necessity for full public review of a gene therapy protocol. RAC proceedings and reports are posted to the OBA website and may be accessed by the public.

The clinical trial sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is an exemption from the FD&C Act that allows an unapproved product to be shipped in interstate commerce for use in an investigational clinical trial and a request for FDA authorization to administer an investigational product to humans. Some preclinical tests may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the clinical trial on a full clinical hold or partial clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. With gene therapy protocols, if the FDA allows the IND to proceed, but the RAC decides that full public review of the protocol is warranted, the FDA will request at the completion of its IND review that the sponsor delay initiation of the protocol until after completion of the RAC review process. The FDA also may impose clinical holds on a biologic product candidate at any time before or during clinical trials due to safety concerns or non-compliance. If the FDA imposes a clinical hold, trials may not recommence without FDA authorization and then only under terms authorized by the FDA.

In addition, the FDA may impose a partial clinical hold at any time before or during clinical trials. A partial clinical hold is a delay or suspension of only part of the clinical work requested under the IND (e.g., a specific protocol or part of a protocol is not allowed to proceed; however, other protocols or parts of the protocol are allowed to proceed under the IND). If the FDA requires that progress to the next study is contingent on (i) FDA review of additional data and (ii) subsequent specific permission for the study to proceed, this represents a partial clinical hold.

Human clinical trials under an IND

Clinical trials involve the administration of the biologic product candidate to healthy volunteers or subjects under the supervision of qualified investigators, generally physicians not employed by, or under the control of, the trial sponsor. Clinical trials are conducted under written study protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety, including stopping rules that assure a clinical trial will be stopped if certain adverse events should occur. Each protocol and any amendments to the protocol must be submitted to the FDA as part of the IND. Clinical trials must be conducted and monitored in accordance with the FDA's regulations comprising the GCP requirements, including the requirement that all research subjects provide informed consent.

Further, each clinical trial must be reviewed and approved by an IRB at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the form and content of the informed consent that must be signed by each clinical trial subject or his or her legal representative, reviews and approves the study protocol and must monitor the clinical trial until completed. Additionally, some trials are overseen by an independent group of qualified experts organized by the trial sponsor, known as a data safety monitoring board or committee, or DSMB. This group provides authorization as to whether or not a trial may move forward at designated check points based on access that only the group maintains to available data from the study. Clinical trials involving recombinant DNA also must be reviewed by an IBC a local institutional committee that reviews and oversees basic and clinical research and utilizes recombinant DNA at that institution. The IBC assesses the safety of the research and identifies any potential risk to public health or the environment.

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

- *Phase I*. The investigational biologic product is initially introduced into a small group of healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early understanding of its effectiveness. In the case of some product candidates for severe or life-threatening diseases, especially when the product candidate may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients. Phase I clinical trials of gene therapies are typically conducted in patients rather than healthy volunteers.
- *Phase II*. The biologic product candidate is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance, optimal dosage and dosing schedule.
- *Phase III*. Phase III clinical trials are commonly referred to as "pivotal" studies, which typically denotes a study that presents the data that the FDA or other relevant regulatory agency will use to determine whether or not to approve a biologic product. In Phase III clinical trials, the investigational biologic product is administered to an expanded patient population, generally at multiple geographically dispersed clinical trial sites in adequate and well controlled clinical trials to generate sufficient data to statistically confirm the potency and safety of the product for approval. These clinical trials are intended to establish the overall risk/benefit ratio of the product candidate and provide an adequate basis for product labeling.

Post-approval clinical trials, sometimes referred to as Phase IV clinical trials, may be conducted after initial approval. These clinical trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data and clinical trial investigators. Annual progress reports detailing the results of the clinical trials must be submitted to the FDA.

Written IND safety reports must be promptly submitted to the FDA, the NIH and the investigators for serious and unexpected adverse events, any findings from other trials, *in vivo* laboratory tests or *in vitro* testing that suggest a significant risk for human subjects, or any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must submit an IND safety report within 15 calendar days after the sponsor determines that the information qualifies for reporting. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information.

The FDA or the sponsor or its DSMB may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the biologic product candidate has been associated with unexpected serious harm to patients.

Information about certain clinical trials must be submitted within specific timeframes to the NIH for public dissemination on its ClinicalTrials.gov website.

Additional regulation for gene therapy clinical trials

In addition to the regulations discussed above, there are a number of additional standards that apply to clinical trials involving the use of gene therapy. The FDA has issued various guidance documents regarding gene therapies, which outline additional factors that the FDA will consider at each of the above stages of development,

which relate to, among other things: the proper preclinical assessment of gene therapies; the CMC information that should be included in an IND application; the proper design of tests to measure product potency in support of an IND or BLA application; and measures to observe delayed adverse effects in subjects who have been exposed to investigational gene therapies when the risk of such effects is high. Further, the FDA usually recommends that sponsors observe subjects for potential gene therapy-related delayed adverse events for a 15-year period, including a minimum of five years of annual examinations followed by ten years of annual queries, either in person or by questionnaire.

The NIH and the FDA have a publicly accessible database, the Genetic Modification Clinical Research Information System, which includes information on gene therapy trials and serves as an electronic tool to facilitate the reporting and analysis of adverse events on these trials.

Compliance with cGMP requirements

Manufacturers of biologics must comply with applicable cGMP regulations, including quality control and quality assurance and maintenance of records and documentation. Manufacturers and others involved in the manufacture and distribution of such products also must register their establishments with the FDA and certain state agencies. Both domestic and foreign manufacturing establishments must register and provide additional information to the FDA upon their initial participation in the manufacturing process. Establishments may be subject to periodic, unannounced inspections by government authorities to ensure compliance with cGMP requirements and other laws. Discovery of problems may result in a government entity placing restrictions on a product, manufacturer or holder of an approved BLA, and may extend to requiring withdrawal of the product from the market. The FDA will not approve a BLA unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specification.

Concurrent with clinical trials, companies usually complete additional preclinical studies and must also develop additional information about the physical characteristics of the biologic product candidate as well as finalize a process for manufacturing the product candidate in commercial quantities in accordance with cGMP requirements. To help reduce the risk of the introduction of adventitious agents or of causing other adverse events with the use of biologic products, the PHS Act emphasizes the importance of manufacturing control for products whose attributes cannot be precisely defined. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other requirements, the sponsor must develop methods for testing the identity, strength, quality, potency and purity of the final biologic product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the biologic product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. review and approval processes

After the completion of clinical trials of a biologic product, FDA licensure of a BLA must be obtained before commercial marketing of the biologic product. The BLA must include results of product development, laboratory and animal studies, human studies, information on the manufacture and composition of the product, proposed labeling and other relevant information. In addition, under the Pediatric Research Equity Act, a BLA or supplement to a BLA must contain data to assess the safety and effectiveness of the biologic product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each BLA must be accompanied by a significant user fee. According to the FDA's fee schedule, effective from October 1, 2017 through September 30, 2018, the user fee for an application requiring clinical data, such as a new drug application, is $2,421,495. The sponsor of an approved application is also subject to an annual program fee, which for fiscal year 2018 is

$304,162. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on BLAs for product candidates designated as orphan drugs, unless the product candidate also includes a non-orphan indication.

The FDA reviews a BLA within 60 days of submission to determine if it is substantially complete before the agency accepts it for filing. The FDA may refuse to file any BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the BLA.

The FDA reviews the BLA to determine, among other things, whether the proposed product is safe and potent, or effective, for its intended use, and has an acceptable purity profile, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, safety, strength, quality, potency and purity. The FDA may refer applications for novel biologic products or biologic products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the biologic product approval process, the FDA also will determine whether a REMS, is necessary to assure the safe use of the biologic product. REMS use risk minimization strategies beyond the professional labeling to ensure that the benefits of the product outweigh the potential risks. To determine whether a REMS is needed, the FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events and whether the product is a new molecular entity. A REMS could include medication guides, physician communication plans and elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS; the FDA will not approve the BLA without a REMS, if required.

Before approving a BLA, the FDA will inspect the facilities at which the product candidate is manufactured. The FDA will not approve the product candidate unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure that the clinical trials were conducted in compliance with IND study requirements and GCP requirements. cGMP, GLP and GCP compliance requires significant expenditure of time, money and effort in the areas of training, recordkeeping, production and quality control.

Notwithstanding the submission of relevant data and information, the FDA may ultimately decide that the BLA does not satisfy its regulatory criteria for approval and deny approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than how we would interpret the same data. On the basis of the BLA and accompanying information, including the results of the inspection of the manufacturing facilities, the FDA may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the biologic product with specific prescribing information for specific indications. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the BLA, the FDA will issue an approval letter. If the agency decides not to approve the BLA in its present form, the FDA will issue a complete response letter that usually describes all of the specific deficiencies in the BLA identified by the FDA. The deficiencies identified may be minor, for example, requiring labeling changes; or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. The FDA may impose restrictions and conditions on product distribution, prescribing or dispensing in the form of a REMS, or otherwise limit the scope of any approval. In addition, the FDA may require post-marketing clinical trials, sometimes referred to as Phase IV clinical trials, designed to further assess a biologic product's safety and effectiveness, and testing and surveillance programs to monitor the safety of approved products that have been commercialized.

The FDA has agreed to specified performance goals in the review of BLAs under the PDUFA. One such goal is to review standard BLAs in ten months after the FDA accepts the BLA for filing, and priority BLAs in six months, whereupon a review decision is to be made. The FDA does not always meet its PDUFA goal dates for standard and priority BLAs and its review goals are subject to change from time to time. The review process and the PDUFA goal date may be extended by three months if the FDA requests or the BLA sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Biosimilars and Exclusivity

The Patient Protection and Affordable Care Act and the companion Health Care and Education Reconciliation Act, or the Health Care Reform Law, which was signed into law on March 23, 2010, included a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCIA. That Act established a regulatory scheme authorizing the FDA to approve biosimilars and interchangeable biosimilars. As of January 1, 2018, the FDA has approved nine biosimilar products for use in the United States. No interchangeable biosimilars, have been approved. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars. Additional guidances are expected to be finalized by FDA in the near term.

Under the Act, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." In order for the FDA to approve a biosimilar product, it must find that there are no clinically meaningful differences between the reference product and proposed biosimilar product in terms of safety, purity and potency. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product, and (for products administered multiple times) that the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date of approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full BLA for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

Pediatric exclusivity

Pediatric exclusivity is another type of non-patent exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity or patent protection, including the non-patent and orphan exclusivity. This six-month exclusivity may

be granted if an application sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. Thus, pediatric exclusivity adds six months to existing exclusivity periods applicable to biological products under the BPCIA—namely, the four-year period during which the FDA will not consider an application for a biosimilar product, and the 12-year period during which the FDA will not approve a biosimilar application.

Orphan drug designation

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

If a product with orphan status receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan product exclusivity, meaning that the FDA may not approve any other applications to market the same drug or biologic product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity or if the party holding the exclusivity fails to assure the availability of sufficient quantities of the drug to meet the needs of patients with the disease or condition for which the drug was designated. This is the case despite an earlier court opinion holding that the Orphan Drug Act unambiguously required the FDA to recognize orphan exclusivity regardless of a showing of clinical superiority.

Competitors, however, may receive approval of different products for the same indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity. Orphan medicinal product status in the European Union has similar, but not identical, benefits.

Expedited development and review programs

The FDA is authorized to expedite the review of BLAs in several ways. Under the Fast Track program, the sponsor of a biologic product candidate may request the FDA to designate the product for a specific indication as a Fast Track product concurrent with or after the filing of the IND. Biologic products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product candidate and the specific indication for which it is being studied. In addition to other benefits, such as the ability to have greater interactions with the FDA, the FDA may initiate review of sections of a Fast Track BLA before the application is complete, a process known as rolling review.

Any product submitted to the FDA for marketing, including under a Fast Track program, may be eligible for other types of FDA programs intended to expedite development and review, such as breakthrough therapy designation, priority review and accelerated approval.

- *Breakthrough therapy designation.* To qualify for the breakthrough therapy program, product candidates must be intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence must indicate that such product candidates may demonstrate substantial improvement

on one or more clinically significant endpoints over existing therapies. The FDA will seek to ensure the sponsor of a breakthrough therapy product candidate receives intensive guidance on an efficient drug development program, intensive involvement of senior managers and experienced staff on a proactive, collaborative and cross-disciplinary review and rolling review.

- *Priority review*. A product candidate is eligible for priority review if it treats a serious condition and, if approved, it would be a significant improvement in the safety or effectiveness of the treatment, diagnosis or prevention compared to marketed products. FDA aims to complete its review of priority review applications within six months as opposed to 10 months for standard review.
- *Accelerated approval.* Drug or biologic products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval. Accelerated approval means that a product candidate may be approved on the basis of adequate and well controlled clinical trials establishing that the product candidate has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity and prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug or biologic product candidate receiving accelerated approval perform adequate and well controlled post-marketing clinical trials. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials.
- *Regenerative advanced therapy.* With passage of the 21st Century Cures Act, or the Cures Act, in December 2016, Congress authorized the FDA to accelerate review and approval of products designated as regenerative advanced therapies. A product is eligible for this designation if it is a regenerative medicine therapy that is intended to treat, modify, reverse or cure a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product candidate has the potential to address unmet medical needs for such disease or condition. The benefits of a regenerative advanced therapy designation include early interactions with the FDA to expedite development and review, benefits available to breakthrough therapies, potential eligibility for priority review and accelerated approval based on surrogate or intermediate endpoints.

None of these expedited programs change the standards for approval but they may help expedite the development or approval process of product candidates.

Post-approval requirements

After regulatory approval of a product is obtained, there may be a number of post-approval requirements. For example, as a condition of approval of a BLA, the FDA may require post-marketing testing and surveillance to monitor the product's safety or efficacy. In addition, holders of an approved BLA are required to keep extensive records, to report certain adverse reactions and production problems to the FDA, to provide updated safety and efficacy information and to comply with requirements concerning advertising and promotional labeling for their products. Also, quality control and manufacturing procedures must continue to conform to cGMP regulations and practices, as well as the manufacturing conditions of approval set forth in the BLA. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP requirements, which impose certain procedural, substantive and recordkeeping requirements. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

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

significant liability. If a company is found to have promoted off-label uses, it may become subject to adverse public relations and administrative and judicial enforcement by the FDA, the Department of Justice, or the Office of the Inspector General of the Department of Health and Human Services, as well as state authorities. This could subject a company to a range of penalties that could have a significant commercial impact, including civil and criminal fines and agreements that materially restrict the manner in which a company promotes or distributes drug products.

U.S. patent term restoration and marketing exclusivity

Depending upon the timing, duration and specifics of FDA approval of product candidates, some of a sponsor's U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent terms lost during product development and FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period generally is one-half the time between the effective date of an IND and the submission date of a BLA plus the time between the submission date of a BLA and the approval of that application. Only one patent applicable to an approved biologic product is eligible for the extension, the application for the extension must be submitted prior to the expiration of the patent, and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. Moreover, a given patent may only be extended once based on a single product. The USPTO in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

Government regulation outside of the U.S.

In addition to regulations in the United States, a manufacturer is subject to a variety of regulations in foreign jurisdictions to the extent it chooses to sell any products in those foreign countries. Even if a manufacturer obtains FDA approval of a product, it must still obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Because biologically sourced materials are subject to unique contamination risks, their use may also be restricted in some countries.

Clinical Trial Approval in the European Union

Pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on Good Clinical Practice, an applicant must obtain approval from the competent national authority of the European Union Member State, or the EU Member State, in which the clinical trial is to be conducted. If the clinical trial is conducted in different EU Member States, the competent authorities in each of these EU Member States must provide their approval for the conduct of the clinical trial. Furthermore, the applicant may only start a clinical trial at a specific study site after the competent ethics committee has issued a favorable opinion. In April 2014, the European Union adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. The new Clinical Trials Regulation will be directly applicable to and binding in all EU Member States without the need for any national implementing legislation. Clinical Trials Regulation (EU) No 536/2014 was published on June 16, 2014 but is not expected to apply until 2019.

PRIME Designation

In March 2016, the European Medicines Agency, or the EMA, launched the PRIority MEdicines, or PRIME, initiative to foster research and development of medicines that may offer a major therapeutic advantage over existing treatments, or benefit patients without treatment options. PRIME aims to strengthen clinical trial designs to facilitate the generation of high-quality data for the evaluation of an application for marketing authorization. To be accepted for PRIME, a medicine has to show its potential to benefit patients with unmet medical needs

based on preclinical and/or early clinical data. These medicines are considered priority medicines within the European Union.

After an investigational candidate has been selected for PRIME, developers are assigned a rapporteur from the Committee for Medicinal Products for Human Use, or CHMP, to provide continuous support and help to build knowledge ahead of a marketing authorization application, or MAA. A multidisciplinary group of experts will provide broader guidance on the overall development plan and regulatory strategy of the product. Companies are also eligible for accelerated assessment at the time of their regulatory application.

Marketing Authorization

In the European Union, marketing authorizations for medicinal products may be obtained through several different procedures founded on the same basic regulatory process.

The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid across the European Economic Area (i.e. the EU as well as Iceland, Liechtenstein and Norway). The centralized procedure is compulsory for medicinal products produced by certain biotechnological processes, products designated as orphan medicinal products, and products with a new active substance indicated for the treatment of certain diseases. It is optional for those products that are highly innovative or for which a centralized process is in the interest of patients. Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Accelerated evaluation may be granted by the CHMP in exceptional cases. These are defined as circumstances in which a medicinal product is expected to be of a "major public health interest." Three cumulative criteria must be fulfilled in such circumstances: the seriousness of the disease, such as severely disabling or life-threatening diseases, to be treated; the absence or insufficiency of an appropriate alternative therapeutic approach; and anticipation of high therapeutic benefit. In these circumstances, the EMA ensures that the opinion of the CHMP is given within 150 days.

Specifically, the grant of marketing authorization in the European Union for products containing viable human tissues or cells such as gene therapy medicinal products is governed by Regulation 1394/2007/EC on advanced therapy medicinal products, read in combination with Directive 2001/83/EC of the European Parliament and of the Council, commonly known as the Community code on medicinal products. Regulation 1394/2007/EC lays down specific rules concerning the authorization, supervision, and pharmacovigilance of gene therapy medicinal products, somatic cell therapy medicinal products, and tissue engineered products. Manufacturers of advanced therapy medicinal products must demonstrate the quality, safety, and efficacy of their products to EMA which provides an opinion regarding the application for marketing authorization. The European Commission grants or refuses marketing authorization in light of the opinion delivered by EMA.

The decentralized procedure provides for approval by one or more other concerned EU Member States of an assessment of an application for marketing authorization conducted by one EU Member State, known as the reference EU Member State. In accordance with this procedure, an applicant submits an application for marketing authorization to the reference EU Member State and the concerned EU Member States. This application is identical to the application that would be submitted to the EMA for authorization through the centralized procedure. The reference EU Member State prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. The resulting assessment report is submitted to the concerned EU Member States which, within 90 days of receipt, must decide whether to approve the assessment report and related materials.

If a concerned EU Member State cannot approve the assessment report and related materials due to concerns relating to a potential serious risk to public health, disputed elements may be referred to the European

Commission, whose decision is binding on all EU Member States. In accordance with the mutual recognition procedure, the sponsor applies for national marketing authorization in one EU Member State. Upon receipt of this authorization the sponsor can then seek the recognition of this authorization by other EU Member States. Authorization in accordance with either of these procedures will result in authorization of the medicinal product only in the reference EU Member State and in the other concerned EU Member States.

A marketing authorization may be granted only to an applicant established in the European Union. Regulation No. 1901/2006 provides that, prior to obtaining a marketing authorization in the European Union, an applicant must demonstrate compliance with all measures included in a Pediatric Investigation Plan, or PIP, approved by the Pediatric Committee of the EMA, covering all subsets of the pediatric population, unless the EMA has granted a product-specific waiver, class waiver, or a deferral for one or more of the measures included in the PIP.

In specific circumstances, E.U. legislation on Conditional Marketing Authorizations for Medicinal Products for Human Use, or conditional marketing authorization, enables applicants to obtain a conditional marketing authorization prior to obtaining the comprehensive clinical data required for an application for a full marketing authorization. Such conditional approvals may be granted for product candidates (including medicines designated as orphan medicinal products) if the risk-benefit balance of the product candidate is positive, it is likely that the applicant will be in a position to provide the required comprehensive clinical trial data, the product fulfills unmet medical needs and the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required. A conditional marketing authorization may contain specific obligations to be fulfilled by the marketing authorization holder, including obligations with respect to the completion of ongoing or new studies, and with respect to the collection of pharmacovigilance data.

Conditional Marketing Authorization

Conditional marketing authorizations are valid for one year, and may be renewed annually, if the risk-benefit balance remains positive, and after an assessment of the need for additional or modified conditions and/or specific obligations. The timelines for the centralized procedure described above also apply with respect to the review by the CHMP of applications for a conditional marketing authorization.

The requirements and processes governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials are conducted in accordance with GCPs and the applicable regulatory requirements of the country or countries in which the clinical trial is performed, as well as the ethical principles that have their origin in the Declaration of Helsinki (whichever provides the greater protection to the clinical trial participants).

Healthcare Law and Regulation

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

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

- the federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false, fictitious or fraudulent or knowingly making, using or causing to made or used a false record or statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal laws that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and their respective implementing regulations, including the Final Omnibus Rule published in January 2013, which impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal false statements statute, which prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- the federal transparency requirements known as the federal Physician Payments Sunshine Act, under the Health Care Reform Law, which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the Centers for Medicare & Medicaid Services, or CMS, within the United States Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to healthcare items or services that are reimbursed by non-governmental third-party payors, including private insurers.

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

Pharmaceutical Insurance Coverage and Health Care Reform

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

Healthcare reforms may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price for any

approved product and/or the level of reimbursement physicians receive for administering any approved product. Reductions in reimbursement levels may negatively impact the prices or the frequency with which products are prescribed or administered. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. Since enactment of the Health Care Reform Law, there have been numerous legal challenges and Congressional actions to repeal and replace provisions of the law. In May 2017, the U.S. House of Representatives passed legislation known as the American Health Care Act of 2017. Thereafter, the Senate Republicans introduced and then updated a bill to replace the Health Care Reform Law known as the Better Care Reconciliation Act of 2017. The Senate Republicans also introduced legislation to repeal the Health Care Reform Law without companion legislation to replace it, and a "skinny" version of the Better Care Reconciliation Act of 2017. In addition, the Senate considered proposed healthcare reform legislation known as the Graham-Cassidy bill. None of these measures was passed by the U.S. Senate.

The Trump Administration has also taken executive actions to undermine or delay implementation of the Health Care Reform Law. In January 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Health Care Reform Law to waive, defer, grant exemptions from, or delay the implementation of any provision of the Health Care Reform Law that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. In October 2017, the President signed a second Executive Order allowing for the use of association health plans and short-term health insurance, which may provide fewer health benefits than the plans sold through the Health Care Reform Law exchanges. At the same time, the Administration announced that it will discontinue the payment of cost-sharing reduction, or CSR, payments to insurance companies until Congress approves the appropriation of funds for such CSR payments. The loss of the CSR payments is expected to increase premiums on certain policies issued by qualified health plans under the Health Care Reform Law. A bipartisan bill to appropriate funds for CSR payments was introduced in the Senate, but the future of that bill is uncertain.

More recently, with enactment of the Tax Cuts and Jobs Act of 2017, which was signed by the President on December 22, 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, will become effective in 2019. According to the Congressional Budget Office, the repeal of the individual mandate will cause 13 million fewer Americans to be insured in 2027 and premiums in insurance markets may rise. Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain Health Care Reform Law-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. The Congress will likely consider other legislation to replace elements of the Health Care Reform Law, during the next Congressional session.

Further, there have been several recent U.S. congressional inquiries and proposed federal and proposed and enacted state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of products under Medicare and reform government program reimbursement methodologies for products. At the federal level, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control costs. At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional health care authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription product and other health care programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing.

Environmental regulations

We are also subject to regulation under the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other present and potential federal, state or local regulations. These and other laws govern our use, handling and disposal of various biological and chemical substances used in, and waste generated by, our operations. Our research and development involves the controlled use of hazardous materials, chemicals and viruses.

Employees

As of December 31, 2017, we had 60 full-time employees, 19 of whom hold Ph.D. or M.D. degrees, 22 of whom are engaged in research and development activities, four of whom are engaged in clinical and regulatory activities and 34 of whom are engaged in business development, legal, finance, information systems, human resources or administrative support activities.

Corporate Information

We were originally formed as SOLID Ventures Management, LLC in March 2013 as a Delaware limited liability company. In October 2013, we changed our name to Solid Ventures, LLC and in June 2015 we changed our name to Solid Biosciences, LLC. Immediately prior to the effectiveness of our registration statement on Form S-1 on January 25, 2018, we converted into a Delaware corporation pursuant to a statutory conversion and changed our name to Solid Biosciences Inc. In addition, immediately following the statutory conversion, entities formed solely for the purpose of holding membership interests in our limited liability company were merged with and into us. We refer to the corporate conversion and the mergers collectively as the Corporate Conversion. Our principal executive offices are located at 141 Portland Street, Fifth Floor, Cambridge, Massachusetts 02139 and our telephone number is (617) 337-4680. Our website address is www.solidbio.com. The information contained in, or accessible through, our website does not constitute a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

You should carefully consider the following risk factors, in addition to the other information contained in this Annual Report on Form 10-K, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this Annual Report on Form 10-K occurs, our business, operating results and financial condition could be seriously harmed and the trading price of our common stock could decline. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this Annual Report on Form 10-K.

Risks related to our financial position and need for capital requirements

We have incurred significant net losses since inception and anticipate that we will continue to incur net losses for the foreseeable future and may never achieve or maintain profitability.

Since inception, we have incurred significant net losses. Our net losses were $53.2 million, $23.8 million and $6.7 million for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, we had an accumulated members' deficit of $124.3 million. To date, we have devoted substantially all of our efforts to research and development, including clinical development of our gene transfer product candidate, SGT-001, as well as to building out our management team and infrastructure. We expect that it could be several years, if ever, before we have a commercialized product. We expect to continue to incur significant expenses and

increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if, and as, we:

- seek to resolve the partial and full clinical holds on the Phase I/II clinical trial for SGT-001 and, if and when lifted, resume our clinical development of SGT-001;
- move other current or future product candidates into clinical trials;
- continue research and preclinical development of our other product candidate;
- seek to identify additional product candidates;
- seek marketing approvals for our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- arrange for manufacture of larger quantities of our product candidates for clinical development and potential commercialization;
- maintain, expand, protect and enforce our intellectual property portfolio;
- hire and retain additional clinical, quality control and scientific personnel;
- build out new facilities or expand existing facilities to support our ongoing development activity;
- acquire or in-license other drugs, technologies and intellectual property; and
- add operational, financial and management information systems and personnel.

To become and remain profitable, we must develop and eventually commercialize one or more product candidates with significant market potential. This will require us to be successful in a range of challenging activities, and our expenses will increase substantially as we seek to resolve the clinical holds and complete clinical trials of SGT-001, obtain marketing approval for SGT-001, develop and validate commercial-scale manufacturing processes, manufacture, market and sell any future product candidates for which we may obtain marketing approval and satisfy any post-marketing requirements. We may never succeed in any or all of these activities and, even if we do, we may never generate revenue that is significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company also could cause stockholders to lose all or part of their investment.

We will need additional funding, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, conduct clinical trials of, and seek marketing approval for, SGT-001 and our other product candidates. In addition, if we obtain marketing approval for SGT-001 and our other product candidates, we expect to incur significant expenses related to product sales, marketing, manufacturing and distribution. We also incur additional costs associated with operating as a public company. While we believe that our cash, cash equivalents and available-for-sale securities as of December 31, 2017, together with the net proceeds of $129.3 million from our recently completed initial public offering, after deducting underwriting discounts and commissions and offering expenses, will enable us to fund our operating expenses and capital expenditure requirements until the end of 2019, we anticipate that we will need additional funding to complete the development of SGT-001 and our other product candidates.

Our future capital requirements will depend on many factors, including:

- our ability to favorably resolve the partial and full clinical holds on the Phase I/II clinical trial of SGT-001 and, if so resolved, the timing of such resolution;
- the progress and results of our Phase I/II clinical trial and future clinical trials of SGT-001 and our other product candidates;
- the costs, timing and outcome of regulatory review of SGT-001 and our other product candidates;
- the scope, progress, results and costs of discovery, laboratory testing, manufacturing, preclinical development and clinical trials for other product candidates that we may pursue in the future, if any;
- the costs associated with our manufacturing process development and evaluation of third-party manufacturers;
- the costs associated with constructing and validating our own manufacturing facility;
- revenue, if any, received from commercial sale of SGT-001 or our other product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining, defending and enforcing our intellectual property rights and defending intellectual property-related claims;
- the outcome of any lawsuits filed against us;
- the terms of our current and any future license agreements and collaborations; and
- the extent to which we acquire or in-license other product candidates, technologies and intellectual property.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our product revenue, if any, will be derived from or based on sales of product candidates that may not be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies, SGT-001 or our other product candidates.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership of our common stock will be diluted and the terms may include liquidation or other preferences that adversely affect the rights of our current stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, SGT-001 or our other product candidates, or grant licenses on terms unfavorable to us.

We have never generated revenue from product sales and do not expect to do so for the next several years, if ever.

Our ability to generate revenue from product sales and achieve profitability depends on our ability, alone or with collaborative partners, to successfully complete the development of, and obtain the regulatory approvals necessary to commercialize, SGT-001 and our other product candidate, SB-001, and any other product candidates

that we may pursue in the future. We do not anticipate generating revenue from product sales for the next several years, if ever. Our ability to generate future revenue from product sales depends heavily on our success in:

- favorably resolving the full and partial clinical trial holds on the Phase I/II clinical trial for SGT-001;
- completing research and development of SGT-001 and our other product candidates in a timely and successful manner;
- seeking and obtaining regulatory and marketing approvals for any product candidates for which we complete clinical trials;
- launching and commercializing SGT-001 and any other product candidates for which we obtain regulatory and marketing approval by establishing a sales force and marketing and distribution infrastructure or, alternatively, collaborating with a commercialization partner;
- maintaining and enhancing a commercially viable, sustainable, scalable, reproducible and transferable manufacturing process for SGT-001 and our other product candidates that is compliant with cGMPs;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate, in both amount and quality, products and services to support clinical development and the commercial demand for SGT-001 and our other product candidates, if approved;
- obtaining market acceptance, if and when approved, of SGT-001 and our other product candidate as a viable treatment option by patients, the medical community and third-party payors;
- qualifying for coverage and adequate reimbursement by government and third-party payors for SGT-001 and our other product candidates both in the U.S. and internationally;
- effectively addressing any competing technological and market developments;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations under such arrangements;
- maintaining, protecting, enforcing and expanding our portfolio of intellectual property rights, including patents, trademarks, trade secrets and know-how;
- avoiding and defending against intellectual property infringement, misappropriation and other claims;
- implementing additional internal systems and infrastructure, as needed; and
- attracting, hiring and retaining qualified personnel.

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

We are a development-stage company founded in 2013. Our operations to date, with respect to the development of SGT-001 and other potential product candidates, have been limited to organizing and staffing our company, business planning, raising capital, acquiring rights to our technology, identifying SGT-001 as a potential gene transfer product candidate and undertaking preclinical studies and a clinical trial of that product candidate and establishing research and development and manufacturing collaborations. We have not yet demonstrated the ability to complete clinical trials of SGT-001 or any other product candidate, obtain marketing approvals, manufacture a commercial-scale product or conduct sales and marketing activities necessary for successful commercialization. Consequently, any predictions our stockholders make about our prospects may not be as accurate as they could be if we had a longer operating history.

Risks related to the development of our product candidates

SGT-001 is a gene transfer candidate based on a novel technology, which makes it difficult to predict the time and cost of development and of subsequently obtaining regulatory approval. To our knowledge, only one gene transfer product has been approved in the United States for commercialization and only two such products have been approved in the European Union.

We have concentrated our research and development efforts on SGT-001 for the treatment of DMD and our future success depends on our successful development of that product candidate. Our risk of failure is high. We have experienced, and may experience additional, problems or delays in developing SGT-001. Any such problems or delays would cause unanticipated costs, and any development problems may not be solved. For example, we or another party may uncover a previously unknown risk associated with SGT-001, the AAV vector, toxicity or other issues that may be more problematic than we currently believe and this may prolong the period of observation required for obtaining, or result in the failure to obtain, regulatory approval or may necessitate additional clinical testing.

In addition, the product specifications and the clinical trial requirements of the FDA, the European Commission, the EMA, and other regulatory authorities and the criteria these regulators use to determine the safety and efficacy of a product candidate vary substantially according to the type, complexity, novelty and intended use and market of such product candidate. The regulatory approval process for novel product candidates such as ours is unclear and can be more expensive and take longer than for other, better known or more extensively studied product candidates. To our knowledge, only one *in vivo* gene transfer product, Spark Therapeutics, Inc.'s Luxturna, has received FDA approval and only one *in vivo* gene transfer product, uniQure N.V.'s Glybera, has received marketing authorization from the European Commission. As a result, it is difficult to determine how long it will take or how much it will cost to obtain regulatory approvals for SGT-001 in either the United States or the European Union. Approvals by the European Commission may not be indicative of what the FDA may require for approval and vice versa.

The FDA has placed the Phase I/II clinical trial of SGT-001 on full clinical hold after we reported a serious adverse event in the first patient dosed in the clinical trial. We may not conduct any clinical trials of SGT-001 until such full clinical hold is lifted by the FDA. In addition, the FDA placed the SGT-001 Phase I/II clinical trial on partial clinical hold requiring us to submit additional CMC information that demonstrates that manufacturing capacity and product attributes can support the high-dose group. Our business may be adversely affected if the full and partial clinical holds are not timely and favorably resolved or if such regulatory concerns lead to more burdensome preclinical studies or clinical trials that cause significant delays in or end development of SGT-001.

In March 2018, the FDA placed a full clinical hold on SGT-001 following a serious adverse event in our Phase I/II clinical trial, called IGNITE DMD, which is designed to evaluate SGT-001 in ambulatory and non-ambulatory males with DMD aged four to 17 years. On February 14, 2018, the first patient in the IGNITE DMD clinical trial, a non-ambulatory adolescent, was dosed with 5E13 vg/kg of SGT-001. Several days after administration the patient was hospitalized due to laboratory findings that included a decrease in platelet count followed by a reduction in red blood cell count and evidence of complement activation. We reported the serious adverse event to the FDA and, because it was unexpected, classified it as SUSAR. We have halted enrollment and dosing in IGNITE DMD and are awaiting the formal clinical hold letter from the FDA. We cannot assure our stockholders that the FDA will timely lift the full clinical hold, or at all, and, if it fails to do so, our development timeline and our business would be adversely affected and our stock price would likely decline.

In addition, pursuant to a letter we received from the FDA in November 2017, we are not permitted to dose patients in the higher-dose group of IGNITE DMD, until we resolve the partial clinical hold on SGT-001. In order to do so, we will need to decrease the number of vials and utilize no more than a single production lot per patient and demonstrate that we have the appropriate manufacturing processes in place to support the higher-dose group. In addition, the FDA had additional comments and requests for information that were characterized as not

clinical hold comments. We have submitted our response to the FDA, in which we aim to address the specific deficiencies identified by the FDA with information that we believe demonstrates manufacturing capacity and product attributes that will support the high-dose group. However, unless and until the full and partial clinical holds are lifted, we will not be able to fully evaluate the safety, tolerability and efficacy of SGT-001.

We cannot assure our stockholders that the FDA will lift the full and/or partial clinical hold and allow us to pursue further development of SGT-001 as planned, or at all. Further, even if the FDA lifts the full and partial clinical hold, or if the FDA or other regulatory agencies continue to express safety concerns even after the hold is lifted, additional preclinical studies or clinical trials involving SGT-001 or changes to our manufacturing process may be needed and difficult to complete. In such instance, our progress in the development of SGT-001 may be significantly slowed or stopped and the associated costs may be significantly increased, adversely affecting our business.

In addition, we may not be able to obtain IRB approvals for our Phase I/II clinical trial as a result of the full or partial clinical hold or any related risks, which could delay our ability to open new trial sites and enroll patients into the clinical trial. Any inability to continue or complete our clinical trial of SGT-001, as a result of the full or partial clinical hold or otherwise, will delay or terminate our clinical development plans for SGT-001, may require us to incur additional clinical development costs and could impair our ability to ultimately obtain FDA approval for SGT-001. Delays in the completion of any clinical trial of SGT-001, our lead product candidate, or any other product candidate will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of SGT-001 or our product candidates.

Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit their commercial potential or result in significant negative consequences following any potential marketing approval.

During the conduct of clinical trials, patients may experience changes in their health, including illnesses, injuries, discomforts or a fatal outcome. Often, it is not possible to determine whether the product candidate being studied caused these conditions. For instance, recently we reported a serious adverse event in the SGT-001 Phase I/II IGNITE DMD clinical trial, which resulted in a full clinical hold. In addition, it is possible that as we test SGT-001 or our other product candidates in larger, longer and more extensive clinical programs, or as use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were observed in earlier clinical trials, as well as conditions that did not occur or went undetected in previous clinical trials, will be reported by subjects. Many times, side effects are only detectable after investigational products are tested in large-scale, Phase III clinical trials or, in some cases, after they are made available to patients on a commercial scale after approval. If additional clinical experience indicates that SGT-001 or any other product candidate has side effects or causes serious or life-threatening side effects, the development of the product candidate may fail or be delayed, or, if the product candidate has received regulatory approval, such approval may be revoked.

There have been several significant adverse side effects in gene therapy treatments in the past, including reported cases of leukemia and death seen in other clinical trials using other vectors. While new recombinant vectors have been developed with the intent to reduce these side effects, gene therapy is still a relatively new approach to disease treatment and additional adverse side effects could develop. Patients will create antibodies to the AAV vector and a second administration of gene transfer might not be successful. There also is the potential risk of delayed adverse events following exposure to gene therapy products due to persistent biologic activity of the genetic material or other components of products used to carry the genetic material. Possible adverse side effects that may occur with treatment with gene therapy products include an immunologic reaction early after administration that could substantially limit the effectiveness of the treatment or represent safety risks for patients. Additionally, in previous clinical trials involving AAV vectors for gene therapy, some subjects

experienced the development of a positive ELISPOT test associated with T-cell responses, which is of unclear clinical translatability. If T-cells are activated, the cellular immune response system may trigger the removal of transduced cells. If our gene transfer candidate demonstrates a similar effect, we may decide or be required to halt or delay further clinical development of SGT-001.

As part of our preclinical program, we performed necessary GLP toxicology studies to establish the overall safety profile of SGT-001 in wild-type mice and NHPs. The data and our conclusions from these studies were included in our IND submission to the FDA. Systemic administration of SGT-001 was generally well tolerated in both species. We observed no evidence of test-article-related toxicity for up to 13 weeks after systemic administration of SGT-001 in either species that would prevent us from initiating clinical trials. In the NHP study, test-article-related effects were self-limited, mild chemistry and hematology changes with no microscopic correlates at the end of the study. There was a transient and asymptomatic increase in liver function enzymes observed in NHPs starting on day 9, which returned to normal levels by day 21. We believe there were no other relevant test-article-related adverse events associated with SGT-001 administration in either GLP study. In the NHP toxicology study, a single animal from the high dose cohort was euthanized after it did not recover from an anesthetic procedure. We believe this event was attributed to procedural errors. However, AAV vector cannot be completely ruled out as a contributing factor to the toxicity that gave rise to the event.

In addition to side effects caused by SGT-001 and our other product candidates, the administration process or related procedures also can cause adverse side effects. For example, integration of AAV DNA into the host cell's genome has been reported to occur. Further, our AAV delivery system has not been validated in human clinical trials previously, and if such delivery system does not meet the safety criteria or cannot provide the desired efficacy results, then we may be forced to suspend or terminate our development of SGT-001. In addition, the relatively high dosing requirements for SGT-001 may amplify the risk of adverse side effects relating to the AAV vector. Recently, James M. Wilson, M.D., Ph.D., resigned from our Scientific Advisory Board citing emerging concerns about the possible risks of high systemic dosing of AAV. If any such adverse side effects were to occur in the future and we are unable to demonstrate that they were not caused by the administration process or related procedures, the FDA, the European Commission, the EMA or other regulatory authorities could order us to cease further development of, or deny approval of, SGT-001 or our other product candidate for any or all targeted indications. Even if we are able to demonstrate that any serious adverse events are not product-related, such occurrences could affect patient recruitment or the ability of enrolled patients to complete the clinical trial.

Additionally, if SGT-001 or our other product candidates receive marketing approval, the FDA could require us to adopt an REMS to ensure that the benefits outweigh the risks, which may include, among other things, a medication guide outlining the risks of the product for distribution to patients and a communication plan to health care practitioners. Furthermore, if we or others later identify undesirable side effects caused by SGT-001 or our other product candidates, several potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw approvals of such a product candidate;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way a product candidate is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

We only recently initiated our first clinical trial for SGT-001 and have not commenced preclinical studies for our other product candidates. We have never completed a clinical trial, and may be unable to do so for any product candidates we may develop, including SGT-001.

We will need to successfully complete clinical trials in order to obtain FDA approval to market SGT-001 or our other product candidates. We only recently initiated our first clinical trial for SGT-001, have limited experience in preparing, submitting and prosecuting regulatory filings, and have not previously submitted a BLA for any product candidate. The FDA placed SGT-001 on a full clinical hold and a partial clinical hold. If the clinical holds are not lifted on our Phase I/II clinical trial, we will not be able to evaluate or fully evaluate the safety, tolerability and efficacy of SGT-001. We cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin or that, once begun, issues will not arise that suspend or terminate such clinical trials. Carrying out later-stage clinical trials and the submission of a successful BLA is a complicated process. This may be particularly true for design of a pivotal trial for the treatment of DMD as the FDA has not given clear guidance as to the necessary endpoints for approval of a treatment for DMD. In addition, we have had limited interactions with the FDA and cannot be certain how many clinical trials of SGT-001 or our other product candidates will be required or how such trials should be designed. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to BLA submission and approval of SGT-001 or our other product candidates. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop. Failure to commence or complete, or delays in, clinical trials, could prevent us from or delay us in commercializing SGT-001 and our other product candidates.

Success in preclinical studies or early clinical trials, including our recently initiated Phase I/II trial, may not be indicative of results obtained in later trials.

Results from preclinical studies or early clinical trials, including our recently initiated Phase I/II trial, are not necessarily predictive of future clinical trial results and are not necessarily indicative of final results. There is a high failure rate for gene therapy and biologic products proceeding through clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. We also may experience regulatory delays or rejections as a result of many factors, including due to changes in regulatory policy during the period of our product candidate development. Our preclinical studies for SGT-001 in animals have been limited and we have only recently dosed a human patient with SGT-001. SGT-001 or our other product candidates may fail to show the desired safety and efficacy in clinical development despite positive results in preclinical studies. This failure would cause us to abandon SGT-001 or our other product candidates.

We may encounter substantial delays in our clinical trials or we may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.

Before obtaining marketing approval from regulatory authorities for the sale of SGT-001 or our other product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidate for its intended indications. Clinical testing is expensive, time-consuming and uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- delays in reaching a consensus with regulatory authorities on trial design;
- delays in or the inability to successfully resolve the full or partial clinical hold placed on our Phase I/II clinical trial for SGT-001;
- delays in reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites;

- delays in opening clinical trial sites or obtaining required IRB or independent ethics committee approval at each clinical trial site;
- delays in recruiting suitable subjects to participate in our clinical trials, including because such trials may be placebo-controlled trials and patients are not guaranteed to receive treatment with our product candidates;
- failure by us, any CROs we engage or any other third parties to adhere to clinical trial requirements;
- failure to perform in accordance with FDA GCPs or applicable regulatory guidelines in the European Union and other countries;
- delays in the testing, validation, manufacturing and delivery of SGT-001 or our other product candidates to the clinical sites, including delays by third parties with whom we have contracted to perform certain of those functions;
- delays in subjects completing participation in a trial or returning for post-treatment follow-up;
- clinical trial sites or subjects dropping out of a trial;
- selection of clinical endpoints that require prolonged periods of clinical observation or analysis of the resulting data;
- imposition of a clinical hold by regulatory authorities as a result of a serious adverse event or after an inspection of our clinical trial operations, trial sites or manufacturing facilities;
- occurrence of serious adverse events in trials of the same class of agents conducted by other sponsors; or
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols.

Additionally, if the results of any clinical trials are inconclusive or if there are safety concerns or serious adverse events associated with SGT-001 or our other product candidates, we may:

- be delayed or fail in obtaining marketing approval for SGT-001 or our other product candidates;
- obtain approval for indications or patient populations that are not as broad as we intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to changes in the way the products are administered;
- be required to perform additional clinical trials to support approval or be subject to additional post-marketing testing requirements;
- have regulatory authorities withdraw, or suspend, their approval of the product or impose restrictions on its distribution in the form of a modified REMS;
- be sued and held liable for harm caused to patients; or
- experience damage to our reputation.

Our product development costs will increase if we experience delays in testing or marketing approvals. In addition, if we make manufacturing or other changes to SGT-001 or our other product candidates, we may need to conduct additional studies to bridge our modified product candidates to earlier versions. We do not know whether any of our preclinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical study or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates.

If our third-party clinical trial vendors fail to comply with strict regulations, the clinical trials for SGT-001 or our other product candidates may be delayed or unsuccessful.

We do not have the personnel capacity to conduct or manage the clinical trials that will be necessary for the development of SGT-001 or our other product candidates. For our Phase I/II trial of SGT-001 we are relying, and for any future clinical trials we will rely, on third parties to assist us in managing, monitoring and conducting our clinical trials. If these third parties fail to comply with applicable regulations or do not adequately fulfill their obligations under the terms of our agreements with them, we may not be able to enter into alternative arrangements without undue delay or additional expenditures and, therefore, the clinical trials for SGT-001 or our other product candidates may be delayed or unsuccessful.

Furthermore, the FDA can be expected to inspect some or all of the clinical sites participating in our clinical trials to determine if our clinical trials are being conducted according to GCPs. If the FDA determines that these clinical sites are not in compliance with applicable regulations, we may be required to delay, repeat or terminate the clinical trials.

We may find it difficult to enroll patients in our clinical trials, which could delay or prevent us from proceeding with clinical trials of SGT-001 or our other product candidates.

Identifying and qualifying patients to participate in any clinical trials of SGT-001 and our other product candidates is critical to our success. The timing of any clinical trials depends on our ability to recruit patients to participate as well as complete required follow-up periods. If patients are unwilling to participate in our gene therapy clinical trials because of negative publicity from adverse events related to our product candidates, including the serious adverse event we recently reported, other approved gene therapies, the biotechnology or gene therapy fields, competitive clinical trials for similar patient populations, clinical trials in products employing our vector or our platform or for other reasons, the timeline for recruiting patients, conducting clinical trials and obtaining regulatory approval of SGT-001 may be delayed. We may also experience delays if patients withdraw from the clinical trial or do not complete the required monitoring period. These delays could result in increased costs, delays in advancing SGT-001 or our other product candidates, delays in testing the effectiveness of SGT-001 and our other product candidates or termination of clinical trials altogether.

We may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics, to complete any clinical trials in a timely manner. Patient enrollment and trial completion is affected by many factors, including:

- size of the patient population and the process for identifying subjects;
- design of the trial protocol;
- eligibility and exclusion criteria, including that some patients may have pre-existing antibodies to AAV vectors precluding them from being able to receive AAV-mediated gene transfer;
- restrictions on our ability to conduct clinical trials, including full and partial clinical holds on ongoing or planned clinical trials;
- perceived risks and benefits of the product candidate under study;
- perceived risks and benefits of gene therapy-based approaches to the treatment of diseases;
- availability of competing therapies and clinical trials;
- severity of the disease;
- proximity and availability of clinical trial sites for prospective subjects;
- ability to obtain and maintain subject consent;
- risk that enrolled subjects will drop out before completion of the trial;

- patient referral practices of physicians;
- ability to monitor subjects adequately during and after treatment; and
- in the case of pivotal trials, the risk that patients may opt not to enroll because they are not assured treatment with our product candidate.

In March 2018, the FDA placed our Phase I/II clinical trial of SGT-001 on full clinical hold following our report of a serious adverse event in the clinical trial. As a result, we have halted enrollment and dosing in the clinical trial and are awaiting the formal clinical hold letter from the FDA. If we are unable to satisfy any requests of the FDA in a timely manner, or at all, or if the FDA does not lift the full or partial clinical hold in a timely manner, or at all, we would be further delayed or prevented from enrolling patients in our Phase I/II clinical trial of SGT-001.

Our ability to successfully initiate, enroll and complete a clinical trial in any foreign country is subject to numerous risks unique to conducting business in foreign countries, including:

- different standards for the conduct of clinical trials;
- absence in some countries of established groups with sufficient regulatory expertise for review of gene therapy protocols;
- difficulty in identifying and partnering with qualified local consultants, physicians and partners; and
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology research and products.

Even if we complete the necessary clinical trials, we cannot predict when, or if, we will obtain regulatory approval to commercialize SGT-001 or our other product candidates and the approval may be for a more narrow indication than we seek.

We cannot commercialize SGT-001 or our other product candidates until the appropriate regulatory authorities have reviewed and approved the product candidate. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state and local statutes and regulations require the expenditure of substantial time and financial resources and we may not be able to obtain the required regulatory approvals. Even if our product candidates meet their safety and efficacy endpoints in clinical trials, the regulatory authorities may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval. Additional delays may result if an FDA advisory committee or other regulatory authority recommends non-approval or restrictions on approval. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action or changes in regulatory authority policy during the period of product development, clinical trials and the regulatory review process.

Even if we receive regulatory approval, regulatory authorities may approve a product candidate for more limited indications than requested or they may impose significant limitations in the form of narrow indications, warnings or a REMS. Regulatory authorities may require precautions or contra-indications with respect to conditions of use or they may grant approval subject to the performance of costly post-marketing clinical trials. In addition, regulatory authorities may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Even if we obtain regulatory approval for a product candidate, our product candidates will remain subject to regulatory oversight.

Even if we obtain any regulatory approval for SGT-001 or our other product candidates, we will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion,

sampling, record-keeping and submission of safety and other post-market information. Any regulatory approvals that we receive for our product candidates may also be subject to a REMS, limitations on the approved indicated uses for which the product may be marketed or conditions of approval, or requirements for potentially costly post-marketing testing, including Phase IV clinical trials, and surveillance to monitor the quality, safety and efficacy of the product. Advertising and promotional materials must comply with FDA rules and are subject to FDA review, in addition to other potentially applicable federal and state laws.

If we fail to comply with applicable regulatory requirements following approval of SGT-001 or our other product candidates, a regulatory authority may, among other things, suspend or withdraw regulatory approval, narrow the product label, restrict the marketing or manufacturing of the product, suspend any ongoing clinical trials or seize or detain the product or otherwise require the withdrawal of the product from the market.

Even if we obtain and maintain approval for SGT-001 or our other product candidates from the FDA, we may never obtain approval for our product candidates outside of the United States, which would limit our market opportunities and adversely affect our business.

Even if we receive FDA approval of SGT-001 or our other product candidates in the United States, approval of a product candidate in the United States by the FDA does not ensure approval of such product candidate by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. Future sales of our product candidates outside of the United States will be subject to foreign regulatory requirements governing clinical trials, manufacturing and marketing approval. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and more onerous than, those in the United States, including additional preclinical studies or clinical trials. In many countries outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that country. We intend to submit an MAA to the EMA for approval of SGT-001 in the European Union, but obtaining such approval from the European Commission following the opinion of the EMA is a lengthy and expensive process. Regulatory authorities in countries outside of the United States and the European Union also have requirements for approval of product candidates with which we must comply prior to marketing in those countries. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of SGT-001 or our other product candidates in certain countries.

Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Also, regulatory approval for SGT-001 or our other product candidates may be withdrawn. If we fail to comply with the regulatory requirements, our target market will be reduced, and our ability to realize the full market potential of our product candidates will be harmed.

Regulatory requirements governing gene therapy products have changed frequently and may continue to change in the future.

The FDA has established the OTAT within its CBER to consolidate the review of gene therapy and related products, and has established the Cellular, Tissue and Gene Therapies Advisory Committee to advise CBER in its review. Gene therapy clinical trials conducted at institutions that receive funding for recombinant DNA research from the NIH also are potentially subject to review by the RAC; however, the NIH announced that the RAC will soon only publicly review clinical trials if the trials cannot be evaluated by standard oversight bodies and pose unusual risks. Although the FDA decides whether individual gene therapy protocols may proceed, the RAC public review process, if undertaken, can delay the initiation of a clinical trial, even if the FDA has reviewed the trial design and details and approved its initiation. Conversely, the FDA can put an IND on a clinical hold even if the RAC has provided a favorable review or an exemption from in-depth, public review. If we were to engage an NIH-funded institution to conduct a clinical trial, that institution’s IBC as well as its IRB would need to review the proposed clinical trial to assess the safety of the trial. In addition, adverse

developments in clinical trials of gene therapy products conducted by others may cause the FDA or other oversight bodies to change the requirements for approval of our product candidates. Similarly, the EMA may issue new guidelines concerning the development and marketing authorization for gene therapy products and require that we comply with these new guidelines.

In addition, ethical, social and legal concerns about gene therapy, genetic testing and genetic research could result in additional regulations or prohibiting the processes we may use. Federal and state agencies, congressional committees and foreign governments have expressed their intentions to further regulate biotechnology. More restrictive regulations or claims that our product candidates are unsafe or pose a hazard could prevent us from commercializing any products. New government requirements may be established that could delay or prevent regulatory approval of our product candidates under development. It is impossible to predict whether legislative changes will be enacted, regulations, policies or guidance changed, or interpretations by agencies or courts changed, or what the impact of such changes, if any, may be.

As we advance SGT-001 and our other product candidates, we will be required to consult with these regulatory and advisory groups, and comply with applicable guidelines. These regulatory review committees and advisory groups and any new guidelines they promulgate may lengthen the regulatory review process, require us to perform additional studies, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of SGT-001 or our other product candidates or lead to significant post-approval limitations or restrictions. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product to market could decrease our ability to generate sufficient product revenue.

We may not be able to benefit from orphan drug designation for SGT-001 or any of our product candidates.

The FDA and EMA granted SGT-001 orphan drug designation for the treatment of DMD in August 2016 and September 2016, respectively. The designation of SGT-001 as an orphan drug does not guarantee that any regulatory agency will accelerate regulatory review of, or ultimately approve, that product candidate, nor does it limit the ability of any regulatory agency to grant orphan drug designation to product candidates of other companies that treat the same indications as our product candidate prior to our product candidate receiving exclusive marketing approval.

We may lose orphan drug exclusivity if the FDA or EMA determines that the request for designation was materially defective or if we cannot assure sufficient quantity of the applicable drug to meet the needs of patients with DMD.

Even if we maintain orphan drug exclusivity for SGT-001 or obtain orphan drug exclusivity for our other product candidate, the exclusivity may not effectively protect the product candidate from competition because regulatory authorities still may authorize different drugs for the same condition or the same drug for the same condition if it is determined by the FDA to be clinically superior to the product with orphan drug exclusivity.

We may seek a breakthrough therapy designation for SGT-001 or our other product candidates, but we might not receive such designation, and even if we do, such designation may not lead to a faster development or regulatory review or approval process.

We may seek a breakthrough therapy designation for SGT-001 or our other product candidates; however, we cannot assure our stockholders that SGT-001 or our other product candidates will meet the criteria for that designation. A breakthrough therapy is defined as a therapy that is intended, alone or in combination with one or more other therapies, to treat a serious condition, and preliminary clinical evidence indicates that the therapy may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For therapies and biologics that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of

the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Therapies designated as breakthrough therapies by the FDA may also be eligible for priority review if supported by clinical data at the time the new drug application is submitted to the FDA.

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

The FDA has granted RPDD to SGT-001; however, a BLA for SGT-001 may not meet the eligibility criteria for a priority review voucher upon approval.

The FDA has granted RPDD to SGT-001. RPDD does not guarantee that a BLA for such drug will meet the eligibility criteria for a rare pediatric disease priority review voucher at the time the application is approved. We will need to request a rare pediatric disease priority review voucher in our BLA for SGT-001. The use of a priority review voucher allows for a drug to be reviewed by the FDA within six months. However, the FDA may determine that a BLA for SGT-001 does not meet the eligibility criteria for a priority review voucher upon approval. Moreover, even if SGT-001 does satisfy those criteria, the product will need to be licensed before September 30, 2022 in order to be granted a rare disease priority review voucher.

We may seek fast track designation for SGT-001 or our other product candidates, but we might not receive such designation, and even if we do, such designation may not actually lead to a faster development or regulatory review or approval process.

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

We may seek priority review designation for SGT-001 or our other product candidates, but we might not receive such designation, and even if we do, such designation may not lead to a faster development or regulatory review or approval process.

If the FDA determines that a product candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months. We may request priority review for our product candidates, however, we cannot assume that SGT-001 or our other product candidates will meet the criteria for that designation. The FDA has broad discretion with respect to whether or not to grant priority review status to a product candidate, so even if we believe a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not

necessarily mean a faster development or regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

We face significant competition and our competitors may achieve regulatory approval before us or develop therapies that are more advanced or effective than ours, which may adversely affect our ability to successfully market or commercialize SGT-001 or our other product candidates.

We operate in a highly competitive segment of the biopharmaceutical market. We face competition from many different sources, including larger and better-funded pharmaceutical, specialty pharmaceutical and biotechnology companies, as well as from academic institutions, government agencies and private and public research institutions. Our product candidates, if successfully developed and approved, will compete with established therapies as well as with new treatments that may be introduced by our competitors. There are a variety of product candidates, including gene therapies, in development for DMD. Many of our competitors have significantly greater financial, product candidate development, manufacturing and marketing resources than we do. Large pharmaceutical and biotechnology companies have extensive experience in clinical testing and obtaining regulatory approval for their products, and mergers and acquisitions within these industries may result in even more resources being concentrated among a smaller number of larger competitors. Our commercial opportunity could be reduced or eliminated if competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, have broader market acceptance, are more convenient or are less expensive than any product candidate that we may develop.

We are aware of several companies focused on developing gene therapies in various indications, as well as several companies addressing other methods for modifying genes and regulating gene expression. Any advances in gene therapy technology made by a competitor may be used to develop therapies that could compete against SGT-001 or any future gene therapy product candidates we develop.

We may fail to capitalize on other potential product candidates that may represent a greater commercial opportunity or for which there is a greater likelihood of success.

The success of our business depends upon our ability to develop and commercialize SGT-001 and our other product candidates. Because we have limited resources, we may forego or delay pursuit of opportunities with certain programs or product candidates or for indications that later prove to have greater commercial potential than SGT-001 or our other product candidates. Our spending on current and future research and development programs may not yield any commercially viable product candidates. If we do not accurately evaluate the commercial potential for a particular product candidate, we may relinquish valuable rights to that product candidate through strategic collaborations, licensing or other arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. Alternatively, we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement. If any of these events occur, we may be forced to abandon our development efforts with respect to a particular product candidate or fail to develop a potentially successful product candidate.

Risks related to the manufacturing and commercialization of SGT-001 and our other product candidates

We may not be successful in finding strategic collaborators for continuing development of SGT-001 or our other product candidates or successfully commercializing or competing in the market for certain indications.

We may seek to establish strategic partnerships for developing SGT-001 or our other product candidates due to capital costs required to develop, manufacture and commercialize our product candidates. We may not be successful in our efforts to establish such strategic partnerships or other alternative arrangements because our research and development pipeline may be insufficient, SGT-001 may be deemed to be at too early of a stage of

development for collaborative effort or third parties may not view SGT-001 as having the requisite potential to demonstrate safety and efficacy. We cannot be certain that, following a strategic transaction, we will achieve an economic or business benefit that justifies such transaction.

If we seek to but are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms or at all, we may have to curtail, reduce or delay the development of a product candidate, delay its potential commercialization, reduce the scope of any sales or marketing activities or increase our expenditures and undertake development, manufacturing or commercialization activities independently. If we elect to fund our own independent development or commercialization activities, we will need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development, manufacturing and commercialization activities, we may not be able to further develop SGT-001 or our other product candidates.

We have limited gene transfer manufacturing experience and could experience production problems and delays in obtaining regulatory approval of our manufacturing processes, which could result in delays in the development or commercialization of SGT-001 or our other product candidates.

The manufacturing process we use to produce SGT-001 is complex and has not been validated for commercial use. We have no experience manufacturing SGT-001 and our other product candidates. Building our own manufacturing facility would require substantial additional investment, would be time-consuming and may be subject to delays, including those resulting from compliance with regulatory requirements. In addition, building a manufacturing facility may cost more than we currently anticipate. Although we may establish our own manufacturing facility to support a commercial launch, if we are unable to do so or otherwise decide not to do so, we may be unable to produce commercial materials or meet demand, if any should develop, for SGT-001 and our other product candidates. Any such failure could delay or prevent our commercialization of SGT-001 or our other product candidates. The production of SGT-001 requires processing steps that are more complex than those required for most chemical pharmaceuticals. Moreover, unlike chemical pharmaceuticals, the physical and chemical properties of a gene transfer such as ours generally cannot be fully characterized. As a result, assays of the finished product may not be sufficient to ensure that the product will perform in the intended manner. Accordingly, we employ multiple steps to control our manufacturing process to assure that the process works and that SGT-001 is made strictly and consistently in compliance with the process. As a result of the limited number of FDA approvals for gene transfer products to date, the timeframe required for us to obtain approval for a cGMP gene therapy manufacturing facility in the United States is uncertain. We must supply all necessary documentation in support of a BLA or other MAA on a timely basis and must adhere to the FDA's and the European Union's cGMP requirements before SGT-001 and our other product candidates can obtain marketing approval. In order to obtain approval, we will need to ensure that all of our processes, methods and equipment are compliant with cGMP requirements, and perform extensive audits of contract laboratories, manufacturers and suppliers.

We currently rely on third-party manufacturers for our SGT-001 supply. In order to produce sufficient quantities of SGT-001 for clinical trials and initial U.S. commercial demand, we will need to increase the scale of our manufacturing process at our third-party manufacturers, and potentially through our own commercial-scale manufacturing facility. We may need to change our current manufacturing process. We may not be able to produce sufficient quantities of SGT-001 due to several factors, including equipment malfunctions, facility contamination, material shortages or contamination, natural disasters, disruption in utility services, human error or disruptions in the operations of our suppliers. For example, through our contract manufacturer we have performed and released within specifications manufacturing runs of SGT-001 for clinical supply and have experienced variability with respect to the success and yield of these runs. We continue to engage in process development activities to improve the reproducibility, reliability and consistency of yields of our manufacturing process. Additional manufacturing runs will be required to produce necessary or adequate supply for our Phase I/II clinical trial of SGT-001 and there is no guarantee that all of those runs will be within specifications or

produce adequate supply. If we are not able to produce sufficient supply on the timeline expected, our overall development schedule for SGT-001 could be delayed, and we could incur additional expense.

If supply from a manufacturing facility is interrupted, there could be a significant disruption in supply of SGT-001 or our other product candidates. Further, we may not be able to enter into arrangements with additional third-party manufacturers on favorable terms or at all. Use of new third-party manufacturers could increase the risk of delays in production or insufficient supplies of our product candidates as we transfer our manufacturing technology to these manufacturers and as they gain experience manufacturing our product candidates.

In addition, product manufacturers and their facilities are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP requirements and adherence to commitments made in the BLA or foreign marketing application. If we, or a regulatory authority, discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory authority may impose restrictions relative to that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

In addition, the FDA, the EMA and other foreign regulatory authorities may require us to submit samples of any lot of any approved product together with the protocols showing the results of applicable tests at any time. Under some circumstances, the FDA, the EMA or other foreign regulatory authorities may require that we not distribute a lot until the agency authorizes its release. Lot failures or product recalls could cause us to delay or abandon clinical trials or product launches.

We also may encounter problems hiring and retaining the experienced specialist scientific, quality control and manufacturing personnel needed to operate our manufacturing process, which could result in delays in our production or difficulties in maintaining compliance with applicable regulatory requirements.

Any problems in our manufacturing process or facilities could make us a less attractive collaborator for potential partners, including larger pharmaceutical companies and academic research institutions, which could limit our access to additional attractive development programs. Problems in our manufacturing process or facilities also could restrict our ability to meet market demand for SGT-001, our other product candidates or future product candidates.

Although we may establish our own SGT-001 manufacturing facility, we expect to utilize third parties to conduct our product manufacturing for the foreseeable future. Therefore, we are subject to the risk that these third parties may not perform satisfactorily or meet regulatory requirements.

Until such time, if ever, as we establish a manufacturing facility that has been properly validated to comply with FDA cGMP requirements, we will not be able to independently manufacture material for our current and future clinical programs. For clinical trials of SGT-001, we intend to utilize materials manufactured by cGMP-compliant third-party suppliers. Even following our potential establishment of a validated cGMP manufacturing facility, we intend to maintain our current and additional third-party manufacturing capabilities in order to provide multiple sources of supply. In the event that the establishment of our own manufacturing facility is delayed or not otherwise pursued and if these third-party manufacturers do not successfully carry out their contractual duties, meet expected deadlines or manufacture SGT-001 in accordance with regulatory requirements or if there are disagreements between us and these third-party manufacturers, we may not be able to complete, or may be delayed in completing the clinical trials required for approval of SGT-001. In such instances, we may need to locate an appropriate replacement third-party relationship, which may not be readily available or on acceptable terms, which would cause additional delay or increased expense prior to the approval of our product candidates.

Additionally, we rely on our third-party manufacturers for their compliance with the cGMP and their maintenance of adequate quality control, quality assurance and qualified personnel. Furthermore, all of our third-party suppliers and manufacturers are engaged with other companies to supply and/or manufacture materials or

products for such companies, which exposes them to regulatory risks for the production of such materials and products. FDA inspections may identify compliance issues at third-party manufacturer facilities or at the facilities of third-party suppliers that may disrupt production or distribution, or require substantial resources to correct and prevent recurrence of any deficiencies, and could result in fines or penalties by regulatory authorities. In addition, discovery of problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved BLA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action, including fines, injunctions, civil penalties, license revocations, seizure, total or partial suspension of production or criminal penalties, any of which could significantly and adversely affect supplies of our product candidates.

In addition, we do not currently have long-term supply or manufacturing arrangements in place for the production of SGT-001 at commercial scale. Although we intend to establish additional sources for long-term supply, potentially including our own commercial-scale cGMP-compliant manufacturing facility and one or more third-party manufacturers, if the gene therapy industry were to grow, we may encounter increasing competition for the materials necessary for the production of SGT-001. We may experience difficulties in scaling up production beyond clinical batches. Furthermore, demand for third-party cGMP manufacturing facilities may grow at a faster rate than existing manufacturing capacity, which could disrupt our ability to find and retain third-party manufacturers capable of producing sufficient quantities of SGT-001 for future clinical trials or to meet initial commercial demand in the United States. We currently rely, and expect to continue to rely, on additional third parties to manufacture materials for our product candidates and to perform quality testing. Even following the potential establishment of our own cGMP-compliant manufacturing capabilities, we intend to maintain third-party manufacturers for these materials, as well as to serve as additional sources of SGT-001, which will expose us to risks including:

- reduced control of manufacturing activities;
- the inability of certain contract manufacturing organizations, or CMOs, to produce our product candidates in the necessary quantities, or in compliance with current cGMP or in compliance with pertinent regulatory requirements and within our planned time frame and cost parameters;
- termination or nonrenewal of manufacturing and service agreements with third parties in a manner or at a time that is costly or damaging to us; and
- disruptions to the operations of our third-party manufacturers and suppliers caused by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier.

Any of these events could lead to clinical trial delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize SGT-001 or our other product candidates. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of product manufacture.

If we are unable to establish sales, distribution and marketing capabilities or enter into agreements with third parties to market and sell SGT-001 and our other product candidates, we will be unable to generate any product revenue.

We currently have no sales, distribution or marketing organization. To successfully commercialize any product candidate that may result from our development programs, we will need to develop these capabilities, either on our own or with others. The establishment and development of our own commercial team or the establishment of a contract sales force to market any product candidate we may develop will be expensive and time-consuming and could delay any product launch. Moreover, we cannot be certain that we will be able to successfully develop this capability. We may enter into collaborations regarding SGT-001 and our other product candidates with other entities to utilize their established marketing and distribution capabilities, but we may be unable to enter into such agreements on favorable terms, if at all. If any future collaborators do not commit sufficient resources to commercialize our product candidates, or we are unable to develop the necessary

capabilities on our own, we will be unable to generate sufficient product revenue to sustain our business. We compete with many companies that currently have extensive, experienced and well-funded sales, distribution and marketing operations to recruit, hire, train and retain marketing and sales personnel. We also face competition in our search for third parties to assist us with the sales and marketing efforts of SGT-001 and our other product candidates. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

If we are unable to establish medical affairs capabilities, we will be unable to establish an educated market of physicians to administer SGT-001 or our other product candidates.

We currently have no medical affairs team. If we are unable to successfully build a medical affairs team to address scientific and medical questions and provide expert guidance and education in the application, administration and utilization of SGT-001 and our other product candidates to physicians, we may not be able to establish an educated market for our products. The establishment and development of our own medical affairs team will be expensive and time-consuming and could delay any product launch. Moreover, we cannot be certain that we will be able to successfully develop this capability.

If the market opportunities for SGT-001 are smaller than we believe they are, our revenue prospects may be adversely affected and our business may suffer.

We currently focus our research and product development on treatments for DMD. Our understanding of the patient population with this disease is based on estimates in published literature and by DMD foundations. These estimates may prove to be incorrect and new studies may reduce the estimated incidence or prevalence of this disease. The number of patients in the United States, the European Union and elsewhere may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our product candidate or patients may become increasingly difficult to identify and access.

Further, there are several factors that could contribute to making the actual number of patients who receive SGT-001 less than the potentially addressable market. These include the lack of widespread availability of, and limited reimbursement for, new therapies in many underdeveloped markets. Further, the severity of the progression of a degenerative disease such as DMD up to the time of treatment will likely diminish the therapeutic benefit conferred by a gene therapy due to irreversible cell damage.

Certain patients' immune systems might prohibit the successful delivery of certain gene therapy products, thereby potentially limiting treatment outcomes for these patients.

As with many AAV-mediated gene therapy approaches, certain patients' immune systems might prohibit the successful delivery of certain gene therapy products, thereby potentially limiting treatment outcomes of these patients. While we are working to better understand the prevalence of neutralizing antibodies to AAV, or seroprevalence, as it relates to gene therapies for DMD, the exact DMD-wide seroprevalence is currently unknown and it varies by AAV serotype and age. We may not be able to address this potentially limiting factor for gene therapy as a treatment for certain patients.

The commercial success of any of our product candidates, including SGT-001, if approved, will depend upon market acceptance by physicians, patients, third-party payors and others in the medical community.

Even with the requisite approvals from the FDA in the United States, the European Commission in the European Union and other regulatory authorities internationally, the commercial success of SGT-001 will depend, in part, on the acceptance of physicians, patients and health care payors of gene therapy products in general, and SGT-001 in particular, as medically necessary, cost-effective and safe. Any product that we commercialize may not gain acceptance by physicians, patients, health care payors and others in the medical community due to ethical, social, medical and legal concerns. If these products do not achieve an adequate level

of acceptance, we may not generate significant product revenue and may not become profitable. The degree of market acceptance of gene therapy products and, in particular, SGT-001, if approved for commercial sale, will depend on multiple factors, including:

- the efficacy and safety of SGT-001 as demonstrated in clinical trials;
- the efficacy and potential and perceived advantages of SGT-001 over alternative treatments;
- the cost of treatment relative to alternative treatments;
- the clinical indications for which SGT-001 is approved by the FDA or the European Commission;
- the willingness of physicians to prescribe new therapies;
- the willingness of the target patient population to try new therapies;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA, the EMA or other regulatory authorities, including any limitations or warnings contained in a product's approved labeling;
- relative convenience and ease of administration;
- the strength of marketing and distribution support;
- the timing of market introduction of competitive products;
- the availability of products to meet market demand;
- publicity concerning our product candidates or competing products and treatments;
- any restrictions on the use of our products together with other medications; and
- favorable third-party payor coverage and adequate reimbursement.

Even if a potential product displays a favorable efficacy and safety profile in preclinical studies and clinical trials, market acceptance of the product will not be fully known until after it is launched.

Our efforts to educate the medical community and third-party payors on the benefits of SGT-001 and our other product candidates may require significant resources and may never be successful. Such efforts may require more resources than are typically required due to the complexity and uniqueness of our potential product candidates. If SGT-001 or our other product candidates are approved but fail to achieve market acceptance among physicians, patients or third-party payors, we will not be able to generate significant revenue from any such product.

Our gene transfer approach utilizes a vector derived from a virus, which may be perceived as unsafe or may result in unforeseen adverse events. Negative public opinion and increased regulatory scrutiny of gene therapy may damage public perception of the safety of our SGT-001 gene transfer product candidate and adversely affect our ability to conduct our business or obtain regulatory approvals for SGT-001.

Gene transfer remains a novel technology and public perception may be influenced by claims that gene transfer is unsafe, and gene transfer may not gain the acceptance of the public or the medical community. In particular, our success will depend upon physicians who specialize in the treatment of DMD prescribing treatments that involve the use of SGT-001 in lieu of, or in addition to, other treatments with which they are more familiar and for which greater clinical data may be available. More restrictive government regulations or negative public opinion may delay or impair the development and commercialization of SGT-001 or demand for any product candidate we may develop. A public backlash developed against gene therapy following the death of a patient in 1999 during a gene therapy clinical trial of research subjects with ornithine transcarbamylase, or OTC, deficiency, a rare disorder in which the liver lacks a functional copy of the OTC gene. The death of the clinical

trial subject was due to complications of adenovirus vector administration. Dr. James M. Wilson, former chair of our Scientific Advisory Board, was a co-investigator of the 1999 trial while he was Director of the Institute for Human Gene Therapy of the University of Pennsylvania. Serious adverse events in our clinical trials, including the event that led to our Phase I/II clinical trial of SGT-001 being placed on full clinical hold, or other clinical trials involving gene transfer products or our competitors' products, even if not ultimately attributable to the relevant product candidates, and the resulting publicity, could result in increased government regulation, unfavorable public perception, potential regulatory delays in the testing or approval of SGT-001, stricter labeling requirements for SGT-001 if approved and a decrease in demand for SGT-001.

Failure to comply with ongoing regulatory requirements could cause us to suspend production or put in place costly or time-consuming remedial measures.

The regulatory authorities may, at any time following approval of a product for sale, audit the manufacturing facilities for such product. If any such inspection or audit identifies a failure to comply with applicable regulations, or if a violation of product specifications or applicable regulations occurs independent of such an inspection or audit, the relevant regulatory authority may require remedial measures that may be costly or time-consuming to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a manufacturing facility.

Any contamination in our manufacturing process, shortages of materials or failure of any of our key suppliers to deliver necessary components could result in interruption in the supply of our product candidates and delays in our clinical development or commercialization schedules.

Given the nature of biologics manufacturing, there is a risk of contamination in our manufacturing processes. Any contamination could materially adversely affect our ability to produce SGT-001 on schedule and could cause reputational damage.

Some of the materials required in our manufacturing process are derived from biologic sources. Such materials are difficult to procure and may be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in the manufacture of SGT-001 could adversely impact or disrupt the commercial manufacturing or the production of clinical material, which could materially and adversely affect our development timelines.

The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for our product candidates, if approved, could limit our ability to market those products and decrease our ability to generate product revenue.

There is significant uncertainty related to third-party coverage and reimbursement of newly approved products. We expect the cost of a single administration of gene transfer products, such as those we are developing, to be substantial, when and if they achieve regulatory approval. We expect that coverage and reimbursement by government and private payors will be essential for most patients to be able to afford these treatments. Accordingly, sales of SGT-001, if approved, will depend substantially, both domestically and abroad, on the extent to which the costs of SGT-001 will be paid by health maintenance, managed care, pharmacy benefit and similar health care management organizations, or will be reimbursed by government authorities, private health coverage insurers and other third-party payors. Coverage and reimbursement by a third-party payor may depend upon several factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective;

- durable and a one-time treatment; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement for a product from third-party payors is a time-consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data. If coverage and reimbursement are not available, or are available only at limited levels, we may not be able to successfully commercialize SGT-001 and our other product candidates. Even if coverage is provided, the approved reimbursement amount may not be adequate to realize a sufficient return on our investment.

To our knowledge, no gene transfer product has been approved for coverage and reimbursement by the Centers for Medicare & Medicaid Services, or the CMS, the agency responsible for administering the Medicaid program. It is difficult to predict what the CMS will decide with respect to coverage and reimbursement for fundamentally novel products such as ours, as there is no body of established practices and precedents for these types of products either in the United States or the European Union. For example, several cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European Union member states and vice versa. It is difficult to predict what third-party payors will decide with respect to the coverage and reimbursement for SGT-001 and our other product candidates.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenue, if any.

Outside the United States, international operations generally are subject to extensive government price controls and other market regulations, and increasing emphasis on cost-containment initiatives in the European Union, Canada and other countries may put pricing pressure on us. In general, the prices of therapeutics outside the United States are substantially lower than in the United States. Other countries may allow companies to fix their own prices for therapeutics, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulations could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our product candidates may be reduced compared with the United States and may be insufficient to generate commercially reasonable product revenue.

Additionally, in countries where the pricing of gene therapy products is subject to governmental control, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. Reimbursement of our products may be unavailable or limited in scope or amount, which would adversely affect our revenue, if any.

If we obtain approval to commercialize SGT-001 and our other product candidates outside of the United States, in particular in the European Union, a variety of risks associated with international operations could materially adversely affect our business.

We expect that we will be subject to additional risks in commercializing SGT-001 and our other product candidates outside the United States, including:

- different regulatory requirements for approval of therapeutics in foreign countries;
- reduced protection for intellectual property rights;
- the existence of additional third-party patent rights of potential relevance to our business;

- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- foreign reimbursement, pricing and insurance regimes;
- production shortages resulting from any events affecting material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires.

The failure to comply with applicable foreign regulatory requirements may result in, among other things, fines, suspension, variation or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Additionally, on June 23, 2016, the electorate in the United Kingdom voted in favor of leaving the European Union, commonly referred to as Brexit. On March 29, 2017, the country formally notified the European Union of its intention to withdraw pursuant to Article 50 of the Lisbon Treaty. Since a significant proportion of the regulatory framework in the United Kingdom is derived from European Union directives and regulations, the referendum could materially impact the regulatory regime with respect to the approval of our product candidates in the United Kingdom or the European Union. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us from commercializing our product candidates in the United Kingdom and/or the European Union and restrict our ability to generate revenue and achieve and sustain profitability. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the United Kingdom and/or European Union for our product candidates, which could significantly and materially harm our business.

If we engage in future acquisitions or strategic collaborations, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We may evaluate various acquisitions and strategic collaborations, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any potential acquisition or strategic collaboration may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management’s attention from our existing product candidates and initiatives in pursuing such acquisition or strategic collaboration;
- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or collaboration or even to offset transaction costs.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition or collaboration opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

Risks related to our business operations

Our future success depends on our ability to retain key employees, consultants and advisors and to attract, retain and motivate qualified personnel.

We are highly dependent on members of our executive team, the loss of whose services may adversely impact the achievement of our objectives. While we have entered into employment agreements with certain of our executive officers, any of them could leave our employment at any time. We currently do not have “key person” insurance on any of our employees. The loss of the services of one or more of our current employees might impede the achievement of our research, development and commercialization objectives.

Recruiting and retaining other qualified employees, consultants and advisors for our business, including scientific and technical personnel, also will be critical to our success. There currently is a shortage of skilled individuals with substantial gene therapy experience, which is likely to continue. As a result, competition for skilled personnel, including in gene therapy research and vector manufacturing, is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies and academic institutions for individuals with similar skill sets. In addition, the clinical trial holds on SGT-001, or the failure to succeed in preclinical or clinical trials or applications for marketing approval may make it more challenging to recruit and retain qualified personnel. The inability to recruit, or loss of services of certain executives, key employees, consultants or advisors, may impede the progress of our research, development and commercialization objectives.

If we are unable to manage expected growth in the scale and complexity of our operations, our performance may suffer.

If we are successful in executing our business strategy, we will need to expand our managerial, operational, financial and other systems and resources to manage our operations, continue our research and development activities and, in the longer term, build a commercial infrastructure to support commercialization of SGT-001 and any other product candidate that is approved for sale. Future growth would impose significant added responsibilities on members of management. It is likely that our management, finance, development personnel, systems and facilities currently in place may not be adequate to support this future growth. Our need to effectively manage our operations, growth and any future product candidates requires that we continue to develop more robust business processes and improve our systems and procedures in each of these areas and to attract and retain sufficient numbers of talented employees. We may be unable to successfully implement these tasks on a larger scale and, accordingly, may not achieve our research, development and growth goals.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with FDA regulations or the regulations applicable in the European Union and other jurisdictions, provide

accurate information to the FDA, the EMA and other regulatory authorities, comply with health care fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct also could involve the improper use of information obtained in the course of clinical trials or interactions with the FDA or other regulatory authorities, including insider trading, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions.

Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may set.

Our business and financial prospects could be affected by changes in health care spending and policy in the United States and abroad. We operate in a highly regulated industry and new laws or judicial decisions, or new interpretations of existing laws or decisions, related to health care availability, the method of delivery or payment for health care products and services could negatively impact our business, operations and financial condition.

For example, in the United States there is significant interest in promoting health care reform, as evidenced by the enactment of the Health Care Reform Law. The Health Care Reform Law increased federal oversight of private health insurance plans and included a number of provisions designed to reduce Medicare expenditures and the cost of health care generally, to reduce fraud and abuse, and to provide access to increased health coverage.

The Health Care Reform Law also imposed substantial changes to the U.S. system for paying for health care, including programs to extend medical benefits to millions of individuals who have lacked insurance coverage. Generally, implementation of the Health Care Reform Law has thus far included significant cost-saving, revenue and payment reduction measures with respect to, for example, several government health care programs that might cover our products in the United States, should they be commercialized, including Medicaid and Medicare. Additional downward pricing pressure associated with the Health Care Reform Law includes that the Health Care Reform Law established and provided significant funding for a Patient-Centered Outcomes Research Institute to coordinate and fund Comparative Effectiveness Research, as those terms are defined in the Health Care Reform Law. While the stated intent of Comparative Effectiveness Research is to develop information to guide providers to the most efficacious therapies, outcomes of Comparative Effectiveness Research could influence the reimbursement or coverage for therapies that are determined to be less cost-effective than others. Should any of our products be approved for sale, but then determined to be less cost-effective than alternative therapies, the levels of reimbursement for these products, or the willingness to reimburse at all, could be adversely impacted.

Another provision of the Health Care Reform Law, generally referred to as the Physician Payment Sunshine Act or Open Payments Program, has imposed new reporting and disclosure requirements for pharmaceutical and medical device manufacturers and distributors with certain FDA-approved products, such as approved vaccines, with regard to payments or other transfers of value made to certain U.S. health care practitioners, such as physicians and academic medical centers, and with regard to certain ownership interests held by physicians in reporting entities. The CMS publishes information from these reports on a publicly available website, including amounts transferred and the physician and teaching hospital identities.

Under the Physician Payment Sunshine Act, we are required to collect and report detailed information regarding certain financial relationships we have with physicians and teaching hospitals. Our compliance with these rules may also impose additional costs.

With enactment of the Tax Cuts and Jobs Act of 2017, which was signed by the President on December 22, 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, will become effective in 2019. According to the Congressional Budget Office, the repeal of the individual mandate will cause 13 million fewer Americans to be insured in 2027 and premiums in insurance markets may rise. Further, each chamber of the Congress has put forth multiple bills designed to repeal or repeal and replace portions of the Health Care Reform Law. Although none of these measures has been enacted by Congress to date, Congress may consider other legislation to repeal and replace elements of the Health Care Reform Law. The Congress will likely consider other legislation to replace elements of the Health Care Reform Law, during the next Congressional session.

The Trump Administration has also taken executive actions to undermine or delay implementation of the Health Care Reform Law. In January 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Health Care Reform Law to waive, defer, grant exemptions from, or delay the implementation of any provision of the Health Care Reform Law that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. In October 2017, the President signed a second Executive Order allowing for the use of association health plans and short-term health insurance, which may provide fewer health benefits than the plans sold through the Health Care Reform Law exchanges. At the same time, the Administration announced that it will discontinue the payment of CSR payments to insurance companies until Congress approves the appropriation of funds for such CSR payments. The loss of the CSR payments is expected to increase premiums on certain policies issued by qualified health plans under the Health Care Reform Law. A bipartisan bill to appropriate funds for CSR payments was introduced in the Senate, but the future of that bill is uncertain.

The costs of prescription pharmaceuticals in the United States has also been the subject of considerable discussion in the United States, and members of Congress and the Administration have stated that they will address such costs through new legislative and administrative measures. To date, there have been several recent U.S. congressional inquiries and proposed state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. The pricing of prescription pharmaceuticals is also subject to governmental control outside the United States. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of our product candidates to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our ability to generate revenues and become profitable could be impaired. The uncertain status of the Health Care Reform Law ability to may have a negative impact on our business.

The Drug Supply Chain Security Act imposes new obligations on manufacturers of pharmaceutical products related to product tracking and tracing. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the current regulations, guidance or interpretations will be changed, or what the impact of such changes on our business, if any, may be.

There have been a number of federal and state legislative changes made over the last few years regarding the pricing of pharmaceutical and biologic products. Concerns about drug pricing have been expressed by members of Congress and the President.

It is likely that federal and state legislatures within the United States and foreign governments will continue to consider changes to existing health care legislation. We cannot predict the reform initiatives that may be adopted in the future or whether initiatives that have been adopted will be repealed or modified. The continuing efforts of the government, insurance companies, managed care organizations and other health care payors of to contain or reduce costs of health care may adversely affect:

- the demand for any product candidates for which we may obtain regulatory approval;
- our ability to set a price that we believe is fair for our products;
- our ability to obtain coverage and reimbursement approval for a product;
- our ability to generate revenue and achieve or maintain profitability; and
- the level of taxes that we are required to pay.

Our relationships with customers, physicians and third-party payors will be subject, directly or indirectly, to federal and state health care fraud and abuse laws, false claims laws, health information privacy and security laws, and other health care laws and regulations. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

If we obtain FDA approval for SGT-001 or our other product candidates and begin commercializing those products in the United States, our operations will be directly or indirectly through our prescribers, customers and purchasers, subject to various federal and state fraud and abuse laws and regulations, including, without limitation, the federal Health Care Program Anti-Kickback Statute, the federal civil and criminal laws and Physician Payments Sunshine Act and regulations. These laws will impact, among other things, our proposed sales, marketing and educational programs. In addition, we may be subject to patient privacy laws by both the federal government and the states in which we conduct our business. The laws that will affect our operations include, but are not limited to:

- the federal Health Care Program Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in return for the purchase, recommendation, leasing or furnishing of an item or service reimbursable under a federal health care program, such as the Medicare and Medicaid programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand, and prescribers, purchasers and formulary managers on the other. The Health Care Reform Law amended the intent requirement of the federal Anti-Kickback Statute. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it;
- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other government payors that are false or fraudulent. The Health Care Reform Law provides and recent government cases against pharmaceutical and medical device manufacturers support the view that Federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may implicate the False Claims Act;
- HIPAA, which created new federal criminal statutes that prohibit a person from knowingly and willfully executing a scheme or from making false or fraudulent statements to defraud any health care benefit program, regardless of the payor (e.g., public or private);
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, and as amended again by the final HIPAA omnibus rule, Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under HITECH and the Genetic Information Nondiscrimination Act; Other Modifications to HIPAA, published in January 2013, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization by entities subject to the rule, such as health plans, health care clearinghouses and health care providers;

- federal transparency laws, including the federal Physician Payment Sunshine Act, that require certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to the CMS information related to: (i) payments or other "transfers of value" made to physicians and teaching hospitals and (ii) ownership and investment interests held by physicians and their immediate family members;
- state and foreign law equivalents of each of the above federal laws, state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other health care providers or marketing expenditures and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts in certain circumstances, such as specific disease states; and
- state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of the laws described above or any other government regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in government health care programs, such as Medicare and Medicaid, imprisonment and the curtailment or restructuring of our operations.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that we may run afoul of one or more of the requirements.

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

We face an inherent risk of product liability exposure related to the testing of SGT-001, our other product candidates and any future product candidate in preclinical studies and clinical trials and may face an even greater risk if we commercialize any product candidate that we may develop. If we cannot successfully defend ourselves against claims that our product candidates caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

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

Although we maintain product liability insurance coverage, such insurance may not be adequate to cover all liabilities that we may incur. We anticipate that we will need to increase our insurance coverage each time we

commence a clinical trial and if we successfully commercialize any product candidate. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the generation, handling, use, storage, treatment, manufacture, transportation and disposal of, and exposure to, hazardous materials and wastes, as well as laws and regulations relating to occupational health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and viruses and other biologic materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages. We also could incur significant costs associated with civil or criminal fines and penalties. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Although we maintain workers' compensation insurance for certain costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations, which have tended to become more stringent over time. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions or liabilities.

Our internal computer systems, or those of our collaborators, contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development.

Despite the implementation of security measures, our internal computer systems and those of our current and any future collaborators and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we are not aware of any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our or our collaborators', contractors' or consultants' operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from preclinical studies or clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed and the further development and commercialization of SGT-001 and our other product candidates could be delayed.

Risks related to our intellectual property

We heavily rely on certain in-licensed patents and other intellectual property rights in connection with our development of SGT-001 and may be required to acquire or license additional patents or other intellectual property rights to continue to develop and commercialize SGT-001.

Our ability to develop and commercialize SGT-001 and other product candidates is heavily dependent on licenses to patent rights and other intellectual property granted to us by third parties. In particular, we have

licensed certain patents and patent applications from the University of Michigan, the University of Missouri and the University of Washington that are important or necessary to the development of SGT-001 and other elements of our gene transfer program. Our existing license agreements impose, and we expect that future license agreements will impose, various diligence, development and commercialization obligations, milestone payments, royalties and other obligations on us. If we fail to comply with our obligations under these agreements, we may be subject to damages, which may be significant, and the licensor may have the right to terminate the license, in which event we may not be able to develop or market product candidates or technologies covered by the license, including SGT-001. In addition, certain of these license agreements are not assignable by us without the consent of the respective licensor, which may have an adverse effect on our ability to engage in certain transactions.

Under our existing license agreements, we do not have, and under future license agreements we may not have, the right to control the preparation, filing and prosecution of patent applications, or the maintenance, enforcement and defense of the patents and patent applications that we license from third parties. For example, under our inbound license agreements with the University of Michigan, the University of Missouri and the University of Washington, each of the applicable licensors controls the prosecution of patent applications and the maintenance of patents and patent applications. Therefore, we cannot be certain that these patents and applications will be prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our licensors fail to maintain, enforce or defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated and our right to develop and commercialize any of our product candidates that are the subject of such licensed rights, including SGT-001, could be adversely affected. For more information, see “Business—Strategic partnerships and collaborations/licenses.”

Moreover, licenses to additional third-party intellectual property, technology and materials are required for our development programs but may not be available in the future or may not be available on commercially reasonable terms. For example, we are aware of certain third-party patents related to certain microdystrophin constructs, which, if in force at the time of SGT-001’s commercialization, may be claimed by third parties to cover SGT-001. In addition, third parties may claim that the AAV vector we are developing for use in SGT-001 are covered by patents held by them. We believe that we would have valid defenses to any such claims; however, if any such claims were ultimately successful, we might require a license to continue to use and sell SGT-001 and such AAV vector. Such licenses may not be available on commercially reasonable terms, or at all. Moreover, even if we are able to obtain such licenses, they may only be non-exclusive, which could permit competitors and other third parties to use the same intellectual property in competition with us. If we are unable to successfully obtain rights to any third-party intellectual property rights that are required for the development and commercialization of SGT-001 or any of our other product candidates, and such third-party intellectual property rights are successfully asserted against us, we may be liable for damages, which may be significant, and we may be required to cease the development and commercialization of SGT-001 or our other product candidates.

If we are unable to obtain and maintain patent protection for our product candidates, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our product candidates may be adversely affected.

Our success depends, in large part, on our and our licensors’ ability to seek, obtain, maintain, enforce and defend patent rights in the United States and other countries with respect to SGT-001, our other product candidates and our future innovation related to our manufacturing technology. Our licensors and we have sought, and we intend to continue to seek, to protect our proprietary position by filing patent applications in the United States and, in at least some cases, one or more countries outside the United States related to SGT-001 and certain other product candidates that are important to our business. However, we cannot predict whether the patent applications we and our licensors are currently pursuing will issue as patents or whether the claims of any issued patents will provide us with a competitive advantage.

Moreover, we currently do not own any issued patents or pending non-provisional patent applications and we only own two provisional patent applications in the United States. Each of these provisional patent applications is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of each provisional patent application. If we do not timely file a non-provisional patent application in respect of a provisional patent application, we may lose our priority date with respect to such provisional patent application and any patent protection on the inventions disclosed in such provisional patent application. While we intend to timely file non-provisional patent applications relating to our provisional patent applications, we cannot predict whether such future patent applications will result in the issuance of patents that effectively protect any of our product candidates or will effectively prevent others from commercializing competitive products.

We also currently do not own or license any issued patents or pending patent applications with respect to our product candidate SB-001. While we have an option to negotiate a license for issued patents and pending patent applications relating to such product candidate, we may not exercise our option in a timely manner or at all, or satisfy any conditions upon which our option to such patents and patent applications is contingent. In addition, the third party granting us such option may breach our option agreement and license such patents and patent applications to other third parties, including our competitors, before we exercise our option. In any event, even if we exercise such option, we are still required to negotiate and enter into a definitive agreement pursuant to which we could license rights to the optioned patents and we may be unable to enter into such a definitive agreement within the required timeframe or under terms that are acceptable to us. If we are unable to do so, the party who has granted us our option may offer the patent rights to other parties. If we are unable to secure a license to any issued patents and pending patent applications relating to SB-001, we may need to cease our development of such product candidate.

We may not be able to file, prosecute, maintain, enforce, defend or license all patents that are necessary to our business.

The patent prosecution process is expensive, time-consuming and complex, and we and our licensors may not be able to file, prosecute, maintain, enforce, defend or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner.

It is also currently unknown what claims may, if ever, issue from pending applications included in our patent rights. Additionally, certain of our in-licensed U.S. patent rights lack corresponding foreign patents or patent applications, and therefore we will be unable to obtain patent protection for our product candidates in certain jurisdictions. We or our licensors may not be able to obtain or maintain patent protection with respect to SGT-001 or our other product candidates.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, obtain, maintain and enforce our intellectual property rights, and more generally, could affect the value of our intellectual property rights or narrow the scope of our licensed patents or future owned patents.

It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has, in recent years, been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Patent

applications included in our current and future patent rights may not result in patents being issued that protect our product candidates, effectively prevent others from commercializing competitive products or otherwise provide any competitive advantage. In fact, patent applications may not issue as patents at all. Even assuming patents issue from patent applications in which we have rights, changes in either the patent laws or interpretation of the patent laws in the United States and other jurisdictions may diminish the value of our patents or narrow the scope of our patent protection.

Other parties have developed products that may be related or competitive to our own and such parties may have filed or may file patent applications, or may have received or may receive patents, claiming inventions that may overlap or conflict with those claimed in our patent applications or issued patents. We may not be aware of all third-party intellectual property rights potentially relating to SGT-001, SB-001 or our other current or future product candidates. In addition, we cannot provide any assurances that any of the inventions disclosed in our patent applications will be found to be patentable, including over third-party or our own prior art patents, publications or other disclosures, or will issue as patents. Even if our patent applications issue as patents, we cannot provide any assurances that such patents will not be challenged or ultimately held to be invalid or unenforceable. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and in other jurisdictions are typically not published until 18 months after filing, or, in some cases, at all. Therefore, we cannot know with certainty whether the inventors of our licensed patents and applications were the first to make the inventions claimed in those patents or pending patent applications, or that they were the first to file for patent protection of such inventions. Similarly, should we own any issued patents or patent applications in the future, we may not be certain that we were the first to file for patent protection for the inventions claimed in such patents or patent applications. Furthermore, given the differences in patent laws in the United States, Europe and other foreign jurisdictions, for example, the availability of grace periods for filing patent applications and what can be considered as prior art, we cannot make any assurances that any claims in our pending and future patent applications in the United States or other jurisdictions will issue, or if they do issue, whether they will issue in a form that provides us with any meaningful competitive advantage. Similarly, we cannot make any assurances that if the patentability, validity, enforceability or scope of our pending or future patents and patent applications in the United States or foreign jurisdictions are challenged by any third party, that the claims of such pending or future patents and patent applications will survive any such challenge in a form that provides us with any meaningful competitive advantage. For example, we are aware of certain third-party patents and publications related to certain microdystrophin constructs. While we believe that our owned or in-licensed patents and patent applications claim novel and non-obvious features of microdystrophin constructs that are not described in such third-party patents or publications, such third-party patents and publications may have earlier priority or publication dates and may be asserted as prior art against our owned or in-licensed patents and applications. Any such challenge, if successful, could limit or eliminate patent protection for our products and product candidates or otherwise materially harm our business. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights cannot be predicted with any certainty.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or may own in the future do issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. Any patents that we license or may own in the future may be challenged, narrowed, circumvented, or invalidated by third parties. Consequently, we do not know whether any of our product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative products in a non-infringing manner.

The degree of patent protection we require to successfully compete in the marketplace may be unavailable. We cannot provide any assurances that any of the patents or patent applications included in our patent rights include or will include claims with a scope sufficient to protect SGT-001 and our other product candidates or otherwise provide any competitive advantage. In addition, the laws of foreign countries may not protect our

proprietary rights to the same extent as the laws of the United States. Furthermore, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally twenty years after it is filed. Certain extensions may be available, however, the life of a patent, and the protection it affords, is limited. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our patent rights may not provide us with adequate and continuing patent protection sufficient to exclude others from commercializing products similar or identical to our product candidates, including biosimilar versions of such products.

Our licensed patents, and any patents we may own in the future, may be challenged, narrowed, invalidated or held unenforceable.

Even if we acquire patent protection that we expect should enable us to maintain some competitive advantage, third parties, including competitors, may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. In litigation, a competitor could claim that our in-licensed patents or any patents we may own in the future are not valid or enforceable for a number of reasons. If a court agrees, we would lose our rights to those challenged patents.

Even if issued, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our current and future patent rights may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third-party submission of prior art to the USPTO challenging the validity of one or more claims of patents included in our patent rights. Such submissions may also be made prior to a patent's issuance, precluding the granting of a patent based on one of the pending patent applications included in our patent rights. We may become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, or interference proceedings challenging one or more patents included in our patent rights. For example, competitors may claim that they invented the inventions claimed in patents or patent applications included in our patent rights, such as the microdystrophin we use in SGT-001, prior to the inventors of such patents or patent applications, or may have filed one or more patent applications before the filing of the patents or patent applications included in our patent rights. A competitor who can establish an earlier filing or invention date may also assert that we are infringing their patents and that we therefore cannot practice our technology related to our product candidates as claimed in the patents or patent applications included in our patent rights. Competitors may also contest patents or patent applications included in our patent rights by showing that the claimed subject matter was not patent-eligible, was not novel or was obvious or that the patent claims failed any other requirement for patentability or enforceability. In addition, we may in the future be subject to claims by our or our licensors' current or former employees or consultants asserting an ownership right in the patents or patent applications included in our patent rights as an inventor or co-inventor, as a result of the work they performed.

An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar therapeutics, without payment to us, or could limit the duration of the patent protection covering our product candidates. Such challenges may also result in our inability to manufacture or commercialize our product candidates without infringing third-party patent rights, and we may be required to obtain a license from third parties, which may not be available on commercially reasonable terms or at all, or we may need to cease the development, manufacture and commercialization of one or more of our product candidates. In addition, if the breadth or strength of protection provided by the patents and patent applications included in our patent rights is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

Even if they are unchallenged, the patents and pending patent applications included in our patent rights may not provide us with any meaningful protection or prevent competitors from designing around our patent claims to

circumvent our patent rights by developing similar or alternative therapeutics in a non-infringing manner. For example, a third party may develop a competitive therapeutic that provides benefits similar to one or more of our product candidates but that uses a vector or an expression construct that falls outside the scope of our patent protection. If the patent protection provided by the patents and patent applications we license or pursue with respect to our product candidates is not sufficiently broad to impede such competition, our ability to successfully commercialize our product candidates could be negatively affected.

Our intellectual property licenses with third parties may be subject to disagreements over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology or increase our financial or other obligations to our licensors.

We currently depend, and will continue to depend, on our license, collaboration and other similar agreements. Further development and commercialization of SGT-001 and our other current and future product candidates may require us to enter into additional license, collaboration or other similar agreements. The agreements under which we currently license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

If any of our licenses or material relationships are terminated or breached, we may:

- lose our rights to develop and market SGT-001 or our other product candidates;
- lose patent protection for SGT-001 or our other product candidates;
- experience significant delays in the development or commercialization of SGT-001 or our other product candidates;
- not be able to obtain any other licenses on acceptable terms, if at all; or
- incur liability for damages.

These risks apply to any agreements that we may enter into in the future for SGT-001 and our other current and future product candidates.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.

We have certain obligations under licensing agreements with third parties that include annual maintenance fees and payments that are contingent upon achieving various development, commercial and regulatory milestones. Pursuant to many of these license agreements, we are required to make milestone payments if certain development, regulatory and commercial sales milestones are achieved, and may have certain additional research funding obligations. Also, pursuant to the terms of many of these license agreements, when and if commercial sales of a licensed product commence, we must pay royalties to our licensors on net sales of the respective licensed products.

We have entered into license agreements with third parties and may need to obtain additional licenses from one or more of these same third parties or from others to advance our research or allow our commercialization of SGT-001 or other product candidates. It is possible that we may be unable to obtain additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and

resources to redesign SGT-001, our other product candidates or the methods for manufacturing them or to develop or license replacement products, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize SGT-001 or our other product candidates. We cannot provide any assurances that third-party patents or other intellectual property rights do not exist that might be enforced against our manufacturing methods, product candidates or any technologies we may develop, resulting in either an injunction prohibiting our manufacture or sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

In each of our existing license agreements, and we expect in our future agreements, patent prosecution of our licensed technology is controlled solely by the licensor, and we may be required to reimburse the licensor for their costs of patent prosecution. If our licensors fail to obtain and maintain patent or other protection for the proprietary intellectual property we license from them, we could lose our rights to the intellectual property or our exclusivity with respect to those rights, and our competitors could market competing products using the intellectual property. Further, in each of our license agreements our licensors have the first right to bring any actions against any third party for infringing on the patents we have licensed. Our license agreements also require us to meet development thresholds to maintain the license, including establishing a set timeline for developing and commercializing product candidates. Disputes may arise regarding intellectual property subject to our licensing agreements, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our products or processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship or ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of licensed patented inventions.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize SGT-001 or our other product candidates. In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby resulting in disputes or litigation, which could cause us to incur substantial costs and distract management's time, and if we are unsuccessful, we could lose our ability to develop and commercialize products covered by these license agreements. If these licenses are ultimately terminated by the licensor, or if the underlying patents fail to provide the intended exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability and the ability of our future collaborators to develop, manufacture, market and sell SGT-001 and our other current and future product candidates without infringing, misappropriating or otherwise violating the proprietary rights and intellectual property of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights. We or our licensors may in the future become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to SGT-001 or our other product candidates, including interference proceedings, post grant review and *inter partes*

review before the USPTO. Our competitors or other third parties may assert infringement claims against us, alleging that, among other things, our therapeutics, manufacturing methods, formulations or administration methods are covered by their patents.

Given the vast number of patents in our field of technology, we cannot be certain or guarantee that a court would hold that SGT-001 or any of our other product candidates does not infringe an existing patent or a patent that may be granted in the future. Many companies and institutions have filed, and continue to file, patent applications related to gene therapy and related manufacturing methods. Some of these patent applications have already been allowed or issued and others may issue in the future. Since this area is competitive and of strong interest to pharmaceutical and biotechnology companies, there will likely be additional patent applications filed and additional patents granted in the future, as well as additional research and development programs expected in the future. Furthermore, because patent applications can take many years to issue, may be confidential for 18 months or more after filing and can be revised before issuance, there may be applications now pending that may later result in issued patents that may be infringed by the manufacture, use, sale or importation of our product candidates and we may or may not be aware of such patents. If a patent holder believes the manufacture, use, sale or importation of one of our product candidates infringes its patent, the patent holder may sue us even if we have licensed other patent protection for our product candidates. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our licensed patent portfolio may therefore have no deterrent effect.

It is also possible that we have failed to identify relevant third-party patents or applications for which we may need a license to develop and commercialize SGT-001 and our other product candidates. For example, applications filed before November 29, 2000 and certain applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Moreover, it is difficult for industry participants, including us, to identify all third-party patent rights that may be relevant to our product candidates because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. We may fail to identify relevant patents or patent applications or may identify pending patent applications of potential interest but incorrectly predict the likelihood that such patent applications may issue with claims of relevance to our product candidates. In addition, we may be unaware of one or more issued patents that would be infringed by the manufacture, sale or use of a current or future product candidate, or we may incorrectly conclude that a third-party patent is invalid, unenforceable or not infringed by our activities. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our product candidates.

Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future, regardless of their merit. There is a risk that third parties may choose to engage in litigation with us to enforce or to otherwise assert their patent or other intellectual property rights against us. For example, as discussed above, third parties may claim that the microdystrophin or the AAV vector we are developing for use in SGT-001 is covered by patents held by them. Even if we believe such claim, or other intellectual property claims alleged by third parties are without merit, there is no assurance that we would be successful in defending such claims. A court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability to commercialize SGT-001 or our other product candidates covered by the asserted third-party patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. Similarly, there is no assurance that a court of competent jurisdiction would find that SGT-001 or our other product candidates did not infringe a third-party patent.

Patent and other types of intellectual property litigation can involve complex factual and legal questions, and their outcome is uncertain. If we are found, or believe there is a risk that we may be found, to infringe, misappropriate or otherwise violate a third party’s intellectual property rights, and we are unsuccessful in

demonstrating that such intellectual property rights are invalid or unenforceable, we could be required or may choose to obtain a license from such third party to continue developing, manufacturing and marketing our product candidates. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease developing, manufacturing and commercializing the infringing product candidate, including SGT-001. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement, misappropriation or other violation of intellectual property rights, or claims that we have done so, could prevent us from manufacturing and commercializing our product candidates or force us to cease some or all of our business operations.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time-consuming. Competitors may infringe patents that we may own in the future or the patents of our licensing partners or we may be required to defend against claims of infringement. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing or misappropriating or successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

We may not be successful in obtaining necessary rights to SGT-001 or our other product candidates through acquisitions and in-licenses.

We currently have certain rights to intellectual property, through licenses from third parties, to develop SGT-001. Because development and commercialization of our current and future product candidates may require the use of additional proprietary rights held by these or other third parties, the growth of our business may depend, in part, on our ability to acquire, in-license or use these additional proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, processes or other intellectual property rights from third parties that we identify as necessary for SGT-001 or our other product candidates. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment.

We may collaborate with non-profit and academic institutions to accelerate our preclinical research or development under written agreements with these institutions. These institutions may provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the required timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our program.

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of SGT-001 or our other product candidates.

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

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our licensed patents and applications and any patents and patent applications we may own in the future. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable intellectual property law firms and other professionals to help us comply and we are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could have a material adverse effect on our business.

Some intellectual property that we have in-licensed may have been discovered through government-funded programs and thus may be subject to federal regulations such as "march-in" rights, certain reporting requirements, and a preference for U.S. manufacturing. Compliance with such regulations may limit our exclusive rights, and limit our ability to contract with non-U.S. manufacturers.

Some of the intellectual property rights we have licensed, including such rights licensed from the University of Michigan, the University of Missouri and the University of Washington, are stated to have been generated through the use of U.S. government funding and may therefore be subject to certain federal regulations. As a result, the U.S. government may have certain rights to intellectual property embodied in our current or future product candidates pursuant to the Bayh-Dole Act of 1980, or Bayh-Dole Act. These U.S. government rights in certain inventions developed under a government-funded program include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right to require us to grant exclusive, partially exclusive or non-exclusive licenses to any of these inventions to a third party if it determines that: (i) adequate steps have not been taken to commercialize the invention, (ii) government action is necessary to meet public health or safety needs or (iii) government action is necessary to meet requirements for public use under federal regulations (also referred to as "march-in rights"). The U.S. government also has the right to take title to these inventions if we, or the applicable licensor, fail to disclose the invention to the government and fail to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us or the applicable licensor to expend substantial resources. In addition, the U.S. government requires that any products embodying the subject invention or produced through the use of the subject invention be manufactured substantially in the United States. The manufacturing preference requirement can be waived if the owner of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential

licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for U.S. manufacturers may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property. To the extent any of our current or future intellectual property is generated through the use of U.S. government funding, the provisions of the Bayh-Dole Act may similarly apply.

We may not be able to protect our intellectual property and proprietary rights throughout the world.

Filing, prosecuting, maintaining, enforcing and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States. Although our license agreements grant us worldwide rights, certain of our in-licensed U.S. patents lack corresponding foreign patents or patent applications. For example, the issued U.S. patents we license from the University of Michigan do not have any corresponding foreign patents or patent applications. Thus, we will not have the opportunity to obtain patent protection for the subject matter of such patents outside the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States even in jurisdictions where we and our licensors pursue patent protection. Consequently, we and our licensors may not be able to prevent third parties from practicing our inventions in all countries outside the United States, even in jurisdictions where we and our licensors pursue patent protection, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our inventions in jurisdictions where we and our licensors have not pursued and obtained patent protection to develop their own products and may export otherwise infringing products to territories where we have patent protection, but where enforcement is not as strong as it is in the United States. These products may compete with our product candidates and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property rights, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents, if pursued and obtained, or the marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could (i) result in substantial costs and divert our efforts and attention from other aspects of our business, (ii) put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and (iii) provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Issued patents relating to SGT-001 or our other product candidates could be found invalid or unenforceable if challenged.

If one of our licensing partners or we initiate legal proceedings against a third party to enforce a patent relating to SGT-001 or our other product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, written description, non-enablement or failure to claim patent eligible subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld information material to patentability from the USPTO, or made a misleading statement, during prosecution. Third parties also may raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, *inter partes* review, interference

proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation or cancellation of or amendment to our licensed patents and any patents we may own in the future in such a way that they no longer cover SGT-001 or our other product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which the patent examiner, we or our licensing partners were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we could lose at least part, and perhaps all, of the patent protection on SGT-001 or our other product candidates or technologies.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of the discovery and development processes of SGT-001 and our other product candidates that involve proprietary know-how, information or technology that is not covered by patents. Our manufacturing process is protected by trade secrets. However, trade secrets can be difficult to protect and some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

We seek to protect our proprietary know-how, trade secrets and processes, in part, by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our employees, consultants, scientific advisors, CROs, manufacturers and contractors. These agreements typically limit the rights of third parties to use or disclose our confidential information. However, we may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements, despite the existence generally of confidentiality agreements and other contractual restrictions. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary processes. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary know-how and trade secrets will be effective. If any of our employees, collaborators, CROs, manufacturers, consultants, advisors and other third parties who are parties to these agreements breaches or violates the terms of any of these agreements, we may not have adequate remedies for any such breach or violation. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. As a result, we could lose our trade secrets. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these security measures, they may still be breached, and we may not have adequate remedies for any breach.

In addition, our trade secrets may otherwise become known or be independently discovered by competitors. Competitors could purchase our product candidates, if approved, and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe, misappropriate or otherwise violate our intellectual property rights, design around our protected know-how and trade secrets, or develop their own competitive technologies that fall outside of our intellectual property rights. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate such trade secrets, from using that technology or information to compete with us. If our trade secrets are not adequately protected so as to protect our market against competitors' products and technologies, our competitive position could be adversely affected.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Certain of our employees, consultants or advisors are currently, or were previously, employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors, as well as our academic partners. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. An inability to incorporate such technologies or features would have a material adverse effect on our business and may prevent us from successfully commercializing our product candidates. Moreover, any such litigation or the threat of such litigation may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our product candidates. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. Moreover, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Moreover, individuals executing agreements with us may have preexisting or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

Changes in either the patent laws or the interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes several significant changes to U.S. patent law. Prior to March 2013 in the United States, assuming that other requirements for patentability are met, the first to make the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith Act, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the invention. The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications will be prosecuted and may also affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent through various post-grant proceedings administered by the USPTO. The USPTO developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business as, among other reasons, the USPTO must still implement various regulations. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

The patent positions of companies engaged in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Two cases involving diagnostic method claims and "gene patents" have been decided by the Supreme Court of the United States, or the Supreme Court. On March 20, 2012, the Supreme Court issued a decision in Mayo Collaborative Services v. Prometheus Laboratories, Inc., or Prometheus, a case involving patent claims directed to a process of measuring a metabolic product in a patient to optimize a drug dosage for the patient. According to the Supreme Court, the addition of well understood, routine or conventional activity such as "administering" or "determining" steps was not enough to transform an otherwise patent-ineligible natural phenomenon into patent-eligible subject matter. On July 3, 2012, the USPTO issued a guidance memo to patent examiners indicating that process claims directed to a law of nature, a natural phenomenon or a naturally occurring relation or correlation that do not include additional elements or steps that integrate the natural principle into the claimed invention such that the natural principle is practically applied and the patent claim amounts to significantly more than the natural principle itself should be rejected as directed to patent-ineligible subject matter. On June 13, 2013, the Supreme Court issued its decision in Association for Molecular Pathology v. Myriad Genetics, Inc., or Myriad, a case involving patent claims held by Myriad Genetics, Inc. relating to the breast cancer susceptibility genes BRCA1 and BRCA2. Myriad held that an isolated segment of naturally occurring DNA, such as the DNA constituting the BRCA1 and BRCA2 genes, is not patent-eligible subject matter, but that complementary DNA may be patent-eligible.

The USPTO issued a guidance memorandum to patent examiners entitled 2014 Procedure For Subject Matter Eligibility Analysis Of Claims Reciting Or Involving Laws Of Nature/Natural Principles, Natural Phenomena, And/Or Natural Products. These guidelines instruct USPTO examiners on the ramifications of the Prometheus and Myriad rulings and apply the Myriad ruling to natural products and principles including all naturally occurring nucleic acids. Certain claims of our licensed patents and patent applications contain, and any future patents we may obtain may contain, claims that relate to specific recombinant DNA sequences that are naturally occurring at least in part and, therefore, could be the subject of future challenges made by third parties. In addition, the 2014 USPTO guidance could impact our ability to pursue similar patent claims in patent applications we may prosecute in the future.

We cannot assure our stockholders that our efforts to seek patent protection for our product candidates will not be negatively impacted by the decisions described above, rulings in other cases or changes in guidance or procedures issued by the USPTO. We cannot fully predict what impact the Supreme Court's decisions in Prometheus and Myriad may have on the ability of life science companies to obtain or enforce patents relating to their products in the future. These decisions, the guidance issued by the USPTO and rulings in other cases or changes in USPTO guidance or procedures could have a material adverse effect on our existing patent rights and our ability to protect and enforce our intellectual property in the future.

Moreover, although the Supreme Court has held in Myriad that isolated segments of naturally occurring DNA are not patent-eligible subject matter, certain third parties could allege that activities that we may undertake infringe other gene-related patent claims, and we may deem it necessary to defend ourselves against these claims by asserting non-infringement and/or invalidity positions, or paying to obtain a license to these claims. In any of the foregoing or in other situations involving third-party intellectual property rights, if we are unsuccessful in defending against claims of patent infringement, we could be forced to pay damages or be subjected to an injunction that would prevent us from utilizing the patented subject matter.

If we do not obtain patent term extension for patents relating to SGT-001 or our other product candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of any FDA marketing approval of SGT-001 and our other product candidates, one or more U.S. patents that we license or may own in the future may be eligible for limited patent term extension under the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent extension term of up to five years as compensation for patent term lost during the FDA regulatory review process based on the first regulatory approval for a particular drug or biologic. A patent term extension

cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. In addition, to the extent we wish to pursue patent term extension based on a patent that we in-license from a third party, we would need the cooperation of that third party. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors may be able to enter the market sooner.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition and our business may be adversely affected.

We have registered trademarks with the USPTO for the marks "SOLID BIOSCIENCES", "SOLID GT" and "SOLID". Once registered, our trademarks or trade names may be challenged, infringed, diluted, tarnished, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement, dilution or tarnishment claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources.

Intellectual property rights and regulatory exclusivity rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make gene therapy products that are similar to our product candidates but that are not covered by the claims of the patents that we license or may own in the future;
- we, or our current or future license partners or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent applications that we license or may own in the future;
- we, or our current and future license partners or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative products or duplicate any of our processes without infringing our owned or licensed intellectual property rights;
- others may circumvent our regulatory exclusivities, such as by pursuing approval of a competitive product candidate via the traditional approval pathway based on their own clinical data, rather than relying on the abbreviated pathway provided for biosimilar applicants;
- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to now or in the future may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- others may have access to the same intellectual property rights licensed to us;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents or other intellectual property rights of others may have an adverse effect on our business; and
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Risks related to ownership of our common stock

Our executive officers, directors and principal stockholders maintain the ability to control all matters submitted to our stockholders for approval.

Our executive officers, directors and stockholders who own more than 5% of our outstanding common stock, in the aggregate, beneficially own shares representing approximately 65.9% of our common stock outstanding as of March 15, 2018. As a result, if these stockholders were to act together, they would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they act together, would control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire or result in management of our company with which our public stockholders disagree.

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

Sales of a substantial number of shares of our common stock in the public market could occur at any time, subject to certain restrictions described below. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. As of March 15, 2018, we had outstanding 35,476,892 shares of common stock. This includes the shares that we sold in our initial public offering, which was completed on January 30, 2018, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. The remaining 26,492,517 shares of common stock that were issued prior to our initial public offering pursuant to our Corporate Conversion are currently restricted as a result of securities laws or lock-up agreements entered into in connection with our initial public offering but will be able to be sold into the public market in the near future. Moreover, as of March 15, 2018, holders of an aggregate of approximately 24.2 million shares of our common stock have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. In addition, on January 29, 2018, we filed a Registration Statement on Form S-8 to register approximately 5.0 million shares reserved for future issuance under our 2018 Omnibus Incentive Plan will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. These shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements entered into in connection with our initial public offering.

In addition, J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC and Leerink Partners LLC, the representatives of the underwriters in our initial public offering, may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements at any time and for any reason. Sales of a substantial number of such shares upon expiration of the lock-up agreements, the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for an investor to sell our common stock at a time and price that the investor deems appropriate.

The price of our common stock has been and may in the future be volatile and fluctuate substantially, which could result in substantial losses for holders of our common stock.

Our stock price has been and may in the future be volatile. The stock market in general and the market for biopharmaceutical or pharmaceutical companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, our stockholders may not be able to sell their shares of common stock at or above the price they paid for their shares. The market price for our common stock may be influenced by many factors, including:

- results of clinical trials of SGT-001 or our other product candidates or those of our competitors;
- the success of competitive products or technologies;
- regulatory or legal developments in the United States, the European Union and other countries;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates, or our clinical development programs and our commercialization efforts;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates;
- actual or anticipated changes in our development timelines;
- our ability to raise additional capital;
- our inability to obtain or delays in obtaining adequate product supply for any approved product or inability to do so at acceptable prices;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our product candidates;
- significant lawsuits, including patent or stockholder litigation;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of health care payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this “Risk factors” section.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

In the past, following periods of volatility in the market price of a company’s securities, securities class-action litigation often has been instituted against that company. On March 27, 2018, James Watkins, a purported stockholder of ours (the “Plaintiff”), filed a putative class action complaint alleging violations of the federal securities laws, in the United States District Court for the District of Massachusetts (Case No. 18-10587), against us, Ilan Ganot, our Chief Executive Officer, Jennifer Ziolkowski, our Chief Financial Officer, and the underwriters in our initial public offering, J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC, Leerink Partners, LLC, Nomura Securities Co., LLC and Chardan Capital Markets LLC. The Plaintiff claims to represent purchasers of our common stock during the period from January 25, 2018 to March 14, 2018 and seeks unspecified damages arising out of the alleged failure to disclose risks associated with toxicity and potential for adverse events related to our lead product candidate. This litigation, and any additional litigation instituted against us, could cause us to incur substantial costs to defend such claims and divert management’s attention and resources.

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

The trading market for our common stock relies, in part, on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

An active trading market for our common stock may not be sustained

Prior to our initial public offering, which occurred on January 26, 2018, there was no public market for our common stock. Although our common stock is listed on the Nasdaq Global Select Market, given the limited trading history of our common stock, there is a risk that an active trading market for our shares may not continue to develop or be sustained. If an active market for our common stock does not continue to develop or is not sustained, it may be difficult our stockholders to sell shares without depressing the market price for the shares, or at all.

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

We are an "emerging growth company," or EGC, as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act. We will remain an EGC until the earliest of: (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) December 31, 2023; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; and (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, or the SEC. For so long as we remain an EGC, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's discussion and analysis of financial condition and results of operations" disclosure;
- reduced disclosure obligations regarding executive compensation; and
- an exemption from the requirement to seek nonbinding advisory votes on executive compensation or golden parachute arrangements.

We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of reduced reporting burdens in this Annual Report on Form 10-K. In particular, we have not included all of the executive compensation information that would be required if we were not an EGC. We cannot predict whether investors will find our common stock less attractive if we rely on certain or all of these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

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

As a public company, and particularly after we are no longer an EGC, we incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act and rules

subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting, including, once we are no longer an EGC, an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and stock price.

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, our stock price.

In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2015 and December 31, 2016, we identified material weaknesses in our internal control over financial reporting. The material weaknesses we identified were as follows:

- We did not design or maintain an effective control environment commensurate with our financial reporting requirements. We lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, our insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the additional material weaknesses detailed below.
- We did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the preparation and review of account reconciliations and journal entries. Additionally, we did not design and maintain controls over the appropriate cut-off, classification and presentation of accounts and disclosures in the financial statements.
- We did not design and maintain formal accounting policies, processes and controls to analyze, account for and disclose complex transactions. Specifically, we did not design and maintain controls to analyze,
account for and disclose complex transactions, including variable interest entities, preferred units, the preferred unit tranche right and equity-based compensation.

Each of the control deficiencies could result in a misstatement of our accounts or disclosures that would result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected, and accordingly, we determined that these control deficiencies constitute material weaknesses.

These material weaknesses also resulted in a restatement of our previously issued 2015 annual consolidated financial statements and adjustments to our 2016 annual consolidated financial statements, which were recorded prior to their issuance.

We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weaknesses, including hiring additional finance and accounting personnel and initiating design and implementation of our financial control environment, including the establishment of formal accounting policies and procedures, financial reporting controls and controls to account for and disclose complex transactions.

We cannot assure our stockholders that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. In addition, neither our management nor an independent registered public accounting firm has performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act because no such evaluation has been required. Had we or our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional material weaknesses may have been identified. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our share price may decline as a result.

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

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

- establish a classified board of directors such that not all members of our board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so-called “poison pill,” that would work to dilute the stock

ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and

- require the approval of the holders of at least two-thirds of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our certificate of incorporation or bylaws.

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

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, is the only sole source of gain for an investment in our common stock.

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

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for such disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease our corporate headquarters, which consists of approximately 16,000 square feet in Cambridge, Massachusetts. The lease for our corporate headquarters has an initial term of approximately 4 years that expires in February 2022. In addition, we lease our primary laboratory space, which consists of 9,500 square feet in Cambridge, Massachusetts, under a lease with an initial term of five years and includes an option to extend for one additional two-year term. In addition, we lease smaller office space.

Item 3. Legal Proceedings.

On March 27, 2018, James Watkins, a purported stockholder of ours (the "Plaintiff"), filed a putative class action complaint alleging violations of the federal securities laws, in the United States District Court for the District of Massachusetts (Case No. 18-10587), against us, Ilan Ganot, our Chief Executive Officer, Jennifer Ziolkowski, our Chief Financial Officer, and the underwriters in our initial public offering, J.P. Morgan

Securities LLC, Goldman Sachs & Co. LLC, Leerink Partners, LLC, Nomura Securities Co., LLC and Chardan Capital Markets LLC. The Plaintiff claims to represent purchasers of our common stock during the period from January 25, 2018 to March 14, 2018 and seeks unspecified damages arising out of the alleged failure to disclose risks associated with toxicity and potential for adverse events related to our lead product candidate. While we believe that we have meritorious defenses to the allegations made in the complaint, it is not currently possible to assess whether or not the outcome of this suit may have a material adverse effect on our business, financial condition, results of operations or prospects.

In addition, we may be involved in various other legal proceedings arising out of our operations. We are not currently a party to any such other legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business, financial condition, results of operations or prospects. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Price Range of Common Stock

Our common stock commenced trading on the Nasdaq Global Select Market under the symbol "SLDB" on January 26, 2018 in connection with our initial public offering. Prior to that date, there was no established public trading market for our common stock.

The following table sets forth for the period indicated the high and low sale prices per share for our common stock as reported on the Nasdaq Global Select Market for the period indicated:

2018	High	Low
First Quarter (January 26, 2018 through March 15, 2018)	$33.74	$8.95

Holders

As of March 15, 2018, we had approximately 116 holders of record of our common stock. This number does not include beneficial owners whose shares were held in street name. The actual number of holders of our common stock is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or held by other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have not declared or paid any cash dividends on our capital stock since our inception. We intend to retain future earnings, if any, to finance the operation and expansion of our business. We do not currently anticipate declaring any cash dividends for the foreseeable future. Any future determination to pay dividends will be made at the discretion of our board of directors and will depend on various factors, including our results of operations, financial condition, future prospects, then applicable contractual restrictions, and any other factors deemed relevant by our board of directors. Investors should not purchase our common stock with the expectation of receiving cash dividends.

Purchase of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Annual Report on Form 10-K.

Recent Sales of Unregistered Securities

During the period covered by this Annual Report on Form 10-K, we have issued securities in the transactions described below without registration under the Securities Act of 1933, as amended, or the Securities Act.

Solid Biosciences, LLC

During the year ended December 31, 2017, Solid Biosciences, LLC issued the following securities that were not registered under the Securities Act:

- Throughout 2017, we granted 895,325 Series D Common Units to employees and consultants in consideration of services, of which 13,500 units were forfeited.
- On March 29, 2017, we issued and sold to investors an aggregate of 2,500,000 Series 1 Senior Preferred Units, for aggregate consideration of $25 million.

- On October 26, 2017, we issued and sold to investors an aggregate of 4,886,000 Series 2 Senior Preferred Units, for aggregate consideration of $55 million.

Pursuant to the Agreement and Plan of Merger by and between Solid Biosciences, LLC and Solid GT, LLC, dated as of March 29, 2017, units of Solid Biosciences, LLC and units of Solid GT, LLC were exchanged for new series of units of Solid Biosciences, LLC.

Solid GT, LLC

During the year ended December 31, 2017, Solid GT, LLC, a subsidiary of Solid Biosciences, LLC, did not issue any securities that were not registered under the Securities Act.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and we believe each transaction was exempt from the registration requirements of the Securities Act in reliance upon Section 4(2) of the Securities Act or Regulation D promulgated under the Securities Act. Furthermore, we affixed appropriate legends to any unit certificates and instruments issued in each foregoing transactions setting forth that the securities had not been registered and the applicable restrictions on transfer.

Use of Proceeds from Initial Public Offering

On January 30, 2018, we closed our initial public offering, in which we issued and sold 8,984,375 shares of common stock, including 1,171,875 shares of our common stock pursuant to the underwriters' over-allotment, at a public offering price of $16.00 per share. The aggregate gross proceeds to us from our initial public offering were approximately $143.8 million. All of the shares of common stock issued and sold in our initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (Registration No. 333-222357), which was declared effective by the SEC on January 25, 2018 and a registration statement on Form S-1 MEF (Registration No. 333-222705) filed pursuant to Rule 462(b) of the Securities Act. J.P. Morgan Securities LLC, Goldman Sachs & Co. LLC and Leerink Partners LLC were joint book-running managers for the initial public offering. The offering commenced on January 25, 2018 and did not terminate until the sale of all of the shares offered. The aggregate net proceeds to us were approximately $129.3 million, after deducting underwriting discounts and commissions and offering expenses payable by us of approximately $14.5 million.

Except as set forth below, no offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates, JPMC Strategic Investments II Corporation, or JPMC, owned in excess of 10% of our issued and outstanding common stock immediately prior to our initial public offering, and JPMC is an affiliate of J.P. Morgan Securities LLC, which was a book running manager in our initial public offering. In addition, Mr. Robert Huffines, one of our directors, is an employee of J.P. Morgan Securities LLC.

Because the closing of our initial public offering occurred on January 30, 2018, as of December 31, 2017, we had not yet received the net proceeds from the sale of shares of common stock in our initial public offering and, therefore, had used none of the proceeds as of December 31, 2017. There has been no material change in our planned use of the net proceeds from the offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act.

Item 6. Selected Financial Data.

The statement of operations data for the years ended December 31, 2017, 2016 and 2015 and the balance sheet data as of December 31, 2017 and 2016 are derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected balance sheet data as of December 31, 2015 is derived from our audited consolidated financial statements that are not included in this Annual Report on Form 10-K.

Our historical results are not necessarily indicative of results that should be expected in any future period. The following selected financial data should be read in conjunction with the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this Annual Report on Form 10-K.

	Year ended December 31,		
(in thousands, except units and per unit data)	2017	2016	2015
Consolidated statements of operations data:			
Revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	39,905	20,116	4,192
General and administrative	14,952	5,460	2,372
Total operating expenses	54,857	25,576	6,564
Loss from operations	(54,857)	(25,576)	(6,564)
Other income (expense):			
Revaluation of preferred unit tranche rights	459	1,163	(103)
Interest and other income	1,220	640	3
Total other income (expense), net	1,679	1,803	(100)
Net loss	$ (53,178)	$ (23,773)	$ (6,664)
Net loss attributable to Solid Biosciences, LLC	$ (52,118)	$ (21,539)	$ (6,377)
Net loss attributable to common unitholders	$ (39,317)	$ (17,230)	$ (6,445)
Net loss per unit attributable to common unitholders, basic and diluted (1)	$ (2.88)	$ (10.14)	$ (7.61)
Weighted average common units outstanding, basic and diluted (1)	13,649,485	1,698,904	846,569

	As of December 31,		
(in thousands)	2017	2016	2015
Consolidated balance sheet data:			
Cash, cash equivalents and available-for-sale securities	$ 69,094	$ 37,658	$ 55,387
Working capital (2)	59,387	33,099	41,772
Total assets	76,193	40,636	55,696
Redeemable preferred units	124,179	71,649	61,697
Accumulated members' deficit	(124,258)	(84,941)	(67,711)
Total deficit	(59,257)	(37,886)	(19,925)

(1) See Note 15 to our consolidated financial statements in this Annual Report on Form 10-K for details on the calculation of basic and diluted net loss per unit attributable to common unitholders.

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Annual Report on Form 10-K, our actual results could differ materially from the results described, in or implied, by these forward-looking statements.

Overview

Our mission is to cure Duchenne muscular dystrophy, or DMD, a genetic muscle-wasting disease predominantly affecting boys, with symptoms that usually manifest between three and five years of age. DMD is a progressive, irreversible and ultimately fatal disease that affects approximately one in every 3,500 to 5,000 live male births and has an estimated prevalence of 10,000 to 15,000 cases in the United States alone. DMD is caused by mutations in the dystrophin gene, which result in the absence or near-absence of dystrophin protein. Dystrophin protein works to strengthen muscle fibers and protect them from daily wear and tear. Without functioning dystrophin and certain associated proteins, muscles suffer excessive damage from normal daily activities and are unable to regenerate, leading to the build-up of fibrotic, or scar, and fat tissue. There is no cure for DMD and, for the vast majority of patients, there are no satisfactory symptomatic or disease-modifying treatments. Our lead product candidate, SGT-001, is a gene transfer under development to restore functional dystrophin protein expression in patients' muscles. Based on our preclinical program that included multiple animal species of different phenotypes and genetic variations, we believe the mechanism of action of SGT-001, if our clinical trials prove to be successful, has the potential to slow or even halt the progression of DMD, regardless of the type of genetic mutation or stage of the disease.

Since our inception, we have devoted substantial resources to identifying and developing SGT-001 and our other product candidates, developing our manufacturing processes, organizing and staffing our company and providing general and administrative support for these operations. We have incurred significant losses every year since our inception. We do not have any products approved for sale. To date, we have not generated any revenue. Our ability to eventually generate any product revenue sufficient to achieve profitability will depend on the successful development, approval and eventual commercialization of SGT-001 and our other product candidates. If successfully developed and approved, we intend to commercialize SGT-001 in the United States and European Union and may enter into licensing agreements or strategic collaborations in other markets. If we generate product sales or enter into licensing agreements or strategic collaborations, we expect that any revenue we generate will fluctuate from quarter to quarter and year to year as a result of the timing and amount of any product sales, license fees, milestone payments and other payments. If we fail to complete the development of SGT-001 and our other product candidates in a timely manner or obtain regulatory approval of them, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

In November 2017, we initiated a Phase I/II clinical trial for SGT-001, called IGNITE DMD, and in February 2018 we dosed the first patient, a nonambulatory adolescent. On March 14, 2018, we announced that IGNITE DMD was placed on full clinical hold following a serious adverse event reported in the clinical trial. We have halted enrollment and dosing in IGNITE DMD and are awaiting the formal clinical hold letter from the FDA.

Due to our significant research and development expenditure, licensing and patent investment, and general administrative costs associated with our operations, we have generated substantial operating losses in each period since our inception. Our net losses were $53.2 million, $23.8 million and $6.7 million, for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, we had an accumulated members'

deficit of $124.3 million. We expect to incur significant expenses and increasing operating losses for the foreseeable future.

As we seek to develop and commercialize SGT-001 and our other product candidates, we anticipate that our expenses will increase significantly and that we will need substantial additional funding to support our continuing operations. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity financings, debt financings or other sources, which may include licensing agreements or strategic collaborations. We may be unable to raise additional funds or enter into such agreements or arrangements when needed on favorable terms, if at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development or commercialization of SGT-001 or our other product candidates.

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

On January 30, 2018, we completed our initial public offering in which we sold 8,984,375 shares of our common stock, including shares of our common stock pursuant to underwriters' over-allotment option, at a public offering price of $16.00 per share, resulting in net proceeds of $129.3 million, after deducting underwriting discounts and commissions and offering expenses.

On October 26, 2017, we completed the sale of 4,886,000 Series 2 Senior Preferred Units at a price of $11.26 per unit resulting in net proceeds of $55.0 million.

As of December 31, 2017, we had cash, cash equivalents and available-for-sale securities of $69.1 million. We believe that our cash, cash equivalents and available-for-sale securities as of December 31, 2017, together with the net proceeds of $129.3 million from our recently completed initial public offering, will enable us to fund our operating expenses and capital expenditure requirements until the end of 2019. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently anticipate.

Corporate conversion

We operated as a Delaware limited liability company under the name Solid Biosciences, LLC until immediately prior to the effectiveness of our registration statement on Form S-1 on January 25, 2018, at which time we converted into a Delaware corporation pursuant to a statutory conversion and changed our name to Solid Biosciences Inc. In addition, immediately following the statutory conversion, entities formed solely for the purpose of holding membership interests in our limited liability company were merged with and into us. We refer to the corporate conversion and the mergers, collectively as the Corporate Conversion. As a result of the Corporate Conversion, the holders of the Series 1 and 2 Senior Preferred and Junior Preferred Units and Series A, B, C and D Common Units of Solid Biosciences, LLC became holders of common stock of Solid Biosciences Inc.

The consolidated financial statements included elsewhere in this Annual Report on Form 10-K are those of Solid Biosciences, LLC and its subsidiaries. We do not expect that the Corporate Conversion will have a material effect on the results of our core operations.

Merger and recapitalization

We historically owned 100% of the voting units of our wholly owned subsidiary, Solid GT, LLC, or Solid GT, and the results of Solid GT are included in our consolidated financial statements. Solid GT was organized in

Delaware in August 2014 and was engaged in the business of developing disease-modifying interventions for DMD through gene therapy. In November 2015, Solid GT issued voting units to new investors, which decreased our voting ownership in Solid GT to 77%. We consolidated the results of Solid GT as we owned a majority voting interest in Solid GT and we directed the activities of Solid GT.

Net loss attributable to non-controlling interests in our consolidated statement of operations and comprehensive loss consists of the portion of the net income or loss of Solid GT that is not allocated to us. Changes in the amount of net loss attributable to non-controlling interests are directly impacted by changes in the net income or loss of Solid GT. On March 29, 2017, we merged the operations of Solid GT into the company and Solid GT ceased to exist as a separate legal entity. As a result, for periods subsequent to March 29, 2017, we no longer report any non-controlling interests related to Solid GT.

Financial operations overview

Revenue

We have not generated any revenue to date and do not expect to generate any revenue from the sale of our products for the next few years, if ever. If our development efforts for SGT-001 or our other product candidates are successful and result in marketing approval or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from those collaboration or license agreements.

Operating expenses

We classify our operating expenses into two categories: research and development, and general and administrative expenses. Personnel costs, including salaries, benefits, bonuses and equity-based compensation expense, comprise a significant component of each of these expense categories. We allocate expenses associated with personnel costs based on the nature of work associated with these resources.

Research and development expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of SGT-001 and our other product candidates and include:

- expenses incurred under agreements with third parties, including CROs, that conduct research and preclinical activities on our behalf, as well as CMOs, that manufacture SGT-001 and our other product candidates for use in our preclinical studies and clinical trials;
- salaries, benefits and other related costs, including equity-based compensation expense, for personnel engaged in research and development functions;
- costs of outside consultants, engaged to assist in our research and development activities, including their fees, equity-based compensation and related travel expenses;
- costs of laboratory supplies and acquiring, developing and manufacturing preclinical study and clinical trial materials;
- costs incurred in seeking regulatory approval of SGT-001 and our other product candidates;
- expenses incurred under our intellectual property licenses; and
- facility-related research and development expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expense research and development expenses as incurred. We recognize costs for certain development activities, such as preclinical research and development, based on an evaluation of the progress to completion of

specific tasks using information and data provided to us by our vendors, collaborators and third-party service providers. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our consolidated financial statements as prepaid or accrued research and development expenses.

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

The following table summarizes our research and development expenses by product candidates for the respective periods:

	Year ended December 31,		
	2017	2016	2015
SGT-001	$24,674	$13,891	$1,940
Other product candidates	1,619	1,021	233
Unallocated research and development expenses	13,612	5,204	2,019
Total research and development expenses	$39,905	$20,116	$4,192

We cannot determine with certainty the duration, costs and timing of clinical trials of SGT-001 and our other product candidates or if, when or to what extent we will generate revenue from the commercialization and sale of any our product candidates for which we obtain marketing approval or our other research and development expenses. We may never succeed in obtaining marketing approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress, expense and results of any clinical trials of SGT-001 or other product candidates and other research and development activities that we may conduct;
- the imposition of regulatory restrictions on clinical trials, including full and partial clinical holds and the time and activities required to lift any such holds;
- uncertainties in clinical trial design and patient enrollment or drop out or discontinuation rates;
- significant and changing government regulation and regulatory guidance;
- potential additional studies or clinical trials requested by regulatory agencies;
- the timing and receipt of any marketing approvals; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase for the foreseeable future as we proceed with clinical trials for SGT-001, initiate clinical trials for product candidates other than SGT-001 and continue to identify and develop additional product candidates.

General and administrative expenses

General and administrative expenses consist primarily of salaries and other related costs, including equity-based compensation, for personnel in our executive, finance, business development and administrative functions.

General and administrative expenses also include legal fees relating to patent and corporate matters, professional fees for accounting, auditing, tax and consulting services, insurance costs, travel expenses, and facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of office facilities and other operating costs.

We expect that our general and administrative expenses will increase in the future as we increase our general and administrative personnel headcount to support our research and development activities and activities related to the potential commercialization of SGT-001 and our other product candidate. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs and investor and public relations costs.

Other income (expense)

Revaluation of preferred unit tranche rights

Included in the terms of the Redeemable Preferred Unit Purchase Agreement was a right, which we refer to as the Redeemable Preferred Tranche Right, granted to the holders of the Redeemable Preferred Units issued in December 2013. The Redeemable Preferred Tranche Right obligated the holders to purchase, and provided the holders with the right to purchase, additional redeemable preferred units under certain circumstances. The Redeemable Preferred Tranche Right was transferrable by the investors.

The terms of the Series 1 Senior Preferred Unit Purchase Agreement, as amended on September 1, 2017, also contained a right, which we refer to as the Series 1 Tranche Right. The Series 1 Tranche Right obligated the holders of the Series 1 Senior Preferred Units to purchase 1,973,430 Series 2 Senior Preferred Units at a purchase price of $12.67 per unit in the event we achieved certain preclinical milestones. In addition, the holders of a majority of the Series 1 Senior Preferred Units had the right to require the holders of the Series 1 Senior Preferred Units to purchase the Series 2 Senior Preferred Units at any time prior to December 1, 2017. The Series 1 Tranche Right was subject to certain transfer rights.

We concluded that the Redeemable Preferred Tranche Right and the Series 1 Tranche Right, together the Tranche Rights, met the definition of a freestanding financial instrument as the Tranche Rights were legally detachable and separately exercisable from the Redeemable Preferred Units and the Series 1 Senior Preferred Units. Therefore, we allocated the net proceeds between the Tranche Rights and the Redeemable Preferred Units or the Series 1 Senior Preferred Units. The Tranche Rights were initially recorded at fair value and are re-measured at fair value each reporting period. Changes in the fair market value are recognized as a component of other income (expense), net, in the consolidated statements of operations.

In October 2016, the Redeemable Preferred Tranche Right was settled with the closing of the Redeemable Preferred Unit financing. In October 2017, the Series 1 Tranche Right was settled in connection with the closing of the Series 2 Senior Preferred Financing.

Interest income

Interest income consists of interest income earned on our cash, cash equivalents and available-for-sale securities.

Other income

We have received funding from charitable organizations, which are not considered to be an ongoing major or central part of our business. The amounts received are recorded as other income as services are performed and research expenses are incurred in the consolidated statements of operations.

Income taxes

Since our inception in 2013 through the date of the Corporate Conversion, we were organized as a Delaware limited liability company for federal and state income tax purposes and treated as a partnership for U.S. income tax purposes. As such, we were not viewed as a taxpaying entity in any jurisdiction and do not require a provision for income taxes. Each member of our company was responsible for the tax liability, if any, related to its proportionate share of our taxable income.

As a result of the Corporate Conversion, we will be treated as a corporation from the date of the Corporate Conversion for U.S. income tax purposes and thus will become subject to U.S. federal, state and local income taxes and will be taxed at the prevailing corporate tax rates. Among other things, we may begin to generate net operating losses at the corporate level. We will account for income taxes using an asset and liability approach, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements, but have not been reflected in taxable income. A valuation allowance is established to reduce deferred tax assets to their estimated realizable value.

We will account for uncertainty in income taxes recognized in the financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Critical accounting policies and use of estimates

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

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements appearing at the end of this Annual Report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Accrued research and development expenses

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

consolidated financial statements based on facts and circumstances known to us at that time. Examples of estimated accrued research and development expenses include fees paid to:

- CROs in connection with performing research activities on our behalf and conducting clinical trials and preclinical studies on our behalf;
- vendors in connection with preclinical development activities;
- vendors related to product manufacturing and development and distribution of clinical and preclinical supplies; and
- third parties under our intellectual property licenses.

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

Tranche Rights

We measured the fair value of the Tranche Rights based on the fair value of the Tranche Rights at inception and remeasured their fair value at each reporting date until settled. Changes in the fair market value were recognized as a component of other income (expense), net in the consolidated statement of operations. As there has been no public market for our preferred units, the estimated fair value of our preferred units was determined from our most recently available third-party valuations of preferred units. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, also known as the Practice Aid. Our preferred unit valuations were prepared using a market approach based on the most recent round of equity financing and an option-pricing method, or OPM, with the exception of the December 6, 2016 valuation, which was performed using the hybrid method and the expected probability of closing a financing round. The hybrid method was used in anticipation of an equity financing transaction, which had not closed as of the valuation date. The OPM treats preferred units and common units as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. The hybrid method is a probability-weighed expected return method, or PWERM, where the equity value in one or more scenarios is calculated using OPM. The PWERM is a scenario-based methodology that estimates the fair value of preferred units based upon an analysis of future values for the company, assuming various outcomes. The preferred unit value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of units. The values of the preferred units under each outcome is probability weighted to arrive at an indication of value for the common units. The OPM and hybrid methods were selected to properly account for the limited liability company structure.

Equity-based compensation

Certain of our employees and consultants have received grants of common units in our company. These awards are accounted for in accordance with guidance prescribed for accounting for equity-based compensation.

Based on this guidance and the terms of the awards, the awards are equity classified. Prior to the Corporate Conversion, the common units were to receive distributions only if a threshold that was equivalent to the overall value of our company on the grant date was exceeded. The threshold impacted the fair value of our common units because proceeds were distributed in an order of priority in accordance with our limited liability company agreement. As the overall value of our company increased, common units with a lower threshold had a higher per unit fair value than common units subject to higher thresholds.

Under the terms of our limited liability company agreement, upon conversion to a corporation, holders of our preferred units were contractually entitled to receive the number of shares of common stock in the converted corporation that equals the value of the units that such holders held in our company immediately prior to the conversion. Therefore, if the equity value of our company had not reached a specific threshold that would allow the holders of preferred units to receive their full value, such holders, pursuant to the terms of our limited liability company agreement, would have been entitled to receive more shares of common stock upon the corporate conversion in order to make them "whole." This contractual protection for the benefit of holders of our preferred units could have resulted in the holders of our Series D Common Units receiving less value for their Series D Common Units in an initial public offering. For example, until such time as the equity value of our company increased to reach the specified threshold that resulted in the Series D Common Unit holders having caught up to the value of the holders of our preferred units, Series D Common Unit holders would receive fewer shares of common stock in the converted corporation than originally issued, and certain Series D Common Unit holders with a higher specified threshold (due to receiving their units at a later grant date) may not have received any shares in an initial public offering.

Until January 26, 2018, we were a private company with no active public market for our common units. Therefore, we have periodically determined the overall value of our company and the estimated per share fair value of our common units at their various dates using contemporaneous valuations performed in accordance with the guidance outlined in the Practice Aid. As a result of the completion of our initial public offering in January 2018, it is no longer necessary for us to estimate the fair value of our common stock in connection with our accounting for equity awards we may grant, as the fair value of our common stock is the public market trading price.

For financial reporting purposes, we performed common unit valuations with the assistance of a third-party specialist, for the years ended December 31, 2017, 2016, 2015, and 2014 and for each quarter in the period from January 1, 2016 through December 31, 2017.

Our common unit valuations were prepared using a market approach based on the most recent round of equity financing and an OPM, with the exception of the December 6, 2016 and the December 31, 2017 valuations, which were performed using the hybrid method and the expected probability of closing a financing round. The hybrid method was used in anticipation of an anticipated equity financing transaction, which had not closed as of the valuation date. The OPM treats common units and preferred units as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common unit has value only if the funds available for distribution to stockholders exceeded the value of the preferred stock liquidation preference at the time of the liquidity event, such as a strategic sale, merger or public offering. The hybrid method is a PWERM where the equity value in one or more scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of common units based upon an analysis of future values for the company, assuming various outcomes. The common unit value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of units. The values of the common unit under each outcome is probability weighted to arrive at an indication of value for the common unit. The OPM and hybrid methods were selected to properly account for the limited liability company structure.

In connection with the preparation of valuations of our common units, our management and valuation specialists collectively used various objective and subjective factors to determine the fair value of our common unit as of each grant date, including:

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

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

Our December 31, 2017 common unit valuation (the "December 2017 Valuation") was prepared using a PWERM and considered two future-event scenarios: (i) a near-term initial public offering, or IPO, scenario, on a fully-diluted basis, in which we complete an IPO by February 1, 2018 and (ii) a longer-term exit scenario in which we would complete an IPO by April 1, 2018 using an OPM allocation. The two exit scenarios assumed that all preferred units would convert into common units and no longer have the preferences and preferential rights attributable to the preferred units as compared to the common units prior to the IPO, unless the value of the company were to substantially decline prior to an April 1, 2018 IPO. The two IPO scenarios also were prepared based on the expected price range of the IPO which was determined based on input received from our lead underwriters in December 2017. The December 2017 Valuation probability weighted the near-term IPO scenario at 90% and the longer-term IPO scenario at 10% based on our assessment of market conditions. We also applied a discount for lack of marketability and lack of voting rights in the near-term and longer-term IPO scenarios. The December 2017 Valuation resulted in a valuation of our Series D Common Units of $12.69 per unit. Based on that result, as well as consideration of other qualitative factors, our board of directors determined that the fair value of our Series D Common Units was $12.69 on December 31, 2017. We used the fair value of $12.69 to account for all common unit grants made in the fourth quarter of 2017.

Results of operations

Comparison of the years ended December 31, 2017 and 2016

The following table summarizes our results of operations for the years ended December 31, 2017 and 2016:

(in thousands)	Years ended December 31, 2017	2016	Increase (decrease)
Revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	39,905	20,116	19,789
General and administrative	14,952	5,460	9,492
Total operating expenses	54,857	25,576	29,281
Loss from operations	(54,857)	(25,576)	(29,281)
Other income (expense):			
Revaluation of preferred unit tranche rights	459	1,163	(704)
Interest income	219	369	(150)
Other income	1,001	271	730
Total other income (expense)	1,679	1,803	(124)
Net loss	$ (53,178)	$ (23,773)	$ (29,405)

Research and development expenses

(in thousands)	Years ended December 31, 2017	2016	Increase (decrease)
SGT-001	$ 24,674	$ 13,891	$ 10,783
Other product candidates	1,619	1,021	598
Unallocated research and development expenses	13,612	5,204	8,408
Total research and development expenses	$ 39,905	$ 20,116	$ 19,789

Research and development expenses for the year ended December 31, 2017 were $39.9 million, compared to $20.1 million for the year ended December 31, 2016. The increase of $19.8 million in research and development costs was due to a $10.8 million increase in clinical and preclinical research and manufacturing costs related to our lead product candidate SGT-001, $0.6 million increase in costs related to our other product candidates and $8.4 million increase in unallocated research and development costs due primarily to increased compensation and headcount.

General and administrative expenses

General and administrative expenses were $15.0 million for the year ended December 31, 2017, compared to $5.5 million for the year ended December 31, 2016. The increase of $9.5 million was primarily due to in an increase in equity-based compensation of $3.9 million, an increase of $2.9 million in professional fees related to our initial public offering, an increase of $2.1 million in personnel-related expenses and an increase of $0.6 million in other corporate expenses. The increase in equity-based compensation of $3.9 million during the year ended December 31, 2017 was primarily due to a charge associated with the exchange of certain of our vested common units in connection with the recapitalization of our company and our merger with Solid GT on March 29, 2017.

Revaluation of preferred unit tranche rights

The revaluation of the Redeemable Preferred Tranche Right resulted in a gain of $1.2 million for the year ended December 31, 2016 due to a decrease in the fair value of the preferred units. We issued the Series 1 Tranche Right on March 29, 2017 and it was settled in October 2017 in connection with the Series 2 senior preferred unit financing. The revaluation of the Series 1 Tranche Right resulted in a gain of $0.5 million in the year ended December 31, 2017 due to the settlement of the tranche right.

Interest income

Interest income remained consistent at $0.2 million and $0.4 million for the years ended December 31, 2017 and 2016, respectively.

Other income

Other income for the year ended December 31, 2017 was $1.0 million compared to $0.3 million for the year ended December 31, 2016. The increase of $0.7 million was due to income from charitable organizations. We do not expect these contributions to significantly increase in future periods.

Comparison of the years ended December 31, 2016 and 2015

The following table summarizes our results of operations for the years ended December 31, 2015 and 2016:

(in thousands)	Year ended December 31, 2016	2015	Increase (decrease)
Revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	20,116	4,192	15,924
General and administrative	5,460	2,372	3,088
Total operating expenses	25,576	6,564	19,012
Loss from operations	(25,576)	(6,564)	(19,012)
Other income (expense):			
Revaluation of preferred unit tranche rights	1,163	(103)	1,266
Interest income	369	3	366
Other income	271	—	271
Total other income (expense)	1,803	(100)	1,903
Net loss	$ (23,773)	$ (6,664)	$(17,109)

Research and development expenses

(in thousands)	Year ended December 31, 2016	2015	Increase (decrease)
SGT-001	$ 13,891	$ 1,940	$ 11,951
Other product candidates	1,021	233	788
Unallocated research and development expenses	5,204	2,019	3,185
Total research and development expenses	$ 20,116	$ 4,192	$ 15,924

Research and development expenses for the year ended December 31, 2016 were $20.1 million, compared to $4.2 million for the year ended December 31, 2015. The increase of $15.9 million in research and

development costs was due to a $12.0 million increase in preclinical research and manufacturing costs related to our lead product candidate, SGT-001, $0.8 million increase in costs related to our other product candidates due to increased discovery costs, and $3.2 million increase in unallocated research and development costs due primarily to increased compensation and headcount, the full year impact of employees hired in 2015 and an increase of $0.6 million in equity-based compensation.

General and administrative expenses

General and administrative expenses were $5.5 million for the year ended December 31, 2016, compared to $2.4 million for the year ended December 31, 2015. The increase of $3.1 million was due to an increase of $1.8 million in compensation and related costs due to increased headcount and new hires, $0.7 million in legal and accounting fees, $0.4 million of other corporate-related costs, and $0.2 million in facilities costs due to new corporate and research space. The increase in professional fees was due to increases in the use of accounting consultants and in legal fees.

Revaluation of preferred unit tranche rights

The revaluation of the Redeemable Preferred Tranche Right resulted in a gain of $1.2 million for the year ended December 31, 2016 compared to a loss of $0.1 million for the year ended December 31, 2015. The increase of $1.3 million was due to a decrease in the underlying preferred units during the year ended December 31, 2016. The Redeemable Preferred Tranche Right expired in October 2016.

Interest income

Interest income was $0.4 million for the year ended December 31, 2016, compared to $0.1 million for the year ended December 31, 2015. The increase of $0.3 million was due to increased cash, cash equivalents and available-for-sale securities for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Other income

Other income was $0.3 million for the year ended December 31, 2016 compared to no other income for the year ended December 31, 2015. The increase of $0.3 million was due to income from charitable organizations.

Liquidity and capital resources

Sources of liquidity

Through December 31, 2017, we have financed our operations primarily through private placements of preferred units. Through December 31, 2017, we raised an aggregate of $144.6 million of gross proceeds from our sales of preferred units, which includes $25.0 million from our sale of our Series 1 Senior Preferred Units on March 29, 2017 and $55.0 million from our sale of our Series 2 Senior Preferred Units in the Series 2 Senior Preferred Financing on October 26, 2017.

On January 30, 2018, we completed our initial public offering in which we sold 8,984,375 shares of common stock, including shares of common stock issued upon the exercise in full of the underwriters' over-allotment option, at a public offering price of $16.00 per share, resulting in net proceeds of $129.3 million, after deducting underwriting discounts and commissions and offering expenses.

As of December 31, 2017, we had cash, cash equivalents and available-for-sale securities of $69.1 million and had no debt outstanding.

Cash flows

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

(in thousands)	Year ended December 31, 2017	2016	2015
Cash used in operating activities	$(43,224)	$(20,120)	$ (4,204)
Cash provided by (used in) investing activities	10,548	(4,217)	(26,806)
Cash provided by financing activities	77,078	3,420	51,592
Net increase (decrease) in cash and cash equivalents	$ 44,402	$(20,917)	$ 20,582

Operating activities. During the year ended December 31, 2017, operating activities used $43.2 million of cash, primarily resulting from our net loss of $53.2 million offset by net non-cash charges of $5.5 million due primarily to equity-based compensation of $5.3 million, which included $3.7 million associated with the exchange of Series A common units into Series B and D common units, and cash provided by changes in our operating assets and liabilities of $4.4 million. Net cash provided by changes in our operating assets and liabilities during the year ended December 31, 2017 consisted of a decrease in prepaid expenses and other currents assets of $0.8 million due to the timing of prepaid research and development expense payments and net increase in accounts payable and accrued expenses of $3.6 million due to the timing of payments and the increase in the overall activity of the company.

During the year ended December 31, 2016, operating activities used $20.1 million of cash, primarily resulting from our net loss of $23.8 million offset by non-cash charges of $0.9 million and cash provided by changes in our operating assets and liabilities of $2.8 million. Non-cash charges of $0.9 million represented equity-based compensation expense of $1.5 million and amortization of premiums on available-for-sale securities of $0.5 million, offset by $1.1 million of gains on the revaluation of our Redeemable Preferred Tranche Right due to a decrease in the fair value of the underlying preferred units for the year ended December 31, 2016. Net cash provided by changes in our operating assets and liabilities during the year ended December 31, 2016 consisted of an increase of $4.8 million in accounts payable, accrued expenses and other current liabilities, partially offset by a $2.0 million increase in prepaid expenses and other current assets. The increase in accounts payable, accrued expenses and other current liabilities was largely due to an increase of preclinical trial-related expenses. The increase in prepaid expenses and other current assets was primarily due to the payment of preclinical activities in advance of the related research and development.

During the year ended December 31, 2015, operating activities used $4.2 million of cash, primarily resulting from our net loss of $6.7 million, partially offset by non-cash charges of $0.9 million due primarily to $0.7 million of equity-based compensation expense, and cash provided by changes in our operating assets and liabilities of $1.6 million. Net cash provided by changes in our operating assets and liabilities during the year ended December 31, 2015 consisted of a $1.9 million increase in accounts payable, accrued expenses and other current liabilities, partially offset by a $0.3 million increase in prepaid expenses and other current assets. The increase in accounts payable, accrued expenses and other current liabilities was largely due to an increase of preclinical trial-related expenses. The increase in prepaid expenses and other current assets was primarily due to the payment of preclinical activities in advance of the related research and development.

Investing activities

During the year ended December 31, 2017, investing activities provided $10.5 million of cash, consisting primarily of the net proceeds on the sale and maturity of available-for-sale securities partially offset by purchases of property and equipment.

During the year ended December 31, 2016, investing activities used $4.2 million of cash, consisting primarily of net purchases of investments and to a lesser extent the acquisition of property and equipment.

During the year ended December 31, 2015, investing activities used $26.8 million of cash, consisting primarily of net purchases of investments.

We expect that purchases of property and equipment will increase over the next several years resulting from our move into a new office and laboratory facility in early 2018.

Financing activities

During the year ended December 31, 2017, net cash provided by financing activities was $77.1 million, primarily due to the proceeds from our sale of Series 1 and 2 Senior Preferred Units of $25.0 million and $55.0 million, respectively, partially offset by payments made in connection with our initial public offering.

During the year ended December 31, 2016, net cash provided by financing activities was $3.4 million, due to the proceeds from our sale of Redeemable Preferred Units.

During the year ended December 31, 2015, net cash provided by financing activities was $51.6 million, due to the proceeds from our sales of Redeemable Preferred Units of $6.8 million and net proceeds of $44.8 million from the issuance of non-controlling interests in our consolidated subsidiary Solid GT.

Funding requirements

We expect our expenses to increase substantially in connection with our ongoing development activities related to SGT-001. In addition, we expect to incur additional costs associated with operating as a public company. We expect that our expenses will increase substantially if and as we:

- seek to resolve the partial and full clinical holds on the Phase I/II clinical trial for SGT-001 and, if and when lifted, resume our clinical development of SGT-001;
- move other current or future product candidates into clinical trials;
- continue research and preclinical development of our other product candidate;
- seek to identify additional product candidates;
- seek marketing approvals for our product candidates that successfully complete clinical trials, if any;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- arrange for manufacture of larger quantities of our product candidates for clinical development and potential commercialization;
- maintain, expand and protect our intellectual property portfolio;
- hire and retain additional clinical, quality control and scientific personnel;
- build out new facilities or expand existing facilities to support our ongoing development activity;
- acquire or in-license other drugs and technologies; and
- add operational, financial and management information systems and personnel.

On January 30, 2018, we completed our initial public offering in which we sold 8,984,375 shares of common stock, including shares of common stock issued upon the exercise in full of the underwriters' over-allotment option, at a public offering price of $16.00 per share, resulting in net proceeds of $129.3 million, after deducting underwriting discounts and commissions and offering expenses.

On October 26, 2017, we completed the sale of 4,886,000 Series 2 Senior Preferred Units at a price of $11.26 per unit resulting in net proceeds of $55.0 million.

As of December 31, 2017, we had cash, cash equivalents and available-for-sale securities of $69.1 million. We believe that our cash, cash equivalents and available-for-sale securities as of December 31, 2017, together with the net proceeds of $129.3 million from our recently completed initial public offering, will enable us to fund our operating expenses and capital expenditure requirements until the end of 2019. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently anticipate.

Because of the numerous risks and uncertainties associated with the development of SGT-001 and other product candidates and programs and because the extent to which we may enter collaborations with third parties for development of our product candidates is unknown, we are unable to estimate the timing and amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our future capital requirements will depend on many factors, including:

- our ability to favorably resolve the partial and full clinical holds on the Phase I/II clinical trial of SGT-001 and, if so resolved, the timing of such resolution;
- the progress and results of our Phase I/II clinical trial and future clinical trials of SGT-001 and our other product candidates;
- the costs, timing and outcome of regulatory review of SGT-001 and our other product candidates;
- the scope, progress, results and costs of drug discovery, laboratory testing, manufacturing, preclinical development and clinical trials for other product candidates that we may pursue in the future, if any;
- the costs associated with our manufacturing process development and evaluation of third-party manufacturers;
- the costs associated with constructing and validating our own manufacturing facility;
- revenue, if any, received from commercial sale of SGT-001 or other product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining, defending and enforcing our intellectual property rights and defending intellectual property-related claims;
- the outcome of any lawsuits filed against us;
- the terms of our current and any future license agreements and collaborations; and
- the extent to which we acquire or in-license other product candidates, technologies and intellectual property.

We intend to supply our clinical development program for SGT-001 with drug product produced at a cGMP compliant facility located at one of our CDMO partners. We intend to establish the capability and capacity to supply SGT-001 at commercial scale from multiple sources, including potentially building our own GMP facility to ensure redundancy and reliability. We expect that such a facility would require capital expenditures of between $35.0 million to $45.0 million to commence operations. We expect to finalize plans to potentially build our own GMP facility after we have initial data from our Phase I/II clinical trial for SGT-001.

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

Adequate additional funds may not be available to us on acceptable terms, or at all. We do not currently have any committed external source of funds. To the extent that we raise additional capital through the sale of equity securities, our existing stockholders' ownership interest may be diluted. Any debt or preferred equity financing, if available, may involve agreements that include restrictive covenants that may limit our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, which could adversely impact our ability to conduct our business, and may require the issuance of warrants, which could potentially dilute existing stockholders' ownership interests.

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

Contractual obligations and commitments

The following table summarizes our contractual obligations at December 31, 2017 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments due by period				
(in thousands)	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Operating lease commitments (1)	$783	$ 783	$—	$—	$ —

(1) Represents minimum payments due for our lease of office and laboratory space in Cambridge, Massachusetts under an operating lease agreement that, as amended, expires in February 2018 as well as minimum payments for our lease of additional office and laboratory space in Cambridge, Massachusetts, for which we entered into a lease in May 2017 and amended during the third and fourth quarters of 2017, which extends through April 2018. Amounts in the table above exclude payments for (a) laboratory space in Cambridge, Massachusetts, for which we entered into a lease in January 2018 and for which the initial lease term is approximately four years and the minimum rent commitment due over the initial term is approximately $3.8 million and (b) office space in Cambridge, Massachusetts, for which we entered into a lease in January 2018 and for which the lease term is through February 2022 and the minimum rent commitment due over the term is approximately $4.6 million.

Under various agreements with third-party licensors, we have agreed to make milestone payments and pay royalties to third parties based on specific milestones. We have not included any such contingent payment obligations in the table above as the amount, timing and likelihood of such payments are not known. See "Business—Strategic partnerships and collaborations/licenses."

We enter into contracts in the normal course of business with CROs and CMOs for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts do not contain any minimum purchase commitments and are cancelable by us upon prior notice of 30 days and, as a result, are not included in the table of contractual obligations above.

Internal control over financial reporting

During the preparation of our consolidated financial statements as of and for the years ended December 31, 2016 and 2015, we identified material weaknesses in our internal control over financial reporting. A company's internal control over financial reporting is a process designed by, or under the supervision of, a company's principal executive and principal financial officers, or persons performing similar functions, and effected by a

company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Under standards established by the Public Company Accounting Oversight Board, a material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. The material weaknesses that we identified were as follows:

- We did not design or maintain an effective control environment commensurate with our financial reporting requirements. We lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, our insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the additional material weaknesses detailed below.
- We did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the preparation and review of account reconciliations and journal entries. Additionally, we did not design and maintain controls over the appropriate cut-off, classification and presentation of accounts and disclosures in the financial statements.
- We did not design and maintain formal accounting policies, processes and controls to analyze, account for and disclose complex transactions. Specifically, we did not design and maintain controls to analyze, account for and disclose complex transactions, including variable interest entities, preferred units, the preferred unit tranche right and equity-based compensation.

We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weaknesses, including hiring additional finance and accounting personnel and initiating design and implementation of our financial control environment, including the establishment of formal accounting policies and procedures, financial reporting controls and controls to account for and disclose complex transactions.

We, and our independent registered public accounting firm, were not required to perform an evaluation of our internal control over financial reporting in accordance with the transition period established by rules of the SEC for newly public companies. Accordingly, we cannot assure our stockholders that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404.

Off-balance sheet arrangements

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

Recently issued accounting pronouncements

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our consolidated financial statements appearing at the end of this Annual Report on Form 10-K, such standards will not have a material impact on our consolidated financial statements or do not otherwise apply to our operations.

Emerging growth company status

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates. As of December 31, 2017, our available-for-sale securities consisted of corporate bond securities and U.S. government agency securities that have contractual maturities of one year or less. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of our portfolio, an immediate 10% change in market interest rates would not have a material impact on the fair market value of our investment portfolio or on our financial position or results of operations.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last three years.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item 8 is included at the end of this Annual Report on Form 10-K beginning on page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Change in our public accounting firm

In September 2016, we dismissed Katz, Nannis + Solomon, P.C., or KN+S, as our independent accountants. The decision to dismiss KN+S as our independent registered public accounting firm was approved by the board of managers of Solid Biosciences, LLC. KN+S had reported on our consolidated financial statements as of and for the year ended December 31, 2015. The report of KN+S on our 2015 consolidated financial statements did not contain any adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles.

During the year ended December 31, 2015 and through the date of dismissal, there were no disagreements between us and KN+S on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of KN+S, would have caused it to make reference to the subject matter of the disagreement in connection with its reports.

None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K occurred during the years ended December 31, 2015 and through the date of dismissal of KN+S.

We engaged PricewaterhouseCoopers LLP, or PwC, as our independent registered public accounting firm on March 6, 2017 to audit our consolidated financial statements as of and for the years ended December 31, 2016 and 2015.

During the year ended December 31, 2016 and in the subsequent interim period through March 31, 2017, other than in the normal course of the audit, neither we nor anyone on our behalf consulted with PwC regarding

either: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and neither a written report was provided to us or oral advice was provided to us that PwC concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement or reportable event as defined in Regulation S-K, Item 304(a)(1)(iv) and Item 304(a)(1)(v), respectively.

We delivered a copy of this disclosure to KN+S and requested that they furnish us a letter addressed to the SEC stating whether they agree with the above statements. In their letter to the SEC dated July 24, 2017, attached as Exhibit 16.1 to the registration statement filed with the SEC on December 29, 2017, KN+S stated that they agreed with the statements above concerning their firm.

Disagreements with accountants on accounting and financial disclosure

None

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management identified material weaknesses in our internal control over financial reporting, which is an integral component of our disclosure controls and procedures. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, our stock price.

In connection with the preparation of our consolidated financial statements as of and for the years ended December 31, 2016 and 2015, we identified material weaknesses in our internal control over financial reporting. The material weaknesses we identified were as follows:

- We did not design or maintain an effective control environment commensurate with our financial reporting requirements. We lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the limited personnel resulted in our inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, our insufficient segregation of duties in our

finance and accounting functions. This material weakness contributed to the additional material weaknesses detailed below.

- We did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the preparation and review of account reconciliations and journal entries. Additionally, we did not design and maintain controls over the appropriate cut-off, classification and presentation of accounts and disclosures in the financial statements.
- We did not design and maintain formal accounting policies, processes and controls to analyze, account for and disclose complex transactions. Specifically, we did not design and maintain controls to analyze, account for and disclose complex transactions, including variable interest entities, preferred units, the preferred unit tranche right and equity-based compensation.

These material weaknesses also resulted in a restatement of our previously issued 2015 annual consolidated financial statements and adjustments to our 2016 annual consolidated financial statements, which were recorded prior to their issuance.

We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weaknesses, including hiring additional finance and accounting personnel and initiating design and implementation of our financial control environment, including the establishment of formal accounting policies and procedures, financial reporting controls and controls to account for and disclose complex transactions.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2017, due to the material weaknesses described above, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Other than in connection with commencing the implementation of the remediation plan outlined above, there were no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Set forth below are the names, ages and positions of our current executive officers and directors as of March 19, 2018.

Name	Age	Position(s) held
Executive Officers		
Ilan Ganot	44	Co-founder, Chief Executive Officer and Director
Gilad Hayeem	50	Co-founder, President and Director
Alvaro Amorrortu	46	Chief Operating Officer
Carl Morris, Ph.D.	48	Chief Scientific Officer
Joel Schneider, Ph.D.	33	Chief Technology Officer and Head of Exploratory Research and Development
Jorge A. Quiroz, M.D.	48	Chief Medical Officer
Jennifer Ziolkowski	44	Chief Financial Officer, Treasurer and Assistant Secretary
Non-Employee Directors		
Andrey Zarur, Ph.D.	47	Co-founder and Chairman of the Board of Directors
Matthew Arnold	48	Director
Robert Huffines	52	Director
Adam Koppel, M.D., Ph.D.	48	Director
Rajeev Shah	40	Director
Adam Stone	38	Director
Lynne Sullivan	52	Director

Executive officers

Ilan Ganot is one of our co-founders and has served as our Chief Executive Officer and as a member of our board of directors since our inception in 2013. Previously, Mr. Ganot served as an investment banker at JPMorgan Chase & Co., a leading global financial services firm, from September 2011 to September 2013. From October 2008 to August 2011, Mr. Ganot served as a banker at Nomura Securities Co., Ltd., a securities and investment banking company, and from September 2003 to September 2008, at Lehman Brothers, a global financial services firm. Mr. Ganot received his M.B.A. from London Business School and holds law and business degrees from the Interdisciplinary Center Herzliya, Israel. Mr. Ganot also practiced corporate law in Israel and was a Captain in the Israeli Defense Forces. He is qualified to serve on our board of directors because of his personal dedication to improving treatments available for DMD patients and his extensive leadership experience in the financial sector.

Gilad Hayeem is one of our co-founders and has served as our President and as a member of our board of directors since our inception in 2013. Mr. Hayeem also has served as Chief Executive Officer of Waverly Capital, an equity and venture capital firm, since January 2012. Mr. Hayeem received his M.B.A. from City University of London and his undergraduate degree from the University of Leeds. Mr. Hayeem is qualified to serve on our board of directors because of his extensive knowledge of our company based on his role as co-founder and President and his extensive leadership experience.

Alvaro Amorrortu has served as our Chief Operating Officer since January 2017. Mr. Amorrortu served as our Senior Vice President of Operations from November 2015 to December 2016. Prior to joining us, he served as Vice President of Consulting for IMS Health (now IQVIA), a healthcare oriented services and technology company, from July 2015 to November 2015 and Vice President of Campbell Alliance (now InVentiv Health Consulting), a management consulting firm serving the pharmaceutical and biotech industry, from July 2012 to June 2015. He was at the Monitor Group (now Monitor Deloitte), a management consulting firm, from April 2003 to May 2012 where he held various positions, including Associate Partner. From 1995 to 2000,

Mr. Amorrortu gained significant experience in project engineering and managing food-processing manufacturing facilities through various positions at Molinos Rio de la Plata and Trigalia (subsidiaries of Bunge Group and Cargill, respectively). Mr. Amorrortu received his M.B.A. from The Wharton School of the University of Pennsylvania and received an M.S. from the Instituto Tecnologico de Buenos Aires, Argentina.

Carl Morris, Ph.D. has served as our Chief Scientific Officer since June 2017, and previously served as our Senior Vice President of Research and Development from September 2015 to June 2017. Prior to joining us, Dr. Morris held various leadership positions within Pfizer Inc.'s Rare Disease Research Unit from January 2010 to August 2015, including serving as a Senior Director, Director and Senior Principal Scientist. Prior to Pfizer, Dr. Morris held various positions within the Tissue Repair unit at Wyeth Pharmaceuticals, Inc., a pharmaceutical company acquired by Pfizer. Dr. Morris was an Assistant Professor at Boston University School of Medicine and a founding faculty member of the Muscle and Aging Research Unit. He is also co-founder and a member of the board of directors of Breed Nutrition Inc. Dr. Morris holds a B.A. in Biology from Franklin Pierce College and a Ph.D. in Physiology from UCLA.

Joel Schneider, Ph.D. has served as our Chief Technology Officer and Head of Exploratory Research and Development since June 2017. Dr. Schneider also served as an Analyst from March 2014 to March 2015, a Director from March 2015 to January 2017 and our Vice President of Research and Development from January 2017 to June 2017. Prior to joining Solid, Dr. Schneider completed a postdoctoral fellowship at Harvard University in the Department of Stem Cell and Regenerative Biology from January 2013 to 2014. He holds a Ph.D. in Cell Biology and Molecular Medicine from Rutgers University and a B.A. in Biology from Brandeis University.

Jorge A. Quiroz, M.D. has served as our Chief Medical Officer since January 2016. Prior to joining us, Dr. Quiroz served as the Head of Neurodevelopment & Psychiatry, Translational Medicine Neurosciences at F. Hoffmann-La Roche AG, a multinational healthcare company, from 2014 to 2015 and, prior to that, as Head of Psychiatry from 2012 to 2014 and Translational Medicine Leader from 2009 to 2011 at Hoffmann-La Roche. From 2007 to 2009, he served as the Director of Johnson & Johnson's Pharmaceutical Research & Development LLC and from 2005 to 2007 he served as its Associate Director. Dr. Quiroz holds a medical degree from the Pontifical Catholic University of Chile and he completed his medical training as a Research Fellow at the Laboratory of Molecular Pathophysiology, Mood and Anxiety Disorders Program, at the NIH in Bethesda, Maryland from February 2001 to May 2005. He is board certified in Psychiatry by the National Commission for Certification of Medical Specialties. He also holds an M.B.A. dual degree from Columbia University and the London Business School.

Jennifer Ziolkowski has served as our Chief Financial Officer, Treasurer and Assistant Secretary since May 2017. Prior to joining us, she served as the Head of Sales Operations, North America for Philips Healthcare, a healthcare company, from 2014 to 2017 and as its Senior Director of Finance, North America from 2012 to 2014. Ms. Ziolkowski served as Controller of Medical Consumables and Sensors from 2010 to 2012, Director of Finance of Imaging Systems from 2008 to 2010, Senior Director of Finance and Corporate Controller from 2007 to 2008 at TransMedics, Inc., a medical device company, and held various finance and corporate development leadership positions at Cytyc Corporation, a medical technology company, from 2001 to 2007. From 1996 to 2001, Ms. Ziolkowski gained significant experience at PricewaterhouseCoopers LLP where she served as a Senior Transaction Services Consultant and as Audit Senior and Staff in the Boston Technology Group. Ms. Ziolkowski holds a B.S. in Accounting from Boston College and is a Certified Public Accountant.

Non-employee directors

Andrey Zarur, Ph.D. is one of our co-founders and has served as the Chairman of our board of directors since our inception in 2013. Dr. Zarur co-founded GreenLight Biosciences Inc., a biotechnology company, in August 2008, and currently serves as its Chairman and Chief Executive Officer. From January 2006 to August 2014, he served as Managing General Partner of Kodiak Venture Partners, a venture capital firm. Dr. Zarur is

also Chairman of the Board for Lumicell Inc. Dr. Zarur holds an M.S. and a Ph.D. from Massachusetts Institute of Technology and an undergraduate degree from Universidad Nacional Autónoma de México. Mr. Zarur is qualified to serve on our board of directors based on his over 20 years of experience in leading companies from clinical-stage drug development to global commercialization.

Matthew Arnold is a founding member of Solid and has served as a member of our board of directors since our inception in 2013. A former energy executive, since 2009, Mr. Arnold has been actively working with startup businesses in the United Kingdom and Europe, primarily in the technology and clean tech sectors. He holds an M.S. from the University of Virginia and a B.A. from Duke University. Mr. Arnold is qualified to serve on our board of directors because of his extensive management and board experience with startup companies and his background in finance.

Robert Huffines has served as a member of our board of directors since December 2013. Mr. Huffines joined J.P. Morgan, a leading global financial services firm, in 1992 and currently serves as the Global Chairman of Investment Banking, a position he has held since February 2017. Throughout his career at J.P. Morgan, Mr. Huffines has held various leadership positions, including serving as Co-Head of the Global Healthcare Investment Banking Group from 2002 to 2010 and Vice Chairman from 2011 to January 2017. Mr. Huffines received an M.B.A. from the University of Virginia and a B.A. from the University of North Carolina. Mr. Huffines is qualified to serve on our board of directors based on his over 25 years of experience advising healthcare companies and his leadership experience.

Adam Koppel, M.D., Ph.D. has served as a member of our board of directors since October 2017. Dr. Koppel rejoined Bain Capital, a global investment firm, in 2016 as a Managing Director of Bain Capital Life Sciences. He initially joined Bain Capital Public Equity in 2003 where he was a leader within the healthcare sector until mid-2014. During the period from mid-2014 to mid-2016, Dr. Koppel worked at Biogen Inc., or Biogen, a biotechnology company, where he served as EVP of Corporate Development and Chief Strategy Officer. Prior to joining Bain Capital in 2003, Dr. Koppel was an Associate Principal at McKinsey & Co., a management consulting firm, where he served a variety of healthcare companies. Dr. Koppel currently serves on the board of directors of Trevena, Inc. and Dicerna Pharmaceuticals, Inc., both public companies. Dr. Koppel received an M.D. and Ph.D. in Neuroscience from the University of Pennsylvania School of Medicine. He also received an M.B.A. from The Wharton School at the University of Pennsylvania, where he was a Palmer Scholar. He graduated magna cum laude from Harvard University with an A.B. and A.M. in History and Science. Dr. Koppel is qualified to serve on our board of directors because of his extensive leadership experience, his public company board experience and his experience working in the healthcare sector.

Rajeev Shah has served as a member of our board of directors since March 2017. Mr. Shah has been Managing Director and Portfolio Manager at RA Capital Management, LLC, or RA Capital, an investment management company. Prior to joining RA Capital in 2004, Mr. Shah was a Senior Project Leader at Altus Pharmaceuticals Inc., a spin-off of Vertex Pharmaceuticals Inc., from 2001 to 2004. Mr. Shah is currently a member of the board of directors of Ra Pharmaceuticals, Inc. and Kalvista Pharmaceuticals, Inc., both public companies. Mr. Shah holds a B.A. in Chemistry from Cornell University. Mr. Shah is qualified to serve on our board of directors because of his extensive leadership experience, his public company board experience and his experience investing in life science companies.

Adam Stone has served as a member of our board of directors since November 2015. Mr. Stone is currently the Chief Investment Officer of Perceptive Advisors, a life science focused hedge fund, where he has worked since May 2006. Mr. Stone received a B.A. from Princeton University. Mr. Stone is qualified to serve on our board of directors because of his extensive experience developing early-stage biotech and health care companies.

Lynne Sullivan has served as a member of our board of directors since November 2015. Since September 2016, Ms. Sullivan has served as Biogen's Senior Vice President of Finance, where she also served as Vice President of Tax and Corporate Finance from February 2015 to March 2016 and Vice President of Tax from

April 2008 to February 2015. Ms. Sullivan is currently a member of the board of directors of resTORbio, Inc., a public company. She received an M.S. in Taxation from Bentley University and a B.S.B.A. from Suffolk University. Ms. Sullivan is a Certified Public Account for over 20 years. Ms. Sullivan is qualified to serve on our board of directors because of her extensive experience in public accounting and financial expertise.

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

Scientific Advisory Board

We have established a scientific advisory board comprised of a world-class team of experts, which includes leading immunologists, molecular biologists, clinicians and gene therapy researchers. We regularly seek advice and input from these experienced leaders on matters related to our research and development programs. Our Scientific Advisory Board currently consists of Jeffrey Chamberlain, Ph.D. (University of Washington), Chairman of our Scientific Advisory Board, Jeff Bluestone, Ph.D. (University of California, San Francisco), Ronald D. Cohn, M.D. (Hospital for Sick Children), Dongsheng Duan, Ph.D. (University of Missouri), Michael Lawlor, M.D., Ph.D. (Medical College of Wisconsin), Carrie Miceli, Ph.D. (University of California, Los Angeles), Geoffrey Slaff, Ph.D. and Lawrence A. Turka, M.D. (Massachusetts General Hospital). James M. Wilson, M.D., Ph.D., the former head of our Scientific Advisory Board, resigned on January 11, 2018 citing his emerging safety concerns about the possible risks of high systemic dosing of AAV.

Section 16(a) beneficial ownership reporting compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. These Section 16 reporting persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. However, during the fiscal year ended December 31, 2017, we did not have any class of equity security registered under Section 12 of the Exchange Act; accordingly, no reports were required to be filed pursuant to Section 16(a) by these Section 16 reporting persons with respect to our common stock during that fiscal year.

Audit Committee

Our board of directors has established an audit committee, which operates under a charter that has been approved by our board of directors. Our audit committee consists of Ms. Sullivan, Dr. Koppel and Mr. Shah, with Ms. Sullivan serving as chair of the audit committee. Our board of directors has determined that each of these individuals meets the independence requirements of the Sarbanes-Oxley Act, Rule 10A-3 under the Exchange Act, and the applicable listing standards of Nasdaq. Each member of our audit committee can read and understand fundamental financial statements in accordance with Nasdaq audit committee requirements. In arriving at this determination, the board has examined each audit committee member's employment and other experience. Our board of directors has determined that Ms. Sullivan qualifies as an audit committee financial expert within the meaning of SEC regulations and meets the financial sophistication requirements of the Nasdaq listing rules. In making this determination, our board has considered Ms. Sullivan's formal education and previous and current experience in financial roles. Both our independent registered public accounting firm and management periodically meet privately with our audit committee.

The functions of our audit committee include, among other things:

- evaluating the performance, independence and qualifications of our independent auditors and determining whether to retain our existing independent auditors or engage new independent auditors;
- reviewing and approving the engagement of our independent auditors to perform audit services and any permissible non-audit services;

- monitoring the rotation of partners of our independent auditors on our engagement team as required by law;
- prior to engagement of any independent auditor, and at least annually thereafter, reviewing relationships that may reasonably be thought to bear on their independence, and assessing and otherwise taking the appropriate action to oversee the independence of our independent auditor;
- reviewing our annual and quarterly financial statements and reports, including the disclosures contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and discussing the statements and reports with our independent auditors and management;
- reviewing with our independent auditors and management any significant issues that arise regarding accounting principles and financial statement presentation and matters concerning the scope, adequacy and effectiveness of our financial controls;
- reviewing with management and our auditors any earnings announcements and other public announcements regarding material financial developments;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding financial controls, accounting or auditing matters and other matters;
- preparing the audit committee report that the SEC requires in our annual proxy statement;
- reviewing and providing oversight of any related-person transactions in accordance with our related-person transaction policy and reviewing and monitoring compliance with legal and regulatory requirements, including our code of business conduct and ethics;
- reviewing our major financial risk exposures, including the guidelines and policies to govern the process by which risk assessment and risk management is implemented;
- reviewing on a periodic basis our investment policy; and
- reviewing and evaluating on an annual basis the performance of the audit committee and the audit committee charter.

Our board of directors has determined that the composition and functioning of our audit committee complies with all applicable requirements of the Sarbanes-Oxley Act, and all applicable SEC and Nasdaq rules and regulations.

Code of business conduct and ethics

We have adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that applies to our directors, executive officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Conduct is available on the Investor Relations portion of our website, *www.solidbio.com*. The nominating and corporate governance committee of our board of directors is responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers and directors. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of Nasdaq concerning any amendments to, or waivers of, any provision of the Code of Conduct.

Item 11. Executive Compensation.

Compensation of our Named Executive Officers

The following information describes the material elements of compensation awarded to, earned by or paid to each of our named executive officers, or the Named Executive Officers. The Named Executive Officers for the year ended December 31, 2017 are:

- Ilan Ganot, our Chief Executive Officer;

- Dr. Jorge A. Quiroz, our Chief Medical Officer; and
- Jennifer Ziolkowski, our Chief Financial Officer.

Summary Compensation Table for Fiscal Year 2017

The following table contains information about the compensation paid to or earned by each of our Named Executive Officers during the most recently completed fiscal year.

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (2)	Stock Awards ($) (3)	All Other Compensation ($)	Total ($)
Ilan Ganot, Chief Executive Officer	2017	400,000	200,000	—	—	600,000
Jorge A. Quiroz, M.D., Chief Medical Officer	2017	360,500	144,200	786,202	4,420 (4)	1,295,322
Jennifer Ziolkowski, Chief Financial Officer	2017	176,060 (5)	124,700 (6)	1,119,000	420 (7)	1,420,180

(1) For 2018, base salary amounts for our Named Executive Officers were increased as follows: Mr. Ganot: $450,000; Dr. Quiroz: $375,000; and Ms. Ziolkowski: $300,000.
(2) Represents annual discretionary bonuses paid to the Named Executive Officers in respect of performance during the fiscal year ended December 31, 2017.
(3) The amount in this column represents the aggregate grant date fair value of the award as computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the award reported in this column are set forth in Note 12 to our audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.
(4) Represents compensation for mobile phone subsidies, gym subsidies and a taxable gift provided by the Company, including an additional payment in respect of income taxes imposed upon Dr. Quiroz in connection with the taxable gift.
(5) Ms. Ziolkowski commenced employment with us in May 2017. This amount represents the portion of the year during which she was employed with us.
(6) Includes a $50,000 signing bonus paid to Ms. Ziolkowski in connection with the commencement of her employment with us.
(7) Represents compensation for mobile phone subsidies provided by the Company.

Employment Agreement with Mr. Ganot

On December 27, 2013, we entered into an employment agreement with Mr. Ganot. Mr. Ganot's employment agreement provided for an initial annual base salary of $300,000 as well as an entitlement to an annual incentive bonus in an amount determined by our board of managers. Mr. Ganot's employment with us is at will, although the agreement requires that either we or Mr. Ganot provide the other party at least six months' prior notice of intention to terminate Mr. Ganot's employment. However, we may terminate Mr. Ganot's employment immediately for "cause" as defined in the employment agreement. Other than the foregoing notice period, Mr. Ganot's employment agreement does not provide for any severance payments or benefits upon a termination of his employment with us. Mr. Ganot is subject to certain restrictive covenants during the term of his employment and for the one-year period following termination, including employee and consultant non-solicitation and non-hire restrictions and non-competition provisions.

Offer Letter with Dr. Quiroz

On November 17, 2015, we entered into an offer letter with Dr. Quiroz. Dr. Quiroz's offer letter provided for an initial annual base salary of $350,000 as well as an entitlement to an annual incentive bonus of up to 40%

of his base salary based upon achievement of individual and company-wide goals established by our board of managers in its sole discretion.

Under the offer letter, Dr. Quiroz received a signing bonus of $100,000, 50% of which he was required to repay if he resigned his employment other than for "good reason" (as defined in his offer letter) prior to the second anniversary of his employment commencement date. In addition, we agreed to assume certain obligations of Dr. Quiroz's prior employer with respect to Dr. Quiroz's graduate business school education, a leased apartment and a leased vehicle, up to a maximum of $250,000 in the aggregate. If Dr. Quiroz resigned his employment other than for good reason prior to the second anniversary of his employment commencement date, he would have been required to repay 50% of the assumed obligations. We also agreed to reimburse Dr. Quiroz up to $120,000 in relocation expenses, plus an additional amount equal to the income taxes imposed on Dr. Quiroz in connection with such reimbursement.

In the event Dr. Quiroz's employment is terminated without "cause" (as defined in his offer letter) or Dr. Quiroz resigns for "good reason" (as defined in his offer letter), then, subject to his execution and non-revocation of a release of claims, he will receive continued payment of his base salary until the earlier of (i) six months following termination, and (ii) the date he obtains full-time employment. If his employment is terminated (by us for "cause" or by Dr. Quiroz for "good reason") within 12 months following a change of control, Dr. Quiroz will receive an additional payment equal to 20% of his then current base salary. Dr. Quiroz is subject to certain restrictive covenants during the term of his employment and for the one-year period following termination, including employee and consultant non-solicitation and non-hire restrictions, customer non-solicitation and non-competition provisions.

Offer Letter with Ms. Ziolkowski

On April 17, 2017, we entered into an offer letter with Jennifer Ziolkowski, our Chief Financial Officer. Ms. Ziolkowski's agreement provided for an initial annual base salary of $280,000 and an annual incentive bonus of up to 40% of her base salary based upon achievement of individual and company-wide goals established by our board. Ms. Ziolkowski's agreement also provided for a one-time signing bonus of $50,000.

Ms. Ziolkowski's agreement provided for a grant of 150,000 Series D common units of Solid Biosciences, LLC. The units subject to these awards vest 25% on the first anniversary of Ms. Ziolkowski's start date and then in semi-annual installments over the 36-month period thereafter. In the event that we are acquired by a third party and Ms. Ziolkowski's employment is terminated by us without "Cause" (as defined in her employment agreement) within 12 months of the event, (A) Ms. Ziolkowski is entitled to receive continued payment of her base salary until the earlier of (i) three months following termination and (ii) the date she obtains full-time employment, and (B) all of Ms. Ziolkowski's outstanding unvested equity awards will become fully vested.

Ms. Ziolkowski is subject to certain restrictive covenants during the term of her employment and for the one-year period following termination, including employee and consultant non-solicitation and non-hire restrictions, customer non-solicitation and non-competition provisions.

Stock Awards

2017 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding equity awards held by our Named Executive Officers as of December 31, 2017.

	Stock Awards	
Name	**Number of shares or units that have not vested (#)**	**Market value of shares or units that have not vested ($) (1)**
Ilan Ganot	—	—
Jorge A. Quiroz, M.D.	225,887 (2)	789,680
	45,184 (3)	212,817
	45,184 (4)	573,385
Jennifer Ziolkowski	150,000 (5)	484,500
	50,000 (6)	634,500

(1) Calculated based on an independent third-party valuation.

(2) Represents Series D common units of Solid Biosciences, LLC granted on January 4, 2016. 25% of award vests on each of the first four anniversaries of grant date subject to continued employment through each vesting date. Pursuant to his award agreement, 100% of the units vest if Dr. Quiroz's employment is terminated without cause during the 12-month period after a change in control (as such terms are defined in his offer letter).

(3) Represents Series D common units of Solid Biosciences, LLC, with 11,296 vesting on September 12, 2018, and an additional 11,296 units vesting on each anniversary thereafter, subject to continued service through the vesting date and in no event will more than 45,184 units become vested units. Pursuant to his award agreement, 100% of the units vest if Dr. Quiroz's employment is terminated without cause during the 12-month period after a change in control (as such terms are defined in his offer letter).

(4) Represents Series D common units of Solid Biosciences, LLC, with 11,296 vesting on the one-year anniversary of the date upon which the first dosing of a patient occurs in a clinical trial conducted by us, and an additional 5,648 units on each semi-annual anniversary thereafter, subject to continued employment through the vesting date and in no event will more than 45,184 units become vested units. Pursuant to his award agreement, 100% of the units vest if Dr. Quiroz's employment is terminated without cause during the 12-month period after a change in control (as such terms are defined in his offer letter), provided that the first dosing condition is satisfied. If the dosing date has not occurred by December 7, 2027, all of the units become vested, subject to his continued employment through such date.

(5) Represents Series D common units of Solid Biosciences, LLC, with 37,500 units vesting on May 15, 2018, and an additional 18,250 units vesting on each semi-annual anniversary thereafter. Pursuant to her offer letter, 100% of the units vest if Ms. Ziolkowski's employment is terminated without cause during the 12-month period after a change in control (as such terms are defined in her offer letter).

(6) Represents Series D common units of Solid Biosciences, LLC, with 12,500 units vesting on the one-year anniversary of the date upon which we successfully complete an equity financing of $50 million or more at a price per unit not less than the price at which units were sold in the prior equity financing, and an additional 6,250 units on each semi-annual anniversary thereafter, subject to continued employment through the vesting date and in no event will more than 50,000 units become vested units. Pursuant to her offer letter, 100% of the units vest if Ms. Ziolkowski employment is terminated without cause during the 12-month period after a change in control (as such terms are defined in her offer letter), provided that the equity financing condition is satisfied (as such term is defined in her award agreement). If the equity financing condition has not occurred by December 7, 2027, all of the units become vested, subject to her continued employment through such date.

On February 14, 2018, we granted a stock option to Dr. Quiroz for the right to buy 47,061 shares of our common stock and a stock option to Ms. Ziolkowski for the right to buy 66,852 shares of our common

stock. The options have an exercise price of $26.23 per share, vest in four equal installments beginning on February 14, 2019 and expire on February 14, 2028.

Equity Incentive Plans

Solid Biosciences, LLC Amended and Restated Equity Incentive Plan

Prior to the closing of our initial public offering, Solid Biosciences, LLC maintained its Amended and Restated Equity Incentive Plan, or the Existing Plan, under which Solid Biosciences, LLC granted Series D Common Units to its employees, consultants and other service providers. The Existing Plan was frozen in connection with our initial public offering. No further awards will be granted under the Existing Plan, but awards granted prior to the freeze date will continue in accordance with their terms and the terms of the Existing Plan.

2018 Omnibus Incentive Plan

Prior to our initial public offering, the board of managers of Solid Biosciences, LLC adopted the Solid Biosciences Inc. 2018 Omnibus Incentive Plan, or 2018 Plan, contingent upon the consummation of our initial public offering. The unitholders of Solid Biosciences, LLC approved the 2018 Plan contingent upon the consummation of our initial public offering.

The material terms of the 2018 Plan are summarized below. The following summary is qualified in its entirety by reference to the complete text of the 2018 Plan, a copy of which was filed as Exhibit 99.1 to our registration statement on Form S-8 filed with the SEC on January 29, 2018, and is incorporated herein by reference.

Administration of the plan

The board of managers of Solid Biosciences, LLC appointed the compensation committee of our board of directors as the committee under the 2018 Plan with the authority to administer the 2018 Plan. We refer to our board of directors or compensation committee, as applicable, as the Administrator. The Administrator is authorized to grant awards to eligible employees, consultants and non-employee directors.

Number of authorized shares and award limits

The aggregate number of our shares of common stock that may be issued or used for reference purposes under the 2018 Plan may not exceed 5,001,000 shares (subject to adjustment as described below). Our shares of common stock that are subject to awards will be counted against the overall limit as one share for every share granted or covered by an award. If any award is cancelled, expires or terminates unexercised for any reason, the shares covered by such award will again be available for the grant of awards under the 2018 Plan, except that any shares that are not issued as the result of a net exercise or settlement or that are used to pay any exercise price or tax withholding obligation will not be available for the grant of awards. Shares of common stock that we repurchase on the open market with the proceeds of an option exercise price also will not be available for the grant of awards. Awards that may be settled solely in cash will not be deemed to use any shares.

The maximum number of our shares of common stock that may be granted pursuant to awards under the 2018 Plan during any fiscal year to any non-employee director is 1,000,200 shares. The foregoing individual participant limit is cumulative; that is, to the extent that shares of common stock that may be granted to an individual in a fiscal year are not granted, the number of shares of common stock that may be granted to such individual is increased in the subsequent fiscal years during the term of the 2018 Plan until used.

The Administrator will, in accordance with the terms of the 2018 Plan, make appropriate adjustments to the above aggregate and individual limits (other than cash limitations), to the number and/or kind of shares or other

property (including cash) underlying awards and to the purchase price of shares underlying awards, in each case, to reflect any change in our capital structure or business by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, any recapitalization, merger, consolidation, spin off, split off, reorganization or any partial or complete liquidation, any sale or transfer of all or part of our assets or business, or any other corporate transaction or event that would be considered an "equity restructuring" within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718. In addition, the Administrator may take similar action with respect to other extraordinary events.

Eligibility and participation

All of our current and prospective employees and consultants, as well as our non-employee directors, are eligible to be granted non-qualified stock options, restricted stock, performance-based cash awards and other stock-based awards under the 2018 Plan. Only our and our subsidiaries' employees are eligible to be granted incentive stock options, or ISOs, under the 2018 Plan. Eligibility for awards under the 2018 Plan is determined by the Administrator in its discretion. In addition, each member of our board of directors who is not an employee of the company or any of our affiliates is expected to be eligible to receive awards under the 2018 Plan.

Types of awards

Stock options. The 2018 Plan authorizes the Administrator to grant ISOs to eligible employees and non-qualified stock options to purchase shares to employees, consultants, prospective employees, prospective consultants and non-employee directors. The Administrator will determine the number of shares of common stock subject to each option, the term of each option, the exercise price (which may not be less than the fair market value of the shares of common stock at the time of grant, or 110% of fair market value in the case of ISOs granted to 10% stockholders), the vesting schedule and the other terms and conditions of each option. Options will be exercisable at such times and subject to such terms as are determined by the Administrator at the time of grant. The maximum term of options under the 2018 Plan is ten years (or five years in the case of ISOs granted to 10% stockholders). Upon the exercise of an option, the participant must make payment of the full exercise price (a) in cash or by check, bank draft or money order; (b) solely to the extent permitted by law and authorized by the Administrator, through the delivery of irrevocable instructions to a broker, reasonably acceptable to us, to promptly deliver to us an amount equal to the aggregate exercise price; or (c) on such other terms and conditions as may be acceptable to the Administrator (including, without limitation, the relinquishment of options or by payment in full or in part in the form of shares of common stock).

Restricted stock. The 2018 Plan authorizes the Administrator to grant restricted stock. Recipients of restricted stock will be required to enter into an agreement with us subjecting the restricted stock to transfer and other restrictions and providing the criteria or dates on which such awards vest and such restrictions lapse. The restrictions on restricted stock may lapse and the awards may vest over time, based on performance criteria or other factors, as determined by the Administrator at the time of grant. Except as otherwise determined by the Administrator, a holder of restricted stock has all of the attendant rights of a stockholder including the right to receive dividends, if any, subject to and conditioned upon vesting and restrictions lapsing on the underlying restricted stock, the right to vote shares and, subject to and conditioned upon the vesting and restrictions lapsing for the underlying shares, the right to tender such shares. However, the Administrator may in its discretion provide at the time of grant that the right to receive dividends on restricted stock will not be subject to the vesting or lapsing of the restrictions on the restricted stock.

Other stock-based awards. The 2018 Plan authorizes the Administrator to grant awards of shares of common stock and other awards that are valued in whole or in part by reference to, or are payable in or otherwise based on, shares of common stock, including, but not limited to, shares of common stock awarded purely as a bonus and not subject to any restrictions or conditions; shares of common stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by us or an affiliate; stock appreciation rights; stock equivalent units; restricted stock units; performance awards entitling participants to receive a number of

shares of common stock (or cash in an equivalent value) or a fixed dollar amount, payable in cash, stock or a combination of both, with respect to a designated performance period; or awards valued by reference to book value of our shares of common stock. In general, other stock-based awards that are denominated in shares of common stock will include the right to receive dividends, if any, subject to and conditioned upon vesting and restrictions lapsing on the underlying award, but the Administrator may in its discretion provide at the time of grant that the right to receive dividends on a stock-denominated award will not be subject to the vesting or lapsing of the restrictions on the performance award.

Performance-based cash awards. The 2018 Plan authorizes the Administrator to grant cash awards that are payable or otherwise based on the attainment of pre-established performance goals during a performance period. These performance goals will be based on the attainment of a certain target level of, or a specified increase in (or decrease where noted), criteria selected by the Administrator.

Such performance goals may be based upon the attainment of specified levels of company, affiliate, subsidiary, division, other operational unit, business segment or administrative department performance relative to the performance of other companies. The Administrator may designate additional business criteria on which the performance goals may be based or adjust, modify or amend those criteria. Unless the Administrator determines otherwise, the Administrator will disregard and exclude the impact of special, unusual or non-recurring items, events, occurrences or circumstances; discontinued operations or the disposal of a business; the operations of any business that we acquire during the fiscal year or other applicable performance period; or a change in accounting standards required by generally accepted accounting principles or changes in applicable law or regulations.

Effect of certain transactions; Change in control

In the event of a change in control, as defined in the 2018 Plan, except as otherwise provided by the Administrator, unvested awards will not vest. Instead, the Administrator may, in its sole discretion, provide that outstanding awards will be: assumed and continued; purchased based on the price per share paid in the change in control transaction (less, in the case of options and stock appreciation rights, or SARs, the exercise price), as adjusted by the Administrator for any contingent purchase price, escrow obligations, indemnification obligations or other adjustments to the purchase price; and/or in the case of stock options or other stock-based appreciation awards where the change in control price is less than the applicable exercise price, cancelled. However, the Administrator may in its sole discretion provide for the acceleration of vesting and lapse of restrictions of an award at any time including in connection with a change in control.

Non-transferability of awards

Except as the Administrator may permit, at the time of grant or thereafter, awards granted under the 2018 Plan are generally not transferable by a participant other than by will or the laws of descent and distribution. Shares of common stock acquired by a permissible transferee will continue to be subject to the terms of the 2018 Plan and the applicable award agreement.

Term

Awards under the 2018 Plan may not be made after December 18, 2027, but awards granted prior to such date may extend beyond that date.

Amendment and termination

Subject to the rules referred to in the balance of this paragraph, our board of directors or the Administrator (to the extent permitted by law) may at any time amend, in whole or in part, any or all of the provisions of the 2018 Plan, or suspend or terminate it entirely, retroactively or otherwise. Except as required to comply with

applicable law, no such amendment, suspension or termination may reduce the rights of a participant with respect to awards previously granted without the consent of such participant. In addition, without the approval of stockholders, no amendment may be made that would: increase the aggregate number of shares of common stock that may be issued under the 2018 Plan; increase the maximum individual participant share limitations for a fiscal year or year of a performance period; change the classification of individuals eligible to receive awards under the 2018 Plan; extend the maximum term of any option; reduce the exercise price of any option or SAR or cancel any outstanding "in-the-money" option or SAR in exchange for cash; substitute any option or SAR in exchange for an option or SAR (or similar other award) with a lower exercise price; alter the performance goals; or require stockholder approval in order for the 2018 Plan to continue to comply with Section 162(m) or Section 422 of the Internal Revenue Code of 1986, as amended, or the Code.

Registration of shares

On January 29, 2018, we filed a registration statement on Form S-8 under the Securities Act of 1933, as amended, or the Securities Act, to register the full number of shares of common stock that will be available for issuance under the 2018 Plan, as described in the section titled "Number of authorized shares and award limits" above.

Non-employee director compensation

Prior to our initial public offering, we did not have a formal policy with respect to compensation payable to our non-employee managers for service as managers. During 2017, except for the Chairman of our Board, our non-employee managers did not receive any cash compensation for their services as managers or as board committee members. In 2017, Dr. Zarur received aggregate cash compensation of $352,333 for his services as Chairman. None of our non-employee managers received any equity award grants in 2017.

The table below shows the compensation paid to our non-employee managers during 2017.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	All Other Compensation ($)	Total ($)
Andrey Zarur, Ph.D.	200,000 (2)	—	152,333 (2)	352,333 (2)
Robert Huffines	—	—	—	—
Lynne Sullivan	—	—	—	—
Matthew Arnold	—	—	—	—
Adam Stone	—	—	—	—
Rajeev Shah	—	—	—	—
Adam Koppel, M.D., Ph.D.	—	—	—	—

(1) As of December 31, 2017, none of our non-employee managers held any equity awards or unvested units.
(2) Represents advisory fees paid to Dr. Zarur in exchange for services as Chairman of our board of managers, including an approximately $150,000 discretionary bonus paid to Dr. Zarur in respect of performance during the fiscal year ended December 31, 2017 and an additional $2,333 representing a taxable gift provided by the Company.

Following the closing of our initial public offering in January 2018, we implemented a director compensation program pursuant to which our non-employee directors receive the following compensation for their service on our board of directors:

- An annual retainer of $35,000;
- An additional annual retainer of $15,000 for serving as chair or $7,500 for serving as a member of the Audit Committee;

- An additional annual retainer of $10,000 for serving as chair or $5,000 for serving as a member of the Compensation Committee;
- An additional annual retainer of $8,000 for serving as chair or $4,000 for serving as a member of the Nominating and Corporate Governance Committee; and
- An annual grant of restricted stock made under the 2018 Plan having a fair market value of $50,000, all of which will vest on the earlier to occur of the one-year anniversary of the grant date and immediately prior to the first annual meeting of our stockholders occurring after the grant date subject, in all cases, to each such director's continued service as a member of the Board from the grant date to the applicable vesting date.

Compensation committee interlocks and insider participation

None of the current members of our compensation committee has ever been an executive officer or employee of ours. None of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of our common stock as of March 15, 2018 by (i) each person whom we know to beneficially own more than 5% of our outstanding common stock (a "5% stockholder"), (ii) each director, (iii) each named executive officer and (iv) all current directors and executive officers as a group. Unless otherwise indicated, the address of each executive officer and director is c/o Solid Biosciences, 141 Portland Street, Fifth Floor, Cambridge, MA 02139.

The number of shares of common stock "beneficially owned" by each stockholder is determined under rules issued by the SEC regarding the beneficial ownership of securities. This information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership of shares of our common stock includes (1) any shares as to which the person or entity has sole or shared voting power or investment power and (2) any shares as to which the person or entity has the right to acquire beneficial ownership within 60 days after March 15, 2018. The percentage of beneficial ownership in the table below is based on 35,476,892 shares of common stock deemed to be outstanding as of March 15, 2018.

Unless otherwise indicated below, and subject to community property laws where applicable, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders:		
JPMC Strategic Investments II Corporation (1)	3,031,601	8.5%
Perceptive Life Sciences Master Fund LTD (2)	3,927,222	11.1%
Biogen New Ventures Inc. (3)	1,772,486	5.0%
BCLS SB Investco, LP (4)	1,989,444	5.6%
Entities affiliated with RA Capital Management, LLC (5)	2,689,444	7.6%
Named Executive Officers and Directors:		
Ilan Ganot (6)	1,443,040	4.1%
Gilad Hayeem (7)	3,578,399	10.1%
Jorge A. Quiroz, M.D.	268,342	*
Jennifer Ziolkowski	169,700	*
Andrey Zarur, Ph.D.	691,205	1.9%
Matthew Arnold	3,396,293	9.6%
Robert Huffines	—	*
Adam Koppel, M.D., Ph.D. (8)	1,989,444	5.6%
Rajeev Shah (5)	2,689,444	7.6%
Adam Stone (9)	—	*
Lynne Sullivan	—	*
All current directors and executive officers as a group (14 persons)	**14,664,804**	**41.3%**

* Less than one percent.

(1) Consists of shares held by JPMC Strategic Investments II Corporation, or JPMC Strategic Investments. The address of JPMC Strategic Investments is 270 Park Avenue, New York, NY 10017.

(2) Consists of shares held by Perceptive Life Sciences Master Fund LTD, or Perceptive, including 1,000,000 shares that Perceptive purchased in connection with the closing of our initial public offering. Perceptive Advisors LLC is the advisor of Perceptive, and Joseph Edelman is the managing member of Perceptive Advisors LLC. Perceptive Advisors LLC and Mr. Edelman may be deemed to beneficially own the shares held by Perceptive. The address of Perceptive is 51 Astor Place, 10th Floor, New York, NY 10003. Perceptive reports that it holds shared voting power and shared dispositive power with respect to all shares held by it.

(3) Consists of shares held by Biogen New Ventures Inc., or Biogen New Ventures. Biogen New Ventures is a wholly owned subsidiary of Biogen MA Inc., which is a wholly owned subsidiary of Biogen Inc. The address of Biogen New Ventures is 250 Binney Street, Cambridge, MA 02142.

(4) Consists of shares held by BCLS SB Investco, LP (“BCLS”), including 300,000 shares that BCLS purchased in connection with the closing of our initial public offering. The governance, investment strategy and decision-making process with respect to investments held by BCLS is directed by Bain Capital Life Sciences Investors, LLC, whose managers are Jeffrey Schwartz and Adam Koppel, a member of our board of directors. As a result, each of Bain Capital Life Sciences Investors, LLC, Mr. Schwartz and Dr. Koppel may be deemed to share voting and dispositive power over the shares held by BCLS. The address of BCLS is c/o Bain Capital Life Sciences, LP, 200 Clarendon Street, Boston, Massachusetts 02116.

(5) Consists of (a) 1,368,981 shares held by RA Capital Healthcare Fund, L.P. (“RA Capital Fund”), (b) 320,463 shares held by Blackwell Partners LLC—Series A (“Blackwell”) and (c) 1,000,000 shares that RA Capital Fund and Blackwell purchased in connection with the closing of our initial public offering. RA Capital Management, LLC (“RA Capital”) is the general partner of RA Capital Fund and the investment

manager to Blackwell. Investment decisions with respect to the shares held by RA Capital Fund and Blackwell are made by a portfolio management team at RA Capital of which Rajeev Shah, a member of our board of directors, is a member. Mr. Shah disclaims beneficial ownership of all shares held by RA Capital Fund and Blackwell, except to the extent of his pecuniary interest therein. The address for each of RA Capital Fund, Blackwell, and RA Capital is c/o 20 Park Plaza, Suite 1200, Boston, MA 02116. Entities affiliated with RA Capital report that they hold shared voting power and shared dispositive power with respect to all shares held by them.

(6) Consists of (a) 1,091,495 shares held by Mr. Ganot as an individual, (b) 60,631 shares held by Mr. Ganot and Ms. Ganot as joint tenants with right of survivorship and (c) 290,914 shares held by Mr. Adam Ganot and Ms. Ganot, as trustees for the Ilan Ganot 2017 Irrevocable Trust. Excludes 1,593,755 shares held by The Popps Trust for which Mr. Ganot and Mr. Hayeem act as trustees, but as to which Mr. Ganot has no pecuniary interest.

(7) Consists of (a) 1,984,644 shares held by Mr. Hayeem as an individual and (b) 1,593,755 shares held by The Popps Trust, a trust established for the benefit of Mr. Hayeem's family for which Mr. Hayeem is the Investment Advisor. In connection with estate planning activities, Mr. Hayeem sold units of the Company equivalent to approximately 353,050 shares to a sub-trust of an employee-benefit trust established by a former employer of Mr. Hayeem. Such sub-trust has as its beneficiaries Mr. Hayeem and his family. Because Mr. Hayeem does not exercise investment or voting control of the shares held by such sub-trust, such shares do not appear in the table above.

(8) Consists of shares held by BCLS. Dr. Koppel is a manager of Bain Capital Life Sciences Investors, LLC and as a result, by virtue of the relationships described in footnote (4) above, may be deemed to share beneficial ownership of the shares held by BCLS. The address of Dr. Koppel is c/o Bain Capital Life Sciences, LP, 200 Clarendon Street, Boston, Massachusetts 02116.

(9) Mr. Stone is Chief Investment Officer of Perceptive Advisors LLC. Mr. Stone disclaims beneficial ownership of the shares held by Perceptive. The address of Mr. Stone is 51 Astor Place, 10th Floor, New York, NY 10003.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about our equity compensation plans as of December 31, 2017. As of December 31, 2017, we had only one equity compensation plan, the Existing Plan.

Plan Category	(a) Number of securities to be issued upon the exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	N/A	N/A	750,956
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	750,956

In connection with our initial public offering, we ceased granting awards under the Existing Plan and implemented the 2018 Omnibus Equity Incentive Plan. As described above under "Item 11. Executive Compensation—Equity Incentive Plans—2018 Omnibus Incentive Plan", in connection with the closing of our initial public offering, our board of directors and stockholders approved a new equity compensation plan, the 2018 Plan, which provides for the reservation of 5,001,000 shares of common stock for equity awards.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In addition to the executive officer and director compensation arrangements discussed above under "Compensation of our executive officers and directors," we describe transactions since January 1, 2017 to which we have been or will be a participant, in which the amount involved in the transaction exceeds or will exceed $120,000 and in which any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock, or 5% Security Holders, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Equity financings

Solid Biosciences, LLC

On March 29, 2017, Solid Biosciences, LLC entered into a unit purchase agreement, or the Senior Preferred Unit Purchase Agreement, which provided for the sale of 2,500,000 of its Series 1 Senior Preferred Units to certain investors at a price of $10.00 per unit for an aggregate purchase price of $25.0 million. 625,000 of such units were sold to affiliates of RA Capital for an aggregate price of $6.3 million. Mr. Shah, a member of our board of directors, is a Portfolio Manager and Managing Director at RA Capital. 249,999 of Series 1 Senior Preferred Units were sold to affiliates of Perceptive Advisors for an aggregate price of $2.5 million. Mr. Stone, a member of our board of directors, is the Chief Investment Officer of Perceptive Advisors, and Perceptive Advisors is a 5% Security Holder. 166,667 of such units were sold to an affiliate of Biogen for an aggregate price of $1.7 million. Ms. Sullivan, a member of our board of directors, is the Senior Vice President of Finance of Biogen, and Biogen is a 5% Security Holder.

The Senior Preferred Unit Purchase Agreement, as amended on September 1, 2017, additionally provided that the holders of the Series 1 Senior Preferred Units were required to purchase $25.0 million of Series 2 Senior Preferred Units, in the event Solid Biosciences, LLC achieve certain preclinical milestones. In addition, at their option, the holders had the ability to purchase the Series 2 Senior Preferred Units at any time prior to December 1, 2017. On October 26, 2017, the Senior Preferred Unit Purchase Agreement was further amended to provide for the sale of 4,886,000 Series 2 Senior Preferred Units at a purchase price of $11.26 per unit for an aggregate purchase price of $55.0 million. As part of this Series 2 Preferred Financing, which closed on October 26, 2017, 1,110,470 of such units were sold to affiliates of RA Capital for an aggregate price of $12.5 million, 444,180 of such units were sold to an affiliate of Perceptive Advisors for an aggregate price of $5.0 million, 296,120 of such units were sold to an affiliate of Biogen for an aggregate price of $3.3 million, 1,110,470 of such units were sold to an affiliate of Bain Capital Life Sciences for an aggregate price of $12.5 million and 222,080 of such units were sold for an aggregate price of $2.5 million to each of Mr. Arnold and Mr. Hayeem, members of our board of directors. Dr. Koppel, a member of our board of directors, is a Managing Director of Bain Capital Life Sciences, and Bain Capital Life Sciences is a 5% Security Holder.

As a result of the Corporate Conversion, the holders of the Series 1 and 2 Senior Preferred Units became holders of shares of our common stock.

J.P. Morgan Securities, LLC, acted as placement agent in connection with our offering of securities under the Senior Preferred Unit Purchase Agreement and received customary placement agent fees for its services. Mr. Huffines is an employee of J.P. Morgan Securities, LLC. JPMC Strategic Investments II Corporation, a 5% Security Holder, is an affiliate of J.P. Morgan Securities, LLC.

Solid GT, LLC

On March 29, 2017, pursuant to a merger agreement between Solid Biosciences, LLC and Solid GT, or the Merger Agreement, the operations of Solid GT were merged into Solid Biosciences, LLC and all outstanding units of Solid GT, including those held by related persons, were converted into units of Solid Biosciences, LLC. See "—Merger and recapitalization" below.

As result of the Corporate Conversion, the holders of Series D Common Units of Solid Biosciences, LLC became holders of shares of our common stock.

Merger and recapitalization

Solid Biosciences, LLC historically owned 100% of the voting units of its wholly owned subsidiary, Solid GT. Solid GT was organized in Delaware in August 2014. In November 2015, Solid GT issued voting units to new investors (as discussed above under "—Equity financings—Solid GT, LLC"), which decreased voting ownership by Solid Biosciences, LLC of Solid GT to 77%. On March 29, 2017, pursuant to the Merger Agreement, Solid Biosciences, LLC merged the operations of Solid GT into the company and Solid GT ceased to exist as a separate legal entity. In connection with the merger, units of the company and units of Solid GT were converted into new series of units of the company. Units of the company and Solid GT that were held by our executive officers, directors and 5% Security Holders were converted on the same basis as all other holders of such units as forth in the Merger Agreement and the LLC Agreement.

Limited liability company agreement of Solid Biosciences, LLC

Solid Biosciences, LLC was party to the LLC Agreement with its members. The LLC Agreement terminated upon the Corporate Conversion. Under the terms of the LLC Agreement, Series A Common Unit holders were entitled to designate two individuals to serve on our board of managers. Pursuant to this provision, the two board appointees were Mssrs. Arnold and Huffines. Mr. Huffines is an employee of J.P. Morgan Securities LLC, a participating underwriter in our initial public offering. An affiliate of J.P. Morgan Securities LLC owned in excess of 10% of our issued and outstanding common stock immediately prior to our initial public offering. See "Underwriting—Conflicts of Interest" in our prospectus filed with the SEC filed on January 29, 2018 for a description of services that the underwriters provided to us in connection with our initial public offering.

As result of the Corporate Conversion, the holders of Series A Common Units of Solid Biosciences, LLC became holders of shares of our common stock.

Amended and restated registration rights agreement

We are party to an Amended and Restated Registration Rights Agreement, or the Registration Rights Agreement, dated March 29, 2017, with certain of our stockholders, or the Investors, which includes our 5% Security Holders and entities affiliated with certain of our directors. The Registration Rights Agreement provides for demand and piggyback registration rights for the Investors.

Demand registration rights

Beginning six months after the date of the prospectus for our initial public offering, the Investors are entitled to demand registration rights. Under the terms of the Registration Rights Agreement, we will be required, upon the written request of Investors holding at least 20% of the securities eligible for registration then outstanding, to file a registration statement and use our best efforts to effect as soon as practicable the registration of such shares. We are required to effect only two demand registrations pursuant to the Registration Rights Agreement. However, if we become eligible to register the sale of securities on Form S-3 under the Securities Act, the Investors have the right to demand unlimited registrations under the Registration Rights Agreement (but not to exceed two registrations on Form S-3 in any calendar year) provided that the securities for sale on Form S-3 have an aggregate price to the public of at least $2.0 million.

Piggyback registration rights

If we register any of our equity securities either for our own account or for the account of other security holders, the Investors are entitled to piggyback registration rights and may include their shares in the registration.

The underwriters may advise us to limit the number of shares included in any underwritten offering to the number of shares which we and the underwriters determine in our sole discretion will not jeopardize the success of the offering. If this occurs, the aggregate number of securities held by the Investors that may be included in the underwriting will be allocated among all requesting Investors in proportion to the amount of securities sought to be sold by each Investor.

Fees; Indemnification

Under the Registration Rights Agreement, we are responsible, subject to certain exceptions, for the expenses of any registration of securities pursuant to the agreement, other than underwriting discounts and commissions.

The Registration Rights Agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify the Investors in the event of material misstatements or omissions in the registration statement or any violation of the Securities Act, Exchange Act, state securities law or any rule or regulation promulgated thereunder attributable to us, and they are obligated to indemnify us, severally and not jointly, for material misstatements, omissions or any violation of the Securities Act, Exchange Act, state securities law or any rule or regulation promulgated thereunder attributable to them.

Termination of registration rights

The demand registration rights and the piggyback registration rights granted under the Registration Rights Agreement will terminate, with respect to each Investor, as of the date when all registrable securities held by and issued to such Investor may be sold under Rule 144 under the Securities Act, provided such Investor owns less than 1% of the outstanding common stock of the Company.

Corporate conversion

In connection with our Corporate Conversion, Solid Biosciences, LLC unitholders received 26,498,559 shares of common stock (including 1,132,425 shares of restricted stock) for all units held immediately prior to the Corporate Conversion. The existing units held by our executive officers, directors and 5% Security Holders were converted on the same basis as all other holders of such units.

Equity grants to executive officers and directors

Solid Biosciences, LLC

On March 29, 2017, Solid Biosciences, LLC granted 50,000 Series D Common Units to Dr. Morris. On May 31, 2017, Solid Biosciences, LLC granted 150,000 Series D Common Units to Ms. Ziolkowski. On September 12, 2017, Solid Biosciences, LLC granted 45,184 Series D Common Units to Dr. Quiroz and 22,707 Series D Common Units to Mr. Amorrortu. On December 7, 2017, Solid Biosciences, LLC granted 22,706 Series D Common Units to Mr. Amorrortu, 45,184 Series D Common Units to Dr. Quiroz and 50,000 Series D Common Units to Ms. Ziolkowski. No payment was made to Solid in connection with the above grants.

As result of the Corporate Conversion, the holders of Series A and D Common Units of Solid Biosciences, LLC became holders of shares of our common stock. Following our initial public offering, we granted options for the right to buy shares of our common stock to certain of our executive officers. Such grants were approved by independent directors of the Compensation Committee of our board of directors. For additional detail concerning grants made to our Named Executive Officers, see “Item 11. Executive Compensation – 2017 Outstanding Equity Awards at Fiscal Year End.”

Participation in initial public offering

In our initial public offering, certain of our 5% stockholders and their affiliates purchased an aggregate of 2,300,000 shares of our common stock. Each of those purchases was made through the underwriters at the initial

public offering price of $16.00 per share. The following table sets forth the aggregate number of shares of our common stock that these 5% stockholders and their affiliates purchased in our initial public offering:

Purchaser (1)	Shares of common stock	Total purchase price
RA Capital Management LLC	1,000,000	$16,000,000
Perceptive Advisors LLC	1,000,000	$16,000,000
BCLS SB Investco, LP	300,000	$ 4,800,000

(1) See “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for more information about the shares held by the below identified entities.

Other arrangements

Since November 2016, we have employed Annie Ganot, the wife of Ilan Ganot, as Director, Patient Advocacy. Mr. Ganot is our CEO and a member of our board of directors. Ms. Ganot receives an annual salary of less than $200,000 and received a signing bonus in connection with the start of her employment.

Indemnification agreements

We entered into agreements to indemnify our directors and executive officers in connection with our initial public offering. These agreements require us, among other things, to indemnify these individuals for certain expenses (including attorneys’ fees), judgments, fines and settlement amounts reasonably incurred by such persons in any action or proceeding, including any action by or in our right, on account of any services undertaken by any such person on behalf of our company or that person’s status as a member of our board of directors to the maximum extent allowed under Delaware law.

Policy for approval of related-person transactions

We have adopted a written related-person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds $120,000 and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a “related person,” has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a “related-person transaction,” the related person must report the proposed related-person transaction to our general counsel. The policy calls for the proposed related-person transaction to be reviewed by and if deemed appropriate approved by, the audit committee of our board of directors. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the audit committee will review and, in its discretion, may ratify the related-person transaction. The policy also permits the chair of the audit committee to review, and if deemed appropriate approve, proposed related-person transactions that arise between audit committee meetings, subject to ratification by the audit committee at its next meeting. Any related-person transactions that are ongoing in nature will be reviewed annually.

A related-person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the related person’s interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person’s interest in the related-person transaction;
- the approximate dollar amount involved in the related-person transaction;

- the approximate dollar amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the related-person transaction; and
- any other information regarding the related-person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The audit committee may approve or ratify the transaction only if the audit committee determines that, under all of the circumstances, the transaction is not inconsistent with our best interests. The audit committee may impose any conditions on the related-person transaction that it deems appropriate.

The policy provides that transactions involving compensation of executive officers will be reviewed and approved by the compensation committee of our board of directors in the manner specified in its charter.

Director independence

Applicable Nasdaq rules require a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent under the Exchange Act. Audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act and compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act. The Nasdaq independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his or her family members has engaged in various types of business dealings with us. In addition, under applicable Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries. In order to be considered independent for purposes of Rule 10C-1, the board must consider, for each member of a compensation committee of a listed company, all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (1) the source of compensation of the director, including any consulting advisory or other compensatory fee paid by such company to the director; and (2) whether the director is affiliated with the company or any of its subsidiaries or affiliates.

Our board of directors has determined that all members of the board of directors, except Ilan Ganot, Gilad Hayeem and Andrey Zarur, are independent directors, as defined under applicable Nasdaq rules. In making such determination, our board of directors considered the relationships that each such non-employee director has with our Company and all other facts and circumstances that our board of directors deemed relevant in determining his or her independence, including the beneficial ownership of our common stock by each non-employee director.

The composition of our committees currently complies with all applicable independence requirements of Nasdaq and the rules and regulations of the SEC.

Item 14. Principal Accounting Fees and Services.

Auditors' fees

The following table represents aggregate fees billed to us by PwC for the fiscal years ended December 31, 2017 and 2016:

	2017	2016
Audit fees	$ 1,234,500	$ 495,750
Audit-related fees	—	—
Tax fees	131,727	—
All other fees	1,800	—
Total	$ 1,368,027	$ 495,750

The services rendered by PwC in connection with the fees presented above were as follows:

Audit Fees

Audit fees consist of amounts for professional services rendered for audit and quarterly reviews of our financial statements and review of our registration statement on Form S-1.

Tax Fees

Tax fees consist of fees for professional services related to tax compliance and consultations.

All other fees

All other fees include license fees for a web-based accounting research tool.

Pre-approval policies

The audit committee has not adopted policies and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm and, consequently, all audit and non-audit services are pre-approved by the whole audit committee or the chair of the audit committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(1) Financial Statements:

(2) Financial Statement Schedules:

All financial statement schedules have been omitted because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

(3) Exhibits. The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated March 29, 2017, by and between Solid Biosciences, LLC and Solid GT, LLC (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-1 filed on December 29, 2017).
2.2*	Plan of Conversion, dated January 25, 2018.
2.3*	Agreement and Plan of Merger, dated January 25, 2018, by and among Solid Biosciences Inc., Bain Capital Life Sciences Fund, L.P., BCIP Life Sciences Associates, LP, BCLS Solid Bio, Inc., Foresite Capital Fund III, L.P. and FC Fund III Solid Holdings, Inc.
3.1	Certificate of Incorporation of Solid Biosciences Inc. (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 filed on January 29, 2018).
3.2	Bylaws of Solid Biosciences Inc. (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-8 filed on January 29, 2018).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.1†	Amended and Restated Registration Rights Agreement dated March 29, 2017 by and among Solid Biosciences, LLC and certain investors (incorporated by reference to Exhibit 10.17 to the Registration Statement on Form S-1 on December 29, 2017).
10.2†	Employment Agreement, dated as of December 27, 2013, by and between Solid Ventures, LLC and Ilan Ganot (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.3†	Offer Letter, dated as of November 17, 2015, by and between Solid GT, LLC and Jorge A. Quiroz, M.D. (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.4†	Offer Letter, dated as of April 17, 2017, by and between Solid Biosciences, LLC and Jennifer Ziolkowski (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).

10.5†	Amendment to Offer Letter, dated November 17, 2017, by and between Solid Biosciences, LLC and Jennifer Ziolkowski (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).
10.6†	Advisory Agreement, dated as of December 18, 2013, by and between Solid Ventures, LLC and Andrey Zarur (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.7*†	Solid Biosciences, LLC Amended and Restated Equity Incentive Plan and form of unit restriction agreement.
10.8†	Solid Biosciences Inc. 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed on January 29, 2018).
10.9†	Form of Incentive Stock Option Agreement under 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.10†	Form of Nonqualified Stock Option Agreement under 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.11†	Form of Restricted Stock Agreement under 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.12#	Exclusive Patent License Agreement, dated as of October 16, 2015, by and between Solid GT, LLC and the University of Washington (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.13#	Patent License Agreement, dated as of March 10, 2016, by and between Solid GT, LLC and the Regents of the University of Michigan (incorporated by reference to Exhibit 10.11 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).
10.14#	License Agreement, dated as of October 15, 2015, by and between Solid GT, LLC and The Curators of the University of Missouri (incorporated by reference to Exhibit 10.12 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).
10.15#	Cell Line License Agreement, dated as of November 20, 2016, by and between Solid Biosciences, LLC and Life Technologies Corporation (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).
10.16#	License Agreement, dated as of June 23, 2016, by and between Solid GT, LLC and the President and Fellows of Harvard College (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.17#	License Agreement, dated as of August 3, 2017, by and between Solid Biosciences, LLC and the President and Fellows of Harvard College (incorporated by reference to Exhibit 10.15 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.18	First Amendment to Patent License Agreement, dated as of March 15, 2017, by and between Solid GT, LLC and the Regents of the University of Michigan (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to the Registration Statement on Form S-1 filed on January 16, 2018).
10.19	Form of Indemnification Agreement for Directors and Officers (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 filed on December 29, 2017).
10.20*	Sublease, dated as of January 30, 2018, by and between Solid Biosciences, LLC and Twitter, Inc.
10.21*	Lease Agreement, dated as of December 22, 2017, by and between Solid Biosciences, LLC and ARE-MA Region No. 59, LLC.

16.1	Letter from Katz, Nannis + Solomon, P.C., dated as of July 24, 2017, regarding change in certifying accountant (incorporated by reference to Exhibit 16.1 to the Registration Statement on Form S-1 filed on December 29, 2017).
21.1	Subsidiaries of Solid Biosciences Inc. (incorporated by reference to Exhibit 21.1 to the Registration Statement on Form S-1 filed on December 29, 2017).
23.1*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer of the Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer of the Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer of the Registrant Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer of the Registrant Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.
** Furnished herewith.
† Indicates management contract or compensatory plan.
# Confidential treatment has been granted as to certain portions, which portions the Registrant has omitted and filed separately with the SEC.

Item 16. Form 10-K Summary.

Not applicable.

SIGNATURES

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

SOLID BIOSCIENCES INC.

Date: March 29, 2018

By: /s/ Ilan Ganot

Ilan Ganot
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

/s/ Ilan Ganot Ilan Ganot	Chief Executive Officer and Director *(Principal Executive Officer)*	March 29, 2018
/s/ Gilad Hayeem Gilad Hayeem	President and Director	March 29, 2018
/s/ Jennifer Ziolkowski Jennifer Ziolkowski	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 29, 2018
/s/ Andrey Zarur, Ph.D. Andrey Zarur, Ph.D.	Chairman of the Board	March 29, 2018
/s/ Matthew Arnold Matthew Arnold	Director	March 29, 2018
/s/ Robert Huffines Robert Huffines	Director	March 29, 2018
/s/ Adam Koppel Adam Koppel, M.D., Ph.D.	Director	March 29, 2018
/s/ Rajeev Shah Rajeev Shah	Director	March 29, 2018
/s/ Adam Stone Adam Stone	Director	March 29, 2018
/s/ Lynne Sullivan Lynne Sullivan	Director	March 29, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Solid Biosciences Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Solid Biosciences, LLC and its subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, of comprehensive loss, of redeemable preferred units and members' deficit and of cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 29, 2018

We have served as the Company's auditor since 2017.

SOLID BIOSCIENCES, LLC
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit and per unit data)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 52,080	$ 7,678
Available-for-sale securities	17,014	29,980
Prepaid expenses and other current assets	1,499	2,314
Restricted cash	65	—
Total current assets	70,658	39,972
Property and equipment, net	2,429	452
Restricted cash	—	165
Deferred offering costs	3,106	47
Total assets	$ 76,193	$ 40,636
Liabilities, Redeemable Preferred Units and Members' Deficit		
Current liabilities:		
Accounts payable	$ 5,066	$ 2,984
Accrued expenses and other current liabilities	6,205	3,889
Total current liabilities	11,271	6,873
Total liabilities	11,271	6,873
Commitments and Contingencies (Note 13)		
Redeemable Preferred Units, no units authorized at December 31, 2017 and 60,000,000 units authorized at December 31, 2016; no units and 17,100,000 units issued and outstanding at December 31, 2017 and 2016, respectively; aggregate liquidation preference of $0 at December 31, 2017	—	71,649
Series 2 Senior Preferred Units, 4,886,000 units authorized at December 31, 2017 and no units authorized at December 31, 2016; 4,886,000 units issued and outstanding at December 31, 2017 and no units issued and outstanding at December 31, 2016; aggregated liquidation preference of $55,002 at December 31, 2017	55,002	—
Series 1 Senior Preferred Units, 2,500,000 units authorized at December 31, 2017 and no units authorized at December 31, 2016; 2,500,000 units issued and outstanding at December 31, 2017 and no units issued and outstanding at December 31, 2016; aggregate liquidation preference of $25,000 at December 31, 2017	25,000	—
Junior Preferred Units, 4,414,356 units authorized at December 31, 2017 and no units authorized at December 31, 2016; 4,414,356 units issued and outstanding at December 31, 2017 and no units issued and outstanding at December 31, 2016; aggregate liquidation preference of $42,500 at December 31, 2017	44,177	—
Members' deficit		
Series A, B, C and D Common Units, 20,189,509 units and 20,000,000 units authorized at December 31, 2017 and 2016, respectively; 19,438,552 units and 5,123,917 units issued and outstanding at December 31, 2017 and 2016, respectively	65,014	558
Accumulated other comprehensive income (loss)	(13)	23
Accumulated members' deficit	(124,258)	(84,941)
Total members' deficit	(59,257)	(84,360)
Non-controlling interest	—	46,474
Total deficit	(59,257)	(37,886)
Total liabilities, redeemable preferred units and members' deficit	$ 76,193	$ 40,636

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

SOLID BIOSCIENCES, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except unit and per unit data)

	Year Ended December 31,		
	2017	2016	2015
Revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	39,905	20,116	4,192
General and administrative	14,952	5,460	2,372
Total operating expenses	54,857	25,576	6,564
Loss from operations	(54,857)	(25,576)	(6,564)
Other income (expense):			
Revaluation of preferred unit tranche rights	459	1,163	(103)
Interest income	219	369	3
Other income	1,001	271	—
Total other income (expense), net	1,679	1,803	(100)
Net loss	$ (53,178)	$ (23,773)	$ (6,664)
Net loss attributable to non-controlling interest	(1,060)	(2,234)	(287)
Net loss attributable to Solid Biosciences, LLC	$ (52,118)	$ (21,539)	$ (6,377)
Decretion (accretion) of preferred units to redemption value	(959)	4,309	(68)
Redemption of preferred units	15,685	—	—
Redemption of redeemable interest from non-controlling interest in Solid GT	(1,925)	—	—
Net loss attributable to common unitholders	$ (39,317)	$ (17,230)	$ (6,445)
Net loss per unit attributable to common unitholders, basic and diluted	$ (2.88)	$ (10.14)	$ (7.61)
Weighted average common units outstanding, basic and diluted	13,649,485	1,698,904	846,569

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

SOLID BIOSCIENCES, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Net loss	$(53,178)	$(23,773)	$(6,664)
Other comprehensive loss:			
Unrealized gain (loss) on available-for-sale securities	(36)	33	(10)
Comprehensive loss	(53,214)	(23,740)	(6,674)
Comprehensive loss attributable to non-controlling interest	(1,060)	(2,234)	(287)
Comprehensive loss attributable to Solid Biosciences, LLC	$(52,154)	$(21,506)	$(6,387)

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

SOLID BIOSCIENCES, LLC
CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED UNITS AND MEMBERS' DEFICIT
(In thousands except for unit data)

	Redeemable Preferred Units	Amount	Series 2 Senior Preferred Units	Amount	Series 1 Senior Preferred Units	Amount	Junior Preferred Units	Amount	Series A, B, C and D Common Units	Amount	Accumulated other comprehensive income (loss)	Accumulated Members' Deficit	Total Members' Deficit	Non-controlling Interest	Total Deficit
Balance at December 31, 2014	6,840,000	$ 30,781	—	—	—	—	—	—	4,729,667	$ 68	—	$ (61,266)	$ (61,198)	$ 2,499	$(58,699)
Issuance of preferred units	6,840,000	6,840	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of tranche right upon issuance of preferred units	—	24,008	—	—	—	—	—	—	—	—	—	—	—	—	—
Accretion in redemption value of preferred units	—	68	—	—	—	—	—	—	—	—	—	(68)	(68)	—	(68)
Issuance of Series A common units	—	—	—	—	—	—	—	—	305,000	—	—	—	—	—	—
Repurchase of Series A common units	—	—	—	—	—	—	—	—	(18,750)	—	—	—	—	—	—
Equity based compensation expense	—	—	—	—	—	—	—	—	—	140	—	—	140	624	764
Issuance of non-controlling interest in Solid GT	—	—	—	—	—	—	—	—	—	—	—	—	—	44,752	44,752
Unrealized loss on available for sale securities	—	—	—	—	—	—	—	—	—	—	$ (10)	—	(10)	—	(10)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(6,377)	(6,377)	(287)	(6,664)
Balance at December 31, 2015	13,680,000	61,697	—	—	—	—	—	—	5,015,917	208	(10)	(67,711)	(67,513)	47,588	(19,925)
Issuance of preferred units	3,420,000	3,420	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of tranche right upon issuance of preferred units	—	10,841	—	—	—	—	—	—	—	—	—	—	—	—	—
Decretion in redemption value of preferred units	—	(4,309)	—	—	—	—	—	—	—	—	—	4,309	4,309	—	4,309
Issuance of Series A common units	—	—	—	—	—	—	—	—	108,000	—	—	—	—	—	—
Equity based compensation expense	—	—	—	—	—	—	—	—	—	350	—	—	350	1,120	1,470
Unrealized gain on available for sale securities	—	—	—	—	—	—	—	—	—	—	33	—	33	—	33
Net loss	—	—	—	—	—	—	—	—	—	—	—	(21,539)	(21,539)	(2,234)	(23,773)
Balance at December 31, 2016	17,100,000	71,649	—	—	—	—	—	—	5,123,917	558	23	(84,941)	(84,360)	46,474	(37,886)
Issuance of Series 1 senior preferred units, net of issuance costs of $500 and tranche right of $459	—	—			2,500,000	$24,041	—	—	—	—	—	—	—	—	—
Accretion of Series 1 senior preferred units to redemption value	—	—	—	—	—	959	—	—	—	—	—	(959)	(959)	—	(959)
Redemption of preferred units	—	(15,685)	—	—	—	—	—	—	—	—	—	15,685	15,685	—	15,685
Equity based compensation	—	—	—	—	—	—	—	—	—	5,030	—	—	5,030	300	5,330
Net loss	—	—	—	—	—	—	—	—	—	—	—	(52,118)	(52,118)	(1,060)	(53,178)
Issuance of Series B common units in exchange for Series A common units	—	—	—	—	—	—	—	—	(1,301,520)	—	—	—	—	—	—
Issuance of Series D common units in exchange for Series A common units	—	—	—	—	—	—	—	—	(160,954)	—	—	—	—	—	—
Issuance of Series A common units in exchange for redeemable preferred units	(17,100,000)	(55,964)	—	—	—	—	—	—	12,219,299	55,964	—	—	55,964	—	55,964

Issuance of junior preferred units in redemption of Class D non-controlling interest in Solid GT	—	—	—	—	—	—	4,414,356	$44,177	—	—	—	(1,925)	(1,925)	(42,252)	(44,177)
Issuance of Series C common units in exchange for Class B non-controlling interest in Solid GT	—	—	—	—	—	—	—	—	1,635,916	2,053	—	—	2,053	(2,053)	—
Issuance of Series D common units in exchange for Class C non-controlling interest in Solid GT	—	—	—	—	—	—	—	—	1,083,205	1,409	—	—	1,409	(1,409)	—
Issuance of Series D common units	—	—	—	—	—	—	—	—	838,689	—	—	—	—	—	—
Issuance of Series 2 senior preferred units,	—	—	4,886,000	55,002	—	—	—	—	—	—	—	—	—	—	—
Unrealized loss on available for sale securities	—	—	—	—	—	—	—	—	—	—	(36)	—	(36)	—	(36)
Balance at December 31, 2017	—	—	4,886,000	$55,002	2,500,000	$25,000	4,414,356	$44,177	19,438,552	$65,014	$ (13)	$ (124,258)	$ (59,257)	—	$(59,257)

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

SOLID BIOSCIENCES, LLC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net loss	$(53,178)	$(23,773)	$ (6,664)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of premium on available for sale securities	206	505	5
Equity-based compensation expense	5,330	1,470	764
Depreciation expense	448	56	—
Loss (gain) from revaluation of preferred unit tranche right	(459)	(1,163)	103
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	815	(2,005)	(309)
Accounts payable	1,579	2,213	585
Accrued expenses and other current liabilities	2,035	2,577	1,312
Net cash used in operating activities	(43,224)	(20,120)	(4,204)
Cash flows from investing activities:			
Purchases of property and equipment	(2,276)	(392)	—
Proceeds from sales and maturities of available for sale securities	31,621	22,035	—
Purchases of available for sale securities	(18,897)	(25,695)	(26,806)
Changes in restricted cash	100	(165)	—
Net cash provided by (used in) investing activities	10,548	(4,217)	(26,806)
Cash flows from financing activities:			
Proceeds from issuance of Series 1 Senior preferred units	24,500	—	—
Proceeds from issuance of Series 2 Senior preferred units	55,002	—	—
Payment of deferred offering costs	(2,424)	—	—
Proceeds from issuance of redeemable preferred units	—	3,420	6,840
Proceeds from issuance of non-controlling interest in Solid GT	—	—	44,752
Net cash provided by financing activities	77,078	3,420	51,592
Net increase (decrease) in cash and cash equivalents	44,402	(20,917)	20,582
Cash and cash equivalents at beginning of period	7,678	28,595	8,013
Cash and cash equivalents at end of period	$ 52,080	$ 7,678	$ 28,595
Supplemental disclosure of non-cash investing and financing activities:			
Reclassification of preferred unit tranche liability to preferred units upon settlement	—	$ 10,841	$ 24,008
Decretion (accretion) to redemption value for redeemable preferred units	$ (959)	$ 4,309	$ (68)
Redemption of preferred units	$ 15,685	—	—
Redemption of redeemable interest from non-controlling interest in Solid GT	$ (1,925)	—	—
Deferred offering costs included in accounts payable and accrued expenses	$ 682	$ 47	—
Property and equipment included in accounts payable	$ 265	$ 116	—
Issuance of Series D common units in exchange for Series A common units	$ 638	—	—
Issuance of Series A common units in exchange for Redeemable preferred units	$ 55,964	—	—
Issuance of Junior preferred units upon redemption of Class D non-controlling interest in Solid GT	$ 44,177	—	—
Issuance of Series C common units in exchange for Class B non-controlling interest in Solid GT	$ 2,053	—	—
Issuance of Series D common units in exchange for Class C non-controlling interest in Solid GT	$ 1,409	—	—

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

SOLID BIOSCIENCES, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except unit and per unit data)

1. Nature of the Business and Basis of Presentation

Nature of Business

Solid Biosciences, LLC was organized in March 2013 under the name SOLID Ventures Management, LLC. In October 2013, the company changed its name to Solid Ventures, LLC and in June 2015, the company changed its name to Solid Biosciences, LLC. The company operated as a Delaware limited liability company under the name Solid Biosciences, LLC until immediately prior to the effectiveness of its registration statement on Form S-1 on January 25, 2018, at which time it completed a statutory corporate conversion into a Delaware corporation (the "Corporate Conversion") and changed its name to Solid Biosciences Inc. (the "Company") In addition, entities formed solely for the purpose of holding membership interests in the Company's limited liability company were merged with and into the Company. As a result of the Corporate Conversion, all of the Series 1 and 2 Senior Preferred, Junior Preferred Units, Series A, B, C and D Common Units of Solid Biosciences, LLC converted into shares of common stock of Solid Biosciences Inc. on a one for 0.8485 basis and all of the unit holders of Solid Biosciences, LLC became holders of common stock of Solid Biosciences Inc.

The Company's mission is to cure Duchenne muscular dystrophy ("DMD"), a genetic muscle-wasting disease predominantly affecting boys. It is caused by mutations in the dystrophin gene, which result in the absence or near-absence of dystrophin protein. Dystrophin protein works to strengthen muscle fibers and protect them from daily wear and tear. Without functioning dystrophin and certain associated proteins, muscles suffer excessive damage from normal daily activities and are unable to regenerate, leading to the build-up of fibrotic, or scar, and fat tissue. The Company's lead product candidate, SGT-001, is a gene transfer under development to restore functional dystrophin protein expression in patients' muscles. SGT-001 has been granted Rare Pediatric Disease Designation in the United States and Orphan Drug Designations in both the United States and European Union. The Company filed an Investigational New Drug application, or IND, in September 2017 and initiated a Phase I/II for SGT-001 in the United States during the fourth quarter of 2017.

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, dependence on licenses, protection of proprietary technology, dependence on key personnel, compliance with government regulations and the need to obtain additional financing to fund operations. Product candidates currently under development will require significant additional research and development efforts, including extensive pre-clinical studies and clinical trials and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance and reporting capabilities.

The Company's product candidates are in development. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from, among others, other pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees, partners and consultants.

Initial Public Offering in January 2018

On January 30, 2018, the Company completed its initial public offering with the sale of 8,984,375 shares of common stock, including shares of common stock issued upon the exercise in full of the underwriters' over-

allotment option, at a public offering price of $16.00 per share, resulting in net proceeds of $129,300, after deducting underwriting discounts and commissions and offering expenses.

Liquidity

The accompanying consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Through December 31, 2017, the Company has funded its operations primarily with proceeds from the sale of redeemable preferred units, including the sale of 4,886,000 Series 2 Senior Preferred Units resulting in net proceeds of $55,002 in the fourth quarter of 2017. The Company has incurred recurring losses from operations since its inception, including a net loss of $53,178, $23,773 and $6,664 for the years ended December 31, 2017, 2016 and 2015, respectively. In addition, as of December 31, 2017 and 2016 the Company had an accumulated members' deficit of $124,258 and $84,941, respectively. The Company expects to continue to generate operating losses for the foreseeable future.

As of December 31, 2017, the Company had cash, cash equivalents and available-for-sale securities of $69,094. The Company believes that its cash, cash equivalents and available-for-sale securities as of December 31, 2017, together with the net proceeds of $129,300 from its recently completed initial public offering, will enable it to fund its operating expenses and capital expenditure requirements for at least the next twelve months from the issuance of the financial statements.

To execute its business plans, the Company will need substantial funding to support its continuing operations and pursue its growth strategy. Until the Company can generate significant revenue from product sales, if ever, it expects to finance its operations through the sale of public or private equity, debt financings or other capital sources, potentially including collaborations with other companies or other strategic transactions. The Company may not be able to obtain financing on acceptable terms, or at all. Even if the Company is able to secure the financing, the terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, pre-clinical and eventual clinical testing or commercialization efforts, which could adversely affect its business prospects. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient financing on terms acceptable to the Company to fund continuing operations, if at all.

Merger and Recapitalization in March 2017

The Company had historically owned 100% of the voting units of its wholly owned subsidiary, Solid GT, LLC ("Solid GT"), and the results of Solid GT are included in the Company's consolidated financial statements. In November 2015, Solid GT issued voting units to new investors which decreased the Company's voting ownership in Solid GT to 77%. The Company continued to consolidate the results of Solid GT into its financial statements as the Company owned a majority voting interest in Solid GT and directed the activities of Solid GT. However, because the Company controlled but owned less than 100% of Solid GT, the Company recorded a non-controlling ownership interest at its fair value at inception and recognizes the net loss or profit attributable to non-controlling interests in the consolidated statements of operations based on a profit and loss sharing arrangement between the Company and the non-controlling interests. The Company also presents the change in equity related to equity-based compensation issued to Solid GT employees by Solid GT, in non-controlling interest. See Note 12, *Equity-Based Compensation*, for additional information.

On March 29, 2017, the Company merged the operations of Solid GT into the Company and Solid GT ceased to exist as a legal entity. See Note 3, *Merger and Recapitalization*, for additional information.

The proportionate share of the loss attributed to the non-controlling interest amounted to $1,060, $2,234 and $287, for the years ended December 31, 2017, 2016 and 2015, respectively.

There was no non-controlling interest at December 31, 2017. The carrying value of the non-controlling interest was $46,474 at December 31, 2016.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounts of Solid Biosciences, LLC and its wholly owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the recognition of research and development expenses and the valuation of restricted common units and the preferred unit tranche rights. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from the Company's estimates.

Cash Equivalents

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less at acquisition date to be cash equivalents.

Restricted Cash

The Company held restricted cash of $65 in a separate restricted bank account as a security deposit for the lease of the Company's facility as of December 31, 2017. The Company has included the restricted cash of $65 as a current asset as of December 31, 2017.

The Company held restricted cash of $100 and $65 in separate restricted bank accounts as a security deposit for the Company's credit card program and for the lease of the Company's facility, respectively, as of December 31, 2016. The Company has classified these deposits as long-term assets on its balance sheets at such date.

Available-for-Sale Securities

Available-for-sale securities consist of investments with original maturities greater than 90 days at acquisition date. The Company has classified its investments with maturities beyond one year as short term, based on their highly liquid nature and because such available-for-sale securities represent the investment of cash that is available for current operations.

The Company classifies all of its investments as available-for-sale securities. The Company's investments are measured and reported at fair value using quoted prices in active markets for similar securities. Unrealized gains and losses on available-for-sale securities are reported as a separate component of members' deficit. The cost of securities sold is determined on a specific identification basis, and realized gains and losses are included in other income (expense) within the consolidated statement of operations. If any adjustment to fair value reflects a decline in the value of the investment that the Company considers to be "other than temporary," the Company reduces the investment to fair value through a charge to the consolidated statement of operations. No such adjustments were necessary during the periods presented.

Concentration of Credit Risk and of Significant Suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Periodically, the Company maintains deposits in accredited financial institutions in excess of federally insured limits. The Company maintains each of its cash balances with high-quality and accredited financial institutions and accordingly, such funds are not exposed to significant credit risk. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company is dependent on third-party manufacturers to supply products for research and development activities of its programs, including clinical and pre-clinical testing. These programs could be adversely affected by a significant interruption in the supply of such drug substance products.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's cash equivalents and available-for-sale securities are carried at fair value, determined according to the fair value hierarchy described above. See Note 4, *Fair Value of Financial Assets and Liabilities*, for additional information. The carrying values of the Company's accounts payable and accrued expenses and other current liabilities approximate their fair value due to the short-term nature of these liabilities.

Deferred Offering Costs

The Company capitalizes certain legal and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of the equity financing, these costs are recorded as a reduction of the proceeds generated as a result of the offering. Should the planned equity financing be abandoned, the deferred offering costs will be expensed immediately as a charge to operating expense in the consolidated statements of operations. Deferred offering costs amounted to $3,106 at December 31, 2017 and $47 at December 31, 2016.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the useful life of the asset. Laboratory equipment is depreciated over five years. Computer equipment is depreciated over three years. Computer software is depreciated over two years. Furniture and office equipment are depreciated over five years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. Expenditures for repairs and maintenance

of assets are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation of assets disposed of are removed from the accounts and any resulting gain or loss is included in loss from operations.

Impairment of Long-Lived Assets

Long-lived assets, comprised of property and equipment, to be held and used are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value, determined based on discounted cash flows. To date, the Company has not recorded any impairment losses or disposals on long-lived assets.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses include salaries, equity-based compensation and benefits of employees, third-party license fees and other operational costs related to the Company's research and development activities, including allocated facility-related expenses and external costs of outside vendors engaged to conduct both pre-clinical studies and clinical trials. Non-refundable pre-payments for goods or services that will be used or rendered for future research and development activities are deferred and capitalized. Such amounts are recognized as expense as the goods or services are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other companies. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Patent Costs

All patent-related costs incurred for filing and prosecuting patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses.

Equity-Based Compensation

The Company measures restricted common units granted to employees and directors based on the fair value on the date of grant and recognizes compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are accounted for as they occur. Generally, the Company issues restricted common units with only service-based vesting conditions and records the expense for these awards using the straight-line method. The Company has not issued any awards with performance-based vesting conditions.

The Company measures restricted common unit awards granted to consultants and non-employees based on the fair value of the award on the date of grant. Compensation expense is recognized over the period during which services are rendered by such consultants and nonemployees until completed. At the end of each financial reporting period prior to completion of the service, the fair value of unvested awards is remeasured using the then-current fair value of the Company's common units.

The Company classifies equity-based compensation expense in its consolidated statements of operations in the same manner in which the award recipients' payroll costs are classified or in which the award recipients' service payments are classified.

The fair value of each restricted common unit was determined based on a number of objective and subjective factors consistent with the methodologies outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, including the contemporaneous valuations of the Company's common units, the Company's financial condition and operating results, the material risks related to the Company's business, the Company's stage of development and business strategy and the likelihood of achieving a liquidity event for the holders of the Company's common units such as an initial public offering given prevailing market conditions.

Income Taxes

As of December 31, 2017, the Company was treated as a partnership for income tax purposes and was not subject to U.S. federal or state income taxation. As a result, the Company has not recorded any U.S. federal or state income tax benefits for the net losses incurred in each reporting period or for any earned research and development tax credits. To date, the operating losses incurred by the Company have been passed through to its members.

Segment Data

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company's singular focus is on developing treatments through gene therapy and other means for patients with DMD. All of the Company's tangible assets are held in the United States.

Comprehensive Loss

Comprehensive loss includes net loss, as well as other changes in members' deficit that result from transactions and economic events other than those with members. The Company's only element of other comprehensive income (loss) in all periods presented was unrealized gains (losses) from available-for-sale securities.

Net Loss per Unit

The Company applies the two-class method to calculate its basic and diluted net loss per unit attributable to common unitholders, as its preferred units and certain unvested common units are considered participating securities. The two-class method determines net income (loss) per unit for each class of common and participating securities according to participation rights in undistributed earnings. The two-class method requires income available to common unitholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. As holders of the Company's participating securities, which include Redeemable Preferred Units, Series 2 Senior Preferred Units, Series 1 Senior Preferred Units, Junior Preferred Units and certain unvested common units, do not have a contractual obligation to fund the losses of the Company, the net loss is not allocated between common units and participating securities.

The exchange of Series A Common Units to Series B and Series D Common Units as the result of merger and recapitalization described in Note 3 is treated similar to a stock split for the purposes of presenting weighted-

average units outstanding. The Company's weighted-average number of common units for the periods prior to such merger and recapitalization, therefore, have been retroactively adjusted to reflect the exchange of vested Series A Common Units into vested Series B and vested Series D Common Units. Accordingly, for the period subsequent to the Merger and Recapitalization, weighted-average units outstanding include newly issued Series A Common Units, vested Series B, vested Series D Common Units and Series C Common Units. Although each series of units has different rights, losses are shared equally among each of the series of common units and therefore, net loss per unit is the same for each series of common units.

The Company's basic and diluted net loss per unit are the same because the Company has generated a net loss in all periods presented and potentially dilutive securities are excluded from diluted net loss per unit because they have an anti-dilutive impact.

Preferred Unit Tranche Rights

Included in the terms of the Redeemable Preferred Unit Purchase Agreement was a Redeemable Preferred Unit Tranche Right granted to the holders of the Redeemable Preferred Units. Included in the terms of the Series 1 Senior Preferred Unit Purchase Agreement was a Series 1 Senior Preferred Unit Tranche Right granted to the holders of the Series 1 Senior Preferred Units.

The Redeemable Preferred Unit Tranche Right and the Series 1 Preferred Unit Tranche Right, together the Tranche Rights, obligate the holders to purchase additional preferred units under certain conditions. The Tranche Rights also provide the holders with the right to purchase these additional units. The Tranche Rights meet the definition of a freestanding financial instrument as the Tranche Rights are legally detachable and separately exercisable from the Redeemable Preferred Units and the Series 1 Senior Preferred Units. The Tranche Rights are initially recorded at fair value and are subsequently re-measured at fair value each reporting period. Changes in the fair market value are recognized as a component of other income (expense), net, in the consolidated statements of operations.

Funding from Charitable Organizations

The Company has received funding from charitable organizations to perform research and development services to identify therapies for people with DMD. The amounts received are recognized as services are performed and research expenses are incurred. These are included in other income in the consolidated statements of operations as the arrangement between the Company and the charitable organizations are not part of the Company's on-going, major or central operations. Any amount received in advance of services performed is recorded in accrued expenses and other current liabilities in the consolidated balance sheets if the services are expected to be performed within the next twelve months.

There was no other income recorded for the year ended December 31, 2015. The Company recognized other income of $1,001 and $271 for the years ended December 31, 2017 and 2016, respectively, which is included in the consolidated statements of operations.

Contingencies

Loss contingency provisions are recorded if the potential loss from any claim, asserted or unasserted, or legal proceeding, is considered probable and the amount can be reasonably estimated or a range of loss can be determined. These accruals represent the Company's best estimate of probable loss. Disclosure also is provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. The Company reviews the status of each significant matter and assesses its potential financial exposure. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes

available, the Company reassesses the potential liability related to pending claims and may change its estimates. These changes in the estimates of the potential liabilities could have a material impact on the Company's consolidated results of operations and financial position.

Recently Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 includes multiple provisions intended to simplify various aspects of the accounting for share-based payments, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross share compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The Company elected to early adopt the standard on January 1, 2016. The adoption of ASU 2016-09 had no material impact on the Company's financial position, results of operations or cash flows. The Company elected to account for forfeitures as they occur rather than apply an estimated forfeiture rate to share-based compensation expense.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 amends Accounting Standards Codification ("ASC") 205-40, *Presentation of Financial Statements—Going Concern*, by providing guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements, including requiring management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements and providing certain disclosures if there is substantial doubt about the entity's ability to continue as a going concern. The standard is effective for public companies for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. The Company has adopted this standard for the year ended December 31, 2016 and its adoption had no impact on the Company's financial position, results of operations, cash flows or disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605-25, *Multiple-Element Arrangements* and most industry-specific guidance. The new standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The update also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This new guidance will be effective for annual reporting periods (including interim reporting periods within those years) beginning on January 1, 2018. Early adoption in 2017 is permitted. Companies have the option of applying this new guidance retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The Company elected to early adopt the standard on January 1, 2017. The Company does not have any revenue generating arrangements and the adoption of this standard had no impact on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). ASC 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for annual periods beginning after December 15, 2017, with early adoption permitted, including adoption in any interim period for which financial statements have not yet been issued. Upon adoption of this standard, the Company will apply modification accounting in accordance with the standard.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* ("ASU 2016-18"), which requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Company has determined the impact of adopting ASU 2016-18 will result in the inclusion of restricted cash in total cash and cash equivalents in the determination of changes in cash and cash equivalents in its statements of cash flows. The presentation of restricted cash on the balance sheet will remain the same. Restricted cash amounted to $65, $165 and $0 at December 31, 2017, 2016, and 2015, respectively.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 reduces diversity in practice by providing guidance on the classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-15 clarifies that when cash receipts and cash payments have aspects of more than one class of cash flows and cannot be separated, classification will depend on the predominant source or use. ASU 2016-15 is effective on a retrospective basis for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated statements of cash flows upon adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 supersedes the previous leases standard, ASC 840, *Leases*. The standard is effective for public entities for annual periods beginning after December 15, 2018 and for interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

3. Merger and Recapitalization

On March 29, 2017, the Company completed a series of transactions, which included the issuance of Series 1 Senior Preferred Units pursuant to the Senior Preferred Unit Purchase Agreement (the "Senior Preferred Unit Purchase Agreement") and the merger of Solid GT into the Company pursuant to the merger agreement between the Company and Solid GT (the "Merger Agreement"), collectively referred to as the "Merger and Recapitalization." As part of the Merger and Recapitalization, the Company (a) issued 2,500,000 Series 1 Senior Preferred Units to new investors at $10.00 per unit resulting in gross proceeds to the Company of $25,000, (b) merged operations of Solid GT into the Company, effected through the exchange of Solid GT units held by non-controlling interests of the Company into new classes of the Company units, and (c) exchanged existing Redeemable Preferred Units and Series A Common Units of the Company into new units. The details of each component of the Merger and Recapitalization are as follows:

(a) Issuance of Series 1 Senior Preferred Units

Pursuant to the Senior Preferred Unit Purchase Agreement, the Company issued 2,500,000 Series 1 Senior Preferred Units to new investors at $10.00 per unit resulting in gross proceeds to the Company of $25,000.

See Note 10, *Redeemable Preferred Units, Series 2 Senior Preferred Units, Series 1 Senior Preferred Units and Junior Preferred Units*, for additional information.

(b) Merger of Solid GT into the Company

Prior to the Merger and Recapitalization, the Company issued Class B Non-Voting and Class D Voting Units of Solid GT to holders which represent non-controlling interests of the Company. On March 29, 2017, in connection with the Merger and Recapitalization, the non-controlling interests were eliminated as follows:

- 50,000 Class B Non-Voting Units of Solid GT ("Solid GT Class B Units") were exchanged for 1,635,916 Series C Common Units of the Company; and
- 134,920 Class D Voting Units of Solid GT ("Solid GT Class D Units") were exchanged for 4,414,356 Junior Preferred Units of the Company.

In addition, the Class C Non-Voting Units of Solid GT ("Solid GT Class C Restricted Units") were exchanged for Series D Common Units of the Company. The Solid GT Class C Restricted Units were held by employees and consultants of Solid GT. See Note 12, *Equity-Based Compensation*, for additional information.

Since there was no change in control in connection with the Solid GT merger, the exchange of Solid GT Class B Units, Class C Restricted Units and Class D Units was accounted for as an equity transaction. In addition, because Solid GT Class D Units represented preferred units with preference over the other classes of Solid GT Units, the difference between the carrying value of the Solid GT Class D Units and the fair value of Junior Preferred Units was recorded as a deemed dividend in members' deficit, which impacts net loss attributable to common unitholders. See Note 15, *Net Loss per Unit*, for additional information.

(c) Exchange of the Company's existing Redeemable Preferred Units and Series A Common Units

In connection with the Merger and Recapitalization, the Company exchanged its existing Redeemable Preferred Units and Series A Common Units as follows:

- 17,100,000 Redeemable Preferred Units of the Company were exchanged for 12,219,299 Series A Common Units of the Company. See Note 10, *Redeemable Preferred Units*, *Series 2 Senior Preferred Units*, *Series 1 Senior Preferred Units and Junior Preferred Units*, for additional information.
- 4,560,000 Series A Common Units of the Company were exchanged for 3,258,480 Series B Common Units of the Company. See Note 11, *Members' Deficit*, for additional information.
- 563,917 Series A Common Units of the Company were exchanged for 402,963 Series D Common Units of the Company. See Note 11, *Members' Deficit*, for additional information.

The table below displays the pre-merger and post-merger capitalization structure of the Company:

Pre-Merger and Recapitalization			Post-Merger and Recapitalization		
Entity	**Class**	**Issued**	**Entity**	**Class**	**Issued**
Company	Redeemable Preferred	17,100,000	**Company**	Series A Common	12,219,299
Company	Series A Common (Founders)	4,560,000	**Company**	Series B Common	3,258,480
Company	Series A Common (Others)	563,917	**Company**	Series D Common	402,963
Solid GT	Class A Voting	450,000		Ceased to exist	
Solid GT	Class B Non-Voting	50,000	**Company**	Series C Common	1,635,916
Solid GT	Class C Non-Voting	33,107	**Company**	Series D Common	1,083,205
Solid GT	Class D Voting	134,920	**Company**	Junior Preferred	4,414,356
Company (Total)	Common Units (Series A)	5,123,917	**Company (Total)**	Common Units (Series A, B, C and D)	18,599,863

4. Fair Value of Financial Assets and Liabilities

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values:

	Fair Value Measurements as of December 31, 2017 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Available for sale securities	$ —	$ 17,014	$ —	$ 17,014

	Fair Value Measurements as of December 31, 2016 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Available for sale securities	$ —	$ 29,980	$ —	$ 29,980

As of December 31, 2017 and 2016, the fair values of the Company's available-for-sale securities, which consisted of U.S. government agency securities and corporate bond securities were determined using Level 2 inputs. During the years ended December 31, 2017 and 2016, there were no transfers between Level 1, Level 2 and Level 3.

The fair value of the Company's cash, restricted cash, accounts payable, and accrued expenses and other current liabilities approximate their carrying value due to their short-term maturities.

5. Available-for-Sale Securities

As of December 31, 2017 and 2016, the fair value of available-for-sale securities by type of security was as follows:

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Investments:				
U.S. government agency securities	$ 9,473	$ —	$ (7)	$ 9,466
Corporate bond securities	7,554	—	(6)	7,548
	$ 17,027	$ —	$ (13)	$17,014

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Investments:				
U.S. government agency securities	$ 11,579	$ 11	$ —	$11,590
Corporate bond securities	18,378	21	(9)	18,390
	$ 29,957	$ 32	$ (9)	$29,980

The estimated fair value and amortized cost of the Company's available-for-sale securities by contractual maturity are summarized as follows:

	December 31, 2016		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 28,732	$28,757	$ 17,027	$17,014
Due after one year through two years	1,225	1,223	—	—
Total available-for-sale securities	$ 29,957	$29,980	$ 17,027	$17,014

The average maturity of the Company's available-for-sale securities as of December 31, 2017 and 2016 and was approximately 0.4 years and 0.5 years, respectively.

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	December 31,	
	2017	2016
Prepaid research and development expenses	$ 951	$2,079
Prepaid expenses and other assets	548	235
	$1,499	$2,314

7. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2017	2016
Furniture and fixtures	$ 61	$ 61
Laboratory equipment	2,338	195
Leasehold improvements	68	68
Computer equipment	77	68
Computer software	23	—
Construction in process	366	116
	2,933	508
Less accumulated depreciation	504	56
	$2,429	$452

Depreciation expense was $448 and $56 for the years ended December 31, 2017 and 2016, respectively. There was no depreciation expense for the year ended December 31, 2015.

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31, 2017	December 31, 2016
Accrued research and development	$ 1,855	$ 1,953
Accrued compensation	2,033	1,167
Deferred funding from charitable organizations	233	345
Accrued other	2,084	424
	$ 6,205	$ 3,889

9. Preferred Unit Tranche Rights

Included in the terms of the Redeemable Preferred Unit Purchase Agreement and the Series 1 Senior Preferred Unit Agreement were Tranche Rights which obligate the investors to purchase additional preferred units under certain conditions. The Tranche Rights also provide the investors with the right to purchase these additional units. The Company concluded that the Tranche Rights met the definition of a freestanding financial instrument as the Tranche Rights were legally detachable and separately exercisable from the Redeemable Preferred Units and the Series 1 Senior Preferred Units. Therefore, the Company allocated the net proceeds to each Tranche Right and the Redeemable Preferred Units or the Series 1 Senior Preferred Units based on the fair value at the date of issuance with the remaining proceeds being allocated to the Redeemable Preferred Units or Series 1 Senior Preferred Units.

For the year ended December 31, 2015 and through the final settlement date in October 2016, the Company estimated the fair value of the Redeemable Preferred Unit Tranche Right based on the probability of closing the tranches and the estimated future value of the Redeemable Preferred Units. The Redeemable Preferred Unit Tranche Right was recorded as a liability as the purchase price of the additional Redeemable Preferred Units is less than the estimated fair value of the Redeemable Preferred Units at the expected settlement date. Upon settlement, the Redeemable Preferred Unit Tranche Right is reclassified to Redeemable Preferred Units. In October 2016, the Redeemable Preferred Unit Tranche Right was settled and no Redeemable Preferred Unit Tranche Right was outstanding subsequent to October 2016.

The estimated fair value of the Series 1 Senior Preferred Unit Tranche Right was determined using a probability-weighted present value model that considered the probability of closing the tranche through achievement of the preclinical milestones, estimated to be 50% on the date of issue and the estimated future value of Series 1 Senior Preferred Units at closing. The Company converted future values to present value using a discount rate appropriate for probability adjusted cash flows. The estimates are based, in part, on subjective assumptions. Changes to these assumptions can have a significant impact on the fair value of the Series 1 Senior Preferred Unit Tranche Right. The Series 1 Tranche Right was settled in connection with the closing of the Series 2 Senior Preferred Unit financing on October 26, 2017.

A roll-forward of each tranche right is as follows:

	Redeemable Preferred Unit Tranche Right	Series 1 Senior Preferred Unit Tranche Right
Balance at December 31, 2015	$ 12,004	$ —
Change in fair value	(1,163)	—
Reclassification to preferred units	(10,841)	—
Balance at December 31, 2016	—	—
Issuance	—	459
Change in fair value	—	(459)
Balance at December 31, 2017	$ —	$ —

10. Redeemable Preferred Units, Series 2 and Series 1 Senior Preferred Units and Junior Preferred Units

Redeemable Preferred Units

The Company has issued redeemable preferred units (“Redeemable Preferred Units”). The Redeemable Preferred Units are classified outside of members’ deficit because the units contain redemption features that are not solely within the control of the Company.

In December 2013, the Company issued 3,420,000 Redeemable Preferred Units at an issuance price of $1.00 per unit for proceeds of $3,420.

In December 2014, the Company issued 3,420,000 Redeemable Preferred Units at an issuance price of $1.00 per unit for proceeds of $3,420.

In October 2015, the Company issued 6,840,000 Redeemable Preferred Units at an issuance price of $1.00 per unit for proceeds of $6,840.

In November and December 2016, the Company issued an aggregate of 3,420,000 Redeemable Preferred Units at $1.00 per unit for proceeds of $3,420.

On March 29, 2017, the Redeemable Preferred Units were exchanged to Series A Common Units. See Note 3, *Merger and Recapitalization*, for additional information. The Redeemable Preferred Units, which are carried at fair value due to their fair value redemption feature, were remeasured for a final time to their redemption value on March 29, 2017 and then were reclassified to members' deficit.

Redeemable Preferred Units consisted of the following:

	Authorized	Issued and Outstanding	Carrying Value	Liquidation Preference
At December 31, 2016	60,000,000	17,100,000	$71,649	$ 55,746
At December 31, 2017	—	—	—	—

The holders of the Redeemable Preferred Units had the following rights and preferences:

Tranche Right

The Redeemable Preferred Unit Tranche Right obligates the holders to purchase, and provides the holders with the right to purchase, additional Redeemable Preferred Units, under certain circumstances. The Redeemable Preferred unitholders purchased these additional units in 2016 and 2015. In October 2016, the Redeemable Preferred Unit Tranche Right was settled with the closing of the Redeemable Preferred Unit financing. See Note 9, *Preferred Unit Tranche Rights*, for additional information.

Redemption

The Redeemable Preferred Units were redeemable on or after December 27, 2022 at the option of the Redeemable Preferred unitholder. The Redeemable Preferred Units were redeemable at the fair market value on the redemption date.

Conversion

The Redeemable Preferred Units had no conversion rights.

Voting Rights

The holders of Redeemable Preferred Units are entitled to vote as a single class with the holders of the Series A Common Units on certain matters, including the election of managers, with each Redeemable Preferred Unit and Series A Common Unit carrying one vote per unit.

Distributions

The Company's Board of Managers has authority to determine the amount, if any, of proceeds available for distribution to the unitholders. Prior to the conversion of the Redeemable Preferred Units on March 29, 2017, such proceeds were to be distributed in accordance with the following order of priority:

- First, to the holders of Redeemable Preferred Units, pro rata in proportion to the remaining amount to be distributed to each such holder, until each such holder has received distributions in an amount equal to the cumulative capital contributions since inception in respect of the Redeemable Preferred Units.

- Thereafter, to all Redeemable Preferred Unitholders, Series A Common Units held by the Company's founders, Series A Common Units issued to non-founders between December 27, 2013 and December 26, 2014, and vested Series A Restricted Common Unitholders issued subsequent to December 26, 2014 pro rata in proportion to their percentage interest at the time of distribution.

No distributions were made in 2017, 2016 or 2015.

Liquidation

In the event of any liquidation, dissolution, or winding-up of the Company, the assets of the Company will be distributed in accordance with the same order of priority as distributions.

Series 2 Senior Preferred Units

On October 26, 2017, the Company completed the sale of 4,886,000 Series 2 Senior Preferred Units at a price of $11.26 per unit resulting in net proceeds of $55,002.

Series 2 Senior Preferred Units consist of the following:

	Authorized	Issued and Outstanding	Carrying Value	Liquidation Preference	Common Units Issuable Upon Conversion
At December 31, 2017	4,886,000	4,886,000	$55,002	$ 55,002	4,886,000

Series 1 Senior Preferred Units

On March 29, 2017, the Company issued 2,500,000 Series 1 Senior Preferred Units at an issuance price of $10.00 per unit for proceeds of $25,000. See Note 3, *Merger and Recapitalization*, for additional information.

Series 1 Senior Preferred Units consist of the following:

	Authorized	Issued and Outstanding	Carrying Value	Liquidation Preference	Common Units Issuable Upon Conversion
At December 31, 2017	2,500,000	2,500,000	$25,000	$ 25,000	2,500,000

Junior Preferred Units

On March 29, 2017, 134,920 Solid GT Class D Units were exchanged for 4,414,356 Junior Preferred Units of the Company. See Note 3, *Merger and Recapitalization*, for additional information.

Junior Preferred Units consisted of the following:

	Authorized	Issued and Outstanding	Carrying Value	Liquidation Preference
At December 31, 2017	4,414,356	4,414,356	$44,177	$ 42,500

The holders of the Series 1 and Series 2 Senior Preferred Units and Junior Preferred Units have the following rights and preferences:

Tranche Right

The holders of Series 1 Senior Preferred Units were obligated to purchase 1,973,430 Series 2 Senior Preferred Units at $12.67 per unit for gross proceeds of $25,000 in the event the Company achieves certain pre-clinical milestones. In addition, the holders of a majority of the Series 1 Senior Preferred Units have the right to require the holders of the Series 1 Senior Preferred Units to purchase the Series 2 Senior Preferred Units at any time prior to September 1, 2017, which in August 2017, was extended to December 1, 2017. The Series 1 Tranche Right was subject to certain transfer rights. See Note 9, *Preferred Unit Tranche Rights*, for additional information. The Series 1 Tranche Right was settled in connection with the closing of the Series 2 Senior Preferred Unit financing on October 26, 2017.

Redemption

The Series 1 and Series 2 Senior Preferred Units are redeemable on or after March 29, 2022 at the option of the holder at a redemption price equal to the original purchase price of $10.00 and $11.26 per unit, respectively, plus any declared but unpaid distributions. The Company has presented Series 1 and Series 2 Senior Preferred Units outside of permanent equity since the redemption of Series 1 and Series 2 Senior Preferred Units is outside the control of the Company.

The consent of the Junior Preferred unitholders along with Series 1 and Series 2 Senior Preferred unitholders can effect a deemed liquidation event. Therefore, the Company has presented the Junior Preferred Units outside of permanent equity.

Voting Rights

The holders of the Series 1 and Series 2 Senior Preferred Units and Junior Preferred Units are entitled to vote together, and not as separate classes, with each Series 1 and Series 2 Senior Preferred Unit, Junior Preferred Unit, Series A Common Unit and Series B Common Unit carrying one vote per unit.

Subject to maintaining certain ownership levels, the Series 1 and Series 2 Senior Preferred unitholders as a class are entitled to elect two of the nine board members while such units are outstanding. The Junior Preferred unitholders as a class are entitled to elect two of the nine board members while such units are outstanding.

Dividends

The holders of Series 1 and Series 2 Senior Preferred Units are entitled to an 8% annual dividend based on the Series 1 and Series 2 Senior Preferred Unit issuance price of $10.00 and $11.26 per unit, respectively, when and if declared by the Board of Managers. No dividends were declared or paid to Series 1 or Series 2 Senior Preferred unitholders.

The holders of the Junior Preferred Units are entitled to an 8% annual dividend based on the Junior Preferred Unit issuance price of $9.63 per unit, when and if declared by the Board of Managers. No dividends were declared or paid to Junior Preferred unitholders.

Distributions

The Company’s Board of Managers has authority to determine the amount, if any, of proceeds available for distribution. Such proceeds are to be distributed in accordance with the following order of priority:

- First, the Series 2 Senior Preferred unitholders are entitled to an amount distributed, on a pro rata basis, equal to the Series 2 Senior Preferred Unit price of $11.26 per unit and any declared but unpaid Series 2 Senior Preferred dividends.

- Second, the Series 1 Senior Preferred and the Junior Preferred unitholders are entitled to an amount distributed, on a pro rata basis, equal to the Series 1 Senior Preferred Unit price of $10.00 per unit and any declared but unpaid Series 1 Senior Preferred dividends and the Junior Preferred Unit price of $9.63 per unit and any declared but unpaid Junior Preferred dividends, respectively.
- Third, the Series A, B, C and D Common unitholders are entitled to an amount distributed, on a pro rata basis, subject to certain limitations, until the cumulative amount distributed with respect to one Series A Common Unit, Series B Common Unit, Series C Common Unit and vested Series D Common Unit equals the cumulative amount distributed to one Junior Preferred Unit.
- Fourth, the Junior Preferred unitholders and the Series A, B, C and vested D Common unitholders are entitled to an amount distributed on a pro rata basis, subject to certain limitations, until the cumulative amount distributed with respect to one Junior Preferred Unit, Series A Common Unit, Series B Common Unit, Series C Common Unit and vested Series D Common Unit equals the cumulative amount distributed to one Series 1 Senior Preferred Unit.
- Fifth, the Series 1 and Series 2 Senior Preferred, the Junior Preferred and the Series A, B, C and vested D Common unitholders are entitled to participate on a pro rata basis in cumulative distributions, subject to certain limitations, in the remaining proceeds available for distribution.

As a result of the issuance of the Series 2 Senior Preferred Units on October 26, 2017, the Series 2 Senior Preferred unitholders are entitled to cumulative amounts distributed equal to the amount paid per unit for the Series 2 Senior Preferred Units and any declared but unpaid Series 2 Senior Preferred cumulative dividends, prior to and with priority over any distributions to any other unitholders. In addition, upon the issuance of the Senior Series 2 Preferred units, the holders of the Junior Preferred Units no longer share pro rata in the order of distributions with the Senior Series 1 Preferred unitholders and are subordinate to distributions made to Series 1 Senior Preferred unitholders.

No distributions were made during the year ended December 31, 2017.

Liquidation

In the event of any liquidation, dissolution, or winding-up of the Company, the assets of the Company will be distributed in accordance with the same order of priority that applies to distributions.

Corporate Conversion

Immediately prior to the effectiveness of the Company's registration statement on Form S-1, which occurred on January 25, 2018, the Company completed the Corporate Conversion whereby all the Series 1 and Series 2 Senior Preferred, Junior Preferred Units converted into shares of common stock.

11. Members' Deficit

Series A, B, C and D Common Units

Series A, B, C and D Common Units consisted of the following:

	December 31, 2017		
	Authorized	Issued and Outstanding	Carrying Value
Series A Common Units	12,219,299	12,219,299	$ 55,964
Series B Common Units	3,258,480	3,258,480	3,613
Series C Common Units	1,635,916	1,635,916	2,053
Series D Common Units	3,075,814	2,324,857	3,384
	20,189,509	19,438,552	$ 65,014

	December 31, 2016		
	Authorized	Issued and Outstanding	Carrying Value
Series A Common Units	20,000,000	5,123,917	$ 558

Series A Common Units

Founders Series A Common Units

On December 27, 2013, the Company issued 4,560,000 restricted Series A Common Units to its founders with time-based vesting conditions. Unvested units of Series A Common Units may not be sold or transferred by the holder. These restrictions lapse according to the time-based vesting conditions of each award. At December 31, 2016 and 2015, 3,420,000 and 2,280,000 and restricted Series A Common Units were vested. The aggregated intrinsic value of the restricted Series A Common Units that vested during the year ended December 31, 2016 was $3,306. There were no restricted Series A Common Units that vested during the year ended December 31, 2017.

On March 29, 2017, in connection with the Merger and Recapitalization, the 4,560,000 founders' restricted Series A Common Units were exchanged for 3,258,480 restricted Series B Common Units. All restricted Series B Common Units will continue to vest pursuant to the original vesting terms under the restricted Series A Common Units agreements and the Company will continue to recognize compensation expense over the related service period.

In addition, in connection with the exchange of the founders' restricted Series A Common Units into restricted Series B Common Units, the Company recognized $2,710 of equity based compensation expense for vested units, which represents the incremental fair value of the units before and after the Merger and Recapitalization. The Company has recorded the additional compensation expense in the amount of $904 over the remaining vesting period of the Series B Common units during the year ended December 31, 2017.

Non-Founder Series A Common Units

In March and November 2014, the Company issued 169,667 restricted Series A Common Units at a per unit value of $2.59 to certain employees and consultants.

In September and November 2015, the Company issued 305,000 restricted Series A Common Units at per unit values between $2.39 and $2.65 to certain employees.

In May and September 2016, the Company issued 60,000 restricted Series A Common Units at per unit values between $2.03 and $2.14 to certain employees.

In December 2016, the Company issued 48,000 restricted Series A Common Units at a per unit value of $2.25 to certain employees.

On March 29, 2017, in connection with the Merger and Recapitalization, 563,917 non-founder restricted Series A Common Units were exchanged for 402,963 restricted Series D Common Units. All restricted Series D Common Units will continue to vest pursuant to their original vesting period, which was generally four years, under the restricted Series A Common Units agreement, and the Company will continue to recognize compensation expense over the related service period.

In addition, in connection with the exchange of the non-founders' restricted Series A Common Units into restricted Series D Common Units, the Company recognized $140 of equity-based compensation expense for vested units, which represents the incremental fair value of the units before and after the Merger and Recapitalization. The Company will record additional compensation expense in the amount of $115 over the remaining vesting period of the Series D Common units of which $48 has been recognized as of December 31, 2017.

The holders of the Series A, B, C and D Common Units are entitled to the following rights and priorities:

Voting Rights

Holders of Series A and B Common Units have the right to one vote per unit held by such member. The Series A Common unitholders as a class are entitled to elect two of the eight board members while such units are outstanding. The Series B Common unitholders as a class are entitled to elect three of the eight board members while such units are outstanding

Holders of Series C and D Common Units do not have the right to vote for the election of board members.

Redemption

The Series A, B, C and D Common Units are not redeemable.

Distributions and Liquidation Preference

The holders of the Series A, B, C and D Common Units are entitled to participate in distributions after preferential distributions are made to the Series 1 and Series 2 Senior Preferred and Junior Preferred unitholders as follows:

- The Series A, B, C and D Common unitholders are entitled to participate in distributions on a pro rata basis, subject to certain limitations, until the cumulative amount distributed with respect to one Series A Common Unit, Series B Common Unit, Series C Common Unit and vested Series D Common Unit equals the cumulative amount distributed to one Junior Preferred Unit.
- The Junior Preferred unitholders and the Series A, B, C and D Common unitholders are entitled to participate in distributions on a pro rata basis, subject to certain limitations, until the cumulative amount distributed with respect to one Junior Preferred Unit, Series A Common Unit, Series B Common Unit, Series C Common Unit and vested Series D Common Unit equals the cumulative amount distributed to one Series 1 Senior Preferred Unit.
- The Series 1 Senior Preferred, Junior Preferred unitholders and the Series A, B, C and D Common unitholders are entitled to participate in distributions on a pro rata basis, subject to certain limitations, until the cumulative amount distributed with respect to one Series 1 Senior Preferred Unit, Junior Preferred Unit, Series A Common Unit, Series B Common Unit, Series C Common Unit and vested Series D Common Unit equals the cumulative amount distributed to one Series 2 Senior Preferred Unit.
- All unitholders are entitled to participate on a pro rata basis in cumulative distributions, subject to certain limitations, in the remaining proceeds available for distribution.

No distributions were made to the Series A, B, C or D Common unitholders during the years ended December 31, 2017, 2016 and 2015.

Corporate Conversion

Immediately prior to the effectiveness of the Company's registration statement on Form S-1, which occurred on January 25, 2018, the Company completed the Corporate Conversion whereby all the Series A, B, C, and D Common Units converted into shares of common stock.

12. Equity-Based Compensation

The Company adopted the Solid Ventures, LLC Equity Incentive Plan (the "Plan") on January 1, 2015, which provided for the issuance of up to 1,140,000 Series A Common Units under the Plan. The Company has granted

Series A Common Units with time-based vesting conditions. Unvested Series A Common Units may not be sold or transferred by the holder. These restrictions lapse according to the time-based vesting conditions of each award. As of December 31, 2016, 576,083 units were available for future grants under the Plan.

On March 29, 2017, the Company amended the Plan and changed the name of the Plan to the Solid Biosciences, LLC Amended and Restated Equity Incentive Plan (the "Amended Plan") and increased the number of Series D Common Units available for issuance under the Amended Plan from 1,140,000 to 2,971,949 units.

As of December 31, 2017, 750,956 Series D Common Units were available for future grants under the Amended Plan.

The following table summarizes the Company's restricted Series A Common Unit activity from December 31, 2016 through March 31, 2017:

	Units	Weighted-Average Grant Date Fair Value
Unvested restricted Series A Common Units at December 31, 2016	405,513	$ 2.43
Vested	(44,377)	2.49
Unvested restricted Series A Common Units at March 29, 2017	361,136	2.43
Exchange of unvested restricted Series A Common Units to restricted Series D Common Units at March 29, 2017 (unaudited)	258,060	3.39
Issuance of unvested restricted Series D Common units	50,000	3.08
Unvested restricted Series D Common Units at March 31, 2017	308,060	$ 3.34

The following table summarizes the Company's restricted Series D Common Unit activity since March 31, 2017. The opening balance includes the exchange of the Company's restricted Series A Common Units (308,060) and the exchange of Solid GT's Class C Restricted Common Units (511,485) to restricted Series D Common Units as a result of the merger and recapitalization described in Note 3, Merger and Recapitalization.

	Units	Weighted-Average Grant Date Fair Value
Unvested restricted Series D Common Units at March 31, 2017	819,545	$ 3.34
Issuance of unvested restricted Series D Common units	845,325	5.83
Vested	(203,969)	3.36
Forfeited	(56,636)	3.29
Unvested restricted Series D Common Units at December 31, 2017	1,404,265	$ 4.83

The aggregate intrinsic value of restricted Series D Common units that vested during the year ended December 31, 2017 was $3,300. The aggregate intrinsic value of restricted Series A Common Units that vested during the year ended December 31, 2016 was $16.

At December 31, 2017, there was $6,458 of unrecognized equity-based compensation related to Series D Common Units, which is expected to be recognized over a weighted average period of 2.0 years. At December 31, 2016, there was $864 of unrecognized equity-based compensation related to unvested Series A Common Units, which is expected to be recognized over a weighted average period of 2.8 years.

The Company's Board of Managers approved the issuance of up to 185,781 Series D Common Units to employees upon the achievement of certain events. If those events occur, the Series D Common Units will be

issued and vest in accordance with their time-based vesting conditions, which is generally four years. The Company issued 67,891 of the 185,781 Series D Common Units in September 2017 when the Company submitted its initial IND to the U.S. Food and Drug Administration. These 67,891 units are included within the 845,325 units included within the table above.

The Solid GT LLC Agreement provides for the issuance of up to 55,555 Class C Restricted Common Units. The Company has granted Class C Restricted Common Units with time-based vesting conditions. Unvested Class C Restricted Common Units may not be sold or transferred by the holder. These restrictions lapse according to the time-based vesting conditions of each award. As of December 31, 2016, 22,073 units were available for future grants.

On March 29, 2017, the Solid GT LLC Equity Incentive Plan was terminated and all Class C Restricted Common Units were exchanged for Series D Common Units of the Company with no change in vesting conditions. No further Class C Restricted Common Unit activity has occurred subsequent to March 29, 2017.

The following table summarizes the Solid GT Class C Restricted Common Unit activity from December 31, 2016 through March 31, 2017:

	Units	Weighted-Average Grant Date Fair Value
Unvested Class C Restricted Units at December 31, 2016	19,397	$ 107.24
Vested	(3,764)	100.20
Unvested Class C Restricted Units at March 29, 2017 (unaudited)	15,633	$ 108.94
Exchange of Unvested Class C Restricted Units into Series D Common Units of the Company at March 29, 2017 (unaudited)	511,485	$ 3.34
Unvested Restricted Series D Common Units at March 31, 2017	511,485	$ 3.34

The aggregate intrinsic value of Solid GT Class C Common Units that vested during the years ended December 31, 2016 was $335. The aggregate intrinsic value of restricted Class C Restricted Common Units that vested during the year ended December 31, 2017 was $58.

At December 31, 2016, there was $2,853 of unrecognized equity-based compensation, which is expected to be recognized over a weighted average period of 2.6 years.

The Company recorded equity-based compensation expense related to the Company's restricted Series A Common Units, restricted Series D Common Units and Solid GT Class C Common Units, in the following expense categories of its consolidated statements of operations:

	Year Ended December 31,		
	2017	2016	2015
Research and development expenses	$1,206	$1,262	$749
General and administrative expenses	4,124	208	15
	$5,330	$1,470	$764

13. Commitments and Contingencies

Operating Lease

The Company leases office and laboratory space under an operating lease agreement. The lease expires in February 2018 with no extension periods. See Note 18, *Subsequent Events.* In addition, the Company leases additional office and laboratory space in Cambridge, Massachusetts, for which the Company entered into a lease in May 2017, which was amended during the third and fourth quarter of 2017, and which extends through April 2018.

During the years ended December 31, 2017, 2016 and 2015, the Company recognized $1,301, $270 and $108, respectively, of rental expense related to office and laboratory space.

Future minimum lease payments for these operating leases as of December 31, 2017 amounted to $783, all which will be recognized in the year ending December 31, 2018.

Letter of Credit

The Company has an outstanding letter of credit in the amount of $65 at December 31, 2017 and 2016, which was required as a condition of the Company's office and laboratory lease.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board of Managers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as managers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnification arrangements.

The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements as of December 31, 2017 and 2016.

Contingencies

In the first quarter of 2017, the Company terminated the development, manufacturing and testing agreement (the "Agreement") it entered into in January 2016 with a third-party. The Company and the third-party are in dispute regarding the remaining amounts owned by the Company to the third-party under the Agreement. The Company has recorded an accrual in the amount of $1,450 during the year ended December 31, 2017 for this matter.

Legal Proceedings

On March 27, 2018, a purported stockholder of the Company (the "Plaintiff"), filed a putative class action complaint alleging violations of the federal securities laws, in the United States District Court for the District of Massachusetts (Case No. 18-10587), against the Company and certain of the Company's current executive officers and underwriters in the Company's initial public offering. The Plaintiff claims to represent purchasers of the Company's common stock during the period from January 25, 2018 to March 14, 2018 and seeks unspecified damages arising out of the alleged failure to disclose risks associated with toxicity and potential for adverse events related to the Company's lead product candidate. While the Company is vigorously defending against all claims asserted, this litigation could result in substantial costs to the Company and a diversion of the Company's management's attention and resources, which could harm its business. In addition, the uncertainty of the pending lawsuit or potential filing of additional lawsuits could lead to more volatility and a reduction in the Company's stock price. Given the early stage of the litigation, at this time the Company is unable to reasonably estimate possible losses or form a judgment that an unfavorable outcome is either probable or remote. It is not currently possible to assess whether or not the outcome of these proceedings may have a material adverse effect on the Company.

14. License Agreements

University of Washington License Agreement

In 2015, the Company entered into a license agreement with the University of Washington, acting through UW CoMotion, under which the Company obtained an exclusive, royalty-bearing, sublicensable, worldwide license under a patent application owned by the University of Washington relating to novel micro-dystrophins and all patents claiming priority to such patent to develop, manufacture, and commercialize products for use in the treatment of DMD and related disease indications caused by a lack of functional dystrophin. The Company has the right to grant sublicenses to third parties contingent upon written approval by the University of Washington prior to executing such sublicense, which approval may not be unreasonably withheld.

In consideration for the rights granted by the agreement, the Company paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2015. The Company is required to reimburse the University of Washington for costs incurred in applying for, prosecuting and maintaining patents and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones. In October 2017, the first milestone was achieved under this agreement. The milestone payment was recorded as a research and development expense in the fourth quarter of 2017. There were no milestones achieved as of December 31, 2015 and 2016. The Company must also pay royalties of a low single digit percentage of future sales by the Company and its sublicensees of products developed under the licensed patent rights. In addition, the Company must pay an annual maintenance fee until certain milestones are achieved, at which time a minimum annual royalty requirement will replace such maintenance fee and will apply to the Company and its sublicensees.

The license agreement remains in effect until the expiration of the last-to-expire patent licensed under the agreement. The Company may terminate the agreement at any time upon providing sixty days' written notice to the University of Washington. The University of Washington may terminate the agreement upon the Company's uncured, material breach of the agreement or if the Company enters into an insolvency-related event.

The Company recorded research and development expense in the amount of $135, $0, and $25 for the years ended December 31, 2017, 2016 and 2015, respectively, under the agreement.

The University of Missouri License Agreement

In 2015, the Company entered into a license agreement with the Curators of the University of Missouri, or the University of Missouri, a public corporation of Missouri, under which the Company obtained an exclusive, royalty-bearing, sublicensable, worldwide license under certain patent and patent applications owned by the University of Missouri relating to a novel synthetic microdystrophin gene to make, sell and distribute products for use in the treatment of DMD and related disease indications resulting from a lack of functional dystrophin.

In consideration for the rights granted by the agreement, the Company paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2015. The Company is required to reimburse the University of Missouri for costs incurred in applying for, prosecuting and maintaining the licensed patents and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones for each product developed based on the licensed patents. In October 2017, the first milestone was achieved under this agreement. The milestone payment was recorded as a research and development expense in the fourth quarter of 2017. There were no milestones achieved as of December 31, 2015 and 2016. The Company must pay a royalty of a low single digit percentage of future sales or by its sublicensees of products developed using the licensed patents. In addition, the Company must pay an annual maintenance fee until certain milestones are achieved, after which time a minimum annual royalty will replace such maintenance fee.

Under the agreement, the Company granted the University of Missouri a non-exclusive, royalty-free, irrevocable, paid-up license, with the right to grant sublicenses to non-profit, academic, educational or governmental institutions, to practice and use improvements made by the Company using the licensed patent rights, solely for non-commercial research purposes.

The license agreement remains in effect until the expiration of the last-to-expire patent or the abandonment of the last to be abandoned patent application licensed under the agreement. The University of Missouri may terminate the agreement, or render the license granted thereunder non-exclusive, in individual countries if the Company's sublicensees fail to achieve certain milestones. The Company may terminate the license agreement at any time upon providing six months' written notice to the University of Missouri and paying a termination fee. Each of the University of Missouri and the Company may also terminate the agreement for an uncured default or breach of the agreement by the other party. The Company's ability to cure such breach only applies to the first two notices of such breach provided by the University of Missouri, and thereafter, the University of Missouri may terminate the agreement for the Company's default or breach of the agreement upon thirty days' written notice without an opportunity to cure such default or breach.

The Company recorded research and development expense in the amount of $11, $0, and $40 for the year ended December 31, 2017, 2016 and 2015, respectively, under the agreement.

The University of Michigan License Agreement

In 2016, the Company entered into a license agreement with the Regents of the University of Michigan, or the University of Michigan, a constitutional corporation of Michigan, under which the Company obtained an exclusive, royalty-bearing, sublicensable, worldwide license to make, sell and distribute products under certain patents owned by the University of Michigan related to microdystrophin and utrophin spectrin-like nucleic acid sequences for any use that, but for this agreement, would comprise an infringement of a valid claim included in the licensed patent rights.

In consideration for the rights granted by the agreement, the Company paid a one-time license fee and a separate fee to cover past patent prosecution costs, which the Company recorded as a research and development expense in 2016. The Company is required to reimburse the University of Michigan for costs incurred in applying for, prosecuting and maintaining patents, and pay up to an aggregate of approximately $1 million upon the achievement of certain milestones. There were no milestones achieved as of December 31, 2016 and 2017. The Company must also pay a royalty of a low single digit percentage on future sales by the Company or its sublicensees of products developed using the licensed rights, with a minimum annual royalty after certain milestones are achieved. In addition, the Company must pay an annual maintenance fee in any year in which the minimum annual royalty is not reached.

Under the agreement, the University of Michigan reserves for itself and its affiliates the right to use the licensed rights for non-commercial research, public service, internal and educational purposes and the right to grant the same limited non-commercial rights to other non-profit research institutions.

The license agreement remains in effect until the expiration of the last-to-expire patent licensed under the agreement. The University of Michigan may terminate the agreement upon the Company's uncured material breach of the agreement, including failure to make required payments under the agreement or to achieve certain milestones, or if the Company becomes insolvent or bankrupt. The Company may terminate the license agreement at any time upon providing sixty days' written notice to the University of Michigan.

The Company recorded and research and development expense in the amount of $4 and $145 for the years ended December 31, 2017 and 2016, respectively, under the agreement.

Harvard College License Agreements

In 2016, the Company entered into a license agreement with the President and Fellows of Harvard College, or Harvard College, under which the Company obtained a non-exclusive, royalty-bearing, sublicensable, worldwide license to use certain intellectual property owned by Harvard College to develop, manufacture, and commercialize products for use in the treatment of DMD.

In consideration for the rights granted by the agreement, the Company paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2016. The Company is required to pay an annual license maintenance fee until certain milestones are achieved, after which time the annual maintenance fee will increase annually. Such annual maintenance fee will further increase if the Company grants certain rights to a sublicensee or strategic partner with whom the Company collaborates on the development and commercialization of licensed products. The annual maintenance fee is creditable against royalty payments. The Company also must pay a milestone payment within thirty days after achieving certain milestones. There were no milestones achieved as of December 31, 2016 and 2017. The Company must pay a royalty of a low single digit percentage on future sales by the Company or its sublicensees of products developed using the licensed technology.

The license agreement remains in effect for an initial term of fifteen years, with automatic three-year renewal periods thereafter unless one of the parties provides notice of non-renewal. The Company may terminate the license agreement at any time upon providing sixty days' written notice to Harvard College. Harvard College may terminate the agreement in the event the Company becomes bankrupt or insolvent. Both Harvard College and the Company may also terminate the agreement for an uncured material breach of the agreement by the other party.

The Company recorded research and development expense in the amount of $45 and $45 for the years ended December 31, 2016 and 2017, respectively, under the agreement.

In August 2017, the Company entered into another license agreement with Harvard College, under which the Company obtained a non-exclusive, royalty-bearing, sublicensable, worldwide license to use certain intellectual property owned by Harvard College to develop, manufacture, and commercialize products for use in the treatment of DMD.

In consideration for the rights granted by the agreement, the Company paid a one-time, non-refundable license fee, which was recorded as a research and development expense in 2017. The Company is required to pay an annual license maintenance fee until certain milestones are achieved, after which time the annual maintenance fee will increase annually. Such annual maintenance fee will further increase if the Company grants certain rights to a sublicensee or strategic partner with whom the Company collaborates on the development and commercialization of licensed products. The annual maintenance fee is creditable against royalty payments. The Company also must pay a milestone payment within thirty days after achieving certain milestones. There were no milestones achieved as of December 31, 2017. The Company must pay a royalty of a low single digit percentage on future sales by the Company or its sublicensees of products developed using the licensed technology.

The license agreement remains in effect for an initial term of fifteen years, with automatic three-year renewal periods thereafter unless one of the parties provides notice of non-renewal. The Company may terminate the license agreement at any time upon providing sixty days' written notice to Harvard College. Harvard College may terminate the agreement in the event the Company becomes bankrupt or insolvent. Both Harvard College and the Company may also terminate the agreement for an uncured material breach of the agreement by the other party.

The Company recorded research and development expense in the amount of $23 for the year ended December 31, 2017 under the agreement.

Other License Agreements

In 2016, the Company entered into a license agreement with Life Technologies Corporation, or Life Technologies. In consideration for obtaining a non-exclusive, royalty-free, worldwide license to use certain technologies and associated know-how to develop product candidates, the Company paid a one-time, non-refundable license fee. This fee was recorded as a research and development expense in 2016. The license

agreement will remain effective in perpetuity unless earlier terminated. Life Technologies has the right to terminate the agreement upon the Company's material, uncured breach of the agreement or in the event that it determines that continued performance of the agreement may violate any laws. The Company is obligated to diligently pursue regulatory approval necessary for the development, manufacture and sale of the licensed products. The Company has the right to terminate the agreement at any time upon providing thirty days' written notice to Life Technologies.

15. Net Loss per Unit

Basic and diluted net loss per common unit were calculated as follows:

The numerator for basic and diluted net loss per unit is as follows:

	Year Ended December 31,		
	2017	2016	2015
Net loss	$(53,178)	$(23,773)	$(6,664)
Net loss attributable to non-controlling interest	(1,060)	(2,234)	(287)
Net loss attributable to Solid Biosciences, LLC	$(52,118)	$(21,539)	$(6,377)
Decretion (accretion) of preferred units to redemption value	(959)	4,309	(68)
Redemption of preferred units	15,685	—	—
Redemption of redeemable interest from non-controlling interest in Solid GT	(1,925)	—	—
Net loss attributable to common unitholders	$(39,317)	$(17,230)	$(6,445)

The denominator is as follows:

	Year Ended December 31		
	2017	2016	2015
Weighted average common units outstanding, basic and diluted	13,649,485	1,698,904	846,569

Net loss per unit attributable to common unitholders, basic and diluted is as follows:

	Year Ended December 31,		
	2017	2016	2015
Net loss per unit attributable to common unitholders, basic and diluted	$(2.88)	$(10.14)	$(7.61)

The following potential common units, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share attributable to common unitholders for the periods indicated because including them would have had an anti-dilutive effect:

	Year Ended December 31,		
	2017	2016	2015
Series A common units	—	1,104,391	1,924,718
Series B common units	—	—	—
Series D common units	1,404,265	—	—
	1,404,265	1,104,391	1,924,718

16. Retirement Plan

The Company has a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. Company contributions to the plan may be made at the discretion of the Company's board of managers. The Company made no contributions to the plan during the years ended December 31, 2015, 2016 and 2017.

17. Selected Quarterly Financial Information (Unaudited)

Selected quarterly results from operations for the years ended December 31, 2016 and 2017 are as follows:

	2016 Quarter Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except for per unit data)			
Revenues	$ —	$ —	$ —	$ —
Operating expenses	4,069	5,212	7,574	8,721
Loss from operations	(4,069)	(5,212)	(7,574)	(8,721)
Net loss	(2,991)	(4,834)	(7,429)	(8,519)
Net loss attributable to Solid Biosciences, LLC	(2,680)	(4,372)	(6,731)	(7,756)
Net loss attributable to common unitholders	(1,653)	(4,133)	(6,799)	(4,645)
Net loss per unit attributable to common unitholders	$ (0.99)	$ (2.46)	$ (4.03)	$ (2.64)

	2017 Quarter Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except for per unit data)			
Revenues	$ —	$ —	$ —	$ —
Operating expenses	14,113	11,887	13,696	15,161
Loss from operations	(14,113)	(11,887)	(13,696)	(15,161)
Net loss	(13,875)	(11,311)	(13,505)	(14,487)
Net loss attributable to Solid Biosciences, LLC	(12,815)	(11,311)	(13,505)	(14,487)
Net loss attributable to common unitholders	(14)	(11,311)	(13,505)	(14,487)
Net loss per unit attributable to common unitholders	$ (0.01)	$ (0.66)	$ (0.79)	$ (0.84)

18. Subsequent Events

In January 2018, the Company executed a lease agreement for lab space in Cambridge, Massachusetts. The lease consists of approximately 9,500 square feet with an initial term of five years with the option to extend the term for one additional two year term. The future minimum rent commitment for the initial five year term is approximately $3,800. In addition to rent, the lease requires the Company to pay additional amounts for taxes, insurance, maintenance and other operating expenses.

In January 2018, the Company executed a lease agreement for office space in Cambridge, Massachusetts. The lease will serve as the Company's corporate headquarters and consists of approximately 16,000 square feet. The term of the lease runs through February 2022. The future minimum rent commitment for the lease term is approximately $4,600. In addition to rent, the lease requires the Company to pay additional amounts for taxes, insurance, maintenance and other operating expenses.

Immediately prior to the effectiveness of the Company's registration statement on Form S-1 on January 25, 2018, the Company converted into a Delaware corporation pursuant to a statutory conversion and changed the Company's name to Solid Biosciences Inc. As a result of the corporate conversion, the holders of the Series 1 and 2 Senior Preferred and Junior Preferred Units and Series A, B, C and D Common Units of Solid Biosciences, LLC became holders of common stock of Solid Biosciences Inc.

On January 30, 2018, the Company completed its initial public offering with the sale of 8,984,375 shares of common stock, including shares of common stock issued upon the exercise in full of the underwriters' over-allotment option, at a public offering price of $16.00 per share, resulting in net proceeds of $129,300, after deducting underwriting discounts and commissions and offering expenses.

In connection with the closing of the Company's initial public offering, the board of directors and stockholders approved a new equity compensation plan, the 2018 Omnibus Incentive Plan, which provides for the reservation of 5,001,000 shares of common stock for equity awards.

PLAN OF CONVERSION
Converting
Solid Biosciences, LLC
(a Delaware limited liability company)
into
Solid Biosciences Inc.
(a Delaware corporation)

THIS PLAN OF CONVERSION (this "***Plan***"), dated as of January 25, 2018, is hereby adopted and approved by Solid Biosciences, LLC, a limited liability company formed under the laws of Delaware (the "***LLC***"), to set forth the terms, conditions and procedures governing the conversion of the LLC to a Delaware corporation pursuant to Section 18-216 of the Delaware Limited Liability Company Act (the "***DLLCA***") and Section 265 of the Delaware General Corporation Law (the "***DGCL***").

WHEREAS, the LLC is a limited liability company formed and existing under the laws of the State of Delaware and is operating under the Third Amended and Restated Limited Liability Company Agreement of the LLC, dated as of March 29, 2017, as amended (the "***LLC Agreement***"), by and among the LLC and the Members (as defined in the LLC Agreement);

WHEREAS, the Board (as defined in the LLC Agreement) has determined that it is in the best interests of the LLC for the LLC to convert to a Delaware corporation pursuant to Section 18-216 of the DLLCA and Section 265 of the DGCL upon the terms and conditions and in accordance with the procedures set forth herein, and the Board has authorized and approved the Conversion (as defined below) and the execution, delivery and filing of any and all instruments, certificates and documents necessary or desirable in connection therewith;

WHEREAS, pursuant to Section 11.1 of the LLC Agreement, the conditions for a QIPO (as defined in the LLC Agreement) have been met and the Board has the right to cause the LLC to convert to a corporation in accordance with the terms of the LLC Agreement by such means as the Board shall select;

WHEREAS, pursuant to the terms of an Agreement and Plan of Merger, dated as of the date hereof (the "***Merger Agreement***"), following the Conversion each of BCLS Solid Bio, Inc. and FC Fund III Solid Holdings, Inc. shall merge with and into the Corporation (as defined below), and the Corporation shall be the surviving entity in such mergers; and

WHEREAS, it is intended that the Conversion (as defined below) will be governed by Section 351 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, the LLC does hereby adopt this Plan to effectuate the conversion of the LLC to a Delaware corporation as follows:

1. Conversion; Effect of Conversion. Upon and subject to the terms and conditions of this Plan and pursuant to the relevant provisions of the DLLCA and the DGCL, including without limitation Section 18-216 of the DLLCA and Section 265 of the DGCL, the LLC shall convert (the "***Conversion***") to a Delaware corporation named "Solid Biosciences Inc." (the

"***Corporation***") at the Effective Time (as defined below). The Corporation shall thereafter be subject to all of the provisions of the DGCL, except that notwithstanding Section 106 of the DGCL, the existence of the Corporation shall be deemed to have commenced on the date the LLC commenced its existence. The Conversion shall not affect any obligations or liabilities of the LLC incurred prior to the Effective Time. The LLC shall not be required to wind up its affairs or pay its liabilities and distribute its assets, and the Conversion shall not constitute a dissolution of the LLC and shall constitute a continuation of the existence of the LLC in the form of a Delaware corporation. Upon the Effective Time, all of the rights, privileges and powers of the LLC, and all property and all debts due to the LLC, as well as all other things and causes of action belonging to the LLC, shall remain vested in the Corporation and shall be the property of the Corporation, and the title to any real property vested by deed or otherwise in the LLC shall not revert or be in any way impaired by reason of the Conversion, and all rights of creditors and all liens upon any property of the LLC shall be preserved unimpaired, and all debts, liabilities and duties of the LLC shall remain attached to the Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it in its capacity as a corporation.

2. Certificate of Conversion; Certificate of Incorporation; Effective Time. The Conversion shall be effected by the filing with the Secretary of State of the State of Delaware of: (a) a duly executed Certificate of Conversion, substantially in the form of Exhibit A attached hereto (the "***Certificate of Conversion***"), and (b) a duly executed Certificate of Incorporation of the Corporation, in the form of Exhibit B attached hereto (the "***Certificate of Incorporation***"). The Conversion shall be effective immediately upon the filing of (i) the Certificate of Conversion and (ii) the Certificate of Incorporation with the Secretary of State of the State of Delaware or at such later time as may be specified in both the Certificate of Conversion and the Certificate of Incorporation (such time of effectiveness, the "***Effective Time***").

3. Bylaws of the Corporation. As promptly as practical following the Effective Time, the board of directors of the Corporation shall adopt the Bylaws of the Corporation in substantially the form of Exhibit C attached hereto (the "***Bylaws***"). From and after the Effective Time, except as set forth in Section 7 below, the LLC Agreement shall terminate and no longer govern the affairs of the Corporation, but instead the affairs of the Corporation shall be governed by the DGCL, the Certificate of Incorporation and, following their adoption by the board of directors of the Corporation, the Bylaws.

4. Directors and Officers. At the Effective Time, (a) the members of the Board of the LLC as of the Effective Time shall be the members of the board of directors of the Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal and (b) the officers of the LLC as of the Effective Time shall be the officers of the Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal. The LLC and, after the Effective Time, the Corporation and its board of directors shall take all necessary actions to cause each of such individuals to be appointed as a director and/or officer, as the case may be, of the Corporation.

5. Effect of the Conversion on Equity Interests in the LLC.

(a) Conversion of Outstanding Securities. Subject to the terms and conditions of this Plan, at the Effective Time, automatically by virtue of the Conversion and without any further action on the part of the LLC, the Corporation or any holder of Units (as defined in the LLC Agreement), each Unit (as defined in the LLC Agreement) of the LLC that is outstanding immediately prior to the Effective Time shall be converted into 0.8485 share of common stock, par value $0.001 per share, of the Corporation ("***Common Stock***"), and as of the Effective Time each such share of Common Stock shall be duly and validly issued, fully paid and nonassessable.

(b) No Further Ownership Rights in Units. All shares of Common Stock into which Units are converted pursuant to the Conversion in accordance with the terms of this Section 5 shall be deemed to have been issued in full satisfaction of all rights pertaining to such Units. Immediately following the Effective Time, Units shall cease to exist, and the holder of any Units immediately prior to the Effective Time shall cease to have any rights with respect thereto.

(c) No Impact on Vesting Restrictions and Repurchase Rights. The conversion of Units pursuant to Section 5(a) will not limit, impair or otherwise modify any vesting restrictions or repurchase rights with respect to any equity issued by the LLC to any officer or employee of the LLC or any other person, which vesting restrictions and repurchase rights shall continue to apply to the shares of Common Stock issued hereby to any such persons until the expiration of such vesting restrictions and repurchase rights in accordance with their terms.

(d) Transfer Books. At the Effective Time, there shall be no further registration of transfers on the transfer books of the LLC of any Units that were outstanding immediately prior to the Effective Time.

(e) Registration in Book-Entry. Shares of Common Stock issued in connection with the Conversion shall be uncertificated, and the Corporation shall register, or cause to be registered, such shares into which each outstanding Unit shall have been converted as a result of the Conversion in book-entry form.

6. Licenses, Permits, Titled Property, Etc. As applicable, following the Effective Time, to the extent required, the Corporation shall apply for new state tax identification numbers, qualifications to conduct business (including as a foreign corporation), licenses, permits and similar authorizations on its behalf and in its own name in connection with the Conversion and to reflect the fact that it is a corporation. As required or appropriate, following the Effective Time, all real, personal and intangible property of the LLC which was titled or registered in the name of the LLC shall be re-titled or re-registered, as applicable, in the name of the Corporation by appropriate filings and/or notices to the appropriate parties (including, without limitation, any applicable governmental agencies). In addition, following the Effective Time, the LLC's customer, vendor and other communications (e.g., business cards, letterhead, websites, etc.) shall be revised to reflect the Conversion and the Corporation's corporate status.

7. Termination of LLC Agreement. As of the Effective Time, the LLC Agreement shall be terminated and of no further force and effect. Notwithstanding the foregoing, the termination of the LLC Agreement shall not relieve any party thereto from any liability arising in connection with any breach by such party of the LLC Agreement, arising prior to the Effective Time.

8. Further Assurances. If, at any time after the Effective Time, the Corporation shall determine or be advised that any deeds, bills of sale, assignments, agreements, documents or assurances or any other acts or things are necessary, desirable or proper, consistent with the terms of this Plan, (a) to vest, perfect or confirm, of record or otherwise, in the Corporation its right, title or interest in, to or under any of the rights, privileges, immunities, powers, purposes, franchises, properties or assets of the LLC, or (b) to otherwise carry out the purposes of this Plan, the Corporation and its proper officers and directors (or their designees) are hereby authorized to solicit in the name of the LLC any third party consents or other documents required to be delivered by any third party, to execute and deliver, in the name and on behalf of the LLC, all such deeds, bills of sale, assignments, agreements, documents and assurances and do, in the name and on behalf of the LLC, all such other acts and things necessary, desirable or proper to vest, perfect or confirm its right, title or interest in, to or under any of the rights, privileges, immunities, powers, purposes, franchises, properties or assets of the LLC and otherwise to carry out the purposes of this Plan.

9. Implementation and Interpretation; Termination and Amendment. This Plan shall be implemented and interpreted, prior to the Effective Time, by the Board and, following the Effective Time, by the board of directors of the Corporation, (a) each of which shall have full power and authority to delegate and assign any matters covered hereunder to any other party(ies), including, without limitation, any officers of the LLC or any officers of the Corporation, as the case may be, and (b) the interpretations and decisions of which shall be final, binding, and conclusive on all parties. The Board at any time prior to the Effective Time may terminate, amend or modify this Plan. Upon such termination of this Plan, if the Certificate of Conversion and the Certificate of Incorporation have been filed with the Secretary of State of the State of Delaware, but have not become effective, any person or entity that was authorized to execute, deliver and file such certificates may execute, deliver and file a Certificate of Termination of such certificates.

10. Third Party Beneficiaries. This Plan shall not confer any rights or remedies upon any person or entity other than as express provided herein.

11. Severability. Whenever possible, each provision of this Plan will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Plan is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Plan.

12. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of laws rules of such state.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the LLC has caused this Plan to be executed by its duly authorized representative as of the date first stated above.

SOLID BIOSCIENCES, LLC

By: /s/ Ilan Ganot
Name: Ilan Ganot
Title: Chief Executive Officer

[Signature Page to Plan of Conversion]

EXHIBIT A

Certificate of Conversion

STATE OF DELAWARE

CERTIFICATE OF CONVERSION

OF

SOLID BIOSCIENCES, LLC

FROM A LIMITED LIABILITY COMPANY TO

A CORPORATION PURSUANT TO SECTION 265 OF

THE DELAWARE GENERAL CORPORATION LAW

This Certificate of Conversion to Corporation is being duly executed and filed by Solid Biosciences, LLC, a Delaware limited liability company (the "LLC"), to convert the LLC to Solid Biosciences Inc., a Delaware corporation (the "Corporation"), under the Delaware Limited Liability Company Act (6 Del.C. § 18-101, et seq.) and the General Corporation Law of the State of Delaware (8 Del.C. § 101, et seq.)

FIRST: The jurisdiction where the LLC was first formed is the State of Delaware.

SECOND: The jurisdiction where the LLC was formed immediately prior to filing this Certificate of Conversion is the State of Delaware.

THIRD: The date the LLC was first formed is March 4, 2013.

FOURTH: The name of the LLC immediately prior to filing this Certificate of Conversion is Solid Biosciences, LLC, a Delaware limited liability company.

FIFTH: The name of the Corporation as set forth in the Certificate of Incorporation filed in accordance with Section 265(b) of the General Corporation Law of the State of Delaware is Solid Biosciences Inc., a Delaware corporation.

* * * * *

IN WITNESS WHEREOF, the undersigned, being duly authorized to sign on behalf of Solid Biosciences, LLC, has executed this Certificate of Conversion on the day of January 25, 2018.

SOLID BIOSCIENCES, LLC,

a Delaware limited liability company

By: /s/ Ilan Ganot
Name: Ilan Ganot
Title: Chief Executive Officer

EXHIBIT B

Certificate of Incorporation of Solid Biosciences Inc.

[See Exhibit 3.1 to the Annual Report on Form 10-K]

EXHIBIT C

Bylaws of Solid Biosciences Inc.

[See Exhibit 3.2 to the Annual Report on Form 10-K]

Exhibit 2.3

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of January 25, 2018, by and among Solid Biosciences Inc., a Delaware corporation (the "**Company**"), Bain Capital Life Sciences Fund, L.P., a limited partnership organized under the laws of the Cayman Islands, and BCIP Life Sciences Associates, LP, a limited partnership organized under the laws of Delaware (together, the "**Bain Funds**"), BCLS Solid Bio, Inc., a Delaware corporation (the "**Bain Blocker**"), Foresite Capital Fund III, L.P., a limited partnership organized under the laws of Delaware (the "**Foresite Fund**") and FC Fund III Solid Holdings, Inc., a Delaware corporation (the "**Foresite Blocker**"). The Company, the Bain Funds, the Bain Blocker, the Foresite Fund and the Foresite Blocker are collectively referred to herein as the "**Parties**," and each individually is referred to herein as a "**Party**." All references to the Company include its predecessor, Solid Biosciences, LLC, a Delaware limited liability company.

RECITALS

WHEREAS, in anticipation of the initial public offering of the Company, on the date hereof, the Company has previously completed a conversion (the "**Conversion**") from a limited liability company to a corporation,

WHEREAS, (i) the board of directors of the Company and the board of directors of the Bain Blocker deem it advisable that the Bain Blocker merge with and into the Company (the "**Bain Blocker Merger**") and (ii) the board of directors of the Company and the board of directors of the Foresite Blocker deem it advisable that the Foresite Blocker merge with and into the Company (the "**Foresite Blocker Merger**", with each of the Bain Blocker Merger and Foresite Blocker Merger, a "**Merger**", and collectively the "**Mergers**"), in each case, upon the terms and subject to the conditions set forth herein and in accordance with the DGCL;

WHEREAS, the board of directors and, if applicable, the equityholders of each of the Company, the Bain Blocker and the Foresite Blocker have approved the Bain Blocker Merger and the Foresite Blocker Merger, as applicable, in accordance with the requirements of the DGCL and their respective organizational documents; and

WHEREAS, the Parties intend that each Merger qualify as a "reorganization" within the meaning of Section 368 of the Code and the rules and regulations promulgated thereunder and that this Agreement shall constitute a "plan of reorganization" within the meaning of Treasury Regulations Section 1.368-2(g) with respect to each Merger.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

1.1 Definitions. As used herein, the following terms have the following meanings:

"**Affiliate**" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing. Notwithstanding the foregoing, for purposes of this Agreement, neither the Company nor any of its Subsidiaries shall be considered an Affiliate of any of the other Parties to this Agreement.

"**Closing Date**" means the date of the Closing.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Common Stock**" means the Company's Common Stock, par value $0.001, with the rights, preferences and privileges as described in the Company's certificate of incorporation.

"**DGCL**" means the General Corporation Law of the State of Delaware.

"**Law**" means any law, statute, regulation, rule, permit, license, certificate, judgment, order, award or other legally binding decision or requirement of any arbitrator, court, government or governmental agency or instrumentality (domestic or foreign).

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge or security interest in respect of such property or asset.

"**Material Adverse Effect**" means a material adverse effect on (i) the business, assets or results of operations of the applicable Merged Entity, taken as a whole, or (ii) the ability of the applicable Merged Entity to consummate the transactions contemplated by the Transaction Documents.

"**Merged Entities**" means the Bain Blocker and the Foresite Blocker, and the term "Merged Entity" means either one of them, as the case may be.

"**Permitted Liens and Exceptions**" means Liens for Taxes, assessments and similar charges that are not yet due and payable.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Subsidiary**" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by a Person.

"**Tax**" means (1) any tax or other governmental fee or like assessment or charge in the nature of a tax; including, but not limited to, withholding on amounts paid to or by any Person, federal, state or local income taxes, real property gains taxes, sales and use taxes, escheat taxes, payroll taxes, employment taxes, excise taxes, stamp taxes, occupation taxes, premium taxes,

windfall profits taxes, social security (or similar including FICA) taxes, unemployment taxes, disability taxes, registration taxes, value added taxes, abandoned or unclaimed property taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, profits, business license taxes, capital stock taxes, real and personal property taxes, environmental taxes, transfer taxes, severance taxes, alternative or add-on minimum taxes, custom duties, and estimated, together with any interest, penalty, addition to tax or additional amount, whether disputed or not, imposed by any governmental authority (whether federal, state, local, municipal, foreign or otherwise) responsible for the imposition of any such tax and (2) any liability for the payment of any amount of the type described in the immediately preceding clause (1) as a result of a Merged Entity being a member of an affiliated, consolidated or combined group before the Closing, as a result of any tax sharing or tax allocation agreement, arrangement or understanding, or as a result of being liable for another person's taxes as a transferee or successor, by contract or otherwise.

"**Transaction Documents**" means this Agreement and the Exhibits attached hereto.

Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Agreement	Preamble
Bain Blocker	Preamble
Bain Blocker Merger	Recitals
Bain Funds	Preamble
Certificate of Merger	2.1(b)
Claim	7.3(a)
Closing	2.2
Company	Preamble
Conversion	Recitals
Damages	7.2(a)
Foresite Blocker	Preamble
Foresite Fund	Preamble
Foresite Blocker Merger	Recitals
Indemnified Party	7.3(a)
Indemnifying Party	7.3(a)

Term	Section
Merger Effective Time	2.1(b)
Mergers	Recitals
Parties	Preamble
Party	Preamble
Potential Contributor	7.4
Registration Statement	2.1(b)
Securities	3.5
Surviving Company	2.1(a)
Third Party Claim	7.3(b)

1.2 Other Definitional and Interpretative Provisions. The words "**hereof**," "**herein**," and "**hereunder**" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, and Exhibits are to Articles, Sections, and Exhibits of this Agreement unless otherwise specified. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "**include**," "**includes**," or "**including**" are used in this Agreement, they shall be deemed to be followed by the words "**without limitation**," whether or not they are in fact followed by those words or words of like import. "**Writing**," "**written**," and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "**law**," "**laws**," or to a particular statute or law shall be deemed also to include any and all Laws.

ARTICLE II

The Mergers And Other Transactions

2.1 The Mergers.

(a) At the Merger Effective Time (as defined below), and in accordance with the applicable provisions of this Agreement and the DGCL, each of the Bain Blocker and the Foresite Blocker shall be merged with and into the Company. Following the Mergers, the separate corporate existence of each of the Bain Blocker and the Foresite Blocker shall cease and the Company shall continue as the surviving company (the "**Surviving Company**").

(b) At the time determined by the Company, promptly following the Conversion and prior to the effectiveness of the Company's registration statement on Form S-1 (File No. 333-222357) (the "**Registration Statement**") filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, the Company shall cause a certificate of merger in form and substance as set forth on Exhibit A attached hereto (the "**Certificate of Merger**") to be executed, acknowledged and filed with the Secretary of State of the State of Delaware, all as provided for and in accordance with Section 251 and Section 264 of the DGCL. The Mergers shall become effective at the time and date as provided under the DGCL and as specified in the Certificate of Merger (the "**Merger Effective Time**"). References to the Company after the Merger Effective Time shall mean the Surviving Company.

(c) Each Merger shall have the effects set forth under the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Merger Effective Time, all the properties, rights, privileges, and powers of each of the Bain Blocker and the Foresite Blocker shall vest in the Surviving Company, and all debts, liabilities, and duties of each of the Bain Blocker and the Foresite Blocker shall become the debts, liabilities and duties of the Surviving Company.

(d) The certificate of incorporation and bylaws of the Company, as in effect immediately prior to the Merger Effective Time, shall be the certificate of incorporation and bylaws of the Surviving Company until thereafter amended in accordance with the provisions thereof and applicable Law.

(e) Subject to applicable Law, (i) the directors of the Company immediately prior to the Merger Effective Time shall be the initial directors of the Surviving Company and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation, or removal, and (ii) the officers of the Company immediately prior to the Merger Effective Time shall be the initial officers of the Surviving Company and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation, or removal.

(f) All of the equity interests of each of the Bain Blocker and the Foresite Blocker outstanding as of immediately prior to the Merger Effective Time shall, as of the Merger Effective Time, by virtue of the Bain Blocker Merger (in the case of the Bain Blocker) and the Foresite Blocker Merger (in the case of the Foresite Blocker) and without any action on the part

of any Party hereto or the holder thereof or any other Person, be canceled and extinguished and converted into the right to receive the consideration specified in Section 2.1(g). All of such outstanding equity interests of the Bain Blocker and the Foresite Blocker when so converted, shall no longer be outstanding and shall automatically be canceled and the former holders thereof shall cease to have any rights with respect thereto, except the right to receive the consideration specified in Section 2.1(g).

(g) At the Merger Effective Time:

(i) In respect of the outstanding equity interests of the Bain Blocker held by the Bain Funds immediately prior to the Merger Effective Time and canceled and extinguished by virtue of the Bain Blocker Merger, the Bain Funds in the aggregate shall receive the number of shares of Common Stock equal to the number of shares of Common Stock held by the Bain Blocker immediately prior to the Bain Blocker Merger (with such shares to be apportioned 78.79% to Bain Capital Life Sciences Fund, L.P. and 21.21% to BCIP Life Sciences Associates, LP), and such shares of Common Stock of the Company received pursuant to the Bain Blocker Merger shall be free and clear of all security interests, claims, liens, equities or other encumbrances; and

(ii) In respect of the outstanding equity interests of the Foresite Blocker held by the Foresite Fund immediately prior to the Merger Effective Time and canceled and extinguished by virtue of the Foresite Blocker Merger, the Foresite Fund shall receive the number of shares of Common Stock equal to the number of shares of Common Stock held by the Foresite Blocker immediately prior to the Merger Effective Time, and such shares of Common Stock received pursuant to the Foresite Blocker Merger shall be free and clear of all security interests, claims, liens, equities or other encumbrances.

(h) By their execution of this Agreement, the Bain Funds, as the sole stockholders of the Bain Blocker and the Foresite Fund, as the sole stockholder of the Foresite Blocker, each waives its right to any dissent to the Bain Blocker Merger and the Foresite Blocker Merger, respectively, and demand for appraisal for its shares of the Bain Blocker and the Foresite Blocker, respectively, under the DGCL, or otherwise.

2.2 Closing. The closing (the "**Closing**") of the transactions contemplated hereunder shall take place at the offices of Proskauer Rose LLP, 11 Times Square, New York, New York 10036. At the Closing:

(i) The Certificate of Merger shall be filed pursuant to the terms of Section 2.1.

(ii) Each of the Parties shall deliver such other documents, instruments and agreements as are required to be delivered by such Party at the Closing pursuant to this Agreement.

(iii) The Foresite Fund shall deliver to the Company an affidavit dated as of the Closing Date, in form and substance required under Treasury Regulations Section 1.1445-2(b) and in a form reasonably acceptable to the Company.

(iv) On the Closing Date prior to the Closing, (i) the Company shall deliver to the Bain Blocker a statement signed under penalties of perjury and dated as of the Closing Date, satisfying the requirements of Treasury Regulations Section 1.897-2(g)(2)(ii) and 1.897-2(h) and in form and substance reasonably satisfactory to the Bain Funds, certifying that shares of the Company's stock are not "United States real property interests" within the meaning of Section 897 of the Code, and (ii) following its receipt of the statement described in clause (i) above, the Bain Blocker shall deliver to the Bain Funds a statement signed under penalties of perjury and dated as of the Closing Date, satisfying the requirements of Treasury Regulations Section 1.897-2(h) and in form and substance reasonably satisfactory to the Bain Funds, certifying that shares of the Bain Blocker's stock are not "United States real property interests" within the meaning of Section 897 of the Code. Within fifteen (15) days following the Closing Date, the Company (on its own behalf with respect to the statement delivered pursuant to clause (i) above and as the successor to the Bain Blocker with respect to the statement delivered pursuant to clause (ii) above) shall provide notices to the Internal Revenue Service in accordance with Treasury Regulations Section 1.897-2(h)(2) with respect to the statements delivered pursuant to clauses (i) and (ii) above, and shall deliver to the Bain Funds copies of such notices and certified mail receipts with respect thereto.

ARTICLE III

Representations And Warranties Of The Merged Entities

Each of the Merged Entities, severally and not jointly, the Bain Funds (jointly and severally with the Bain Blocker and one another and solely with respect to the Bain Blocker) and the Foresite Fund (jointly and severally with the Foresite Blocker and solely with respect to the Foresite Blocker) represents and warrants to the Company as of the date hereof that:

3.1 Corporate Existence and Power. Such Merged Entity is a corporation incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to conduct its business as it is now being conducted and to own or use the properties and assets that it purports to own or use.

3.2 Authorization. The execution, delivery and performance by such Merged Entity of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated thereby are within the corporate powers and authority of such Merged Entity and have been duly authorized by all necessary corporate action on the part of such Merged Entity. Each of the Transaction Documents to which it is or will be a party constitutes, or will when executed constitute, the legal, valid and binding obligation of such Merged Entity enforceable against such Merged Entity in accordance with its respective terms, (a) except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws concerning fraudulent conveyances and preferential transfers and (b) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in proceeding at law or in equity).

3.3 Governmental Authorization. The execution, delivery and performance by such Merged Entity of each of the Transaction Documents to which it is or will be a party and the

consummation of the transactions contemplated thereby require no action, consent or approval by or in respect of, filing with or notice to, any governmental body, agency or official other than the Certificate of Merger and any other such action or filing as to which the failure to make or obtain would not have, individually or in the aggregate, a Material Adverse Effect.

3.4 Noncontravention. The execution, delivery and performance by such Merged Entity of any of the Transaction Documents to which it is or will be a party, and the consummation of the transactions contemplated thereby do not and will not (a) violate or conflict with the organizational documents of such Merged Entity or any resolution adopted by or any action taken by the board of directors or equityholders of such Merged Entity, (b) assuming compliance with the matters referred to in Section 3.3, contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to such Merged Entity, (c) with or without the giving of notice or the lapse of time, or both, constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of such Merged Entity, or to a loss of any benefit to which such Merged Entity is entitled, under any provision of any agreement, contract or other instrument to which such Party is a party or by which it or its properties or assets is bound or (d) result in the creation or imposition of any Lien (other than Permitted Liens and Exceptions) upon or with respect to such Merged Party or its assets.

3.5 Capitalization. The Bain Blocker represents and warrants that the Bain Funds own 100% of the issued and outstanding capital stock of the Bain Blocker. The Foresite Blocker represents and warrants that the Foresite Fund owns 100% of the issued and outstanding capital stock of the Foresite Blocker. All of the capital stock of such Merged Party have been duly authorized and validly issued and are fully paid and non-assessable. Other than the capital stock issued to the Bain Funds and the Foresite Fund described in this Section 3.5, there are no outstanding (a) capital stock or other voting securities of such Merged Entity, (b) securities of such Merged Entity convertible into or exchangeable for capital stock or other voting securities of such Merged Entity or (c) options or other rights to acquire from such Merged Entity, or other obligation of such Merged Entity to issue, any capital stock or other voting securities of such Merged Entity or securities convertible into or exchangeable for capital stock or other voting securities of such Merged Entity (the items in clauses (a) through (c) being referred to collectively as the "**Securities**"). There are no outstanding obligations of such Merged Entity to repurchase, redeem or otherwise acquire any Securities and there are no agreements or other instruments relating to the issuance, sale or transfer by such Merged Entity of any Securities.

3.6 Subsidiaries. Such Merged Entity has no Subsidiaries. Such Merged Entity does not control directly or indirectly or have any direct or indirect equity participation in any corporation, partnership, trust, or other business association (other than the Company).

3.7 No Liabilities. Such Merged Entity does not conduct any operating or other business or related general business operations, other than its activities as a holding company incident to its direct or indirect ownership of capital stock of the Company. Such Merged Entity does not have any liabilities of any kind, character or description (whether known or unknown, accrued, absolute, contingent or otherwise).

3.8 Related Party Agreements. Except as otherwise provided in the Transaction Documents, there are no agreements, contracts, commitments or understandings, other than any

such agreements, contracts, commitments or understandings that will be terminated as of Closing without any further liability or obligation on the part of such Merged Entity, by and between such Merged Entity, on the one hand, and such Merged Entity's Affiliates, on the other hand, including, without limitation, any such agreements, contracts, commitments or understandings pursuant to which such Affiliate provides or receives any information, assets, properties, support or other services to or from such entity.

3.9 Litigation. There is no claim, action, suit, investigation or proceeding pending against or, to the knowledge of such Merged Entity, threatened against, such Merged Entity or any of its assets before any court or arbitrator or any governmental body, agency or official.

3.10 Compliance with Laws. Such Merged Entity is, and at all times since the date of its incorporation or formation, as applicable, has been, in compliance with all applicable Laws.

3.11 Assets. The sole asset of each Merged Entity is an ownership interest in the Company.

3.12 Inspections; No Other Representations. No Merged Entity makes any express or implied representations or warranties of any nature, whether in writing, oral or otherwise, made by or on behalf of or imputed to any Merged Entity or any of its Affiliates, except as expressly set forth in this Agreement. Without limiting the generality of the foregoing, no Merged Entity nor any of its Affiliates makes any representation or warranty with respect to any projections, estimates or budgets delivered to or made available to the Company of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) or any other information or documents made available to the Company or its counsel, accountants or advisors with respect to any Merged Entity or any of the foregoing business, assets, liabilities or operations.

ARTICLE IV

Representations And Warranties Of The Company

The Company represents and warrants to each of the other Parties, as of the date hereof, that:

4.1 Corporate Existence and Power. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to conduct its business as it is now being conducted and to own or use the properties and assets that it purports to own or use. The shares of Common Stock to be issued by the Company in the Mergers will be duly authorized, validly issued, fully paid and non-assessable.

4.2 Corporate Authorization. The execution, delivery and performance by the Company of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated thereby are within the corporate powers and authority of the Company and have been duly authorized by all necessary corporate action on the part of the Company. Each of the Transaction Documents to which the Company is or will be a party constitutes, or will when executed constitute, the legal, valid and binding obligation of the

Company, enforceable against the Company in accordance with its respective terms, (a) except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws concerning fraudulent conveyances and preferential transfers, and (b) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

4.3 Governmental Authorization. The execution, delivery and performance by the Company of each of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated thereby require no action, consent or approval by or in respect of, filing with or material notice to, any governmental body, agency or official other than: (a) the filing of the Certificate of Merger; and (b) any other such action or filing as to which the failure to make or obtain would not have, individually or in the aggregate, a material adverse effect on the ability of the Company to consummate the transactions contemplated by the Transaction Documents.

4.4 Noncontravention. The execution, delivery and performance by the Company of any of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated thereby do not and will not (a) violate or conflict with the certificate of incorporation of the Company or any resolution adopted by or any action taken by the board of directors or stockholders of the Company, (b) assuming compliance with the matters referred to in Section 4.3, contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to the Company, (c) with or without the giving of notice or the lapse of time, or both, constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of the Company, or to a loss of any benefit to which the Company is entitled under any provision of any agreement, contract or other instrument to which the Company is a party or by which the Company or its properties or assets are bound or (d) result in the creation or imposition of any Lien (other than Permitted Liens and Exceptions) upon or with respect to the Company or its properties or assets, except, in the case of clauses (b), (c) or (d), for any such contravention, conflict, violation, default, termination, cancellation, acceleration or loss that would not have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries, taken as a whole.

ARTICLE V

Covenants Of The Parties

Each of the Parties hereto agrees that:

5.1 Reasonable Best Efforts; Further Assurances. Subject to the terms and conditions of this Agreement, each Party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by any of the Transaction Documents. Each Party shall execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or appropriate in order to consummate or implement expeditiously the transactions contemplated by any of the Transaction Documents.

5.2 Public Announcements. Other than the Company, none of the other Parties hereto may issue any press release or make any public statement with respect to any Transaction Document or the transactions contemplated thereby.

ARTICLE VI

Tax Matters

6.1 Tax Reporting. The Parties acknowledge that each Merger is intended to be treated as a "reorganization" within the meaning of Section 368 of the Code. Neither the Company nor any holder of securities of either Merged Entity shall take any position on any tax return in a manner inconsistent with such intended treatment.

6.2 Preparation of Tax Returns.

(a) The Company and the Bain Funds shall use commercially reasonable efforts to (x) allow the Bain Funds to prepare (or cause to be prepared) drafts of all Tax returns of the Bain Blocker for any Tax period ending on or before the Closing Date, and (y) allow the Company to review and timely file such Tax returns, which shall be filed as modified by the Company's reasonable comments thereto (with the Company to provide notice to the Bain Funds of any such comments and an opportunity to discuss such comments).

(b) The Company and the Foresite Fund shall use commercially reasonable efforts to (x) allow the Foresite Fund to prepare (or cause to be prepared) drafts of all Tax returns of the Foresite Blocker for any Tax period ending on or before the Closing Date, and (y) allow the Company to review and timely file such Tax returns, which shall be filed as modified by the Company's reasonable comments thereto (with the Company to provide notice to the Foresite Fund of any such comments and an opportunity to discuss such comments).

ARTICLE VII

Survival; Indemnification

7.1 Survival. The representations and warranties of any of the Parties hereto contained in this Agreement shall survive Closing and shall continue in full force and effect indefinitely. Except as otherwise provided in this Agreement, the covenants and agreements of the Parties contained in this Agreement shall survive Closing and shall continue in full force and effect indefinitely or for the shorter period specified in this Agreement. Any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to this Section 7.1 if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the Party against whom such indemnity may be sought prior to such time.

7.2 Indemnification.

(a) From and after Closing, the Company hereby indemnifies the Bain Funds and the Foresite Fund against and agrees to hold each of them harmless from (i) any and all

damage, loss, liability and expense (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding) ("**Damages**") actually incurred or suffered by the Bain Funds or the Foresite Fund, as applicable, arising out of or resulting from any inaccuracy or breach of any representation and warranty or breach of a covenant, in each case of the Company contained in the Transaction Documents or in the exhibits, schedules or certificates to, or delivered in connection with, the Transaction Documents or (ii) any and all Damages incurred or suffered by the Bain Funds or the Foresite Fund, as applicable, on account of the gross negligence, intentional misrepresentation, willful misconduct or fraud of the Company in connection with the execution of the Merger.

(b) From and after Closing, the Bain Funds hereby indemnify the Company against and agrees to hold it harmless from (i) any and all Damages actually incurred or suffered by the Company arising out of, resulting from or related to any inaccuracy or breach of any representation and warranty or breach of a covenant, in each case of the Bain Funds or the Bain Blocker contained in the Transaction Documents or in the exhibits, schedules or certificates to, or delivered in connection with, the Transaction Documents, (ii) any and all Damages incurred or suffered by the Company on account of the gross negligence, intentional misrepresentation, willful misconduct or fraud of the Bain Funds or the Bain Blocker, and (iii) any and all Damages arising out of, resulting from or related to a liability of the Bain Blocker (including, for the avoidance of doubt, any Taxes of the Bain Blocker).

(c) From and after Closing, the Foresite Fund hereby indemnifies the Company against and agrees to hold it harmless from (i) any and all Damages actually incurred or suffered by the Company arising out of, resulting from or related to any inaccuracy or breach of any representation and warranty or breach of a covenant, in each case of the Foresite Fund or the Foresite Blocker contained in the Transaction Documents or in the exhibits, schedules or certificates to, or delivered in connection with, the Transaction Documents, (ii) any and all Damages incurred or suffered by the Company on account of the gross negligence, intentional misrepresentation, willful misconduct or fraud of the Foresite Fund or the Foresite Blocker, and (iii) any and all Damages arising out of, resulting from or related to a liability of the Foresite Blocker (including, for the avoidance of doubt, any Taxes of the Foresite Blocker).

(d) Notwithstanding anything contained in this Agreement to the contrary, other than in the case of a claim based on gross negligence, intentional misrepresentation, willful misconduct or fraud, no Party shall be entitled to seek, nor be entitled to, incidental, indirect punitive, special or consequential damages (including damages for any lost profits) in any Claim for indemnification or recovery of Damages pursuant to this Agreement except to the extent damages of such type are paid by such Party to an unaffiliated or unrelated third party.

7.3 Procedures.

(a) The Party seeking indemnification under Section 7.2 (the "**Indemnified Party**") agrees to give prompt notice to the Party against whom indemnity is sought (the "**Indemnifying Party**") of the assertion of any claim, or the commencement of any suit, action or proceeding ("**Claim**") in respect of which indemnity may be sought under such Section and will promptly provide the Indemnifying Party such information and access to personnel with respect thereto that the Indemnifying Party may reasonably request. The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have prejudiced the Indemnifying Party.

(b) The Indemnified Party shall obtain the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement of any Claim asserted by any third party ("**Third Party Claim**").

(c) Each Party shall cooperate, and cause their respective Affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith. The Indemnified Party shall (i) keep the Indemnifying Party reasonably informed of the status of any Third Party Claim, (ii) permit the Indemnifying Party to participate in the defense or prosecution of any Third Party Claim, and (iii) consult in good faith with the Indemnifying Party regarding the defense or prosecution of any Third Party Claim.

(d) Where required by applicable Law, each Indemnified Party will undertake commercially reasonable efforts to mitigate any loss for which such Indemnified Party seeks indemnification under this Agreement. If such Indemnified Party mitigates its loss after the Indemnifying Party has paid the Indemnified Party under any indemnification provision of this Agreement in respect of that loss, the Indemnified Party must promptly notify the Indemnifying Party and promptly pay to the Indemnifying Party the extent of the value of the benefit (or, if less, the amount of any such loss previously paid by the Indemnifying Party) to the Indemnified Party of that mitigation (less the Indemnified Party's reasonable costs of mitigation).

(e) Each Indemnified Party shall use reasonable efforts to collect any amounts available under insurance coverage or through indemnification, contribution or other reimbursement arrangements from any other Person alleged to be responsible, for any Damages payable under Section 7.2, and the amounts received from such sources shall offset any Damages otherwise payable under Section 7.2.

(f) Assignment of Claims. If the Indemnified Party receives any payment from an Indemnifying Party in respect of any Damages pursuant to Section 7.2 and the Indemnified Party could have recovered all or a part of such Damages from a third party (other than any Subsidiary of the Company or any current or former employee or agent of such Persons) (a "**Potential Contributor**") based on the underlying Claim asserted against the Indemnifying Party, the Indemnified Party shall assign such of its rights to proceed against the Potential Contributor as are necessary to permit the Indemnifying Party to recover from the Potential Contributor the amount of such payment.

7.4 Exclusivity. After the Closing, Article VII will provide the sole and exclusive remedy for any misrepresentation, breach of warranty, covenant or other agreement or other claim arising out of the Transaction Documents or the transactions contemplated thereby, including any claim for gross negligence, intentional misrepresentation, willful misconduct or fraud. Notwithstanding the foregoing, it is understood that nothing herein shall prohibit any Party hereto from exercising its rights to seek equitable relief with respect to a breach of covenant or agreement under any Transaction Document.

ARTICLE VIII

Miscellaneous

8.1 Notices. All notices, requests, or consents required or permitted to be given under this Agreement must be in writing and shall be deemed to have been given (a) three (3) days after the date mailed by registered or certified mail, addressed to the recipient, with return receipt requested, (b) upon delivery to the recipient in person or by courier, or (c) upon receipt of a facsimile or e-mail transmission by the recipient. Such notices, requests and consents shall be given,

if to the Bain Funds or the Bain Blocker, to:

c/o Bain Capital Life Sciences, LP
200 Clarendon Street
Boston, MA 02116
Attn: General Counsel, North America Private Investments

if to the Foresite Fund or the Foresite Blocker, to:

[c/o Foresite Capital Management, LLC
1345 Avenue of the Americas, Third Floor
New York, NY 10105]
Attn: [●]

If to the Company, to:

c/o Solid Biosciences Inc.
161 First Street, Third Floor
Cambridge, MA 02142
Attn: Daniel Finkelman, Esq.

with copies (which shall not constitute notice) to:

Proskauer Rose LLP
One International Place
Boston, MA 02110
Attention: Arnold May, Esq.

or to such other address or facsimile number and with such other copies, as such Party may hereafter specify for the purpose by notice to the other Parties.

Whenever any notice is required to be given by Law or this Agreement, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Without limiting the manner by which notice otherwise may be given effectively to the Parties pursuant to this Agreement, any notice to the Parties given by the Company under any provision of this Agreement shall be effective if given by a form of electronic transmission consented to by the Party to whom the notice is given. Any such consent shall be revocable by such Party by written notice to the Company.

8.2 Amendments and Waivers.

(a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party to this Agreement, or in the case of a waiver, by the Party against whom the waiver is to be effective.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3 Expenses. All costs and expenses incurred by the Bain Funds and the Bain Blocker in connection with the negotiation, preparation, execution and delivery of this Agreement and the Transaction Documents and the consummation of the Closing shall be paid by the Bain Funds. All costs and expenses incurred by the Foresite Fund and the Foresite Blocker in connection with the negotiation, preparation, execution and delivery of this Agreement and the Transaction Documents and the consummation of the Closing shall be paid by the Foresite Fund. The Bain Funds (collectively) and the Foresite Fund shall each pay fifty percent (50%) of the costs and expenses incurred by the Company in connection with the negotiation, preparation, execution and delivery of this Agreement and the Transaction Documents and the consummation of the Closing; provided that the Bain Funds (collectively) and the Foresite Fund shall each have a maximum obligation pursuant to this sentence of $10,000.

8.4 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other Party hereto.

8.5 Governing Law. This Agreement is governed by and shall be construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

8.6 Consent to Jurisdiction. Except as otherwise expressly provided in this Agreement, the Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, any of the Transaction Documents or the transactions contemplated thereby shall be brought in the United States District Court or any Delaware state court sitting in Wilmington, Delaware, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of any of the Transaction Documents shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts

therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 8.1 shall be deemed effective service of process on such Party.

8.7 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

8.8 Counterparts; Third Party Beneficiaries. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Each Transaction Document shall become effective when each Party thereto shall have received a counterpart thereof signed by the other Party thereto. No Transaction Document is intended to confer upon any Person other than the Parties thereto any rights or remedies hereunder.

8.9 Entire Agreement. The Transaction Documents constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by any Party hereto.

8.10 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other governmental authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be duly executed as of the day and year first above-written.

COMPANY

SOLID BIOSCIENCES INC.

By: /s/ Ilan Ganot
Name: Ilan Ganot
Title: Chief Executive Officer

[*Signature Page to Agreement and Plan of Merger*]

BAIN FUNDS

BAIN CAPITAL LIFE SCIENCES FUND, L.P.

By: Bain Capital Life Sciences Partners, LP, its general partner

By: Bain Capital Life Sciences Investors, LLC, its general partner

By: /s/ Adam Koppel
Name: Adam Koppel
Title: Authorized Signatory

BCIP LIFE SCIENCES ASSOCIATES, LP

By: Boylston Coinvestors, LLC,
its general partner

By: /s/ Adam Koppel
Name: Adam Koppel
Title: Authorized Signatory

BAIN BLOCKER

BCLS SOLID BIO, INC.

By: /s/ Adam Koppel
Name: Adam Koppel
Title: Authorized Signatory

FORESITE FUND

FORESITE CAPITAL FUND III, L.P.

By: Foresite Capital Management III, LLC

Its: General Partner

By: /s/ Dennis D. Ryan
Name: Dennis D. Ryan
Title: Chief Financial Officer

FORESITE BLOCKER

FC FUND III SOLID HOLDINGS, INC.

By: Foresite Capital Management III, LLC

Its: General Partner

By: /s/ Dennis D. Ryan
Name: Dennis D. Ryan
Title: Chief Financial Officer

EXHIBIT A TO AGREEMENT AND PLAN OF MERGER

CERTIFICATE OF MERGER

OF

BCLS SOLID BIO, INC.,

a Delaware corporation,

FC FUND III SOLID HOLDINGS, INC.,

a Delaware corporation,

WITH AND INTO

SOLID BIOSCIENCES INC.,
a Delaware corporation

Pursuant to Title 8, Section 251 of the Delaware General Corporation Law ("**DGCL**"), Solid Biosciences Inc., a Delaware corporation (the "**Company**"), in connection with (i) the merger of BCLS Solid Bio, Inc., a Delaware corporation (the "**Bain Blocker**"), with and into the Company and (ii) the merger of FC Fund III Solid Holdings, Inc., a Delaware corporation (the "**Foresite Blocker**"), with and into the Company (such mergers, together, the "**Merger**"), hereby certifies as follows:

FIRST: The names and states of domicile of the constituent corporations to the Merger (the "**Constituent Corporations**") are:

Name	State of Domicile
Solid Biosciences Inc.	Delaware
BCLS Solid Bio, Inc.	Delaware
FC Fund III Solid Holdings, Inc.	Delaware

SECOND: An Agreement and Plan of Merger, dated as of January 25, 2018 (the "**Merger Agreement**"), by and among the Company, Bain Capital Life Sciences Fund, L.P., BCIP Life Sciences Associates, LP, the Bain Blocker, Foresite Capital Fund III, L.P. and the Foresite Blocker has been approved, adopted, certified, executed and acknowledged by Bain Capital Life Sciences Fund, L.P., BCIP Life Sciences Associates, LP, the Bain Blocker, the Foresite Blocker and Foresite Capital Fund III, L.P. in accordance with Sections 228 and 251 of the DGCL.

THIRD: The Company shall be the surviving entity in the Merger. The name of the surviving entity shall be "**Solid Biosciences Inc**.".

FOURTH: The Merger shall become effective upon the filing of this Certificate of Merger with the Secretary of State of the State of Delaware.

FIFTH: An executed copy of the Merger Agreement is on file at the office of the surviving entity at 161 First Street, Third Floor, Cambridge, MA 02142.

SIXTH: A copy of the Merger Agreement will be furnished by the surviving entity, on request and without cost, to any equityholder of any of the Constituent Corporations.

SEVENTH: The Certificate of Incorporation of the Company shall be the Certificate of Incorporation of the surviving entity.

* * * * *

IN WITNESS WHEREOF, the undersigned, for the purpose of effectuating the Merger of the Constituent Corporations, pursuant to the DGCL, under penalties of perjury does hereby declare and certify that this is the act and deed of the Company and the facts stated herein are true and, accordingly, has hereunto signed this Certificate of Merger this day of January 25, 2018.

SOLID BIOSCIENCES INC.,
a Delaware corporation

By: /s/ Ilan Ganot
Name: Ilan Ganot
Title: Chief Executive Officer

[*Signature Page to Certificate of Merger*]

Exhibit 10.7

SOLID BIOSCIENCES, LLC

AMENDED AND RESTATED EQUITY INCENTIVE PLAN

(Effective as of March 29, 2017)

1. **ESTABLISHMENT AND TERM OF PLAN.**

1.1 **Establishment.** The Solid Ventures, LLC Equity Incentive Plan (the "***Original Plan***") was established effective as of January 1, 2014. The Original Plan is hereby amended and restated in its entirety effective as of March 29, 2017. The Original Plan, as so amended and restated, shall be known as the "Solid Biosciences, LLC Amended and Restated Equity Incentive Plan" (the "***Plan***").

1.2 **Term of Plan.** The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the Units available for issuance under the Plan have been issued and all forfeiture restrictions on such Units under the terms of the Plan and the Unit Restriction Agreements have lapsed.

2. **DEFINITIONS AND CONSTRUCTION.**

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "***Board***" means the Board of Managers of the Company.

(b) "***Company***" means Solid Biosciences, LLC, a Delaware limited liability company, or any successor thereto.

(c) "***Grant***" means a grant of Units under the Plan.

(d) "***Grantee***" means a person who has been granted Units under the Plan.

(e) "***Unit Restriction Agreement***" means a written agreement between the Company and a Grantee setting forth the terms, conditions and restrictions of the Units granted to the Grantee.

(f) "***Units***" means the Series D Common Units of the Company.

2.2 **Construction**. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. **ADMINISTRATION.**

3.1 **Administration by the Board.** The Plan shall be administered by the Board. All questions of interpretation of the Plan or of any Grant shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Grant.

3.2 **Powers of the Board.** In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Grants shall be made and the number of Units to be subject to each Grant;

(b) to determine the terms, conditions and restrictions applicable to each Grant (which need not be identical) and any Units acquired pursuant thereto, including, without limitation, (i) the vesting of any Units (ii) the effect of the Grantee's termination of service with the Company, and (iii) all other terms, conditions and restrictions applicable to the Grant not inconsistent with the terms of the Plan;

(c) to approve one or more forms of Unit Restriction Agreement; and

(d) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Unit Restriction Agreement and to make all other determinations and take such other actions with respect to the Plan or any Grant as the Board may deem advisable to the extent consistent with the Plan and applicable law.

4. **UNITS SUBJECT TO PLAN.**

The maximum aggregate number of Units that may be issued under the Plan shall be 2,971,949. If Units are acquired under the Plan subject to forfeiture and are forfeited back to the Company, the forfeited Units shall again be available for issuance under the Plan. For the avoidance of doubt, the maximum aggregate number of Units issuable under the Plan includes Units granted under the Original Plan which are outstanding as of March 29, 2017, and Units which are subject to contingent grants as of that date, including Units issued to former Class C members of Solid GT, LLC upon the merger of that entity into the Company.

5. **ELIGIBILITY LIMITATIONS.**

Grants may only be made to employees, consultants and other service providers to the Company.

6. **TERMS AND CONDITIONS OF GRANTS.**

Grants shall be evidenced by Unit Restriction Agreements specifying the number of Units covered thereby. No Grant shall be a valid and binding obligation of the Company unless evidenced by a fully-executed Unit Restriction Agreement. Unit Restriction Agreements may incorporate all or any of the terms of the Plan by reference and Units issued under the Plan may be subject to forfeiture as determined by the Board in its discretion at the time the Grant is made.

7. **COMPLIANCE WITH SECURITIES LAW.**

Each Grant and the issuance of Units shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities.

8. **TERMINATION OR AMENDMENT OF PLAN.**

The Board may terminate or amend the Plan at any time, subject to such approvals by the members of the Company as may be required.

9. **GOVERNING LAW.**

The validity, construction and effect of the Plan and of any rules, regulations, determinations or decisions made by the Board relating to the Plan and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with applicable federal laws and the laws of the State of Delaware, without regard to its conflict of laws principles.

SERIES D COMMON UNIT RESTRICTION AGREEMENT

AGREEMENT, made as of the [__] day of [____], 201[_], by and between Solid Biosciences, LLC, a Delaware limited liability company (the "Company"), and [_____] (the "Unitholder").

WHEREAS, the Unitholder is being issued an aggregate of [_____] Series D Common Units of the Company (the "Units"), and all of such Units are designated as "profits interests" for purposes of the Third Amended and Restated Limited Liability Company Agreement of the Company, as the same may be amended from time to time (the "LLC Agreement"), and, accordingly, distributions in respect of the Units may be subject to limitations as provided in Section 8.1(c) of the LLC Agreement, as determined by its Board of Managers; and

WHEREAS, it is a condition to the issuance of the Units that this Agreement be executed by the parties hereto, and the parties are willing to execute this Agreement and to be bound by the provisions hereof.

NOW, THEREFORE, in consideration of the foregoing, the agreements set forth below, and the parties' desire to provide for continuity of ownership of the Company to further the interests of the Company and its present and future beneficial owners, the parties hereby agree with each other as follows:

Forfeiture of Units.

If the Unitholder shall for any reason, including, without limitation, death, disability or involuntary termination with or without cause, cease to be employed by the Company, the Unitholder shall forfeit all of his or her Units, other than any of such Units which become Vested Units, as defined below.

"Vested Units" shall mean [insert number equal to 25%] Units on [insert date that is first anniversary of initial date of employment], and an additional [insert number equal to 12.5%] Units on each semi-annual anniversary thereafter, provided that no additional Units shall become Vested Units after the date upon which the Unitholder ceases to be employed by the Company and in no event shall more than [insert number of Units granted] Units become Vested Units.

In no event shall the Unitholder transfer, sell, exchange, pledge, hypothecate or otherwise dispose of any Units other than Vested Units.

Entire Agreement and Amendments. This Agreement supersedes and replaces all prior agreements and understandings between the Company and the Unitholder with respect to such grant of equity in the Company to the Unitholder. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and neither this Agreement nor any provision hereof may be waived, modified, amended or terminated except by a written agreement signed by the parties hereto.

Governing Law; Successors and Assigns. This Agreement shall be governed by the laws of the State of Delaware and shall be binding upon the heirs, personal representatives, executors, administrators and permitted assigns of the parties.

Captions. Captions are for convenience only and are not deemed to be part of this Agreement.

Continuation of Service. Nothing in this Agreement shall create an obligation on the Company to continue to have the Unitholder provide services to the Company.

Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

LLC Agreement. Upon the execution of this Agreement, the Unitholder shall be deemed to have executed, and become a party to, the LLC Agreement and to have been admitted to the Company as a Series D Common Member.

IN WITNESS WHEREOF, this Agreement has been executed as of the date and year first above written.

SOLID BIOSCIENCES, LLC

By: _____
Ilan Ganot
Chief Executive Officer

_____
[insert name of Unitholder]

Exhibit 10.20

SUBLEASE

BETWEEN

TWITTER, INC.

AND

SOLID BIOSCIENCES, LLC

141 Portland Street, Cambridge, Massachusetts

Fifth (5th) Floor

SUBLEASE

THIS SUBLEASE ("**Sublease**") is entered into as of January 30, 2018 (the "**Effective Date**"), by and between **TWITTER, INC.**, a Delaware corporation ("**Sublandlord**") and **SOLID BIOSCIENCES, LLC,** a Delaware limited liability company ("**Subtenant**"), with reference to the following facts:

A. Pursuant to that certain Lease dated as of September 10, 2013 (the **"Original Master Lease"**), as amended by that certain First Amendment to Lease Agreement dated as of January 24, 2018 (the **"First Amendment"**) (as amended, the **"Master Lease"**),Kendall Square Entity, Inc. (**"Landlord"**), as Landlord, leases to Sublandlord, as Subtenant, certain space (the **"Master Lease Premises"**) consisting of 47,631 rentable square feet (**"RSF"**) and consisting of 15,877 RSF on the fifth (5th) floor of the Building (defined below) (the **"5th Floor Premises"**), 15,877 RSF on the sixth (6th) floor of the Building (the **"6th Floor Premises"**) and 15,877 RSF on the seventh (7th) floor of the Building (the **"7th Floor Premises"**); as used herein, the **"Building"** shall mean the building located at 141 Portland Street, Cambridge, Massachusetts.

B. Subtenant wishes to sublease from Sublandlord, and Sublandlord wishes to sublease to Subtenant, the 5th Floor Premises, said space being more particularly identified and described on the floor plan attached hereto as **Exhibit A** and incorporated herein by reference (and hereafter referred to as the **"Subleased Premises"**).

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, Sublandlord and Subtenant hereby agree as follows:

1. Sublease. Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord for the term, at the rental, and upon all of the conditions set forth herein, the Subleased Premises, together with rights of ingress and egress thereto, and with the right in common with others to use, to the extent applicable, the elevators and common passageways, stairways and vestibules, and to pass over and park on that portion of land owned by Landlord and designated by Landlord for Sublandlord's parking.

2. Term.

(a) Generally. The term of this Sublease (the **"Term"**) shall commence on the date (the **"Commencement Date"**) that is the later to occur of (i) the date that Sublandlord delivers possession of the Subleased Premises to Subtenant with Sublandlord's Pre-Delivery Work (defined in Section 14(a) below) completed (the **"Delivery Date"** and such delivery, **"Delivery"**) and (ii) the date upon which Sublandlord or Landlord delivers Landlord's fully executed Consent (as defined in Section 26 of this Sublease) to Subtenant; the parties anticipate that the Commencement Date will be January 15, 2018 (the **"Anticipated Commencement Date"**). Unless sooner terminated pursuant to any provision hereto, the Term will end on the later of either (x) February 28, 2019 or, (y) if Sublandlord and Landlord mutually execute and deliver an amendment to the Master Lease pursuant to which the term of the Master Lease is extended to at least February 28, 2022, then, subject to Landlord's consent, the Term will expire February 28, 2022 (the **"Expiration Date"**). Upon the determination of the Commencement

Date and the Expiration Date, Sublandlord and Subtenant will enter into a letter agreement in the form of **Exhibit B** attached hereto. If Sublandlord and Landlord fail by March 31, 2018 to mutually execute and deliver an amendment to the Master Lease, pursuant to which the term of the Master Lease is extended to at least February 28, 2022, then Subtenant shall have the right to negotiate directly with Landlord for the extension of the Expiration Date beyond February 28, 2019.

(b) Delivery Conditions. If, as of the date that Sublandlord would otherwise achieve Delivery as described in clause (i) of Section 2(a) above, Subtenant has not delivered to Sublandlord (x) the prepaid Base Rent pursuant to the provisions of Section 3(a) below, (y) the Security Deposit pursuant to the provisions of Section 4 below and (z) evidence of Subtenant's procurement of all insurance coverage required hereunder (the **"Delivery Conditions"**), then Sublandlord will have no obligation to Deliver the Subleased Premises to Subtenant, but the failure on the part of Sublandlord to so Deliver possession of the Subleased Premises to Subtenant in such event will not serve to delay the occurrence of the Commencement Date and the commencement of Subtenant's obligations to pay Rent (defined below) hereunder.

(c) Late Delivery. If the Commencement Date does not occur as of the Anticipated Commencement Date for any reason other than due to Subtenant's failure to fulfill the Delivery Conditions, or to execute the Consent, Subtenant shall be entitled to a day-for-day delay in the Rent Commencement Date (defined in Section 3(a) below).

(d) First Right to Negotiate Extension. If both (y) the term of the Master Lease expires more than one (1) month after the Expiration Date and (z) Sublandlord determines in good faith that Sublandlord will not reoccupy the Subleased Premises for the conduct of Sublandlord's business following the Expiration Date, Sublandlord will provide written notice to Subtenant of such determination (a **"Non-Occupancy Notice"**) no later than three (3) months prior to the Expiration Date; thereafter, Subtenant shall have the right to provide written notice to Sublandlord within fifteen (15) days of Subtenant's receipt of such notice if it desires to negotiate to extend the Term. If Subtenant fails to timely notify Sublandlord of Subtenant's desire to extend the Term, Sublandlord shall be free to negotiate with third parties regarding the sublease of the Subleased Premises on such terms and conditions as Sublandlord in its good faith discretion may determine to be acceptable. If, however, Subtenant timely notifies Sublandlord of Subtenant's desire to extend the Term, Subtenant shall have the exclusive right to negotiate with Sublandlord for a period of two (2) weeks (the **"Negotiation Period"**) following Subtenant's notice to Sublandlord, regarding the terms upon which the Term may be so extended, with Subtenant paying the same rental rate payable by Sublandlord under the Master Lease, for a term to be mutually agreed upon by Sublandlord and Subtenant. During the Negotiation Period, the parties will attempt in good faith to reach agreement on such extension and any corresponding change to the Security Deposit; if, at the expiration of the Negotiation Period, the parties have not reached an agreement, Sublandlord shall be free to negotiate with third parties regarding the sublease of the Subleased Premises on such terms and conditions as Sublandlord in its good faith discretion may determine to be acceptable. For avoidance of doubt, if Sublandlord fails to timely deliver a Non-Occupancy Notice but, in fact, has determined that Sublandlord will not reoccupy the Subleased Premises as described above, Sublandlord will not enter into any sublease for the period following the Expiration Date with any third party for the Subleased Premises without initially providing Subtenant the right to engage in the negotiation of a potential extension of this Sublease during a Negotiation Period.

3. Rent.

(a) Rent Payments. From and after April 1, 2018 (the **"Rent Commencement Date"**) Subtenant shall pay to Sublandlord as base rent for the Subleased Premises during the Term (**"Base Rent"**) the following:

Period	Rate Per RSF Per Annum	Monthly Base Rent
Rent Commencement Date - February 28, 2019	$ 60.00	$79,385.00

Base Rent shall be paid in advance on the first day of each month of the Term from and after the Rent Commencement Date, except that Subtenant shall pay one (1) month's Base Rent to Sublandlord (i.e., $79,385.00) upon execution of this Sublease and delivery of this Sublease to Sublandlord; said pre-paid Base Rent will be applied to the first (1st) month's Base Rent due and payable hereunder. If the Term is extended pursuant to the provisions of clause (y) of Section 2(a) above, then, during such extended portion of the Term, Subtenant will pay the same Base Rent rate per RSF per annum that Sublandlord is obligated to pay pursuant to the provisions of the Master Lease during such extended Term, but in no event will such amounts exceed the following:

Period	Maximum Base Rent Per RSF Per Annum
March 1, 2019 - February 29, 2020	$ 78.00
March 1, 2020 - February 28, 2021	$ 79.00
March 1, 2021 - February 28, 2022	$ 80.00

Rent for any partial month shall be prorated as necessary based upon the actual number of days in such month which fall within the Term. All Rent shall be payable in lawful money of the United States by electronic funds transfer, ACH or wire transfer to an account designated by Sublandlord, or by regular bank check of Subtenant, to Sublandlord at the following address:

Twitter, Inc.
c/o SRS - Cresa Lease Administration, LLC
Inwood National Bank
P.O. Box 852724
Richardson, Texas 75085

or to such other persons or at such other places as Sublandlord may designate in writing.

(b) Operating Costs.

(i) Definitions. For purposes of this Sublease and in addition to the terms defined elsewhere in this Sublease, the following terms shall have the meanings set forth below:

(1) **"Additional Rent"** shall mean the sums payable pursuant to Section 3(b)(ii) below.

(2) **"Base Operating Costs**" shall mean Operating Costs payable by Sublandlord to Landlord for the Master Lease Premises during the Base Year.

(3) **"Base Year"** shall mean the calendar year 2018, however, if the Term is extended as described in clause (y) of Section 2(a) above, then, during such extended portion of the Term, the Base Year hereunder shall be the same Base Year as is applicable under the Master Lease, as the Master Lease is modified to effect such extension.

(4) **"Operating Costs"** shall mean the aggregate of Operating Expenses and Taxes (as such terms are defined in the Original Master Lease) charged by Landlord to Sublandlord pursuant to the Master Lease.

(5) **"Rent"** shall mean, collectively, Base Rent, Additional Rent, and all other sums payable by Subtenant to Sublandlord under this Sublease, whether or not expressly designated as "rent", all of which are deemed and designated as rent pursuant to the terms of this Sublease.

(6) **"Subtenant's Percentage Share"** shall mean 33.33% (i.e., 15,877/47,631); provided, however, that if at any time the RSF of the Master Lease Premises or the Subleased Premises shall change as a consequence to the change in the physical dimensions of either the Master Lease Premises or the Subleased Premises, then Subtenant's Percentage Share shall be recalculated to reflect the ratio, expressed as a percentage, that the RSF of the Subleased Premises then bears to the RSF of the Master Lease Premises.

(ii) Payment of Additional Rent. In addition to the Base Rent payable hereunder, from and after the expiration of the Base Year, Subtenant shall pay, as Additional Rent, Subtenant's Percentage Share of the amount by which Operating Costs payable by Sublandlord for the then current calendar year exceed Base Operating Costs. Sublandlord shall provide Subtenant with written notice of Sublandlord's estimate of the amount of Additional Rent per month payable for each calendar year after the Base Year promptly following the Sublandlord's receipt of Landlord's estimate of the Operating Costs payable under the Master Lease. Thereafter, the Additional Rent payable shall be determined and adjusted in accordance with the provisions below.

(iii) Procedure. The determination and adjustment of Additional Rent payable hereunder shall be made in accordance with the following procedures:

(1) Delivery of Estimate; Payment. Upon receipt of a statement from Landlord specifying the estimated Operating Costs to be charged to Sublandlord under the Master Lease with respect to each calendar year, or as soon after receipt of such statement as practicable, Sublandlord shall give Subtenant written notice of its estimate of Additional Rent for the ensuing calendar year, which estimate shall be prepared based on the estimate received from Landlord (as Landlord's estimate may change from time to time), together with a copy of the statement received from Landlord. On or before the first day of each month during each calendar year, Subtenant shall pay to Sublandlord as Additional Rent one-twelfth (l/12th) of such estimated amount together with the Base Rent.

(2) Sublandlord's Failure to Deliver Estimate. In the event Sublandlord's notice is not given on or before December 1 of the calendar year preceding the calendar year for which Sublandlord's notice is applicable, as the case may be, then until the calendar month after such notice is delivered by Sublandlord, Subtenant shall continue to pay to Sublandlord monthly, during the ensuing calendar year, estimated payments equal to the amounts payable hereunder during the calendar year just ended. Upon receipt of any such post-December 1 notice Subtenant shall (i) commence as of the immediately following calendar month, and continue for the remainder of the calendar year, to pay to Sublandlord monthly such new estimated payments and (ii) if the monthly installment of the new estimate of such Additional Rent is greater than the monthly installment of the estimate for the previous calendar year, pay to Sublandlord within thirty (30) days of the receipt of such notice an amount equal to the difference of such monthly installment multiplied by the number of full and partial calendar months of such year preceding the delivery of such notice.

(iv) Year End Reconciliation. Following the receipt by Sublandlord of a final statement of Operating Costs from Landlord with respect to each calendar year, Sublandlord shall deliver to Subtenant a statement of any adjustment to be made for the calendar year just ended ("**Sublandlord's Annual Statement**"), together with a copy of any corresponding Landlord's statement of actual Operating Expense and Taxes received by Sublandlord (**"Landlord's Statement"**). If on the basis of Sublandlord's Annual Statement,Subtenant owes an amount that is less than the estimated payments actually made by Subtenant for the calendar year just ended, Sublandlord shall credit such excess to the next payments of Rent coming due or, if the Sublease Term will expire before such credit offsets the full excess, refund any remaining excess to Subtenant within thirty (30) days after the expiration of the Sublease Term. If on the basis of such Sublandlord's Annual Statement Subtenant owes an amount that is more than the estimated payments for the calendar year just ended previously made by Subtenant, Subtenant shall pay the deficiency to Sublandlord within thirty (30) days after delivery of the Sublandlord's Annual Statement from Sublandlord to Subtenant.

(v) Reliance on Landlord's Calculations.

(1) Generally. In calculating Operating Costs payable hereunder by Subtenant, Sublandlord shall have the right to rely upon the calculations of Landlord made in determining Operating Expenses and Taxes pursuant to the provisions of the Master Lease and Subtenant shall have no direct right to audit or review Landlord's calculation of Operating Expenses and Taxes.

(2) Subtenant's Right to Request Audit.

a. Notwithstanding the provisions of Section 3(b)(v)(l) above, provided Subtenant is not in Default hereunder and no notice of Default from Sublandlord to Subtenant is then currently outstanding and uncured, and further provided that Subtenant delivers Subtenant's Audit Request Notice (defined below) at least thirty (30) days prior to the date of expiration of Sublandlord's right to request a review of Landlord's books and records pursuant to the provisions of Section 5 of Exhibit C to the Original Master Lease, if in

any year Sublandlord's Annual Statement reflects an increase in Operating Costs in excess of five percent (5%) over the Operating Costs for the immediately preceding year, Subtenant shall have the right, to be exercised by written notice delivered to Sublandlord (**"Subtenant's Audit Request Notice"**) to request that Sublandlord exercise its rights to review Landlord's books and records regarding Operating Expenses and Taxes as set forth in Section 5 of Exhibit C to the Original Master Lease. In such event, Sublandlord will promptly exercise Sublandlord's rights set forth in Section 5 of Exhibit C to the Original Master Lease. In the event of any such exercise by Sublandlord pursuant to the provisions of this Section 3(b)(v)(2) the following provisions will apply:

b. Sublandlord will select a certified public accountant selected by Sublandlord to review Landlord's books and records in accordance with the provisions of Section 5 of Exhibit C to the Original Master Lease, following which Sublandlord and Subtenant will confer in good faith regarding the results of such review; thereafter, if the parties deem it necessary, then Sublandlord, will endeavor in good faith to resolve with Landlord any necessary clarification or dispute raised by Subtenant in Subtenant's Audit Request Notice. All costs of any such review shall be borne solely by Subtenant as additional Rent hereunder, unless Landlord is liable for the costs of the audit pursuant to Section 5 of Exhibit C to the Original Master Lease. Any additional amounts will be due within thirty (30) days after Sublandlord's delivery of an invoice to Subtenant. If, following the completion of any such audit, it is determined that Sublandlord is entitled to the reimbursement of Operating Expenses and Taxes under the Master Lease, any such reimbursement shall be applied, first, to the audit costs previously paid by Subtenant, and second, to any such reasonable out of pocket cost incurred by Sublandlord which have not then been reimbursed by Subtenant or Landlord to Sublandlord, and, thereafter, the remaining refund will be equitably allocated between Sublandlord and Subtenant in accordance with the ratio that their respective overpayments of Operating Expenses and Taxes (in the case of Sublandlord) and Operating Costs (in the case of Subtenant) compare to each other. For avoidance of doubt, if, as of the date that Subtenant delivers a Subtenant's Audit Request, Sublandlord has already notified Landlord of Sublandlord's exercise of the review rights described in Section 5 of Exhibit C to the Original Master Lease, then Subtenant shall have no independent right to require any such review of Landlord's books and records, but Sublandlord agrees to: (A) promptly provide Subtenant with any report prepared by Sublandlord's accounting firm or accountant on the basis of any such review of Landlord's books and records (subject to Landlord's consent to such disclosure) and, (B) allocate to Subtenant any net refund of Operating Expenses and Taxes attributable to an overpayment by Sublandlord following Sublandlord's recovery from any aggregate refund of all costs associated with such review, as may then be equitable given any corresponding overpayment of Operating Costs by Subtenant and in such event, Subtenant shall have no obligation to reimburse Sublandlord for the costs of the review initiated solely by Sublandlord.

(vi) Survival. The expiration or earlier termination of this Sublease shall not affect the obligations of Sublandlord and Subtenant pursuant to this Section 3(b), and such obligations shall survive, remain to be performed after, any expiration or earlier termination of this Sublease.

(c) Electricity. Pursuant to the Master Lease, the cost of all electrical consumption in the Master Lease Premises is borne by Sublandlord. During the Term, Subtenant shall be obligated to pay for the cost of electrical consumption in the Subleased Premises (i.e., such cost will not be included in Operating Costs). Sublandlord will invoice Subtenant, on a monthly basis, for the cost of the electrical consumption as shown on an existing submeter measuring electrical consumption in the Subleased Premises. Subtenant shall pay such costs as additional Rent hereunder within thirty (30) days following Sublandlord's delivery of an invoice therefor to Subtenant.

(d) Janitorial. As of the Effective Date, Sublandlord (as opposed to Landlord), at Sublandlord's sole cost and expense, provides janitorial services to the Subleased Premises. During the Sublease Term, Subtenant will provide janitorial services to the Subleased Premises using a janitorial contractor approved in advance by Sublandlord (not to be unreasonably withheld) and Landlord pursuant to a separate contract between Subtenant and such janitorial contractor. Subtenant will be responsible for the cost of such janitorial service. Such services will be provided in a manner reasonably commensurate in scope, level of service and frequency of services as, and not less than the scope, level of service and frequency of services than, the services provided by Landlord elsewhere in the Building.

4. Security Deposit. Concurrently with Subtenant's execution of this Sublease, Subtenant shall deposit with Sublandlord the sum of $79,385.00 (the **"Security Deposit"**); however, if the Term is extended pursuant to the provisions of clause (y) of Section 2(a) above, the Security Deposit will be increased to the sum of $209,047.00, and Subtenant will deliver to Sublandlord the sum of $129,662.17 within ten (10) calendar days following Sublandlord's request. The Security Deposit shall be held by Sublandlord as security for the faithful performance by Subtenant of all the provisions of this Sublease to be performed or observed by Subtenant. If a Default exists hereunder, Sublandlord may use, apply or retain all or any portion of the Security Deposit for the payment of any past-due sum or for the payment of any other sum to which Sublandlord may become obligated by reason of Subtenant's Default, or to compensate Sublandlord for any loss or damage which Sublandlord may suffer thereby. If Sublandlord so uses or applies all or any portion of the Security Deposit, Subtenant shall within ten (10) days after demand therefor deposit cash with Sublandlord in an amount sufficient to restore the Security Deposit to the full amount thereof and Subtenant's failure to do so shall be a Default without the necessity of the passage of any additional cure period. The Security Deposit, or so much thereof as has not theretofore been applied by Sublandlord, shall be returned, without interest, to Subtenant (or, at Sublandlord's option, to the last assignee, if any, of Subtenant's interest hereunder) within thirty (30) days following the later to occur of (a) the expiration of the Term, and (b) Subtenant's vacation from the Subleased Premises and completion of all removal,repair and restoration obligations that may be required by this Sublease. No trust relationship is created herein between Sublandlord and Subtenant with respect to the Security Deposit.

5. Use and Occupancy.

(a) Use. The Subleased Premises shall be used and occupied only for general office use purposes and other uses provided under the Master Lease.

(b) Compliance with Master Lease. Subtenant will occupy the Subleased Premises in accordance with the terms of the Master Lease and will not suffer to be done, or omit to do, any act which may result in a violation of or an Event of Default (as defined in the Original Master Lease) under the Master Lease, or render Sublandlord liable for any damage, charge or expense thereunder. Subtenant will indemnify, defend protect and hold Sublandlord harmless from and against any loss, cost, damage or liability (including reasonable attorneys' fees) of any kind or nature arising out of, by reason of, or resulting from, Subtenant's failure to perform or observe any of the terms and conditions of the Master Lease (unless such failure is due to Sublandlord's breach of this Sublease or the Master Lease) or this Sublease. Sublandlord will indemnify, defend protect and hold Subtenant harmless from and against any loss, cost, damage or liability (including reasonable attorneys' fees) of any kind or nature arising out of, by reason of, or resulting from, Sublandlord's failure to perform or observe any of the terms and conditions of the Master Lease or this Sublease (unless such failure is due to Subtenant's breach of this Sublease or the Master Lease). Any other provision in this Sublease to the contrary notwithstanding, Subtenant shall pay to Sublandlord as Rent hereunder any and all sums which Sublandlord may be required to pay the Landlord in accordance with the Master Lease arising out of a request by Subtenant for, or the use by Subtenant of, additional or over-standard Building services from Landlord to the extent attributable to the Subleased Premises (for example, but not by way of limitation, charges associated with after-hour HVAC usage and overstandard electrical charges).

(c) Landlord's Obligations. Subtenant agrees that Sublandlord shall not be required to perform any of the covenants, agreements and/or obligations of Landlord under the Master Lease, including, without limitation, the provision of services provided in the Master Lease, and, insofar as any of the covenants, agreements and obligations of Sublandlord hereunder are required to be performed under the Master Lease by Landlord thereunder, Subtenant acknowledges and agrees that Sublandlord shall be entitled to look to Landlord for such performance; provided that Sublandlord shall reasonably cooperate with Subtenant to coordinate any request for services or enforcing any other covenant of Landlord under the Master Lease. In addition, Sublandlord shall have no obligation to perform any repairs or any other obligation of Landlord under the Master Lease, nor shall any representations or warranties made by Landlord under the Master Lease be deemed to have been made by Sublandlord. Sublandlord shall not be responsible for any failure or interruption, for any reason whatsoever, of the services or facilities that may be appurtenant to or supplied at the Building by Landlord or otherwise, including, without limitation, heat, air conditioning, ventilation, life-safety, water, electricity, elevator service and cleaning service, if any; and no failure to furnish, or interruption of, any such services or facilities shall give rise to any (i) abatement, diminution or reduction of Subtenant's obligations under this Sublease (provided that if Sublandlord is entitled to an abatement of Rent payable under the Master Lease with respect to the Subleased Premises as a result of an interruption in services to the Subleased Premises, then Subtenant will be entitled to a parallel abatement of Rent payable hereunder) or (ii) liability on the part of Sublandlord. Notwithstanding the foregoing, Sublandlord shall use good faith efforts, under the circumstances, to secure such performance upon Subtenant's request to Sublandlord to do so and shall thereafter diligently prosecute such performance on the part of Landlord; provided, however, that this sentence will not be interpreted to require Sublandlord to commence any legal proceeding, arbitration or any other similar form of process unless Sublandlord, in Sublandlord's sole discretion, determines that commencement of such action is necessary and appropriate.

(d) Access. Access to the Building is provided through the use of a key fob that is provided by Landlord (Sublandlord shall, at no cost to Sublandlord, coordinate Subtenant's procurement of such key fobs from Landlord); the charge for each Landlord-issued key fob is, as of the Effective Date, $25.00, and Subtenant will be responsible for the costs of any such key fobs. Landlord-issued key fobs are also used to access the Building's parking garage. Subtenant acknowledges that elevator access to the fifth (5th) floor of the Building is, as of the Effective Date, controlled by Sublandlord's card reader system; (i.e., an individual cannot cause the elevator to stop at the fifth (5th) floor without using a Sublandlord-issued access badge). Prior to Delivery, Sublandlord, at Sublandlord's sole cost and expense, shall terminate Sublandlord's elevator access controls with respect to the fifth (5th) floor such that the fifth (5th) floor will have open access. Additionally, the Subleased Premises currently has several card readers and cameras installed; Sublandlord will leave these devices and the associated cabling in the Subleased Premises upon delivery to Subtenant. Sublandlord's card reader system cannot be reprogrammed to differentiate Subtenant access cards from the access cards of Sublandlord and other occupants of the Building, but Subtenant will be entitled to install, and Sublandlord hereby approves in concept, its own "head end" security system (subject to any necessary approval of plans and specifications therefor to be obtained from Sublandlord to the extent required under Section 14(b) below and from Landlord to the extent required under the Master Lease) which Subtenant will be required to remove at the end of the Term. Sublandlord will respond to any request from Subtenant for approval of Subtenant's proposed security system within five (5) business days and will use reasonable efforts to obtain Landlord's agreement to expedite its review of such security system (Subtenant acknowledges that Landlord is not required to respond in five (5) business days).

6. Master Lease and Sublease Terms.

(a) Subject to Master Lease. This Sublease is and shall be at all times subject and subordinate to the Master Lease. Subtenant acknowledges that Subtenant has reviewed and is familiar with all of the terms, agreements, covenants and conditions of the Master Lease. During the Term and for all periods subsequent thereto with respect to obligations which have arisen prior to the termination of this Sublease, Subtenant agrees to perform and comply with, for the benefit of Sublandlord and Landlord, the obligations of Sublandlord under the Master Lease which pertain to the Subleased Premises and/or this Sublease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease shall control over the Master Lease.

(b) Incorporation of Terms of Master Lease. The terms, conditions and respective obligations of Sublandlord and Subtenant to each other under this Sublease shall be the terms and conditions of the Master Lease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Landlord" is used it shall be deemed to mean Sublandlord and wherever in the Master Lease the word "Tenant" is used it shall be deemed to mean Subtenant. Additionally, wherever in the Master Lease the word "Premises" is used it shall be deemed to mean the Subleased Premises. Any non-liability, release, indemnity or hold harmless provision in the Master Lease for the benefit of Landlord that is incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said provision, for the purpose of incorporation by reference in this Sublease. Any right of Landlord under the Master Lease (a) of access or inspection, (b) to do work in the Master

Lease Premises or in the Building, (c) in respect of rules and regulations, and construction standards, as updated from time to time, which are incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said provision, for the purpose of incorporation by reference in this Sublease.

(c) Modifications. For the purposes of incorporation herein, the terms of the Master Lease are subject to the following additional modifications:

(i) Approvals. In all provisions of the Master Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of both Sublandlord and Landlord.

(ii) Deliveries. In all provisions of the Master Lease requiring Tenant to submit, exhibit to, supply or provide Landlord with evidence, certificates, or any other matter or thing, Subtenant shall be required to submit, exhibit to, supply or provide, as the case may be,the same to both Landlord and Sublandlord.

(iii) Damage; Condemnation. Sublandlord shall have no obligation to restore or rebuild any portion of the Subleased Premises after any destruction or taking by eminent domain. Any rights of Subtenant to abatement of rent shall be conditioned upon Sublandlord's ability to abate rent for the Subleased Premises under the terms of the Master Lease.

(iv) Insurance. In all provisions of the Master Lease requiring Tenant to designate Landlord as an additional or named insured on its insurance policy, Subtenant shall be required to so designate Landlord and Sublandlord on its insurance policy. Sublandlord shall have no obligation to maintain the insurance to be maintained by Landlord under the Master Lease.

(d) Exclusions. Notwithstanding the terms of Section 6(b) above, Subtenant shall have no rights nor obligations under the following parts, Sections and Exhibits of the Master Lease:

(i) Original Master Lease: Articles 1, 2, 3 (except Section 3.2), 4 (except to the extent necessary to implement Section 3(b)(ii) above), 5, Sections 7.1 (reference to "Delivery Condition" only), 7.2, 10.1 (references to "Second Request" and deemed approval of Alterations only), 10.4 (superceded by Section 14.1 below), 10.5, 10.6, 11.2 (provided that Sublandlord will request Building passes for Subtenant's employees from Landlord and will use reasonable efforts to assist Subtenant in obtaining such Building passes from Landlord), 12.2, 13.1 (references to deemed approval only), 16.4, 17.5 (provided that if Sublandlord is entitled to an abatement of rent payable under the Master Lease pursuant to Section 17.5 as a consequence of an Abatement Event [defined in the Original Master Lease] which affects the Subleased Premises, Subtenant will be entitled to a parallel abatement of Rent payable hereunder), Articles 18 (clauses (a) and (b) only, which are superceded by Section 8 below), 22, 24, 27, 28, Section 29.5, Articles 30 (except to the extent necessary to implement Section 16 below), 31 and 32, Exhibit A, Exhibit B, Exhibit C (except to the extent necessary to implement Section 3(b) above), Exhibit E, Exhibit F, Exhibit G, Exhibit H, Exhibit I; and

(ii) First Amendment: Section 3, Section 4 (except to the extent necessary to implement Section 3(b)(ii) above), Sections 5, 8, 9, 10, 11 and 12 and Exhibit A.

(e) Sublandlord's Representations. Sublandlord represents to Subtenant that (i) attached hereto as **Exhibit D** is a true, accurate and complete (subject to redaction of certain financial terms) copy of the Master Lease and all amendments thereto and the same have not been further modified, (ii) Sublandlord is the "Tenant" under the Master Lease, (iii) as of the Effective Date, the Master Lease is in full force and effect, (iv) as of the Effective Date, Sublandlord is not in default in the payment of any rent or other sums due under the Master Lease, (A) Sublandlord has not received any notice of default under the Master Lease which remains uncured as of the Effective Date, (B) to the best of Sublandlord's knowledge, Landlord is not in default thereunder, and (C) to the best of Sublandlord's knowledge, no Hazardous Materials are present in the Subleased Premises in violation of any of the provisions of the Master Lease, and (v) subject to the consent of Landlord, Sublandlord has full right and authority to sublease the Subleased Premises to Subtenant on the terms and conditions set forth herein.

(f) Sublandlord's Compliance with Master Lease. Sublandlord shall perform all covenants and obligations required to be performed by Sublandlord under the Master Lease in accordance with the terms and provisions thereof and, so long as Subtenant is not in Default hereunder, shall not cause the Master Lease to terminate or expire before the scheduled date of expiration of this Sublease. Upon Sublandlord's knowledge thereof, Sublandlord shall promptly provide Subtenant with written notice of any violation or default of any of the terms of the Master Lease and provide Subtenant with a copy of any default notices received by Sublandlord from Landlord.

7. Assignment and Subletting. Subtenant shall not assign Subtenant's interest in this Sublease or further sublet all or any part of the Subleased Premises except subject to and in compliance with all of the terms and conditions of the Master Lease, and Sublandlord (in addition to Landlord) shall have the same rights with respect to assignment and subleasing as Landlord has under the Master Lease; provided, however that Sublandlord shall not unreasonably withhold, condition or delay its consent to any such proposed assignment or sublease. Subtenant shall pay all fees and costs payable to Landlord pursuant to the Master Lease in connection with any proposed assignment, sublease or transfer of the Subleased Premises (or any portion), together with all of Sublandlord's reasonable out-of-pocket costs relating to any proposed assignment, sublease or transfer of the Subleased Premises (or any portion) regardless of whether consent is granted (or is required), and the effectiveness of any assignment, sublease or transfer by Subtenant will be conditioned upon Landlord's and Sublandlord's receipt of all such fees and costs. Subtenant agrees that it would be reasonable for Sublandlord to refuse to consent to any assignment of this Sublease or a sub-subletting of the Subleased Premises to a Competitor (defined below) of Sublandlord or an Affiliate of any such Competitor. If, at any time, Subtenant desires to sublease all or any portion of the Subleased Premises or assign its interest in this Sublease to a particular entity and desires to have Sublandlord determine whether such entity is a Competitor, Subtenant may deliver notice to Sublandlord stating the identity of the proposed assignee or subtenant and Sublandlord will notify Subtenant whether such entity is a Competitor within ten (10) business days of Sublandlord's receipt of such request. As used herein, a **"Competitor"** is an entity (or an affiliate of an entity) which Sublandlord deems to be a business competitor of Sublandlord or any of Sublandlord's affiliates.

8. Default. Except as expressly set forth herein, Subtenant shall perform all obligations in respect of the Subleased Premises that Sublandlord would be required to perform pursuant to the Master Lease. It shall constitute a "**Default**" hereunder if Subtenant fails to perform any obligation hereunder (including, without limitation, the obligation to pay Rent), or any obligation under the Master Lease which has been incorporated herein by reference, and, in each instance, Subtenant has not remedied such failure (i) in the case of any monetary Default, three (3) business days after delivery of written notice and (ii) in the case of any other Default, ten (10) business days after delivery of written notice; provided, however, that if the Default is incapable of cure within ten (10) business days, then for so long as Sublandlord has not received notice from Landlord stating that Landlord will treat such Default as an "Event of Default" under the Master Lease, Subtenant shall not be in Default hereunder if Subtenant commences the cure within the ten (10) business day period and thereafter diligently prosecutes the cure to completion; however, if at any time Sublandlord receives notice from Landlord that the Default will be treated as an "Event of Default" under the Master Lease, Subtenant's cure period will immediately be deemed to expire ten (10) days before the date of expiration of Sublandlord's cure period as set forth in Landlord's notice of default to Sublandlord.

9. Remedies. In the event of any Default hereunder by Subtenant, Sublandlord shall have all remedies provided to the "Landlord" in the Master Lease as if a default had occurred thereunder and all other rights and remedies otherwise available at law and in equity. Sublandlord may resort to its remedies cumulatively or in the alternative.

10. Right to Cure Defaults. If Subtenant fails to perform any of its obligations under this Sublease. after expiration of applicable grace or cure periods, then Sublandlord may, but shall not be obligated to, perform any such obligations for Subtenant's account. All reasonable costs and expenses incurred by Sublandlord in performing any such act for the account of Subtenant shall be deemed Rent payable by Subtenant to Sublandlord upon demand, together with interest thereon at the lesser of (i) the Default Rate (as defined in the Original Master Lease) per annum or (ii) the maximum rate allowable under law from the date of the expenditure until repaid. If Sublandlord undertakes to perform any of Subtenant's obligations for the account of Subtenant pursuant hereto, the taking of such action shall not constitute a waiver of any of Sublandlord's remedies.

11. Consents and Approvals. In any instance when Sublandlord's consent or approval is required under this Sublease, Sublandlord's refusal to consent to or approve any matter or thing shall be deemed reasonable if, among other matters, such consent or approval is required under the provisions of the Master Lease incorporated herein by reference but has not been obtained from Landlord. Except as otherwise provided herein, Sublandlord shall not unreasonably withhold, condition or delay its consent to or approval of a matter if such consent or approval is required under the provisions of the Master Lease and Landlord has consented to or approved of such matter.

12. Liability.

(a) Limitation of Liability. Notwithstanding any other term or provision of this Sublease, the liability of Sublandlord to Subtenant for any default in Sublandlord's obligations under this Sublease shall be limited to actual, direct damages, and under no circumstances shall Subtenant, its partners, members, shareholders, directors, agents, officers, employees, contractors, sublessees, successors and/or assigns be entitled to recover from Sublandlord (or otherwise be indemnified by Sublandlord) for (i) any losses, costs, claims, causes of action, damages or other liability incurred in connection with a failure of Landlord, its partners, members, shareholders, directors, agents, officers, employees, contractors, successors and /or assigns to perform or cause to be performed Landlord's obligations under the Master Lease, (ii) lost revenues, lost profit or other consequential, special or punitive damages arising in connection with this Sublease for any reason, or (iii) any damages or other liability arising from or incurred in connection with the condition of the Subleased Premises or suitability of the Subleased Premises for Subtenant's intended uses. Subtenant shall, however, have the right to seek any injunctive or other equitable remedies as may be available to Subtenant under applicable law. Notwithstanding any other term or provision of this Sublease, except as set forth below, the liability of Subtenant to Sublandlord for any default in Subtenant's obligations under this Sublease shall be limited to actual, direct damages, and under no circumstances shall Sublandlord, its partners, members, shareholders, directors, agents, officers, employees, contractors, sublessees, successors and/or assigns be entitled to recover from Subtenant (or otherwise be indemnified by Subtenant) for lost revenues, lost profit or other consequential, special or punitive damages arising in connection with this Sublease for any reason; the foregoing limitation will not, however, apply to the liability of Subtenant with respect to any holding over in the Subleased Premises by Subtenant beyond the expiration or sooner termination of this Sublease or the use by Subtenant of Hazardous Material (defined in Article 8 of the Original Master Lease) in violation of the provisions of the Master Lease. Notwithstanding any other term or provision of this Sublease, no personal liability shall at any time be asserted or enforceable against Sublandlord's shareholders, directors, officers, or partners on account of any of Sublandlord's obligations or actions under this Sublease. Notwithstanding any other term or provision of this Sublease, no personal liability shall at any time be asserted or enforceable against Subtenant's shareholders, directors, officers, or partners on account of any of Subtenant's obligations or actions under this Sublease. In the event of any assignment or transfer of the Sublandlord's interest under this Sublease, Sublandlord shall be and hereby is entirely relieved of all covenants and obligations of Sublandlord hereunder accruing subsequent to the date of the transfer and it shall be deemed and construed, without further agreement between the parties hereto, that any transferee has assumed and shall carry out all covenants and obligations thereafter to be performed by Sublandlord hereunder. Sublandlord may transfer and deliver any then existing Security Deposit or Letter of Credit, as applicable, to the transferee of Sublandlord's interest under this Sublease, and thereupon Sublandlord shall be discharged from any further liability with respect thereto.

(b) Sublandlord Default. Sublandlord shall be in default hereunder only if Sublandlord has not commenced and pursued with reasonable diligence the cure of any failure of Sublandlord to meet its obligations hereunder within thirty (30) days after the receipt by Sublandlord of written notice from Subtenant. In no event shall Subtenant have the right to terminate or rescind this Sublease as a result of Sublandlord's default as to any covenant or agreement contained in this Sublease. Subtenant hereby waives such remedies of termination and rescission.

13. Attorneys' Fees. If Sublandlord or Subtenant brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party who recovers substantially all of the damages, equitable relief or other remedy sought in any such action on trial and appeal shall be entitled to receive from the other party its costs associated therewith, including, without limitation, reasonable attorney's fees and costs from the other party. Without limiting the generality of the foregoing, if Sublandlord utilizes the services of an attorney for the purpose of collecting any Rent hereunder which is, in fact, past due and unpaid by Subtenant, Subtenant will be obligated to pay Sublandlord reasonable actual attorneys' fees incurred in connection therewith, irrespective of whether any legal action may be commenced or filed by Sublandlord.

14. Delivery of Possession.

(a) Generally. Sublandlord shall deliver, and Subtenant shall accept, possession of the Subleased Premises in their "AS IS" condition as the Subleased Premises exists on the Effective Date, but broom clean, free of all occupants; provided however, that prior to Delivery, Sublandlord will (i) relocate the MDF room equipment currently located in the Subleased Premises, (ii) install a barrier enclosing the interconnecting stairwell between the fifth (5th) floor and the sixth (6th) floor, (iii) leave all cabling located within the Subleased Premises but will remove all network equipment (i.e., WAPS, network gear in IDF's, etc.) (collectively, "**Sublandlord's Pre-Delivery Work**"). To Sublandlord's knowledge, the Building Systems (defined in the Original Master Lease) serving the Subleased Premises, as well as the existing lighting fixtures therein, will be in good working order and condition as of the date of Sublandlord's delivery of the Subleased Premises to Subtenant. All of Sublandlord's Pre-Delivery Work shall be done (1) at Sublandlord's sole cost and expense, (2) in a workmanlike manner, and (3) in accordance with all applicable laws. Except for Sublandlord's Pre-Delivery Work, Sublandlord shall have no obligation to furnish, render or supply any work, labor, services, materials, furniture, other than the Furniture (defined below), fixtures, equipment, decorations or other items to make the Subleased Premises ready or suitable for Subtenant's occupancy. Sublandlord does not represent or warrant that any cabling located in the Subleased Premises is suitable for Subtenant's use. Subtenant acknowledges that Landlord may require that Sublandlord, on or about the expiration of the Master Lease and at no cost to Subtenant, perform restoration work related to the stairwell between the fifth (5th) floor and sixth (6th) floor, and in such event, Sublandlord will provide notice to Subtenant and use reasonable efforts to minimize any disruption to Subtenant's business operations; Subtenant will reasonably cooperate with Sublandlord's stairway work. Additionally, Sublandlord and Subtenant will mutually cooperate during the performance of any such work to limit access from the sixth (6th) floor to the fifth (5th) floor, including cooperating to establish access procedures to be followed by Sublandlord's vendors who need access to the fifth (5th) floor in order to perform such work. Access from the sixth (6th) floor to the fifth (5th) floor shall be limited to only that which is necessary to conduct the stairway work and such access shall be completely prohibited upon completion of the stairway work, and all work and procedures that may reasonably be required to effectuate such limitation on access shall be at Sublandlord's sole cost and expense. In making and executing this Sublease, Subtenant has relied solely on such investigations, examinations and inspections as Subtenant has chosen to make or has made and has not relied on any representation or warranty

concerning the Subleased Premises or the Building, except as expressly set forth in this Sublease. Subtenant acknowledges that Sublandlord has afforded Subtenant the opportunity for full and complete investigations, examinations and inspections of the Subleased Premises and the common areas of the Building. Subtenant acknowledges that it is not authorized to make or do any alterations or improvements in or to the Subleased Premises except as permitted by the provisions of this Sublease and the Master Lease and that upon termination of this Sublease, Subtenant shall deliver the Subleased Premises to Sublandlord in the same condition as the Subleased Premises were at the commencement of the Term, reasonable wear and tear, casualty and condemnation excepted; Subtenant acknowledges that Subtenant shall, at either Sublandlord's election (to be made, if at all, concurrently with Sublandlord's approval of any applicable Subtenant Improvements (defined below) or Landlord's election), remove from the Subleased Premises some or all of the Subtenant Improvements constructed therein by Subtenant. Additionally, at Subtenant's cost, Subtenant will remove all telecommunications and data cabling installed by or for the benefit of Subtenant. Sublandlord acknowledges that Subtenant intends to construct or install eight (8) modular, demountable private offices in the Subleased Premises (the **"Modular Offices"**); Sublandlord's consent to the installation of Modular Offices will not be unreasonably withheld.

(b) Subtenant's Improvements.

(i) Generally. If Subtenant desires to construct improvements within the Subleased Premises ("**Subtenant Improvements**"), all Subtenant Improvements will be carried out in accordance with the applicable provisions of the Master Lease and Landlord's then-current construction guidelines. Sublandlord will have the right to reasonably approve the plans, specifications and contractor submittals for any proposed Subtenant Improvements, as well as any architects/designers and contractors whom Subtenant proposes to retain to perform such work. Subtenant will submit all such information for Sublandlord's review and written approval prior to commencement of any such work; Sublandlord will similarly submit such information to Landlord for review and approval. Subtenant will bear all costs imposed by Landlord under the Master Lease, as well as all reasonable costs incurred by Sublandlord, in connection with any Subtenant Improvements. Promptly following the completion of any Subtenant Improvements or subsequent alterations or additions by or on behalf of Subtenant, Subtenant will deliver to Sublandlord two (2) sets of reproducible "as built" drawings of such work, together with a CAD file of the "as-built" drawings meeting Sublandlord's (CAD Format Requirements (defined below). Subtenant acknowledges that it is not authorized to make or perform any alterations or improvements in or to the Subleased Premises except as permitted by the provisions of this Sublease and the Master Lease and that upon termination of this Sublease, Subtenant may be obligated to remove from the Subleased Premises any Alterations. Subtenant expressly acknowledges that, in addition to Landlord's rights under the Master Lease, Sublandlord will have the right to require that Subtenant remove any Subtenant Improvement constructed by or on behalf of Subtenant on or before the date of expiration or sooner termination of this Sublease; for the purposes of this sentence, the provisions of Section 10.4 of the Original Master Lease restricting removal obligations to "Specialty Alterations" (as defined in the Original Master Lease) constructed therein by Subtenant will not be deemed to limit Sublandlord's right to require removal of any Subtenant Improvements, in being acknowledged that Subtenant will be required to remove any Subtenant Improvements (and restore the applicable area(s) to its (their) condition existing prior to the installation of such Subtenant

Improvements) if so elected (a) by Landlord pursuant to the terms of the Master Lease or (b) by Sublandlord. Notwithstanding the foregoing, (x) Sublandlord agrees that if Subtenant expressly requests Sublandlord's determination as to whether any Subtenant Improvement(s) will be required to be removed at the expiration or sooner termination of this Sublease (specifically referencing this Section 14(b)(i)), at Subtenant's written request for the consent to such Subtenant Improvement(s), Sublandlord will make its determination concurrently with Sublandlord's approval of such Subtenant Improvement(s) (assuming that such Subtenant Improvement(s) is approved by Sublandlord) and (y) in no event will Subtenant be obligated to remove any improvements existing in the Subleased Premises as of the date that Sublandlord delivers the Subleased Premises to Subtenant. As used herein, **"Sublandlord's CAD Format Requirements"** shall mean, as of the Effective Date (but subject to subsequent adjustment) (a) the version is no later than current Autodesk version of AutoCAD plus the most recent release version, (b) files must be unlocked and fully accessible (no "cad-lock", read-only, password protected or "signature" files), (c) files must be in "dwg" format, and (d) if the data was electronically in a non-Autodesk product, then files must be converted into "dwg" files when given to Sublandlord.

(ii) Code-Required Work. If the performance of any Subtenant Improvements or other work by Subtenant within the Subleased Premises "triggers" a requirement for code-related upgrades to or improvements of any portion of the Building, Subtenant shall be responsible for the cost of such code-required upgrade or improvements.

15. Holding Over. If Subtenant fails to surrender the Subleased Premises at the expiration or earlier termination of this Sublease, occupancy of the Subleased Premises after the termination or expiration shall be that of a tenancy at sufferance. Subtenant's occupancy of the Subleased Premises during the holdover shall be subject to all the terms and provisions of this Sublease and Subtenant shall pay an amount equal to 150% of the sum of the Base Rent due for the period immediately preceding the holdover. No holdover by Subtenant or payment by Subtenant after the expiration or early termination of this Sublease shall be construed to extend the Term or prevent Sublandlord from immediate recovery of possession of the Subleased Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Sublandlord is unable to deliver possession of the Subleased Premises to a new subtenant or to Landlord, as the case may be, or to perform improvements for a new subtenant, as a result of Subtenant's holdover, Subtenant shall be liable to Sublandlord for all damages, including, without limitation, consequential damages, that Sublandlord suffers from the holdover; Subtenant expressly acknowledges that such damages may include all of the holdover rent charged by Landlord under the Master Lease as a result of Subtenant's holdover, which Master Lease holdover rent may apply to the entire Master Lease Premises.

16. Parking. During the Term, Subtenant shall have the right, but not the obligation, to initially use up to sixteen (16) of the parking spaces allocated to Sublandlord pursuant to the Master Lease and Subtenant will be responsible for the current monthly rate charged by Landlord or Landlord's parking garage operator (without any mark-up by Sublandlord) for such spaces that Subtenant elects to lease, as additional Rent. If and to the extent that Subtenant does not initially use any of said sixteen (16) spaces, but subsequently desires to use some or all of those spaces which Subtenant did not initially use, Sublandlord will use reasonable efforts, at Subtenant's sole cost, to assist Subtenant in obtaining the rights to such spaces, but Sublandlord

does not guaranty that such spaces will be available, and Sublandlord will have no liability for any lack of availability of such spaces, Subtenant expressly acknowledges that Subtenant will be required to pay Landlord or Landlord's parking garage operator for any such spaces which Subtenant initially elects to use prior to the commencement of Subtenant's obligation to pay Base Rent hereunder.

17. Notices: Any notice by either party to the other required, permitted or provided for herein shall be valid only if in writing and shall be deemed to be duly given only if (a) delivered personally, or (b) sent by means of Federal Express, UPS Next Day Air or another reputable express mail delivery service guaranteeing next day delivery, or (c) sent by United States certified or registered mail, return receipt requested, addressed: (i) if to Sublandlord, at the following addresses:

Twitter, Inc.
1355 Market Street, Suite 900
San Francisco, California 94103
Attn: Legal Department

with a copy to:

Twitter, Inc.
1355 Market Street, Suite 900
San Francisco, California 94103
Attn: Head of Real Estate Workplace

and with a copy to:

Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, California 94111
Attn: Jonathan M. Kennedy and
Kathleen K. Bryski

and (ii) if to Subtenant, at the following addresses:

Prior to the Commencement Date: 161 First Street, Suite 3A
Cambridge, MA 02142
Attn: General Counsel

From and after the Commencement Date: 141 Portland Street, 5th Fl.
Cambridge, MA 02139
Attn: General Counsel

or at such other address for either party as that party may designate by notice to the other. A notice shall be deemed given and effective, if delivered personally, upon hand delivery thereof (unless such delivery takes place after hours or on a holiday or weekend, in which event the notice shall be deemed given on the next succeeding business day), if sent via overnight courier, on the business day next succeeding delivery to the courier, and if mailed by United States certified or registered mail, three (3) business days following such mailing in accordance with this Section.

18. Furniture. During the Term, at no charge to Subtenant, Subtenant shall be permitted to use the existing furniture located in the Subleased Premises and described in more particular detail in **Exhibit C** attached hereto, as well as all equipment and data cabling associated therewith (the **"Furniture"**). Subtenant shall accept the Furniture in its current condition without any warranty of fitness from Sublandlord (Subtenant expressly acknowledges that no warranty is made by Sublandlord with respect to the condition of any cabling currently located in or serving the Subleased Premises). For purposes of documenting the current condition of the Furniture, Subtenant and Sublandlord shall, prior to the Commencement Date, conduct a joint walk-through of the Subleased Premises in order to inventory items of damage or disrepair. Subtenant shall use the Furniture only for the purposes for which such Furniture is intended and shall be responsible for the proper maintenance, insurance, care and repair of the Furniture, at Subtenant's sole cost and expense, using maintenance contractors specified by Sublandlord. Subtenant shall not modify, reconfigure or relocate any of the Furniture except with the advance written permission of Sublandlord, and any work of modifying any Furniture (including, without limitation, changing the configuration of, "breaking down" or reassembly of cubicles or other modular furniture) shall be performed at Subtenant's sole cost using Sublandlord's specified vendors or an alternate vendor approved in writing by Sublandlord (such approval to be granted or withheld on Sublandlord's good faith discretion, based upon Sublandlord's assessment of factors which include, without limitation, whether the performance by such vendor will void applicable warranties for such Furniture and whether such vendor is sufficiently experienced in the design of such Furniture). No item of Furniture shall be removed from the Subleased Premises without Sublandlord's prior written consent. Prior to or promptly following the expiration or earlier termination of the Sublease, Sublandlord and Subtenant shall conduct a joint walk-through of the Subleased Premises to catalog any items of damage, disrepair, misuse or loss among the Furniture (reasonable wear and tear excepted), and Subtenant shall be responsible, at Subtenant's sole cost and expense, for curing any such items (including, with respect to loss, replacing any lost item with a substantially similar new item reasonably acceptable to Sublandlord).

19. Signage. Subtenant shall be entitled to Building-standard lobby directory signage (to be initially installed at Sublandlord's sole cost and expense, provided that any changes requested by Subtenant shall be at Subtenant's sole cost and expense consistent with Landlord's signage program). Any Subtenant installed signage will be removed at the end of the Term at Subtenant's sole cost.

20. Brokers. Subtenant represents that it has dealt directly with and only with Newmark Knight Frank (**"Subtenant's Broker"**), as a broker in connection with this Sublease. Sublandlord represents that it has dealt directly with and only with CRESA (**"Sublandlord's Broker"**), as a broker in connection with this Sublease. Sublandlord and Subtenant shall indemnify and hold each other harmless from all claims of any brokers other than Subtenant's Broker and Sublandlord's Broker claiming to have represented Sublandlord or Subtenant in connection with this Sublease. Subtenant and Sublandlord agree that Subtenant's Broker and Sublandlord's Broker shall be paid commissions by Sublandlord in connection with this Sublease pursuant to a separate agreement.

21. Complete Agreement. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between the parties or their representatives relating to the subject matter of this Sublease which are not fully expressed in this Sublease. This Sublease cannot be changed or terminated nor may any of its provisions be waived orally or in any manner other than by a written agreement executed by both parties.

22. Confidentiality. Sublandlord and Subtenant acknowledge that the content of this Sublease and any related documents (including, without limitation, the terms and conditions of the Master Lease) are confidential information. Sublandlord and Subtenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than their respective financial, legal and space planning consultants, or their respective directors, officers, employees, attorneys, or accountants, to potential sub-subtenants (in the case of Subtenant), to Landlord and Landlord's lenders (in the case of Sublandlord) and to potential assignees of the Master Lease or this Sublease, or to the extent that disclosure is mandated by applicable laws. Notwithstanding the foregoing, the restriction on disclosure described in this Section 21 will not apply with respect to (i) information which is or becomes generally available to the public other than as a result of a disclosure by a party hereto, or (ii) the inclusion by either party of a reference to this Sublease and/or information regarding the rent payable hereunder in such party's financial statement(s) which are compiled in a normal course of such party's business (and the subsequent submission of such financial statements to governmental authorities as required by applicable law and/or potential investors).

23. Interpretation. Irrespective of the place of execution or performance, this Sublease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. If any provision of this Sublease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Sublease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease or any part thereof to be drafted. If any words or phrases in this Sublease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Sublease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Sublease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Sublease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not dependent on any other provision of this Sublease unless otherwise expressly provided. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

24. USA Patriot Act Disclosures. Subtenant is currently in compliance with and shall at all times during the Term remain in compliance with the regulations of the Office of Foreign Asset Control (**"OFAC"**) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

25. Counterparts. This Sublease may be executed in multiple counterparts, each of which is deemed an original but which together constitute one and the same instrument. This Sublease shall be fully executed when each party whose signature is required has signed and delivered to each of the parties at least one counterpart, even though no single counterpart contains the signatures of all of the parties hereto. This Sublease may be executed in so-called "pdf" format and each party has the right to rely upon a pdf counterpart of this Sublease signed by the other party to the same extent as if such party had received an original counterpart.

26. Landlord Consent, Notwithstanding anything to the contrary contained in this Sublease, this Sublease is subject to and contingent upon Landlord's written consent to this Sublease in accordance with the Master Lease (the **"Consent"**), which Sublandlord shall attempt to obtain with commercially reasonable diligence, at its sole cost and expense, by no later than January 22, 2018. Sublandlord acknowledges that Subtenant may decline to execute any proposed Consent, and at Subtenant's option, the Consent shall be deemed not to have been delivered, in which Landlord does not (1) conceptually consent (subject to final review and approval of the specific plans therefor) to the installation by Subtenant of (x) Subtenant's proposed security system as described in Section 5(d) above and (y) the Modular Offices in accordance with Section 14(b)(i) (2) approve of the Term of this Sublease as it may be extended in accordance with Section 2(a) above and (3) inform Subtenant if the Modular Offices will need to be removed at the end of the Term of this Sublease. If a fully executed Consent is not delivered by Landlord, or is deemed not to have been delivered in accordance with this Section 26 above (a **"Deemed Consent Failure"**), by January 31, 2018, then either party hereto will have the right to terminate this Sublease by providing written notice to the other any time prior to the delivery by Landlord to Sublandlord and Subtenant of a fully executed Consent (provided, however, that Sublandlord's ability to terminate this Sublease pursuant to the provisions of this sentence shall be conditioned upon Sublandlord having used diligent good faith efforts to obtain the Consent from Landlord) and, upon such termination, this Sublease shall automatically become null and void and of no further force and effect and Sublandlord and Subtenant shall have no further obligations or liabilities hereunder. Notwithstanding anything to the contrary contained herein, Sublandlord shall not have the right to terminate this Sublease in accordance with this Section 26 in the event of a Deemed Consent Failure.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties hereto hereby execute this Sublease as of the Effective Date.

SUBLANDLORD: TWITTER, INC.,
a Delaware corporation

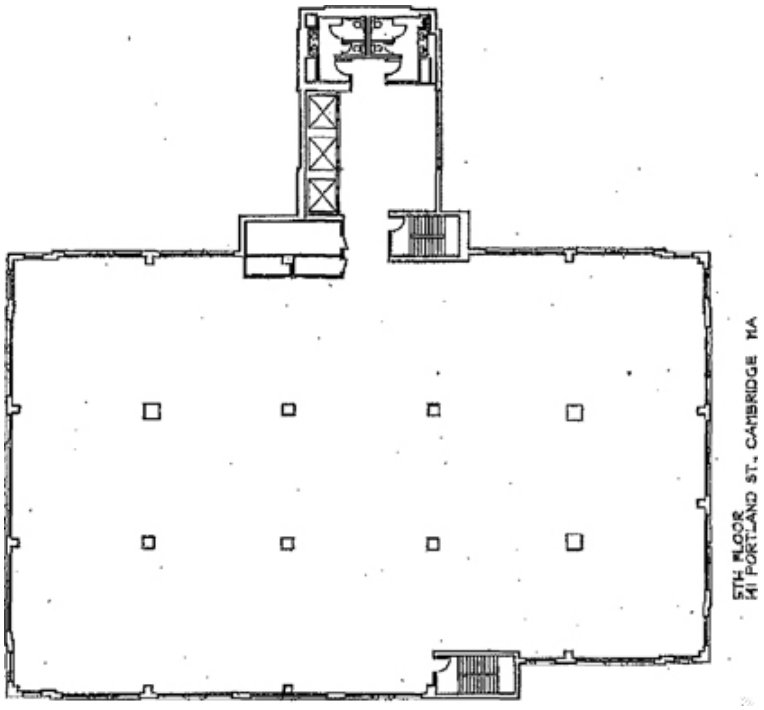
By: /s/ Ned Segal
Print Name: Ned Segal
Title: CFO

SUBTENANT: SOLID BIOSCIENCES, LLC,
a Delaware limited liability company

By: /s/ Ilan Ganot
Print Name: Ilan Ganot
Title: CEO

EXHIBIT A

Subleased Premises



This plan represents a depiction of the location of the subject space but not a representation of the size or location of specific improvements or features of such space (such as, by way of example, furniture doors and interior walls).

EXHIBIT B

Commencement Date Agreement

Date _____

Subtenant Address: Solid Biosciences, LLC
_____
_____
_____

Re: Commencement Date Letter Agreement with respect to that certain Sublease dated as of _____ , 2018, by and between **TWITTER, INC.,** a Delaware corporation, as Sublandlord, and **SOLID BIOSCIENCES, LLC,** a Delaware limited liability company, as Subtenant, for 15,877 rentable square feet on the 5th floor of the Building located at 141 Portland Street, Cambridge, Massachusetts.

Dear _____:

In accordance with the terms and conditions of the above referenced Sublease, Subtenant accepts possession of the Subleased Premises and agrees:

1. The Commencement Date is _____, 2018;
2. The Rent Commencement Date is _____ , 2018; and
3. The Expiration Date is _____, 20__.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing this Commencement Letter in the space provided and returning a fully executed counterpart (a scanned signature sent in PDF or similar format to _____@twitter.com will suffice) to my attention.

Sincerely,

_____
Sublandlord Authorized Signatory

Agreed and Accepted:

Subtenant: SOLID BIOSCIENCES, LLC

By: **[EXHIBIT — DO NOT SIGN]**
Name: _____
Title: _____
Date: _____

EXHIBIT C

Furniture

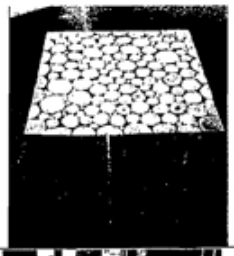
1

Furniture	Quantity
OVERALL	
Desk Chair	130
Pedestal Filing Cabinet	102
Credenza	13
Grey Upholstered Chair	26
Wood Cube Side Table	2
High Top Table	2
High Top Stool	8
Height Adjustable Desk	22
Metal Stool	2
Mobile White Board (A)	7
Wood Octagon Side Table	4
Coat Rack	3
Micro Kitchen Stool	5
Puzzle Wood Cube	2
Rectangle Wood Side Table	2
Book Shelf	1
Filing Cabinet	1
Ping Pong Table	1
Mobile White Board (B)	1
Conference Room Side Table	2
Round Conference Table (A)	3
Conference Chair	30
Round Conference Table (B)	2
Board Room Table	1
Board Room Chair	12
Wood Credenza	1
Upholstered Sofa	1
Grey Conference Chair	20
Long White table (A)	1
Long White Table (B)	1
Merchandiser Refrigerator	1
Standard Refrigerator	1
Kegerator	1
Dishwasher	1
Water/Ice Machine	1
Microwave	2
Shelving Wall Unit	2
Free Standing Table	1
TV Rack	1
AV Rack	2
Conf Large Credenza	1

ITEMIZED	
Conference Room 509	
Wood Side Table	1
Conference Room 506	
Round Conference Table (A)	1
Conference Chairs	7
Conference Room 505	
Round Conference Table (A)	1
Conference Chairs	7
Conference Room 522	
Round Conference Table (B)	1
Conference Chairs	5
Conference Room 524	
Board Room Table	1
Board Room Chairs	12
Wood Credenza	1
Conference Room 527	
Round Conference Table (A)	1
Conference Chairs	7
Conference Room 525	
Conference Room 520	
Wood Side Table	1
Upholstered Sofa	1
Conference Room 519	
Round Conference Table (B)	1
Conference Chairs	4
Conference Room 518	
Long White Table (A)	1
Grey Conference Chairs	10
Conference Room 514	
Long White Table (B)	1
Grey Conference Chairs	10

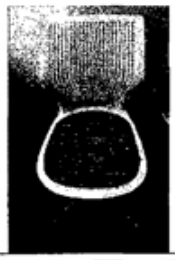
Women’s Restroom	
Shelving Wall Unit	1
Men’s Restroom	
Shelving Wall Unit	1
Micro Kitchen	
Merchandiser Refrigerator	1
Standard Refrigerator	1
Kegerator	1
Dishwasher	1
Water/Ice Machine	1
Microwave	2
Micro Kitchen Stool	5
IT Help Desk	
IDF/Lab Room	

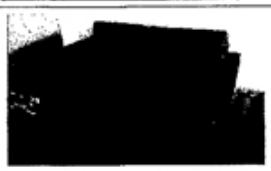
Item	Quantity	Description
Desk Chair	130	
Pedestal Filing Cabinet	102	
Credenza	15	
Grey Upholstered Chair	26	

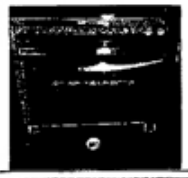
Wood Cube Side Table	2	
High Top Table	2	
High Top Stool	8	
Height adjustable Desk	22	
AV Rack	2	

Mobile White Board (A)	7	
Wood Octagon Side Table	4	
Coat Rack	4	
Micro Kitchen Stool	5	
Puzzle Wood Cube	2	
Rectangle Wood Side Table	2	

Book Shelf	1	
Filing Cabinet	1	
Ping Pong Table	1	
Mobile White Board (B)	1	
Conference Room Side Table	2	

Round Conference Table Conference (A)	3	
Conference Chair	30	
Round Conference Table(B)	2	
Board Room Table	1	
Board Room Chairs	12	

Wood Credenza	1	
Upholstered Sofa	1	
Grey Conference Chairs	20	
Long White Table (A)	1	
Long White Table (B)	1	
Shelving Wall Unit	2	

Merchandiser Refrigerator	1	
Standard Refrigerator	1	
Kegerator	1	
Dishwasher	1	
Water/Ice Machine	1	

Microwave	2	
Free Standing Table	1	
TV Stand	1	
Conf. Rm Large Credenza	1	

Room	Item	Quantity	
Frost	Crestron DM-TX-201-C	1	ewaste
	Crestron USB-EXT	2	ewaste
	MagSafe	1	ewaste
	MagSafe 2	1	ewaste
	Logitech Camera	1	ewaste
	NEC TV	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron CEN-SW-POE-5	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste
	Extron HDMI Switcher	1	ewaste
	ShoreTel 230	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
Emerson	ShoreTel 230	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	Logitech Camera	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste
	Crestron DM-TX-201-C	1	ewaste
	Crestron USB-EXT	2	ewaste
	MagSafe	1	ewaste
	MagSafe 2	1	ewaste
	Presentation Whip	1	ewaste
	Extron HDMI Switcher	1	ewaste
	NEC TV	1	ewaste
Dickinson	Polycom	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	NEC TV	1	ewaste
	Crestron USB-EXT	2	ewaste
	MagSafe 2 60W	1	ewaste
	MagSafe 2 85W	1	ewaste
	Extron HDMI Switcher	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron DM-TX-201-C	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste
	D-Link DES-1005P	1	ewaste
	Presentation Whip	1	ewaste
	Logitech Camera	1	ewaste
[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Dongguruo	Crestron HD Scaler	1	ewaste
	Extron XPA 2001	1	ewaste
	Crestron HD Scaler	1	ewaste
	Extron XPA 2001	1	ewaste
	NetGear Gigabit Switch	1	ewaste
	MX Power Center	1	ewaste
Poe	ShoreTel 230	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	Crestron DM-TX-201-C	1	ewaste
	Crestron USB-EXT	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron CEN-SW-POE-5	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste

	MagSafe	1	ewaste
	MagSafe 2	1	ewaste
	Extron HDMI Switcher	1	ewaste
	NEC TV	1	ewaste
	Logitech Camera	1	ewaste
Kerouac	Polycom	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	Extron HDMI Switcher	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste
	Crestron DM-TX-201-C	1	ewaste
	Gefen USB 2.0 LR	1	ewaste
	MagSafe	1	ewaste
	MagSafe 2	1	ewaste
	Presentation Whip	1	ewaste
Archaeopteryx	Polycom	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	Logitech Camera	1	ewaste
	Speaker Sound Bar	1	ewaste
	Sharp TV	1	ewaste
	Extron HDMI Switcher	1	ewaste
	Crestron RMC3	1	ewaste
	MA Power Center	1	ewaste
	Crestron HD-Scaler	1	ewaste
	Crestron MC3	1	ewaste
	Presentation Whip	1	ewaste
	Crestron USB-EXT	1	ewaste
	Crestron DM-TX-201-C	1	ewaste
	MagSafe	2	ewaste
	MagSafe 2	2	ewaste
	NetGear Gigabit Switch	1	ewaste
Allosaurus	Polycom	1	ewaste
	Jabra Speaker/Microphone	1	ewaste
	Crestron HD-Scaler	1	ewaste
	Extron XPA 200	1	ewaste
	MA Power Center	1	ewaste
	Logitech Camera	1	ewaste
	Sharp TV	1	ewaste
	Extron HDMI Switcher	1	ewaste
	Crestron DM-RMC-SCALER-C	1	ewaste
	Crestron RMC3	1	ewaste
	Crestron USB-EXT	2	ewaste
	MagSafe	2	ewaste

	MagSafe 2	2	ewaste
	Crestron DM-TX-201-C	1	ewaste
	Presentation Wrap	1	ewaste
	Extron DTP-HDMI 230 Rx	1	ewaste
	Netgear Gigabit Switch	1	ewaste
[illegible]	[illegible]	[illegible]	[illegible]
Miscellaneous	Samsung 27" TV stand	18	ewaste
	Samsung 24" SyncMaster	87	ewaste
	Other Monitors (Dell, Samsung, and Asus)	22	ewaste
	Sharp TV (Non-Native TV)	1	ewaste
	HP Designjet 70 Printer	1	ewaste
[illegible]	[illegible]	[illegible]	[illegible]

EXHIBIT D

Master Lease

[This is the complete version of the master lease as provided to the Registrant.]

LEASE AGREEMENT

by and between

KENDALL SQUARE ENTITY, INC.

as Landlord

and

TWITTER, INC.

as Tenant

With respect to the property known as

141 Portland Street, Cambridge, Massachusetts

Dated as of

September 10, 2013

TABLE OF CONTENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "**Lease**") is made and entered into as of this 10th day of September 2013 (the "**Effective Date**") by and between **KENDALL SQUARE ENTITY, INC**., a Massachusetts corporation (the "**Landlord**"), and **TWITTER, INC.**, a Delaware corporation (the "**Tenant**").

Intending to be legally bound, Landlord and Tenant agree as set forth below.

1. PREMISES. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term and subject to and with the benefit of the terms, covenants, conditions, agreements and provisions hereof space consisting of: (a) approximately 15,877 rentable square feet on the 5th floor (the "**5th Floor Premises**"), (b) approximately 15,877 rentable square feet on the 6th floor (the "**6th Floor Premises**"), and (c) approximately 15,877 rentable square feet on the 7th floor (the "**7th Floor Premises**") as outlined on **Exhibit "A"** attached hereto and made part of hereof (collectively, 5th **Floor** Premises, 6th Floor Premises and 7th Floor Premises shall be known as the "**Premises**"), in the building (the "**Building**") erected on certain land (the "**Land**") located at 141 Portland Street, Massachusetts, together with rights of ingress and egress thereto, and with the right in common with others to use, to the extent applicable, the elevators and common passageways, stairways and vestibules, and to pass over and park on that portion of land owned by Landlord and designated by Landlord for Tenant's parking. For purposes of this Lease, the Premises shall be deemed to be approximately 47,631 rentable square feet and the Building shall be deemed to be 135,874 rentable square feet. The parties acknowledge and accept the rentable square feet as set forth in this Lease and shall not have the right to re-measure or recalculate the rentable square feet with respect to the Premises or the Building.

2. LEASE TERM.

2.1 Generally. Subject to the terms and conditions contained herein, including but not limited to Section 31, the lease term (the "**Lease Term**") shall commence on the date (the "**Lease Commencement Date**") upon which the: (a) 7th Floor Premises is delivered by Landlord to Tenant in its "as-is" condition; and (b) the 5th Floor Premises and 6th Floor Premises is delivered by Landlord to Tenant in "Shell Condition", defined below (collectively, the "**Delivery Condition**" and such delivery being referred to as "**Delivery**") which is estimated to be October 1, 2013 (the "**Target Commencement Date**") and shall expire on the last day of the full sixty-sixth (66th) month after the Lease Commencement Date (defined in Section 3.1 below), unless extended or terminated as provided in this Lease (the "**Expiration Date**"). Upon the Lease Commencement Date, Landlord and Tenant shall enter into a Lease Commencement Date certificate in the form attached hereto as **Exhibit "H"** in order to confirm the Lease Term and schedule with respect to fixed rent. For purposes herein, "**Shell Condition**" shall mean that all existing floor covering, partitions and ceiling has been removed from the Premises.

3. FIXED RENT.

3.1 Fixed Rent. Except as otherwise set forth herein, Tenant shall pay fixed rent (the "**Fixed Rent**") beginning on the Lease Commencement Date in monthly installments in accordance with the schedule set forth on **Exhibit "B"** attached hereto and made a part hereof, without prior notice or demand, and without any setoff or deduction whatsoever (except as expressly set forth herein), in advance, on the first day of each month at such place as Landlord may direct in writing. If the Lease Term shall commence or expire on other than the first or last day, as applicable, of a calendar month, such monthly installment of Fixed Rent and any applicable Additional Rent, as set forth below, shall be prorated for each calendar day of such partial month.

3.2 Late Payment. If any portion of Fixed Rent, Additional Rent or any other sum payable to Landlord hereunder shall be due and unpaid for more than five (5) days after its due date, it shall bear interest at a rate equal to ten percent (10%) (the "**Default Rate**") from the due date until the date of payment thereof by Tenant. In addition Tenant shall pay a late charge equal to five percent (5%) of the late payment; provided, however, that Tenant shall be entitled to written notice of non-payment and a five (5) day grace period prior to the imposition of such late charge on the first (1st) occasion in any calendar year in which any installment of Rent is not timely paid. If any payment tendered by Tenant shall fail collection on presentment, Tenant shall reimburse Landlord for all charges imposed by Landlord's bank on account thereof and pay to Landlord a bad check fee equal to the lesser of (a) $100.00 or (b) the maximum charge permitted by law. In no event shall Landlord be deemed to contract for or receive charges by way of interest or otherwise in excess of those permitted by law and any sum paid in excess of that permitted shall be refunded or credited to Tenant.

3.3 Demolition Credit. In consideration of Tenant accepting possession of the 7th Floor Premises in its "as-is" condition and Landlord not removing the existing floor covering, partitions and ceiling in the 7th Floor Premises, Landlord shall provide Tenant with a credit toward Fixed Rent, to be applied after the determination of the amount of the credit, as follows: once Landlord has completed the demolition of the 5th Floor Premises and the 6th Floor Premises individually, Landlord shall calculate the average costs incurred by Landlord in completing such demolition work, on a "per rentable square foot" basis, and deliver a statement (together with reasonably detailed back up documentation) setting forth costs; Tenant's credit for the 7th Floor Premises shall be equal to the costs incurred by Landlord in performing such demolition work.

4. ADDITIONAL RENT. In addition to Fixed Rent, and as more fully set forth on **Exhibit "C"** attached hereto and made a part hereof, Tenant shall pay to Landlord for each month of each calendar year of the Lease Term following the Base Year or Base Tax Year, as applicable, described in **Exhibit "C",** without demand (except for such notice as is described in **Exhibit "C"**), deduction or setoff, as "**Additional Rent**" (which amounts along with any other amounts or charges which may become due or payable by tenant to landlord may collectively or separately be referred to as "**Rent**" hereunder): (a) Tenant's Proportionate Share of Operating Expenses to the extent the Operating Expenses exceed the Operating Expense Stop; and (b) Taxes (on a per rentable square foot basis) to the extent the Taxes exceed the Tax Expense Stop (as such terms are defined in **Exhibit "C"**).

5. LETTER OF CREDIT.

[*]

6. USE OF PREMISES. Tenant covenants and agrees to use and occupy the Premises for general office use purposes (which will be deemed to include the use and operation of a "warming" kitchen and occasional receptions and/or gatherings for Tenant's employees, clients and consultants) as permitted by law and for no other purpose without the prior written consent of Landlord (the "**Permitted Use**"). Tenant shall not use or permit any use of the Premises which creates any safety or environmental hazard, or which would: (a) be dangerous to the Premises, the Building or other tenants of the Building, or (b) unreasonably disturb other tenants of the Building, or (c) cause any increase in the premium cost for any insurance which Landlord may then have in effect with respect the Building generally. Landlord makes no representation or warranty that the Premises are fit for the Permitted Use. In addition, Tenant shall be responsible, at its sole cost and expense for obtaining any and all applicable permits necessary to construct the Initial Improvements and to legally occupy the Premises for the Permitted Use, including but not limited to the certificate of occupancy if necessary. Except when and where Tenant's right of access is specifically prevented as a result of (i) an emergency, (ii) a requirement by law, or (iii) a specific provision set forth in this Lease, Tenant shall have the right of ingress and egress to the Premises, the building, and the parking areas twenty-four (24) hours per day, seven (7) days per week.

7. CONDITION OF PREMISES.

7.1 Taking possession of the Premises by Tenant shall be deemed to establish a rebuttable presumption that the Premises are in good and satisfactory condition as of the Lease Commencement Date, subject to Landlord's express representations and maintenance/repair obligations set forth herein. Tenant acknowledges that except as set forth herein to the contrary, no representations as to the condition of the Premises have been made by Landlord. Except for the Delivery Condition as described in Section 2.1, Tenant acknowledges and agrees that Landlord shall deliver and Tenant shall accept the Premises in Delivery Condition and Landlord shall not be responsible for performing any other work in the Premises in order to prepare the Premises for Tenant's occupancy (other than such work as may be necessary to bring the Building Systems into good working order and repair).

7.2 Landlord represents that:

(a) As of the Lease Commencement Date, to the best of its actual knowledge, without due inquiry, Landlord has not received any notice that the Building and Premises are in violation of any applicable laws, including without limitation, the Americans with Disabilities Act; and

(b) As of the Lease Commencement Date, it shall deliver in good working order and condition all base Building finishes, systems, and structures (including, but not limited to, all Building Systems). Tenant will have thirty (30) days after Landlord's delivery of the Premises in which to notify Landlord and to the extent that any components of the Building Systems are not in good working order and repair, in such event, Landlord will promptly repair or replace the items of the Building Systems as necessary so that the same are in good working order.

8. HAZARDOUS MATERIALS.

8.1 Limitations on Use. Tenant shall not transport, use, store, maintain, handle, generate, manufacture, dispose, discharge or release any Hazardous Material (as defined below in Section 8.2) upon or about the Premises, or permit Tenant Responsible Parties (as defined below in Section 8.2) to engage in such activities upon or about the Property in violation of applicable laws and regulations. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within the Premises of Hazardous Materials customarily used in the business or activity expressly permitted to be undertaken in the Premises under this Lease; provided: (a) such substances

shall be used and maintained only in such quantities as are reasonably necessary for such permitted use of the Premises and the ordinary course of Tenant's business therein, strictly in accordance with all applicable laws, prevailing standards and the manufacturers' instructions therefor, (b) such substances shall not be disposed of, discharged or released in or about the Premises (except as may be permitted by applicable law), and shall be transported to and from the Premises in compliance with all applicable laws, (c) if any applicable law or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to scheduling and approval by Landlord), (d) any remaining such substances shall be completely, properly and lawfully removed from the Property upon expiration or earlier termination of this Lease, and (e) for purposes of removal and disposal of any such substances for which applicable law requires such a classification, Tenant shall be named as the owner and generator, obtain a waste generator identification number, and execute all applications, permits, manifests, waste characterization documents and any other required forms. As of the Commencement Date, without due inquiry, Landlord hereby represents to Tenant that Landlord has not received any notice that the Building is in violation of any federal, state and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials, Landlord will indemnify, defend, protect and hold harmless and defend Tenant from and against any and all loss, cost, damage, or liability arising out of the presence on or about the Building of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under or from the Building attributable to Landlord or Landlord's employees, contractors, representatives or agents.

8.2 Notices Regarding Hazardous Materials. Tenant shall immediately notify Landlord in writing of: (a) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Premises or the migration thereof from or to other property, to the extent caused by Tenant or its operation in the Premises, (b) any demands or claims made or threatened by any party relating to any loss or injury resulting from any Hazardous Material placed or introduced into the Premises by Tenant, (c) any discharge, release or non-routine, improper or unlawful disposal or transportation by Tenant of any Hazardous Material on or from the Premises or in violation of this Section 8, and (d) any matters where Tenant is required by law to give a notice to any governmental or regulatory authority respecting any Hazardous Material on the Premises. Landlord shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Premises initiated in connection with any environmental, health or safety law. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list, certified to be true and complete, identifying any Hazardous Material then used, stored, or maintained upon the Premises, the use and approximate quantity of each such material, a copy of any material safety data sheet (the "**MSDS**") issued by the manufacturer or supplier therefore, and such other information as Landlord may reasonably require or as may be required by law. The term "**Hazardous Material**" for purposes hereof shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of an MSDS.

8.3 Remediation. If any Hazardous Material is released, discharged or disposed of by Tenant or Tenant Responsible Parties, on or about the Property in violation of Section 8, Tenant shall immediately, properly and in compliance with all applicable laws clean up and remove the Hazardous Material from the Property and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense (without limiting Landlord's other remedies therefore). Such clean up and removal work shall be subject to Landlord's prior written

approval (except in emergencies), which shall not be unreasonably withheld, delayed or conditioned, and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any court or governmental body having jurisdiction or reasonably required by Landlord. If Landlord or any lender or governmental body arranges for any tests or studies showing that Section 8 has been violated by Tenant, Tenant shall pay for the actual costs of such tests, Nothing in Section 8 shall be construed as preventing Tenant from obtaining additional testing at its own expense. During the Lease Term, Landlord shall have the option, at Landlord's sole cost (except as set forth above) to retain a consultant who will conduct an investigation to verify that no portion of the Building (including the Premises, to the extent Landlord has reasonable cause to believe that there is such a use) is being used for any activities involving, directly or indirectly, the unlawful use, storage, maintenance, handling, generation, manufacture, disposal, discharge or release of any Hazardous Material. Subject to terms and conditions of this Lease regarding Landlord's access, Tenant hereby grants to Landlord, its agents, employees, consultants and contractors the right to enter upon the Premises and to perform such tests on the Premises as are reasonably necessary to conduct any such investigation, To the extent Tenant discovers any Hazardous Materials at the Premises, which was not introduced to or released in the Premises by Tenant by any action or inaction, or its agents, employees or contractors, and the presence of which violates any applicable laws, regulations or other requirements now or hereafter in effect, then Landlord shall, at its sole cost, comply with all such laws, regulations or other requirements with respect to the remediation of the same.

8.4 Tenant's Indemnity. Tenant covenants and agrees to exonerate, indemnify, defend, protect and save Landlord and Landlord Parties (as defined herein) harmless from and against all claims, demands, expenses, losses, suits and damages in connection with the presence or use of any Hazardous Materials on the Property caused by Tenant or its agents. The obligations of Tenant hereunder shall survive expiration or earlier termination of this Lease.

9. INDEMNIFICATION.

9.1 By Tenant. Except for the gross negligence or willful misconduct of Landlord or any Landlord Party, and subject to the terms of Section 16.3 below, Tenant covenants and agrees to exonerate, indemnify, defend, protect and save Landlord, Landlord's managing agent and Landlord's mortgagee (if any) (the "**Landlord Parties**") harmless from and against any and all claims, demands, expenses, losses, suits and damages' as may be occasioned by reason of (i) any accident, injury or damage occurring in or about the Premises causing injury to persons or damage to property (including, without limitation, the Premises); and (ii) the failure of Tenant to fully and faithfully perform the obligations and observe the conditions of this Lease.

9.2 By Landlord. Except for the gross negligence or willful misconduct of Tenant or any Tenant Party, and subject to the terms of Section 16.3 below, Landlord hereby covenants and agrees to exonerate, indemnify, defend, protect and save Tenant harmless on account of damage to the person or property of any party occurring outside of the Premises, including any other tenant in the Building, to the extent caused by the negligence or breach of this Lease by the Landlord, Landlord's agents or any Landlord party.

10. ALTERATIONS, ADDITIONS OR IMPROVEMENTS BY TENANT.

10.1 Alterations by Tenant. Tenant shall not make any alterations, additions, improvements or other changes in or to the Premises (the "**Alterations**"), other than the installation of typical office decorations, furniture and furnishings which are not affixed to the realty, without Landlord's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Landlord's consent shall

not be required for any Alteration that satisfies all of the following criteria: (1) is not visible from the exterior of the Premises or Building; (2) is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting, or costs less than $50,000 for any one project; (3) does not require work to be performed inside the demising walls or above the ceiling of the Premises; and (4) Tenant secures Lien Waivers (as defined below) with respect to such Alterations. If any proposed Alterations will adversely affect the exterior or structural components of the Building, or the Building Systems, Landlord may withhold its consent to such Alterations in Landlord's sole discretion. Without limitation, it shall not be unreasonable for Landlord to withhold its consent to any Alterations which would impose on Landlord any special maintenance, repair or replacement obligations not within the scope of those expressly provided for herein, unless Tenant agrees, at the time of its request for approval or notice of such Alterations, to pay all costs associated with Landlord's meeting the additional obligations. Landlord agrees to respond to any request by Tenant for approval of Alterations for which approval is required hereunder within ten (10) business days after delivery of Tenant's written request; Landlord's response shall be in writing and, if Landlord withholds its consent to any Alterations, Landlord shall specify in reasonable detail in Landlord's notice of disapproval, the basis for such disapproval, and the changes to Tenant's plans which would be required in order to obtain Landlord's approval. If Landlord fails to notify Tenant of Landlord's approval or disapproval within such ten (10) business day period, Tenant shall have the right to provide Landlord with a second written request for approval (a "**Second Request**") that specifically identifies the applicable plans and contains the following statement in bold and capital letters: **"THIS IS A SECOND REQUEST FOR APPROVAL PURSUANT TO THE PROVISIONS OF SECTION 10.1 OF THE LEASE. IF LANDLORD FAILS TO RESPOND "WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE WORK DESCRIBED HEREIN**." If Landlord fails to respond to such Second Request within five (5) business days after receipt by Landlord, the work in question shall be deemed approved by Landlord. If Landlord timely delivers to Tenant notice of Landlord's disapproval, Tenant may revise Tenant's plans to incorporate the changes suggested by Landlord in Landlord's notice of disapproval, and resubmit such plans to Landlord; in such event, the scope of Landlord's review of such plans shall be limited to Tenant's correction of the items in which Landlord had previously objected in writing. Landlord's review and approval (or deemed approval) of such revised plans shall be governed by the provisions set forth above in this Section 10.1). The procedure set out above for approval of Tenant's plans will also apply to any change, addition or amendment to Tenant's plans. Subject to Section 10.5 below, prior to the expiration or earlier termination of this Lease, and without additional notice to Tenant by Landlord, Tenant shall remove any such Alterations and repair any damage to the Premises or the Building occasioned by their installation or removal so as to restore the Premises to substantially the same condition as existed prior to the time when any such Alterations were made. All Alterations shall be subject to the provisions of Sections 10.2, 10.3 and 10.4 below.

10.2 Quality and Performance of Work. All construction work required or permitted by this Lease shall be done in a good and workmanlike manner by licensed union contractors approved by Landlord (such approval not to be unreasonably withhold, conditioned or delayed) and in compliance with the Building Rules and Regulations, attached hereto as **Exhibit "E"**, all insurance requirements of this Lease, and all applicable laws, statutes, codes, ordinances, orders, rules, regulations, conditions of approval and requirements of all federal, state, county, municipal and other governmental authorities, including the requirements of the Americans with Disabilities Act ("**ADA**") (collectively, "**Legal Requirements**").

10.3 Additional Covenants Regarding Alterations.

(a) All Alterations and Initial Tenant Improvements (as defined herein) shall be made (i) at Tenant's sole cost and expense, (ii) according to plans and specifications approved in writing by Landlord which approval shall not be unreasonably withheld, conditioned or delayed (iii) in compliance with all Legal Requirements, (iv) by a licensed union contractor, and (v) in a good and workmanlike manner. Tenant shall provide Landlord with as-built plans for any Alterations for which plans are used, regardless of whether the Alterations require Landlord's consent hereunder.

(b) Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials ordered or obligations incurred by or on behalf of Tenant. Without limitation, Tenant shall be responsible for, and shall pay when due, all costs associated with the preparation of plans and the performance of Alterations and the same shall be performed in a lien-free, good and workmanlike manner, and in compliance with all Legal Requirements. In the event that Tenant shall fail to pay the costs associated with Alterations on a timely basis, and as a result of such failure, a statutory and/or common law lien is asserted against the Premises or the Building, and Tenant shall fail, within fifteen (15) days after notice of such assertion, to cause (by payment, posting of a proper bond, or otherwise) such lien to be released of record, Landlord shall have the right (but not the obligation), at Tenant's expense, to cause such lien to be bonded over or released of record.

(c) Tenant shall ensure that all contractors and subcontractors performing Alterations are insured in amounts required by law. If Landlord requests, certificates of such insurance shall be delivered to Landlord. Tenant's obligation to exonerate, indemnify, defend, protect and save Landlord Parties harmless, as set forth in Section 8, shall include without limitation all activities and work done by and on behalf of Tenant pursuant to this Section 9 and shall commence on the date of execution hereof.

(d) Tenant agrees that Landlord shall have the right to examine and inspect any Alterations; provided, however, that no such examination or inspection shall constitute an approval or warranty or give rise to any liability of Landlord with respect to any thereof. In the performance of Alterations in accordance with this Lease, Tenant shall cause its contractors to use reasonable and diligent efforts not to interfere with ongoing operations on the rest of the Building, to keep all construction areas clean and free of trash and debris, and otherwise to comply with any other reasonable rules and regulations established by Landlord with regard to construction activities.

(e) Tenant shall provide copies of any warranties for Alterations and the materials and equipment which are incorporated into the Premises and the Building in connection therewith, and either assign to Landlord, or enforce on Landlord's behalf, all such warranties to the extent repairs and/or maintenance on warranted items would be covered by such warranties and are otherwise Landlord's responsibility under this Lease.

(f) Landlord shall not have the right to charge any construction administration or supervision fee in connection with Tenant's performance of Alterations; provided that Tenant will reimburse Landlord for any third party costs actually incurred by Landlord in the review of Tenant's plans.

10.4 Removal of Specialty Alterations. Landlord shall notify Tenant in writing at the time of Landlord's approval of any Alterations whether any such Alterations constitute Specialty Alterations (defined below), and, in such event, if such Specialty Alterations will be required to be removed by Tenant at the end of the Lease Term (Landlord will not have the right to require that any Initial Alterations (defined in Section 10.5 below) be removed by Tenant); if Landlord fails to provide such

notice at the time of Landlord's approval, Landlord shall be deemed to have waived the right to require the removal of the Specialty Alteration in question. As used herein, **"Specialty Alterations"** shall mean Alterations that (i) perforate, penetrate or require reinforcement of a floor slab (including, without limitation, interior stairwells or high-density filing or racking systems), (ii) consist of the installation of a raised flooring system, (iii) consist of the installation of a vault or other similar device or system intended to secure the Premises or a portion thereof in a manner that exceeds the level of security necessary for ordinary office space, (iv) involve material plumbing connections (such as, for example but not by way of limitation, kitchens, saunas, showers, and executive bathrooms outside of the Building core and/or special fire safety systems), (v) consist of the dedication of any material portion of the Premises to non-office usage (such as classrooms).

10.5 Improvement Allowance. As an inducement to Tenant's entering into this Lease, Landlord shall provide to Tenant an allowance of [*] per rentable square foot of the Premises (i.e., a maximum of [*] based on 47,631 rentable square feet) (the **"Improvement Allowance"**) to be used by Tenant solely toward the costs associated with design, permitting and construction of the initial build-out of the Premises (the **"Initial Improvements"**), including project management, fees and construction consultant. In addition, Landlord shall provide Tenant with an allowance of up to $[*] per rentable square foot of the Premises (i.e. a maximum of $[*] based on 47,631 rentable square feet) to be used by Tenant solely toward the costs of all test fits for the Premises (the **"Test Fit Allowance"**). Tenant shall have the option to (a) use its own union general contractor, reasonably approved by Landlord, to perform the Initial Improvements pursuant to Section 10.6 below; or (b) designate Landlord to perform the Initial Improvements pursuant to Section 10.7 below.

10.6 Tenant Performance of Initial Improvements. The Initial Improvements shall be; (a) performed by Tenant; (b) subject to the provisions of Sections 10.2, 10.3 and 10.4 above; (c) performed by a union general contractor reasonably approved by Landlord; and (d) based on plans and specifications reasonably approved by Landlord (the **"Initial Improvement Plans"**), the approval of which will be governed by Paragraph 10.1 above; and (d) the following terms and conditions shall apply:

(i) Landlord shall pay Landlord's Proportion (as hereinafter defined) of the cost shown on each requisition (as hereinafter defined) submitted by Tenant to Landlord within thirty (30) days of submission thereof until the entirety of the Improvement Allowance has been exhausted. **"Landlord's Proportion"** shall be a fraction, the numerator of which is the Improvement Allowance, and the denominator of which is the total cost the Initial Improvements. A **"requisition"** shall mean written documentation, including, without limitation, (i) invoices from Tenant's contractors, vendors, service providers and consultants, and such other documentation as Landlord may reasonably request, showing in reasonable detail the cost of the items in question or improvements installed to date in the Premises, accompanied by certifications from Tenant that the amount of the requisition in question is true and correct and does not exceed the cost of the items or improvements covered by such requisition (AIA Form G-702 is deemed acceptable by Landlord as a requisition form); and (ii) evidence that all of the Initial Improvements and other work done by or on behalf of Tenant as of such date which could give rise to any mechanic's or materialman's liens and for which payment has been previously requested and paid, has been paid for in full and that any and all liens therefor that, have been or may be filed have been satisfied of record or waived (the **"Lien Waivers"**) with respect to the prior month's requisition. Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each requisition in order to verify the amount thereof.

(ii) Tenant shall not submit requisitions, nor shall Landlord have any obligation to advance funds on account of the Improvement Allowance, more often than once per month.

(iii) If Tenant fails to pay the amounts paid by Landlord to Tenant in the prior month's requisition to Tenant's contractors, vendors, service providers and consultants, Landlord shall thereafter have the right to have the Improvement Allowance paid directly to Tenant's contractors, vendors, service providers and consultants.

(iv) In no event shall the Improvement Allowance be applied to any fees paid to Tenant.

(v) Landlord shall have no obligation to pay any portion of the Improvement Allowance with respect to any requisition submitted twelve (12) months after the Lease Commencement Date (the "**Outside Requisition Date**"); provided, however, that if Tenant certifies to Landlord that it is engaged in a good faith dispute with a contractor, vendor, service provider or consultant, such Outside Requisition Date shall be extended while such dispute is ongoing, so long as Tenant is diligently pursuing the resolution of such dispute. Tenant shall not be entitled to receive any portion of the Improvement Allowance except to the extent that it has submitted requisitions, and/or made demand therefor, on or before the Outside Requisition Date. In the event Tenant has not utilized the Improvement Allowance on or before the Outside Requisition Date, Tenant shall be deemed to have forfeited any unused portion of said Improvement Allowance and shall have no rights thereto.

(vi) In addition to all other requirements hereof, Landlord's obligation to pay the final requisition of the Improvement Allowance shall be subject to simultaneous delivery of all Lien Waivers in connection with the Initial Improvements.

(vii) Tenant acknowledges that any Alterations and the Initial Improvements must be completed using union labor and it shall not take any action which would cause a work stoppage, picketing, labor disruption or dispute (the **"Labor Disruption"**). Accordingly, Tenant acknowledges that Tenant shall, at its sole cost and expense, take any and all actions reasonably necessary to resolve any Labor Disruption that may arise as a result of Tenant's violation of the requirement that Tenant use union labor.

(viii) Tenant acknowledges that if any of the Alterations or Initial Improvements must be completed beyond normal construction hours (Monday through Friday between the hours of 7:30am to 3:30pm)(the **"Construction Hours"**), Tenant shall pay to Landlord for cost of Landlord's on-site supervisory personnel at the rate of $75.00 per hour within thirty (30) days of invoice from Landlord.

10.7 Permits. Tenant shall deliver to Landlord a copy of the final application for permit and issued permit for the construction of the Initial Improvements prior to commencement of construction. Landlord, at no additional cost to Landlord, will use reasonable efforts to cooperate with Tenant in Tenant's efforts to procure applicable construction permits.

11. COVENANTS OF LANDLORD.

11.1 Landlord shall be responsible for maintaining the structure, foundation, exterior and roof of the Building in good order and repair throughout the Lease Term and for maintaining the building systems, including but not limited to the HVAC, electrical, mechanical (including elevator) life safety and plumbing systems which serve more than just the Premises as well as associated transformers, duet work, cable, wires, and other equipment, facilities, and systems (the **"Building Systems"**) and all common areas in first-class order and repair, except that Landlord shall have no responsibility with respect to any obligation hereinabove stated if caused by Tenant's negligence. Subject to the provisions of Section 4 and **Exhibits "C"** and **"D"**, the cost of Landlord's performance of such maintenance and repair

responsibilities will be reimbursed by Building tenants as Operating Expenses to the extent applicable. Landlord is not responsible for maintenance and replacement of any such equipment, fixtures or mechanical installations which are installed by or on behalf of Tenant and exclusively serve the Premises. As of the Effective Date, Landlord hereby represents that the Building Systems and Building roof are in good working order and condition.

11.2 Each of Tenant's employees will be issued a building pass to gain access to the Building and Premises 24 hours/day, 7 days/week. Tenant shall deposit with Landlord $25.00 for each pass which amount shall be returned to Tenant upon return of the pass in the same condition, reasonable wear and tear excepted.

11.3 Landlord shall provide elevator facilities during regular business hours (8:00 a.m. to 6:00 p.m. Monday through Friday) on business days (Saturdays, Sundays and Holidays are to be excepted) (the "**Normal Business Hours**") and at all other times Landlord agrees to provide limited automatic elevator service to the Premises. Notwithstanding the foregoing, Landlord shall not be responsible for any security relating to the elevator or Premises beyond Normal Business Hours and Tenant shall be obligated to provide its own security relating to the elevator and/or Premises beyond Normal Business Hours. In connection therewith, Tenant may install its own security system in the Premises which will not interfere with the operation of Landlord's security system serving the Building.

11.4 Landlord shall provide heat, ventilation and air-conditioning ("**HVAC**") for the Premises, the main lobby, elevators, washrooms and stairs, during Normal Business Hours sufficient to maintain the a comfortable temperature range in the Building. Landlord shall provide heat or air-conditioning at all other hours upon at least twenty-four (24) hours' advance telephonic request from Tenant to the Building's management office and at no additional cost. Alternatively, in the event Landlord installs an energy management system at the Building, Tenant will be responsible for paying, within thirty (30) days following delivery of an invoice from Landlord, for the out-of-pocket cost for each hour of HVAC used beyond Normal Business Hours which shall be the cost incurred for increasing or decreasing the temperature, as the case may be, from the temperature at which the Building is maintained under normal circumstances during Normal Business Hours to the temperature requested by Tenant.

11.5 Landlord shall provide hot and cold running water to the Premises to the extent that the same is necessary to operate a kitchenette in the Premises.

11.6 Landlord shall provide cleaning of the Premises, lobby, elevators, public corridors, washrooms and stairs, and removal of the Tenant's trash, daily, on business days (Monday through Friday) (Saturdays, Sundays, and Holidays excepted), provided the Premises are kept in good order by the Tenant. Said janitorial services will be commensurate with the level of services provided in Comparable Buildings (defined below). Landlord shall not be responsible for the removal of, and Tenant shall, at its own expense, remove Tenant's trash resulting from receptions, lunches, dinners, cocktail parties, or similar functions, whether or not catered.

11.7 Landlord shall provide hot and cold running water, liquid soap, toilet tissue and paper towels for the washrooms and lavatories serving the Premises.

11.8 Landlord shall provide electricity for normal lighting of the main lobby, elevators, washrooms and stairs and Landlord shall provide electricity for normal lighting to the Premises.

11.9. Landlord shall provide reasonable shoveling of snow and sanding of ice at the entries to the Building, commensurate with similar services provided in Comparable Buildings.

11.10 Landlord shall provide adequate lighting of the parking area including the supplying of all required fixtures and light bulbs, tubes and similar devices.

11.11 Landlord shall provide use of the loading dock and freight elevator Monday through Friday, 7:00AM—3:00PM (excluding holidays), which is located on the Davis Street side of the Building in common with others who may be granted similar rights.

11.12 Landlord is under no responsibility or liability for failure or interruption in such service caused by breakage, accident, strikes, repairs, failure of fuel supply, inability by exercise of reasonable diligence to obtain fuel, electricity, supplies or other services or for any other cause or causes beyond the reasonable control of Landlord, nor in any event for any indirect or consequential damages; and failure or omission on the part of Landlord for the foregoing reasons to furnish such service shall not be construed as an eviction of Tenant, nor work as an abatement of rent, nor render Landlord liable in damages, nor release Tenant from prompt fulfillment of any of the covenants under this Lease, except that, if Landlord does not provide HVAC or electricity to the Premises for five (5) consecutive days (the "**Eligibility Period**"), there shall be an abatement of Rent on a per diem basis for every consecutive day thereafter until such service is restored.

11.13 "**Comparable Buildings**" shall mean other similar office buildings in the Kendall Square/East Cambridge submarket of Cambridge, Massachusetts of comparable class, size, age and location not owned by Landlord or its affiliates.

12. COVENANTS OF TENANT.

Tenant, at Tenant's sole cost and expense, will:

12.1 Keep the Premises in good order and repair, reasonable wear and tear excepted;

12.2 Surrender the Premises at the end of this Lease in the same condition in which Tenant has agreed to keep it during the Lease Term;

12.3 Not place, erect, maintain or display any sign or other marking of any kind whatsoever on the windows, the exterior of the doors or on the exterior walls of the Premises and not place any blinds, curtains, drapes or coverings over the exterior windows or on the window surfaces which are visible from the outside of the Building. The foregoing notwithstanding, Landlord hereby consents to Tenant, at its sole cost and expense, and subject to Landlord's prior written approval which shall not be unreasonably withheld, installing and maintaining its own custom signage at the entrance to the Premises on each floor on which the Premises is located (not intending to mean the entrance to the Building). In addition, Landlord agrees to provide, at its sole cost and expense, and subject to all applicable regulations, Tenant's signage in the first floor lobby directory, the style and quality of which shall be consistent with other of such signage within the Building. After the initial installation of the signage in the first floor lobby directory, any changes to such signage made at Tenant's request shall be at the sole cost of Tenant.

12.4 Be responsible for the maintenance of the Premises (including, but not limited to, any tenant improvements, fixtures, equipment and systems contained therein which exclusively serve the Premises), whether installed by Landlord or by Tenant, and, subject to Section 16.3, for the repair and replacement of any part of the Premises and the Building made necessary by reason of damage thereto caused by Tenant or Tenant's employees, servants, agents or invitees. In the event Tenant shall fail to perform such maintenance, repairs or replacements within sixty (60) days of the date such work becomes necessary, Landlord may, but shall not be required to, perform such work and charge the amount of the expense therefor, with interest accruing and payable thereon, all in accordance with Section 20 below;

12.5 Comply with all laws, enactments and regulations of any governmental authority relating or applicable to Tenant's occupancy of the Premises and any covenants, easements and restrictions governing the Land or Building, and indemnify, defend and hold Landlord harmless from all consequences from its failure to do so; provided, however, that the foregoing shall not be interpreted to require Tenant to perform structural or capital work unless required due to Tenant's specific use of the Premises as opposed to office use in general;

12.6 Promptly notify Landlord of any damage to or defects in the Premises, any notices of violation received by Tenant and of any injuries to persons or property which occur therein or claims relating thereto;

12.7 Subject to Section 7, pay for any alterations, improvements or additions to the Premises and non-standard Building items installed by or for Tenant, and allow no lien to attach to the Building with respect to any of the foregoing;

12.8 Without the prior written consent of Landlord (not to be unreasonably withheld, conditioned or delayed), not place within the Premises or bring into the Building (i) any machinery, equipment or other personalty other than customary office furnishings and small office machinery, or (ii) other personalty having a weight in excess of the design capacity of the Building;

12.9 Not use the Premises for the generation, manufacture, refining, transportation, treatment, storage or disposal of any Hazardous Material or for any purpose which poses a material risk of damage to the environment; in this regard Tenant represents that it does not have a Standard Industrial Classification number as designated in the Standard Industrial Classifications Manual prepared by the Office of Management and Budget in the Executive Office of the President of the United States that is any of 22-39 inclusive, 46-49 inclusive, 51 or 76 and will not engage in any activity which would subject Tenant to the provisions of the Federal Comprehensive Environmental Response, Liability and Clean-Up Act (42 U.S.C. Section 9601 et seq.), the Federal Water Pollution Control (33 U.S.C.A. Section 1151 et seq.), the Clean Water Act of 1977 (33 U.S.C.A. Section 1251 et seq.), or any other federal, state or local environmental law, regulation or ordinance;

12.10 Comply with all commercially reasonable non-monetary rules and regulations which may hereafter be promulgated by Landlord and with all reasonable changes and additions thereto upon notice by Landlord to Tenant (such rules and regulations, together with all changes and additions thereto, are part of this Lease); Landlord shall notify Tenant in writing upon the promulgation of such rules and regulations or changes thereto. Landlord agrees to enforce such rules and regulations against all tenants in the Building in a non-discriminating fashion and to take reasonable action to cause a cessation of any violation of all rules that interfere with Tenant's use and quiet enjoyment of the Premises. In the event of any conflict between the provisions of this Lease and the provisions of any such rules and regulations, the terms and conditions of this Lease shall control;

12.11 Comply with all reasonable recommendations of Landlord's or Tenant's insurance carriers relating to layout, use, storage of materials and maintenance of the Premises.

12.12 Maintain, repair or replace, any supplemental HVAC systems and components located within and exclusively serving the Premises at its sole cost and expense.

12.13 Paying for all separately metered utilities when due directly to the applicable utility provider.

13. ASSIGNMENT AND SUBLETTING.

13.1 General Provisions. Except as expressly set forth herein, Tenant shall not assign, pledge, mortgage or otherwise transfer or encumber this Lease, nor sublet all or any part of the Premises or permit the same to be occupied or used by anyone other than Tenant or its employees without Landlord's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Any consent by Landlord bereunder shall not constitute a waiver of strict future compliance by Tenant of the provisions of this Section 13 or a release of Tenant from the full performance by Tenant of any of the terms, covenants, conditions, agreements or provisions of this Lease. For purposes of this Section 13, any transfer in Control of Tenant (or any subtenant, assignee or occupant) to a person or entity which did not previously have Control, which by operation of law or otherwise, shall be deemed an assignment hereunder, including, without limitation, any merger, consolidation, dissolution (which in a single transaction or series of related transactions). Any assignment or subletting in contravention of the provisions of this Section 13 shall be void. **"Control"** shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and polices of an entity, or ownership of any sort, whether such ownership is achieved through the ownership of voting securities or by contract, or otherwise. Landlord shall respond to any request by Tenant for Landlord's consent to any proposed assignment or sublease within fifteen (15) days following delivery of such request. If Landlord fails to timely deliver to Tenant notice of Landlord's consent, or the withholding of consent, to a proposed Transfer, Tenant may send a second (2nd) notice to Landlord, which notice must contain the following inscription, in bold faced lettering: **"SECOND NOTICE DELIVERED PURSUANT TO ARTICLE 13 OF LEASE — FAILURE TO TIMELY RESPOND WITHIN FIVE (5) BUSINESS DAYS SHALL RESULT IN DEEMED APPROVAL OF ASSIGNMENT OR SUBLEASE."** If Landlord fails to deliver notice of Landlord's consent to, or the withholding of Landlord's consent, to the proposed assignment or sublease within such five (5) business day period, Landlord shall be deemed to have approved the assignment or sublease in question. Notwithstanding anything to the contrary contained in this Section 13 or elsewhere in this Lease, any assignment or subletting shall be subject to the following further conditions and limitations:

13.2 Proposed Subtenants and Assignees. Landlord will have the right to withhold its consent to a proposed subtenant or assignee who is (a) a prospective tenant (or its designee) who is discussing with Landlord (or Landlord's agent) regarding its need for space in the Building, or who has so negotiated within the previous four (4) months (provided Landlord then has sufficient available space in the Building to meet the needs of such proposed subtenant or assignee); (b) a current tenant of space in the Building (provided Landlord then has sufficient available space in the Building to meet the needs of such proposed subtenant or assignee); or (c) an Affiliate (as hereinafter defined) of a current tenant of space in the Building (provided Landlord then has sufficient available space in the Building to meet the needs of such proposed subtenant or assignee). For purposes hereof, an **"Affiliate"** shall mean a corporation or other business entity that directly or indirectly controls, is controlled by, or is under common control with such tenant.

13.3 Advertising. In no event shall Tenant advertise the subletting or assignment of the Premises using signage, online or other public marketing materials (on a per rentable square foot basis) at a lower rate than Landlord is then advertising space (on a per rentable square foot basis) in the Building. Notwithstanding the foregoing, Tenant may engage a broker to solieit subtenants or assignees to pay at a lower rate than Landlord is then advertising space in the Building, and Tenant and any such broker may prepare and submit letters of intent and other written proposals to prospective subtenants or assignees at such lower rates.

13.4 Right to Share Profits.

(a) If Landlord consents to the subletting of all or any part of the Premises, Tenant shall in consideration thereof pay to Landlord, as Additional Rent, fifty percent (50%) of any Net Profits (as hereinafter defined) in connection with the subletting. **"Profits"** on a subletting shall mean the difference between (i) the amounts paid as rent and additional rent by the subtenant to Tenant in and for each month of the sublease term and (ii) Fixed Rent and Additional Rent due and payable by Tenant to Landlord in and for each month of the sublease term, in each and every month when the former exceeds the latter, provided, however, that if a sublease involves less than the entire Premises, the amounts paid by Tenant to Landlord used in subpart (ii) above shall be prorated each month to reflect the portion of the Premises being sublet. **"Net Profits"** on a subletting shall mean monthly Profits reduced by an amount equal to the quotient found by taking the total reasonable and customary attorneys' fees, real estate brokerage commissions, commercially reasonable free rent periods and alteration expenses (if any), paid and incurred by Tenant in connection with the subletting, and dividing by the number of months in the sublease term.

(b) If Landlord consents to the assignment of this Lease, Tenant shall in consideration thereof pay to Landlord fifty percent (50%) of any Net Consideration (as hereinafter defined) in connection with the assignment. **"Consideration"** for an assignment shall mean any sums paid to Tenant in consideration of the assignment (other than the amount of rent and additional rent assumed by the assignee). **"Net Consideration"** for an assignment shall mean Consideration reduced by an amount equal to the total reasonable and customary attorneys' fees, real estate brokerage commissions, and alteration expenses (if any), paid and incurred by Tenant in connection with the assignment.

(c) Following the completion of any sublease or assignment, Landlord shall have the right at any time and from time to time upon reasonable prior notice to Tenant to audit and inspect Tenant's books, records and accounts related to such sublease or assignment to verify the determination of Additional Rent payable under Section 13.3.

13.5 Legal and Administrative Costs. Upon Tenant's execution and delivery of Landlord's Consent document (or, if there is no Consent document, within five (5) Business Days of receipt of Landlord's invoice), Tenant shall pay Landlord's reasonable third-party legal and administrative costs and expenses incurred in processing each of Tenant's subletting and assignment requests, which shall be paid whether or not Landlord consents to such subletting or assignment.

13.6 Right to Recapture. If Tenant shall give Landlord notice of its desire to assign this Lease, or to sublet a full floor or more of the Premises for a period of more than three (3) years (a **"Non-Permitted Sublet"**) for a term (and in each case, other than pursuant to a Permitted Transfer), Landlord shall be entitled, by written notice delivered to Tenant within fifteen (15) days following Tenant's delivery of a request for Landlord's consent to such sublease or assignment, to cancel this Lease with respect to the applicable portion of the Premises and this Lease shall end, with respect to such portion of the Premises, on the date specified in such notice, with the same force and effect as if such date were the date specified herein for the expiration hereof, and the rent (i.e., Fixed Rent and Additional Rent) provided for under this Lease shall be apportioned and adjusted as of the effective date of such cancellation.

13.7 Permitted Transfer. Notwithstanding any other provision of this Article 13 to the contrary, Tenant shall have the right to assign or sublease the Premises without securing consent of Landlord, but upon prior notice to Landlord (unless such notice is precluded by applicable law or confidentiality agreement, in which event such notice shall be provided as soon as permissible) (the "**Permitted Transferee Notice**"), to: (i) any Affiliate of Tenant; (ii) any entity which succeeds-in-interest to Tenant by way of merger or consolidation; or (iii) any entity which is the successor in interest to Tenant due to the sale of all the stock or substantially all of the assets of Tenant (collectively, a "**Permitted Transferee**" and any such transaction a "**Permitted Transfer**"). Notwithstanding the foregoing, the Permitted Transferee must have a net worth equal to or greater than the Tenant's net worth measured as of the Effective Date and Tenant shall remain primarily liable for its obligations under the Lease and shall produce documentation reasonably requested by Landlord evidencing the Permitted Transfer. Any other assignment or sublease shall be only upon the prior written consent of Landlord which consent shall not be unreasonably withheld, delayed or conditioned and shall be further governed by Section 13.1 – 13.5.

14. EMINENT DOMAIN. If the whole or a material portion of the Premises (or use or occupancy of the Premises) shall be taken or condemned by a governmental or quasi-governmental authority for any public or quasi-public use or purpose (including sale under threat of such a taking), or if the owner elects to convey title to the condemnor by a deed in lieu of condemnation, or if all or any portion of the Land or Building are so taken, condemned or conveyed and as a result thereof, in Landlord's reasonable but sole judgment, the Premises cannot be used for Tenant's permitted use as set forth herein, then this Lease shall cease and terminate as of the date when title vests in such governmental or quasi-governmental authority and Fixed Rent and Additional Rent shall be abated on the date when such title vests in such governmental or quasi-governmental authority. If less than a material portion of the Premises is taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including sale under threat of such a taking) such that Tenant is still able to conduct its business operations in the Premises, as diminished, without undue interruption or difficulty, Fixed Rent and Tenant's Proportionate Share shall be equitably adjusted (on the basis of the number of square feet before and after such event) on the date when title vests in such governmental or quasi-governmental authority and this Lease shall otherwise continue in full force and effect. In any case, Tenant shall have no claim against Landlord for any portion of the amount that may be awarded as damages as a result of any governmental or quasi-governmental taking or condemnation (or sale under threat or such taking or condemnation); and all rights of Tenant to damages therefor are hereby assigned by Tenant to Landlord. The foregoing shall not, however, deprive Tenant of any separate award for moving expenses, dislocation damages or for any other award which would not reduce the award payable to Landlord.

15. FIRE OR OTHER CASUALTY.

15.1 In the event of damage to or destruction of the Premises caused by fire or other casualty, or any such damage to or destruction of the Building necessary to provide normal services and access to the Premises in accordance herewith (**"Event of Casualty**"), Landlord will, within thirty (30) days following written notice thereof from Tenant of an Event of Casualty, deliver to Tenant an estimate of the time necessary to repair the damage in question such that the Premises may be used by and accessible to Tenant and such notice will be based upon the review and opinions of Landlord's architect and contractor ("**Landlord's Repair Notice**"). Landlord shall undertake to make repairs and restorations with reasonable diligence, unless this Lease has been terminated by Landlord or Tenant as hereinafter provided or unless any mortgagee which is entitled to receive casualty insurance proceeds fails to make available to Landlord a sufficient amount of such proceeds to cover the cost of such repairs and restorations. If (i) in Landlord's reasonable judgment (based on Landlord's Repair Notice), the damage is of such nature or extent that more than one hundred eighty (180) days would be required (with normal work crews

and normal work hours) to repair and restore the Premises or the Building, as the case may be; or (ii) in Landlord's sole judgment, the damage is of such nature or extent that it is uneconomical to repair and restore the Premises or the Building, as the case may be; or (iii) less than one (1) year remains on the then current Lease Term (and the damages is of such nature to the extent that normal services and access to the Premises are materially disrupted), Landlord shall so advise Tenant within thirty (30) days after the Event of Casualty ("**Landlord's Notice of Casualty**"), and either party shall have ten (10) Business Days after receipt of Landlord's Notice of Casualty to terminate this Lease by written notice to the other. If either party elects to terminate this Lease in the case described in clauses (i), (ii) or (iii) above, then the Lease Term shall expire ten (10) Business Days after such notice is given, and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the terms of this Lease. Notwithstanding the foregoing, if Tenant was entitled to but elected not to exercise its right to terminate this Lease and Landlord does not substantially complete the repair and restoration of the Premises within two (2) months after the expiration of the estimated period of time set forth in Landlord's Repair Notice, which period shall be extended to the extent of any delays caused by Tenant, then Tenant may terminate this Lease by written notice to Landlord within thirty (30) days after the expiration of such period, as the same may be so extended.

15.2 In the Event of Casualty, provided this Lease is not terminated pursuant to the terms of Section 15.1 above and is otherwise in fall force and effect, and sufficient casualty insurance proceeds are available to cover the cost of such repair and restoration, Landlord shall proceed diligently to repair and restore the Premises to substantially the same condition prior to the casualty occurrence. Landlord shall not be obligated to repair or restore any Alterations, the Premises Work, or Tenant's Personal Property (as defined in Section 16.1).

15.3 Landlord shall not insure; (a) any Alterations to the Premises; (b) any of the Initial Improvements; or (c) any of Tenant's Personal Property.

15.4 Except as set forth in Section 15.1 above, the validity and effect of this Lease shall not be impaired in any way by the failure of Landlord to complete the repair and restoration of the Premises or the Building within one hundred eighty (180) days after the commencement of work, even if Landlord had in good faith notified Tenant that the repair and restoration would be completed within such period, provided that Landlord proceeds diligently with such repair and restoration. In the case of damage to the Premises which is of a nature or extent that Tenant's continued occupancy is in the reasonable judgment of Landlord and Tenant substantially impaired, then Fixed Rent and Additional Rent otherwise payable by Tenant hereunder shall be equitably abated or adjusted for the duration of such impairment. Tenant's abatement period shall continue until Tenant has been given reasonable time, and sufficient access to the Premises, to rebuild the portion of the Premises it is required to rebuild, to install its property, furniture, fixtures, data and telecommunications cabling and equipment and to move in to the Premises over the course of one (1) full weekend not to exceed the earlier of: (a) ninety (90) days; or (b) the date upon which Tenant has rebuilt the Premises, installed its property, furniture, fixtures, data and telecommunications, and has moved into the Premises using good faith efforts.

16. INSURANCE; WAIVER OF SUBROGATION.

16.1 Insurance.

(a) Personal Property. Tenant agrees that those risks (including that of fire or other casualty, theft or other harm, damage or loss) to Tenant's Personal Property, including the loss of use of the same, which are actually covered by a Special Form policy of property insurance coverage shall be borne solely by Tenant. As used herein, **"Personal Property"** means all tangible and intangible goods

and accounts, inventory, merchandise, furniture, fixtures, equipment (including computer equipment and any data stored thereon) and systems. Tenant shall purchase and maintain insurance in an amount adequate to repair or replace or otherwise cover its Personal Property (and the Personal Property of others held or leased by Tenant or otherwise in the Premises), including any Alterations and the Initial Improvements.

(b) Business Interruption. Tenant shall maintain in full force and effect at all times, and at its own expense, business interruption insurance in amounts adequate to cover all Fixed Rent and Additional Rent due under this Lease.

(c) Commercial General Liability. Tenant shall maintain in full force and effect at all times, and at its own expense, commercial general liability insurance (including contractual, host liquor and personal injury liability insurance) in an amount not less than $1,000,000.00 combined single limit bodily injury and property damage per occurrence and $2,000,000.00 annual aggregate limit per location (or such higher limits as may be reasonably determined by Landlord from time to time, provided that such higher limits are reasonably commensurate with the limits then being required of similar tenants by owners of Comparable Buildings.

(d) Automobile Liability. For any Tenant owned vehicles, Tenant shall maintain in full force and effect at all times, and at its own expense, automobile liability insurance in an amount not less than $1,000,000.00 combined single limit bodily injury and property damage per accident.

(e) Workers' Compensation and Employers' Liability. Tenant shall maintain in full force and effect at all times, and at its own expense, the statutory limits of workers' compensation and employers' liability insurance in amounts adequate to satisfy the umbrella underlying requirements.

(f) Excess/Umbrella Liability. Tenant shall maintain in full force and effect at all times, and at its own expense, umbrella liability coverage in an amount not less than $2,000,000.00 per occurrence. Umbrella liability coverage is to be in excess of the commercial general liability, automobile liability and employers' liability requirements outlined in Sections 17.1 (e), (d) and (e) above.

(g) Liquor Liability. Intentionally Deleted.

(h) The liability coverage in the insurance policies required in Sections 16.1 (c) and (d) above shall name Landlord as additional insureds on a primary non-contributing basis. All insurance policies required in Sections 16.1 (a) – (g) above shall be issued by companies authorized to do business in Massachusetts with an A.M. Best's financial rating of A- or better and a size class rating of VII or larger or otherwise acceptable to Landlord, At or prior to Tenant's occupancy of any space in the Building, Tenant shall deposit with Landlord evidence of insurance (in ACORD Form) or other proof satisfactory to Landlord for each of the insurance policies Tenant is required to carry in compliance with its obligations under this Lease. Tenant agrees to give at least thirty (30) days prior written notice to Landlord of any cancellation of any required coverage.

16.2 Insurance During Construction. In addition, during the performance of any construction by Tenant on the Premises, in addition to the above coverage required to be maintained by Tenant, Tenant shall cause the general contractor performing the work to carry: (a) commercial general liability insurance in an amount not less than $1,000,000.00 combined single limit bodily injury and property damage per occurrence and $2,000,000.00 annual aggregate limit per location (or such higher limits as may be determined by Landlord from time to time); (b) the statutory limits of workers' compensation and employers' liability insurance in amounts adequate to satisfy the umbrella underlying requirements; (c)

umbrella liability coverage in an amount not less than $2,000,000.00 per occurrence (to be in excess of the commercial general liability and employers' liability requirements outlined in Sections 17.2 (a) and (b) above); and (d) all risk installation floater insurance (on the complete value / full coverage form) to protect Landlord's interest and that of Tenant, contractors and subcontractors during the course of the construction with a limit of not less than the total replacement cost of the completed improvements under construction. Such contractor insurance policies shall name Landlord Parties as additional insureds on a primary non-contributing basis.

16.3 Waiver of Subrogation. Notwithstanding any other provision of this Lease to the contrary, Landlord and Tenant hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible, provided, however, that this release shall be applicable and in full force and effect only to the extent permitted by law and only to the extent that the cost of repairing such damage is covered by insurance or would have been covered by insurance proceeds payable under any policy (including the deductible and/or uninsured portion thereof) (x) required to be maintained under this Lease, but not so maintained or (y) any policy actually maintained by a party hereunder. Each policy of such insurance shall, if obtainable from the insurer without additional expense, contain a waiver of subrogation by insurer against Landlord or Tenant, as the case may be. If the inclusion of such a provision would involve an additional expense, either party, at its expense, may require such a provision to be inserted in the other's policy. In the event a party is unable to obtain such a waiver, it shall immediately notify the other of this inability. In the absence of such notification, each party shall be deemed to have obtained such a waiver of subrogation.

16.4 Landlord's Insurance. At all times during the Term, Landlord will maintain the following insurance coverage:

(a) Replacement Cost Coverage. Landlord shall maintain in full force and effect at all times, and at its own expense, insurance for and in an amount no less than the full replacement cost of the Building.

(b) Commercial General Liability. Landlord shall maintain in full force and effect at all times, and at its own expense, commercial general liability insurance in an amount not less than $1,000.000.00 combined single limit bodily injury and property damage per occurrence and $10,000.000.00 annual aggregate limit per location.

(c) Additional Insurance. Landlord shall maintain in full force and effect at all times, at its own expense, additional insurance coverage as it deems appropriate.

17. INSPECTION; ACCESS; CHANGES IN BUILDING FACILITIES.

17.1 Landlord, its agents, employees and contractors may enter the Premises at any time in response to an emergency and at other reasonable times upon reasonable advance notice to Tenant (i) to examine, inspect and protect the Premises and the Building; (ii) to make such repairs, replacements and improvements as Landlord may reasonably deem necessary to the Premises and the Building; (iii) during the last twelve (12) months of the Lease Term, or of any extension or renewal thereof, to show it to prospective tenants; (iv) or any at any time upon reasonable notice to show the Premises to prospective purchasers of the Building or Landlords mortgagee(s). Landlord may, at any time, affix to any suitable part of the exterior of the Building in which the Premises is located a notice for letting the Premises or the Building or selling the Building.

17.2 Landlord shall have access to and use of all areas in the Premises (including exterior Building walls, core corridor walls and doors and any core corridor entrances), any roofs adjacent to the Premises, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, as well as access to and through the Premises for the purpose of operation, maintenance, decoration and repair, provided, however, that except in emergencies such access shall not be exercised so as to interfere unreasonably with Tenant's use of the Premises. Tenant shall permit Landlord to install, use and maintain pipes, ducts and conduits within the demising walls, bearing columns and ceilings of the Premises, provided that the installation work is performed at such times and by such methods as will not materially interfere with Tenant's use of the Premises, materially reduce the floor area thereof or materially and adversely affect Tenant's layout, and further provided that Landlord performs all work with due diligence and care so as to not damage Tenant's Persona] Property or the Premises. Landlord and Tenant shall cooperate with each other in the location of Landlord's and Tenant's facilities requiring such access.

17.3 Landlord reserves the right at any time, without incurring any liability to Tenant therefor, to make such changes in or to the Building and the fixtures and equipment thereof, as well as in or to the street entrances, halls, foyers, passages, elevators, if any, and stairways thereof, and garages as it may deem necessary or desirable.

17.4 Tenant shall have the right to require that Landlord be accompanied by a representative of Tenant during any such entry pursuant to this Section 17, provided, however, that Tenant shall grant entry to Landlord in a timely manner and such entry will not hindered by or restricted by lack of availability of a Tenant escort. If any such work takes place after Normal Business Hours and, as a consequence Tenant elects to have a representative monitor the activities of Landlord in the Premises following Normal Business Hours, Landlord will reimburse Tenant, within thirty (30) days following delivery of an invoice therefore, for the reasonable cost incurred by Tenant associated with such representative's monitoring of Landlord's activities within the Premises (such cost to include, if applicable, any "overtime" or "after hours" charge payable to such representative and/or applicable third-party fees or costs incurred by Landlord in retaining a third-party representative to perform such monitoring work). Landlord shall use diligent efforts to ensure that the performance of any work of repairs or alterations pursuant to this Section 17 shall not interfere with Tenant's use of the Premises (or any portion thereof) for Tenant's business purposes (such efforts to include limiting the performance of any such work which might be disruptive to weekends or the evening and the cleaning of any work area prior to the commencement of the next business day). To the extent that Landlord installs, maintains, uses, repairs or replaces pipes, cables, ductwork, conduits, utility lines, and/or wires through hung ceiling space, exterior perimeter walls and column space, adjacent to and in demising partitions and columns, in or beneath the floor slab or above, below, or through the Premises, then in the course of making any such installation or repair: (w) Landlord shall not interfere unreasonably with or interrupt the business operations of Tenant within the Premises; (x) Landlord shall not reduce Tenant's usable space, except to a de minimus extent, if the same are not installed behind existing walls or ceilings; (y) Landlord shall box in any of the same installed adjacent to existing walls with construction materials substantially similar to those existing in the affected area(s) of the Premises; and (z) Landlord shall repair all damage caused by the same and restore such area(s) of the Premises to the condition existing immediately prior to such work.

17.5 In the event that Tenant is prevented from using, and does not use, the Premises or any portion thereof, as a result of any repair, maintenance or alteration performed by Landlord and for which Landlord is responsible under the Lease and was not caused by Tenant or which Landlord failed to perform which substantially interferes with Tenant's use of or ingress to or egress from the Building or Premises (an "**Abatement Event**"), then Tenant shall give Landlord notice of such Abatement Event, and if such Abatement Event continues for the Eligibility Period, then the Rent payable hereunder shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises, or any portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises.

18. **DEFAULT**. Any other provisions of this Lease notwithstanding, it shall be a Tenant event of default ("**Event of Default**") under this Lease if; (a) Tenant fails to pay any installment of Fixed Rent, Additional Rent or other sum payable by Tenant hereunder when due and such failure continues for a period of five (5) days after written notice from Landlord (provided, however, that Tenant shall be responsible for reimbursing Landlord for Landlord's reasonable administrative and legal expenses, if any, incurred by Landlord in connection with providing more than one (1) written notice per twelve (12) month period); or (b) Tenant fails to perform or observe any other covenant, condition or agreement of this lease and such failure continues after written notice given by or on behalf of landlord to tenant for more than thirty (30) days (unless, due to the nature of such failure, it is not reasonably possible to cure such failure within thirty (30) days, in which event Tenant shall only be default hereunder if Tenant fails to commence such cure within such thirty (30) day period and thereafter diligently prosecute such cure to completion); or (c) Tenant uses or occupies the Premises other than as permitted hereunder; or (d) **[INTENTIONALLY OMITTED]**; or (e) Tenant files a petition commencing a voluntary case, or has filed against it a petition commencing an involuntary case, under the federal bankruptcy code (title 11 of the unites states code), as now or hereafter in effect, or under any similar law, or files or has filed against it a petition or answer in bankruptcy or for reorganization or for an arrangement pursuant to any state bankruptcy or insolvency law or any similar state law, and, in the case of any such involuntary action, such action shall not be dismissed, discharged or denied within sixty (60) days after the filing thereof, or tenant consents to or acquiesces in the filing thereof; or (f) a custodian, receiver, trustee or liquidator of tenant or of all or substantially all of tenant's personal property or of the premises shall be appointed in any proceedings brought by or against tenant and, in the latter case, such entity shall not be discharged within sixty (60) days after the appointment thereof, or tenant consents to or acquiesces in the appointment thereof; or (g) Tenant shall admit in writing its inability to pay its debts as they become due, or shall make an assignment of tenant's lease obligations for the benefit of or enter into an agreement with its creditors; or (h) there is committed by Tenant any other act. or omission which is stated in this lease to be an Event of Default

19. LANDLORD'S RIGHTS AND REMEDIES.

19.1 Landlord's Remedies. In addition to all other rights and remedies of Landlord, if an Event of Default shall occur, Landlord may, at its option, at any time thereafter exercise any one or more of the following remedies:

(a) Termination of Lease. Landlord may terminate this Lease, by written notice to Tenant, without any right by Tenant to reinstate its rights by payment of rent due or other performance of the terms and conditions hereof. Upon such termination Tenant shall immediately surrender possession of the Premises to Landlord, and Landlord shall immediately become entitled to receive from Tenant an amount equal to the difference between the aggregate of all Fixed Rent and Additional Rent reserved under this Lease for the balance of the Lease Term, and the fair rental value of the Premises for that period, determined as of the date of such termination.

(b) Reletting. With or without terminating this Lease, as Landlord may elect, Landlord may re-enter and repossess the Premises, or any part thereof, and lease them to any other person upon such terms as Landlord shall deem reasonable for a term within or beyond the term of this Lease; provided, that any such reletting prior to termination shall be for the account of Tenant, and Tenant shall remain liable for (i) all Fixed Rent, Additional Rent and other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any, of any reletting effected for the account of Tenant after deducting from such proceeds all of Landlord's expenses, including employees' expenses, attorneys' fees, real estate brokerage commissions and alteration expenses (if any), incurred as a result of Tenant's breach of this Lease. Landlord shall have no obligation to relet the Premises (x) if Landlord, or any of its affiliates, have other comparable space available for rent, (y) for a rental less than the fair market rental then prevailing for other comparable space, or (z) under terms and conditions that are unacceptable to Landlord. If the Premises are at the time of default sublet or leased by Tenant to others, Landlord may, as Tenant's agent, collect rents due from any subtenant or other tenant and apply such rents to the rent and other amounts due hereunder without in any way affecting Tenant's obligation to Landlord hereunder. Such agency, being given for security, is hereby declared to be irrevocable.

(c) Acceleration of Rent. **[INTENTIONALLY OMITTED]**

(d) Removal of Contents by Landlord. With respect to any portion of the Premises which is vacant or which is physically occupied by Tenant, Landlord may remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby. Landlord shall have a lien for the payment of all sums agreed to be paid by Tenant herein upon all Tenant's Personal Property, which lien is to be in addition to Landlord's lien now or hereafter provided by law.

(e) Right of Distress and Lien. Landlord shall, to the extent permitted by law, have a right of distress for rent and lien on all of Tenant's inventory, merchandise, furniture, fixtures and equipment in the Premises as security for Rent and all other charges payable hereunder.

(f) Deferred/Abated Rent/Unamortized Costs. Landlord may declare any then unamortized deferred or abated rent under this Lease (assuming amortization of such abated rent over the entire Lease Term) and any unamortized costs of improvements made by Landlord to the Premises and any unamortized brokerage commissions paid or payable by Landlord in connection with this Lease immediately due and payable.

19.2 Injunction. In the event of breach or threatened breach by Tenant of any provision of this Lease, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity in addition to other remedies provided for herein.

19.3 Waiver of Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future law in the event this Lease is terminated, or in the event of Landlord obtaining possession of the Premises, or in the event Tenant is evicted or dispossessed for any cause, by reason of violation by Tenant of any of the provisions of this Lease.

19.4 Not Exclusive Right. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity by or by statute.

19.5 Expenses. In the event that Landlord commences suit for the repossession of the Premises, for the recovery of Fixed Rent or Additional Rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant or provision herein contained on the part of Tenant to be kept or performed, and a breach shall be established, Tenant shall pay to Landlord all expenses incurred in connection therewith, including reasonable attorneys' fees, through all appeals and in any bankruptcy proceedings.

20. LANDLORD'S RIGHT TO CURE TENANT'S DEFAULT. If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act, and charge the amount of Landlord's expense to Tenant, with interest accruing and payable thereon at the Default Rate as of the date of the expenditure by Landlord or as of the date of payment thereof by Tenant, whichever is higher, from the date paid or incurred by Landlord to the date of payment hereof by Tenant; provided, however, that nothing herein contained shall be construed or implemented in such a manner as to allow Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. Such payment and interest shall constitute Additional Rent hereunder due and payable with the next monthly installment of Fixed Rent; but the making of such payment or the taking of such action by Landlord shall not operate to cure such default by Tenant or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled.

21. TENANT ESTOPPEL CERTIFICATE. Upon request, and within ten (10) business days of notice from Landlord or Landlord's mortgagee, Tenant shall execute and deliver a written statement certifying that this Lease is in full force and effect subject only to such modifications as may be set out; and that Tenant is in possession of the Premises and is paying rent as provided in this Lease; and that there are no uncured defaults unless they are claimed. Any such statement may be relied upon by any prospective transferee or mortgage of all or any portion of the Building, or any assignee of any such persons; provided, however, that no such certificate shall be deemed to amend or modify the express terms of this Lease. If Tenant fails to deliver such statement in a timely manner, Tenant shall be deemed to have acknowledged that this Lease is in full force and effect, without modification except as may be represented by Landlord, and that there are no uncured defaults in Landlord's performance. Upon request by Tenant, Landlord will similarly, within ten (10) business days, execute and deliver a written statement to Tenant similar to the statement described above, which may be relied upon by any proposed assignee or subtenant of Tenant, as well as any entity proposing to extend financing to Tenant.

22. SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT.

22.1 Subject to the execution of the Subordination, Non-Disturbance, and Attornment Agreement ("**SNDA**") in the form attached hereto as **Exhibit "F"**, this Lease and the estate, interest and rights hereby created are subordinate to any mortgage now or provided Tenant receives a new SNDA, hereafter placed upon the Building or the Land or any estate or interest therein, including, without limitation, any mortgage on any leasehold estate, and to all renewals, modifications, consolidations, replacements and extensions of the same as well as any substitutions therefor. Tenant agrees that in the event any person, firm, corporation or other entity acquires the right to possession of the Building or the Land, including any mortgagee or holder of any estate or interest having priority over this Lease, Tenant shall, if requested by such person, firm, corporation or other entity and provided Tenant has received an SNDA from such entity, attorn to and become the tenant of such person, firm, corporation or other entity, upon the same terms and conditions as are set forth herein for the balance of the Lease Term. Notwithstanding the foregoing, any mortgagee may, at any time, subordinate its mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of execution and delivery, and in that event, such mortgagee shall have the same rights with respect to this Lease as though it had been executed prior to the execution and delivery of the mortgage.

22.2 Upon request, and within ten (10) business days written notice given by or on behalf of Landlord, any mortgagee, any ground or superior lessor of the Building or the Land, or other successor to the interests of Landlord thereto, Tenant shall execute and deliver, as appropriate, any instruments in recordable form as may be required by such parties, including a SNDA substantially similar to the form attached hereto as **Exhibit "F"** in order to confirm or effect the subordination or priority of this Lease, as the case may be, and the attornment of Tenant to future landlords in accordance with the terms of Section 23 and such parties' requirements. Tenant's failure to execute and deliver the SNDA within ten (10) business days notice shall: (a), if such failure continues for an additional three (3) business days after notice from Landlord, constitute an Event of Default and (b) serve to irrevocably appoint Landlord as Tenant's attorney-in-fact to execute and deliver such agreement for and on behalf of Tenant.

23. FINANCIAL STATEMENTS. [INTENTIONALLY OMITTED]

24. HOLDING OVER. If Tenant retains possession of the Premises or any part thereof after the termination of this Lease or expiration of the Lease Term or otherwise in the absence of any written agreement between Landlord and Tenant concerning any such continuance of the term, Tenant shall pay Landlord as liquidated damages for such holding over alone, an amount, calculated on a per diem basis for each day of such unlawful retention commencing after the first thirty (30) days of holdover equal to three hundred percent (300%) of the Fixed Rent and Additional Rent and any other sums due under the Lease by Tenant and all other terms and conditions of the Lease shall remain in full force and effect. Without limiting any rights and remedies of Landlord resulting by reason of the wrongful holding over by Tenant, or creating any right in Tenant to continue in possession of the Premises, all Tenant's obligations with respect to the use, occupancy and maintenance of the Premises shall continue during such period of unlawful retention.

25. SURRENDER OF PREMISES. Tenant shall, at the end of the Lease Term, or any extension thereof, promptly surrender the Premises in good order and condition, and in conformity with the applicable provisions of this Lease, excepting only reasonable wear and tear. Upon the expiration or earlier termination of this Lease, and prior to Tenant vacating the Premises, Landlord and Tenant shall jointly inspect the Premises and Tenant shall pay to Landlord the amount reasonably estimated by Landlord as necessary to put the Premises in the condition required hereunder. Any work required to be done by Tenant prior to its vacating of the Premises which has not been completed upon such vacating of the Premises, shall be completed by Landlord and billed to Tenant. Any Security Deposit held by Landlord shall be credited against the amount payable by Tenant under this Section. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, Tenant shall remove its Personal Property from the Premises. If Tenant fails to remove its Personal Property, Landlord, at its option may treat such failure as a hold over, and/or may (without liability to Tenant for loss thereof), at Tenant's sole cost and expense and in addition to Landlord's other rights and remedies under this Lease, at law or in equity: (a) remove and store such items; and/or (b) upon ten (10) days prior written notice to Tenant, sell such items at private or public sale for such price as Landlord at its discretion may obtain. Landlord shall apply the proceeds of any such sale to any amounts due to Landlord under this Lease from Tenant (including Landlord's attorneys fees and other costs incurred in the removal, storage and/or sale of such items), with any remainder to be paid to Tenant.

26. REMOVAL OF TELECOM WIRES. Tenant shall be required to remove any and all telecommunications wires, cables and similar installations which were installed by or on behalf of Tenant from the Premises upon expiration or earlier termination of this Lease unless otherwise directed by Landlord. In the event Tenant is require to remove such wiring, Tenant shall leave such wiring in good safe working order and condition, properly bundled, labeled, capped or sealed at each end, and in each telecommunication closet and junction box.

27. BROKERS. Each party represents and warrants to the other that they have not made any agreement or taken any action which may cause anyone to become entitled to a commission as a result of the transactions contemplated by this Lease, and each will indemnify and defend the other from any and all claims, actual or threatened, for compensation by any such third person by reason of such party's breach of their representation or warranty contained in this Section 27 except for Richards Barry Joyce & Partners, and Intercontinental Management, Corp, representing Landlord exclusively and Jones Lang LaSalle, representing Tenant exclusively. Landlord will pay any commission due to brokers hereunder pursuant to its separate agreement(s).

28. NOTICES. All notices or other communications hereunder shall be in writing and shall be deemed to have been given: (a) if delivered by hand, by messenger or by an express delivery service (FedEx, UPS, DHL, etc.), then if and when delivered (or if delivery is refused, when refused) to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby), provided that if such notice is delivered on a weekend or holiday, it should be deemed given on the next-succeeding business day, or (b) if mailed, then on the third Business Day following the date on which such communication is deposited in the United States mails, by first class registered or certified mail, return receipt requested, postage prepaid, and addressed to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby). Refusal to accept delivery shall constitute receipt.

28.1	If to Landlord:	Kendall Square Entity, Inc. c/o Intercontinental Real Estate Corporation 1270 Soldiers Field Road Boston, MA 02135 ATTN: Paul Charos, Asset Manager
	With a copy to:	Andrea Salvi, Esq. Bradley & Associates 1270 Soldiers Field Road Boston, MA 02135
28.2	If to Tenant:	1355 Market Street, Suite 900 San Francisco, CA 94103 Attn: Director of Facilities
		1355 Market Street, Suite 900 San Francisco, CA 94103 Attn: Legal Department

29. MISCELLANEOUS.

29.1 Authority. Tenant represents and warrants that it is duly formed and in good standing, and has full corporate or partnership power and authority, as the case may be, to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms.

29.2 Successors and Assigns. The obligations of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that Landlord and each successive owner of the Building shall be liable only for obligations accruing during the period of its ownership or interest in the Building and the assumption by the transferee of the obligations of Landlord hereunder, and from and after the transfer by Landlord or such successive owner of its ownership or other interest in the Building, Tenant shall look solely to the successors in title for the performance of Landlord's obligations hereunder arising thereafter.

29.3 Waivers. No delay or forbearance by a party hereto in exercising any right or remedy hereunder or in undertaking or performing any act or matter which is not expressly required to be undertaken by such party shall be construed, respectively, to be a waiver of such party's rights or to represent any agreement by such party to undertake or perform such act or matter thereafter.

29.4 Waiver of Trial by Jury. Landlord and Tenant hereby consent to the exclusive jurisdiction of the courts of the state where the Premises are located in any and all actions or proceedings arising under this Lease, and irrevocably agrees to service of process in accordance with Section 28 above. Landlord and Tenant agree to waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use of or occupancy of the Premises and/or any claim of injury or damage and any emergency or any other statutory remedy.

29.5 Limitation of Landlord's Liabilities. Tenant shall look solely to Landlord's interest in the Building and rents derived therefrom and Landlord's insurance proceeds for enforcement of any obligation hereunder or by law assumed or enforceable against Landlord, and no other property or other assets of Landlord shall be subjected to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies or with respect to this Lease, the relationship of landlord and tenant hereunder or Tenant's use and occupancy of the Premises.

29.6 Time of the Essence. All times, wherever specified herein for the performance by Landlord or Tenant of their respective obligations hereunder, are of the essence of this Lease.

29.7 Severability. Each covenant and agreement in this Lease shall for all purposes be construed to be a separate and independent covenant or agreement. If any provision in this Lease or the application thereof shall to any extent be invalid, illegal or otherwise unenforceable, the remainder of this Lease, and the application of such provision other than as invalid, illegal or unenforceable, shall not be affected thereby; and such provisions of this Lease shall be valid and enforceable to the fullest extent permitted by law.

29.8 Headings and Terms. The title and headings of this Lease are for convenience of reference only and shall not in any way be utilized to construe or interpret the agreement of the parties as otherwise set forth herein. The term "Landlord" and term "Tenant" as used herein shall mean, where appropriate, all persons acting by or on behalf of the respective parties, except as to any required approval, consents or amendments, modifications or supplements hereunder when such terms shall only mean the parties originally named on the first page of this Lease as Landlord and Tenant, respectively, and their agents so authorized in writing.

29.9 Lease Not Binding Until Executed and Delivered. This Lease shall not bind Landlord unless and until it has been signed and delivered by Tenant, received and accepted by Landlord, and then countersigned and redelivered by Landlord to Tenant.

29.10 Counterparts. This Lease may be executed in three (3) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same lease agreement.

29.11 Amendment and Modification. This Lease, including all Exhibits and Addenda attached hereto, each of which is incorporated in this Lease, contains the entire agreement between the parties hereto, and shall not be amended, modified or supplemented unless by agreement in writing signed by both Landlord and Tenant.

29.12 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Massachusetts.

30. PARKING. Tenant shall have a license to use up to forty-eight (48) assigned parking spaces at the rate of *** dollars ($***) per space per month, which amount is subject to change on an annual basis (consistent with the rates charged to all other users of the parking facility), for the parking of registered and insured passenger vehicles (excluding trucks) of its own or of its employees in the parking garage area of the Building. In addition, Tenant shall pay to Landlord the amount of *** dollars ($***) for each parking transmitter that Tenant requests to access the parking facilities, which amount shall be returned to Tenant upon expiration of this Lease provided the transmitters are returned to Landlord in the condition as they were originally provided to Tenant, reasonable wear and tear excepted. All such parking rights shall be subject to the reasonable rules and regulations of Landlord of general applicability; provided however, Landlord shall have no duty to enforce the same, and shall have the right to waive the applicability of the same on a case by case basis, in its sole discretion. All such parking and use of the lot for access and egress shall be at the user's sole risk, and Landlord shall not be responsible for any property damage or loss or any personal injury related thereto, except for any personal injury proximately caused by the negligence or willful misconduct of Landlord. Tenant shall inform any of its employees or agents utilizing such parking right of the aforesaid limitation of liability, and Tenant shall indemnify Landlord, its managing agent and their employees or agents, defend them and hold them harmless against any claim, suit, judgment, or loss (relating to the use of the parking rights herein granted) suffered by them or instituted against them which is included within the aforesaid limitation of liability. Landlord shall be responsible for snow removal/plowing of the parking areas; provided however, in the event vehicles are present in the said areas during snow removal activities, Landlord will plow around such vehicles and shall not be required to remove any residue of snow surrounding the vehicle as a result of such plowing activity. Upon Landlord's request Tenant and its employees shall relocate temporarily any of its or their vehicles parked in the parking area in order to facilitate snow removal or maintenance activity being conducted by Landlord. Such parking by Tenant or its employees shall be assigned as to location. No overnight parking is permitted by Tenant or its employees without Landlord's specific prior written authorization.

31. CONTINGENCY. Tenant hereby acknowledges and confirms that another tenant (the "**Existing Tenant**") currently leases the Premises. The Existing Tenant has expressed a willingness to vacate the Premises by October 1, 2013, however, Landlord and Existing Tenant have not yet entered into a written termination agreement. Accordingly, this Lease is contingent upon Landlord and Existing Tenant entering into a written termination agreement acceptable to Landlord in its sole discretion, pursuant to which Existing Tenant agrees to vacate the Premises on or before October 1, 2013 (the "**Termination Agreement**"). Landlord will keep Tenant apprised, from time to time, of the status of Landlord's

negotiation of the proposed Termination Agreement and will promptly respond to written requests from Tenant regarding the status thereof. In the event Landlord and Existing Tenant do not enter into a written termination agreement on or before the Lease Commencement Date, the Lease Commencement Date shall be extended accordingly with the Lease Commencement Date being the first day upon which Landlord can deliver the Premises to Tenant in Delivery Condition, If at any time, (x) negotiations of the Termination Agreement are halted or (y) Landlord and Existing Tenant enter into the Termination Agreement, Landlord will promptly notify Tenant of such fact.

32. **EXHIBITS AND ADDENDA**. Additional terms to this Lease, if any, are set forth in the Exhibits and Addenda attached hereto, which are incorporated herein by reference as follows:

A. Premises

B. Fixed Rent

C. Provisions Regarding Additional Rent

D. Building Rules and Regulations

E. Form of Subordination, Non-Disturbance and Attornment Agreement

F. Extension Option

G. Building Upgrades

H. Lease Commencement Date Certificate

I. Satellite Dish Terms and Conditions

[END OF TEXT; SIGNATURES FOLLOW ON NEXT PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed on the day and year first above written.

LANDLORD:

KENDALL SQUARE ENTITY, INC.
A Massachusetts corporation

By: /s/ Peter Palandjian
Name: Peter Palandjian
Title: President & Treasurer

TENANT:

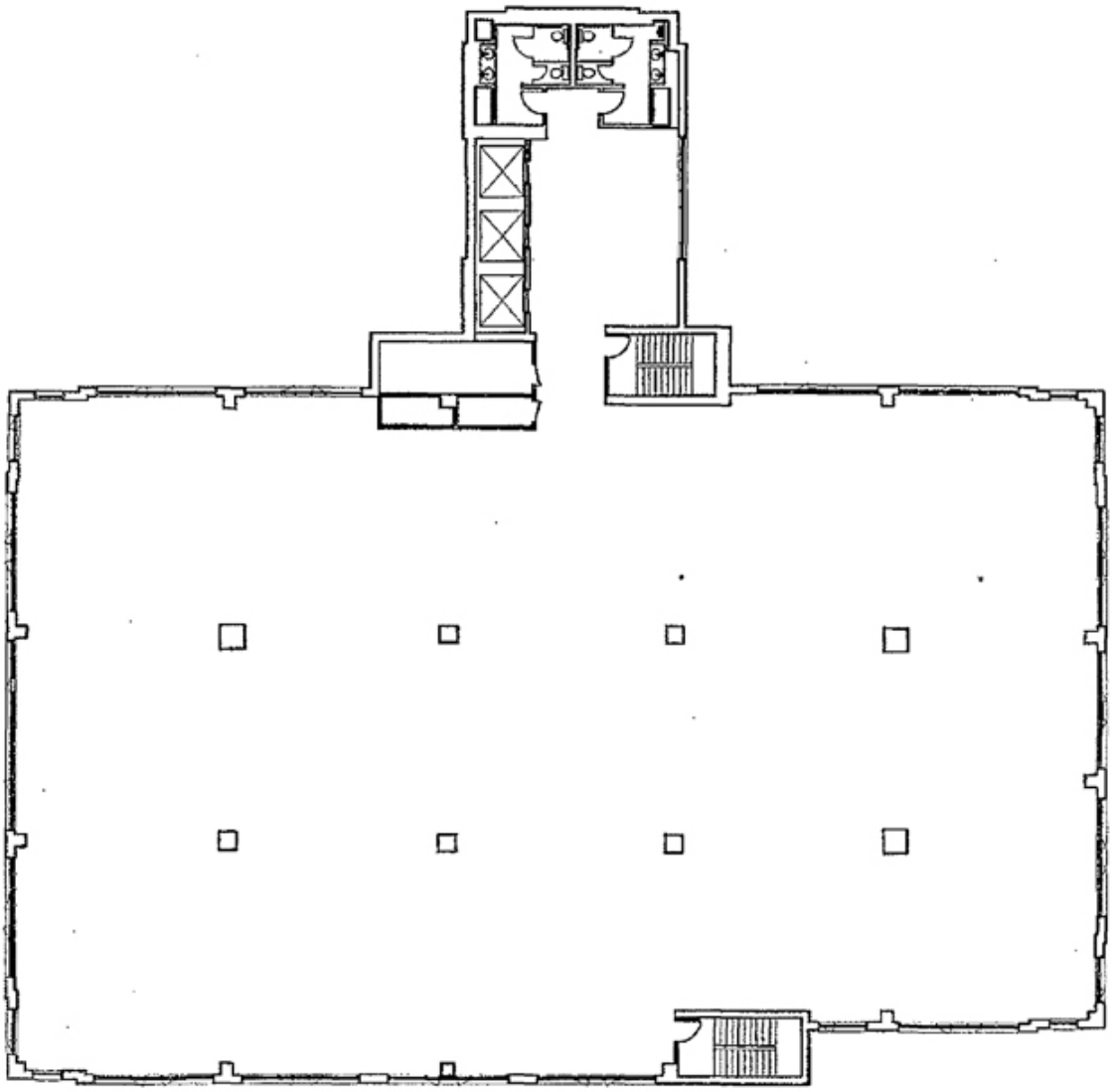
TWITTER, INC.
a Delaware corporation

By: /s/ Mike Gupta
Name: Mike Gupta
Title: CFO

EXHIBIT “A”

PREMISES

ATTACHED HERETO CONSISTING OF 3 PAGES.



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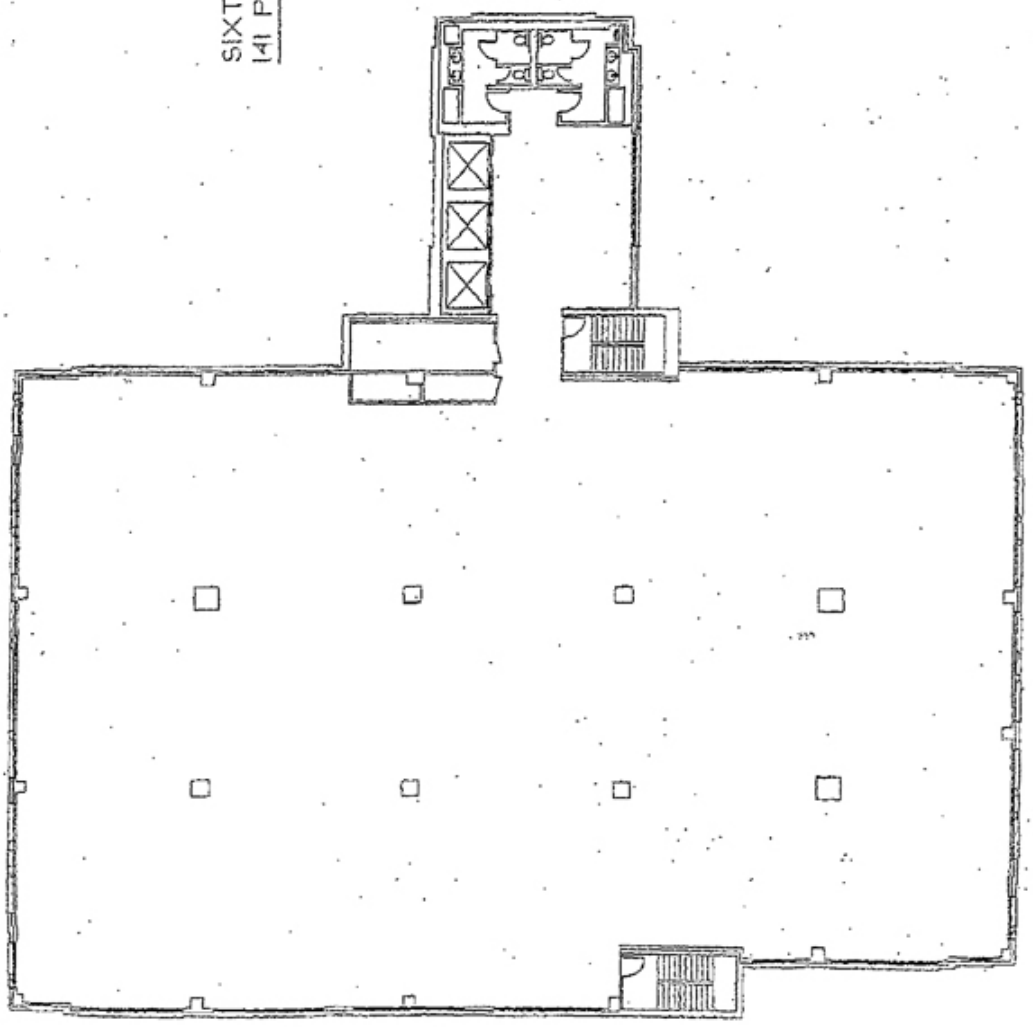
141 PORTLAND ST., CAMBRIDGE MA

SIXTH FLOOR
141 PORTLAND STREET



SEVENTH FLOOR
141 PORTLAND STREET

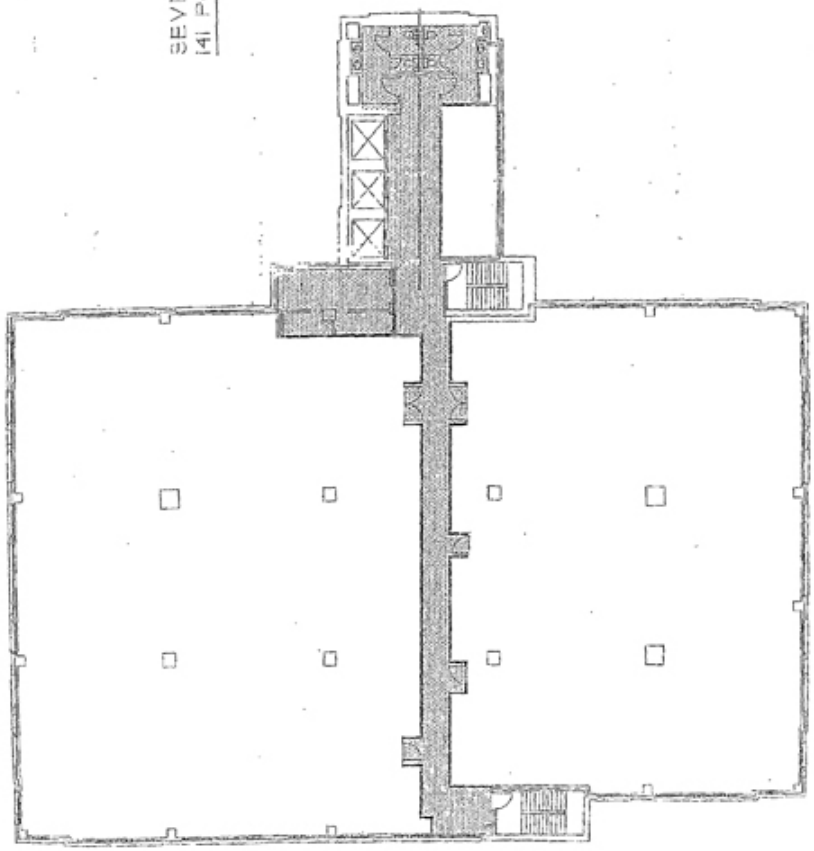


EXHIBIT "B"

FIXED RENT

*NOTE: Notwithstanding the schedule with respect to Fixed Rent set forth below, with respect to the 5th Floor Premises and 6th Floor Premises, Tenant shall begin paying Fixed Rent on the one hundred eightieth (180th) day following the Lease Commencement Date.

*NOTE: Notwithstanding the schedule with respect to Fixed Rent set forth below, with respect to the 7th Floor Premises, Tenant shall begin paying Fixed Rent on the Lease Commencement Date.

***

EXHIBIT "C"

PROVISIONS REGARDING ADDITIONAL RENT

1. DEFINITIONS.

1.1 **"Tenant's Proportionate Share"** shall mean 35.05% which is a fraction, the numerator of which shall be 47,631 rentable square feet of the Premises and the denominator of which shall be 135,874 rentable square feet of the Building.

1.2 Operating Expenses.

(a) **"Essential Capital Improvements"** shall mean (i) any labor saving device, energy saving device or other installation, improvement or replacement which is intended for the primary purpose of reducing Operating Expenses, whether or not voluntary or required by governmental mandate (provided that the installation of such improvement is reasonably commensurate with the practice of owners of Comparable Buildings), or (ii) any installation or improvement intended to improve the safety of tenants in the Building generally, whether or not voluntary or required by governmental mandate, or (iii) any installation or improvement required by reason of any Legal Requirement which did not exist on the date of the execution of this Lease.

(b) **"Operating Expenses"** shall mean, subject to the exclusions set forth below, any and all of Landlord's operating costs and expenses of any kind or nature paid or incurred in the operation, maintenance and management of the Building, and the sidewalks, roadways and parking areas located thereon, all computed on an accrual basis and in accordance with the terms of this Lease, including but not limited to the following:

(i) Electricity, gas, fuel, steam, water, sewer and any other utility charges (including surcharges) of whatever nature (excluding the use of utilities by other tenants as such may be sub-metered or directly metered pursuant to their leases);

(ii) Any insurance premiums and deductibles paid by Landlord;

(iii) Building personnel costs, including but not limited to salaries, wages, fringe benefits, taxes, insurance and other direct and indirect costs (prorated, in the case of employees performing services for one or more properties, on the basis of the estimated number of hours spent performing services for the Building);

(iv) The cost of all service and maintenance contracts, including but not limited to security services, janitorial and cleaning services, interior and exterior landscaping services, sidewalk and roadway maintenance, and snow removal;

(v) All other service, maintenance and repair expenses (excluding those expenses paid by proceeds of insurance or by Tenant or by other third parties, and those solely attributable to tenants of the Building other than Tenant) and the cost of all materials and supplies therefor;

(vi) Any other costs and expenses (other than capital items) incurred by Landlord in operating the Building;

(vii) The cost of any additional services not provided to the Building on the Lease Commencement Date but thereafter provided by Landlord in the prudent management of the Building and commensurate with the practice of owners of Comparable Buildings;

(viii) The annual amortization of any Essential Capital Improvement which is made by Landlord after completion of initial construction of the Building, based on the useful life of the improvement plus interest at the prime interest rate (the "**Prime Rate**") on the date of the expenditure on the unamortized portion thereof;

(ix) Landlord's central office administrative costs and overhead applicable to the Building;

(x) Accounting fees for preparing the Operating Expense Statement and Tax Statement; and

(xi) Management fees payable to the managing agent.

(c) Operating Expenses shall not include:

(i) Rent or other charges payable under any ground or underlying lease;

(ii) Any expenditures on account of Landlord's acquisition of air or similar development rights;

(iii) Costs of repositioning, selling or syndicating Landlord's interest in the Property;

(iv) Costs with respect to any financing or refinancing of the Property, including debt service, amortization, points and commissions in connection therewith;

(v) The cost of making leasehold improvements to any leasable space to prepare the same for occupancy by a tenant thereof, or thereafter for the benefit of a particular tenant;

(vi) Services performed for or provided to any tenant to the extent such services are exclusive to such tenant;

(vii) Advertising and promotional expenditures, contributions or gifts;

(viii) Brokerage fees or commissions;

(ix) Legal fees incurred in connection with Landlord's preparation, negotiation and enforcement of leases with other tenants;

(x) Salaries for any agents or employees of Landlord above those attributable to the operation, maintenance and management of the Building;

(xi) Any costs which have been previously included in Operating Expenses or Taxes (whether under the same or a different category);

(xii) any capital item whatsoever, except as expressly set forth in Section 1.2(a) above;

(xiii) repairs or other work occasioned by fire, windstorm or other insured casualty or hazard, to the extent that Landlord shall receive proceeds of such insurance or would have received such proceeds had Landlord maintained the insurance coverage required under this Lease and diligently attempted to procure the maximum possible insurance coverage;

(xiv) Taxes;

(xv) salaries of officers, executives or other employees of Landlord, any affiliate of Landlord, or partners or affiliates of such partners or affiliates, other than any personnel engaged exclusively or primarily in the management, operation, maintenance, and repair of the Building (but not leasing or marketing) who are working in the Building management office and whose salaries are not typically included in the management fee being paid and included in Operating Expenses;

(xvi) any costs incurred to test, survey, clean up, contain, abate, remove or otherwise remedy any spill or discharge of Hazardous Materials unless caused by Tenant or its agents;

(xvii) costs of special services (which shall not cover normal variations in repairs or the need for repairs) not rendered to tenants generally;

(xviii) the cost of any service sold to any tenant or occupant of the Building for which Landlord is entitled to be reimbursed as an additional charge or rental over and above the basic rent and escalations payable under the lease or occupancy agreement with that tenant or other occupant (including, by way of example but not limitation, after-hours HVAC costs or over-standard electrical consumption costs incurred by other tenants or occupants);

(xix) reserves of any kind;

(xx) costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons, tenants or occupants on the Building;

(xxi) any amounts paid to any person, firm or corporation related or otherwise affiliated with Landlord or any general partner, officer or director of Landlord or any of its general partners, to the extent same materially exceeds arms-length competitive prices paid in the Cambridge, Massachusetts metropolitan area for the services or goods provided;

(xxii) costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, such as trustee's fees, annual fees, partnership or organization or administration expenses, deed recordation expenses, as well as the operation of the entity which constitutes Landlord, as the same are distinguished from the costs of operation of the Building, as well as partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of any disputes between Landlord and its employees, disputes of Landlord with Building management or personnel, or outside fees paid in connection with disputes with other tenants;

(xxiii) costs incurred due to Landlord's violation of any terms and conditions of this Lease or any other lease relating to the Building or of any law, ordinance or governmental rule or regulation affecting the Building;

(xxiv) costs arising from the negligence of Landlord or its agents, or of any other tenant, or any vendors, contractors, or providers of materials or services selected, hired or engaged by Landlord or its agents;

(xxv) costs incurred in removing and storing the property of former tenants or occupants of the Building;

(xxvi) costs for acquisition of sculpture, paintings, other objects of art, as well as the cost of insuring, repairing or maintaining the same;

(xxvii) the entertainment expenses and travel expenses of Landlord, its employees, agents, partners and affiliates; and

(xxviii) consulting costs and expenses paid by Landlord unless they relate exclusively to the improved management or operation of the Building.

(d) **"Operating Year"** shall mean each calendar year or such other period of twelve (12) months through the Lease Term as hereafter may be adopted by Landlord as its fiscal year, occurring during the Lease Term.

(e) **"Operating Statement"** shall mean a statement in writing signed by Landlord setting forth the actual Operating Expenses payable by Tenant for a specified Operating Year pursuant to this Section 1.2.

1.3 Taxes.

(a) **"Taxes"** shall mean all taxes, assessments and governmental charges, whether federal, state, county or municipal, and whether general or special, ordinary or extraordinary, foreseen or unforeseen, imposed upon the Building, the Land, and the sidewalks, roadways and parking areas located thereon, or due to the operation thereof, whether or not directly paid by Landlord. Taxes shall not include income taxes, excess profit taxes, franchise taxes or other taxes imposed or measured on or by the income of Landlord from the operation of the Building or the Land; provided, however, that if, due to a future change in the method of taxation or assessment, any income, excess profit, franchise or other tax, however designated, shall be imposed in substitution, in whole or in part, for (or in lieu of) any tax, assessment or charge which would otherwise be included within the definition of Taxes, such other tax shall be deemed to be included within Taxes as defined herein to the extent of such substitution. If Landlord incurs any expenses (including, but not limited to, reasonable attorneys' fees) in connection with its efforts to reduce or minimize increases in the Taxes and/or the assessed value of the Building, any and all such expenses shall be added to, and made a part of, the Taxes for the Operating Year to which they relate. Tenant shall pay to the appropriate governmental authority any use and occupancy tax. In the event that Landlord is required by law to collect such tax, Tenant shall pay such use and occupancy tax to Landlord as Additional Rent upon demand and Landlord shall remit any amounts so paid to Landlord to the appropriate governmental authority. Taxes shall not include (i) any excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents or receipts), (ii) penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments of, and/or to file any tax or informational returns with respect to, any Taxes, when due, or (iii) any real estate taxes directly payable by Tenant or any other tenant in the Building under the applicable provisions in their respective leases,

(b) **"Tax Year"** shall mean each fiscal year or such other period of twelve (12) months throughout the Lease Term as hereafter may be adopted by Landlord as its fiscal year, occurring during the Lease Term.

(c) **"Tax Statement"** shall mean a statement in writing signed by Landlord setting forth the actual Taxes payable by Tenant for a specified Tax Year.

1.4 **"Operating Expense Stop"** shall mean an amount equal to the actual Operating Expenses (on a per rentable square foot basis) for the calendar year 2014 (the **"Base Year"**).

1.5 **"Tax Expense Stop"** shall mean an amount equal to the actual Taxes (on a per rentable square foot basis) for the fiscal year 2015 (the **"Base Tax Year"**).

2. ADDITIONAL RENT FOR OPERATING EXPENSES AND TAXES.

2.1 In addition to Fixed Rent, Tenant shall pay to Landlord for each month of each Operating Year and each Tax Year, without demand (except as set forth herein), deduction or setoff, as Additional Rent: (a) beginning on January 1, 2015, Tenant's Proportionate Share of Operating Expenses to the extent the Operating Expenses (on a per rentable square foot basis) exceed the Operating Expense Stop; and (b) beginning on July 1, 2015, Tenant's Proportionate Share of Taxes to the extent the Taxes (on a per rentable square foot basis) exceed the Tax Expense Stop, in accordance with the procedures set forth below.

2.2 As soon as available in each Operating Year and Tax Year during the Lease Term, Landlord shall provide Tenant with a written statement setting forth a projection of Tenant's Proportionate Share of Operating Expenses and Taxes for such year. Commencing on the first day of the first month following receipt of such statement and continuing until receipt by Tenant of Landlord's statement of the next projection, Tenant shall pay to Landlord with each monthly installment of Fixed Rent an amount equal to: (a) one-twelfth (1/12th) of such projected Tenant's Proportionate Share of Operating Expenses over the Operating Expense Stop and (b) one-twelfth (1/12th) of such projected Tenant's Proportionate Share of Taxes over the Tax Expense Stop.

2.3 Landlord shall, as soon as possible after the close of each such Operating Year, provide Tenant with a statement of the actual Operating Expenses and Taxes for such period. Any underpayment by Tenant during such Operating Year due to the fact that projected Operating Expenses and Taxes were less than actual Operating Expenses and Taxes shall be paid to Landlord within thirty (30) days after Tenant's receipt of a statement for such deficiency. Any overpayment by Tenant during such Operating Year due to the fact that projected Operating Expenses and Taxes were greater than actual Operating Expenses and Taxes shall be, at Landlord's option, (a) applied to any other amounts of Rent then due from Tenant to Landlord, (b) credited to the next payment of Rent coming due from Tenant to Landlord, or (c) refunded to Tenant if no Rent is then due or coming due.

3. **ADJUSTMENT FOR VACANCIES**. In determining Operating Expenses and Tax for any Operating Year or Tax Year, if the Building was less than fully occupied during such entire year, or was less than fully operational during such entire year, then these components of Operating Expenses which vary with variations in occupancy shall be adjusted by Landlord to reflect the amount that such expenses would normally be expected to have been, in the reasonable opinion of Landlord, had the Building been ninety-five percent (95%) occupied and fully operational throughout such year, except that in no event shall such adjustment result in an amount less than the actual Operating Expenses.

4. **PRO-RATIONS**. If this Lease shall commence or terminate at any time other than the first day of an Operating Year, Tenant shall be liable only for that portion of the Operating Expenses and Taxes with respect to such Operating Year as represented by a fraction, the numerator of which is the number of days of the Lease Term which fail within the Operating Year and the denominator of which is three hundred sixty-five (365).

5. **AUDIT**. Landlord shall maintain at all times during the Lease Term, at Landlord's corporate office as set forth in Landlord's notice address under the Lease, complete and accurate books of account and records prepared in accordance with generally accepted accounting principles with respect to Operating Expenses and Taxes, and shall retain such books and records, as well as contracts, bills, vouchers, and checks, and such other documents as are reasonably necessary to properly audit Operating Expenses and Taxes. Tenant shall have the right to examine, audit and photocopy Landlord's books and records relating to Tenant's Proportionate Share of Operating Expenses and Taxes for any Operating Year for a period of four (4) months following the date that Tenant receives the Operating Statement and Tax Statement; provided, however, that (a) Tenant may exercise such right only once per twelve (12) month period; and (b) Tenant signs a confidentiality agreement in form satisfactory to Landlord in its reasonable discretion. Tenant shall give Landlord not less than thirty (30) days' prior written notice of its intention to examine and audit such books and records, and such examination and audit shall take place in the city where the Premises are located. All costs of the examination and audit shall be performed by a certified public accountant and shall be on a non-eontingent fee basis and shall be borne by Tenant; provided, however, that if such examination and audit establishes that Tenant's Proportionate Share of Operating Expenses and Taxes for the year in question are less than the amount set forth on the Operating Statement and Tax Statement by at least five percent (5%), then Landlord shall pay the reasonable costs of such examination and audit. If the payments made by Tenant for such year are more than Tenant's required payment on account thereof for such Operating Year, Landlord shall promptly refund such overpayment. If the payments made by Tenant for such year are less than Tenant's required payment on account thereof for such Operating Year, Tenant shall pay the deficiency to Landlord within thirty (30) days after conclusion of the examination and audit as well as Landlord's actual out-of-pocket costs in connection with such examination and audit. The obligation to make such refund or payment for any period within the Lease Term shall survive expiration of the Lease Term. If Tenant does not elect to exercise its right to examine and audit Landlord's books and records for any Operating Year within the time period provided for by this Section 5, Tenant shall have no further right to challenge Landlord's Operating Statement and Tax Statement.

6. **SURVIVAL**. If, upon the expiration or earlier termination of this Lease, the amount of any Additional Rent due hereunder has not yet been determined, an appropriate payment from Tenant to Landlord or refund from Landlord to Tenant, shall be made promptly after such determination.

EXHIBIT "D"

BUILDING RULES AND REGULATIONS

1. The sidewalks, entrances, driveways, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by any tenant or used for any purpose other than for ingress to and egress from the Premises and for delivery by Landlord. There shall not be use in the space or in the public hall of the building, by either a Tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side-guards. If the Premises are situated on the ground floor of the Building, Tenant thereof shall further, at Tenant's expense, keep the sidewalks and curb in the front of said Premises clean and free from ice, snow, dirt and rubbish.

2. The water and wash closets and plumbing fixtures shall not be used for any purposes other than those for which they were designated or constructed and no sweeping, rubbish, rags, acids or other substances shall be deposited therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose clerks, agents, employees or visitors shall have caused it.

3. No Tenant shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substances into any of the corridors or halls, elevators, or out the doors or windows or stairways of the Building and Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises of permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be kept in or about the Building. Smoking or carrying lighted cigars or cigarettes in the elevators or the Building is prohibited.

4. No awnings or other projections shall be attached to the outside walls of the Buildings without the prior written consent of Landlord.

5. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Tenant on any part of the outside of the Premises or the Building or on the inside of the Premises if the same is visible from the outside of the Premises without prior written consent of the Landlord, except that the name of Tenant may appear on the entrance door of the Premises. In the event of the violation of the foregoing by any Tenant, Landlord may remove same without any liability, and may charge the expense incurred by such removal to Tenant or tenants violating the rule. Interior signs on doors and directory tablet shall be inscribed, painted or affixed for each Tenant by Landlord at the expense of such Tenant, and shall be of a size, color and style acceptable to Landlord.

6. Except with the prior written consent of Landlord and as Landlord may direct, no Tenant shall mark, paint, drill into, or in any way deface any part of the Premises or the Building of which they form a part, or cut or string wires, or lay linoleum, or other similar floor covering, so that the same shall come in direct contact with the floor of the Premises, and, if linoleum or other similar floor covering is desired to be used, and interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other similar adhesive material being expressly prohibited. The foregoing will not prohibit Tenant from performing such work as may be necessary in the context of the normal hanging of pictures and artwork in the Premises provided the walls of the Premises are left in good condition and repair upon expiration or earlier termination of the Lease, reasonable wear and tear excepted.

7. Except with the prior written consent of Landlord, no additional locks or bolts of any kind shall be placed upon any of the doors or windows by any Tenant, nor shall any changes be made in existing locks or mechanism thereof. If requested, Tenant shall provide Landlord with a copy of a key for all new locks or bolts. Each Tenant shall upon termination of his tenancy, restore to Landlord all keys either furnished to, or otherwise procured by such Tenant. In the event of the loss of any keys furnished to Tenant, Tenant shall pay to Landlord the cost thereof.

8. Freight, furniture, business equipment, merchandise and bulky matter of any description shall be delivered to and removed from the Premises only on the freight elevators and through the service entrances and corridors or in an alternative way approved by Landlord and only during hours and in a manner approved by Landlord.

9. Canvassing, soliciting and peddling in the Building is prohibited and each tenant shall cooperate to prevent the same.

10. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a building for office, and upon written notice from the Landlord, Tenant shall refrain from or discontinue such advertising.

11. Except for those items necessary for the cleaning and maintenance of Tenant's business, including office supplies, which shall be properly stored to minimize the risk of fire and explosion, Tenant shall not bring or permit to be brought or kept in or on the Premises any flammable, combustible or explosive fluid, material, chemical or substance, or cause or permit any odors of cooking or other process, or any unusual or other objectionable odors to permeate in or emanate from the Premises.

EXHIBIT "E"

FORM OF NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT

ATTACHED HERETO CONSISTING OF ELEVEN (11) PAGES

NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT

THIS NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT (this "Agreement") is made and entered into as of this _____ day of _____, 2013, by and among **SOVEREIGN BANK, N.A.**, a national banking association (f/k/a Sovereign Bank) with an address of 75 State Street, Boston, Massachusetts 02109 (hereinafter called the "Lender"), **TWITTER, INC.**, a Delaware corporation (hereinafter called the "Tenant", and **KENDALL SQUARE ENTITY, INC.**, a Massachusetts corporation, having its principal place of business at 1270 Soldiers Field Road, Boston, Massachusetts (hereinafter called the "Landlord").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of certain real property located in the City of Cambridge, Middlesex County, Massachusetts, and more particularly described in Exhibit A attached hereto and made a part hereof (said property being hereinafter called the "Property"); and

WHEREAS, Landlord and Tenant made and entered into that certain Lease, dated the ____ day of _____, 2013, with respect to certain premises constituting a portion of the Property therein described, commonly known and numbered as 141 Portland Street, Cambridge, Massachusetts (said Lease being hereinafter called the "Lease" and said premises being hereinafter called the "Leased Premises"); and

WHEREAS, Landlord has entered into and delivered that certain Mortgage and Security Agreement dated September 11, 2009 in favor of Lender (the "Mortgage"), conveying the Property to secure the payment of the indebtedness described in the Mortgage; and

WHEREAS, Landlord has entered into and delivered that certain Collateral Assignment of Leases and Rents dated September 11, 2009 in favor of Lender (the "Assignment of Leases"), assigning all of Landlord's right, title and interest as lessor under the Lease to further secure the Obligations, as described and defined in the Mortgage; and

WHEREAS, the parties hereto desire to enter into this Non-Disturbance, Attornment and Subordination Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender, Tenant, and Landlord each hereby covenants and agrees as follows:

1. Non-Disturbance. So long as no Event of Default (as defined in the Lease) exists, nor any event has occurred which has continued to exist for such period of time (after notice, if any, required by the Lease) as would entitle the lessor under the Lease to terminate the Lease or would cause, without any further action on the part of such lessor, the termination of the Lease or would entitle such lessor to dispossess Tenant, the Lease shall not be terminated, nor shall Tenant's use, possession or enjoyment of the Leased Premises or rights under the Lease be interfered with in any foreclosure or other action or proceeding in the nature of foreclosure instituted under or in connection with the Mortgage or in the event that Lender takes possession of the Property pursuant to any provisions of the Mortgage or the Assignment of Leases, unless the lessor under the Lease would have had such right if the Mortgage or the Assignment of Leases had not been made, except that neither the person or entity acquiring the interest of the lessor under the Lease as a result of any such action or proceeding or deed in lieu of any such action or proceeding (hereinafter called the "Purchaser") nor Lender if Lender takes possession of the Property shall be

(a) liable for any act or omission of any prior lessor under the Lease; or (b) liable for the return of any security deposit which Tenant has paid to any prior lessor under the Lease; or (c) subject to any offsets or defenses which Tenant might have against any prior lessor under the Lease; or (d) bound by any base rent, percentage rent or any other payments which Tenant might have paid for more than the current month to any prior lessor under the Lease; or (e) bound by any amendment or modification of the Lease made without Lender's prior written consent (other than an amendment or modification memorializing the exercise by Tenant of a right or option set forth in the Lease); (f) personally liable for any default under the Lease or any covenant or obligation on its part to be performed thereunder as lessor; or (g) liable for any of Landlord's Construction-Related Obligation under the Lease. As used herein, a "Construction-Related Obligation" means any obligation of Landlord under the Lease to make, pay for, or reimburse Tenant for any alterations, demolition, or other improvements or work at the Property, including the Premises.

2. Attornment. Unless the Lease is terminated in accordance with Paragraph 1, if the interests of the lessor under the Lease shall be transferred by reason of the exercise of the power of sale contained in the Mortgage (if applicable), or by any foreclosure or other proceeding for enforcement of the Mortgage, or by deed in lieu of foreclosure or such other proceeding, or if Lender takes possession of the Property pursuant to any provisions of the Mortgage or the Assignment of Leases, Tenant shall be bound to the Purchaser or Lender, as the case may be, under all of the terms, covenants and conditions of the Lease for the balance of the term thereof and any extensions or renewals thereof which may be effected in accordance with any option herefore in the Lease, with the same force and effect, as if the Purchaser or Lender were the lessor under the Lease, and Tenant, as lessee under the Lease, does hereby agree to attorn to the Purchaser and Lender if it takes possession of the Property, as its lessor under the Lease. Such attornment shall be effective and self-operative without the execution of any further instruments upon the succession by Purchaser to the interest of the lessor under the Lease or the taking of possession of the Property by Lender. Nevertheless, Tenant shall, from time to time, execute (or make good faith comments to) and deliver such instruments evidencing such attornment as Purchaser or Lender may reasonably require. The respective rights and obligations of Purchaser, Lender and of Tenant upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as now set forth in the Lease except as otherwise expressly provided in Paragraph 1.

3. Subordination. Tenant hereby subordinates all of its right, title and interest as lessee under the Lease to the right, title and interest of Lender under the Mortgage, and Tenant further agrees that the Lease now is and shall at all times continue to be subject and subordinate in each and every respect to the Mortgage and to any and all increases, renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Mortgage.

4. Assignment of Leases. Tenant hereby acknowledges that all of Landlord's right, title and interest as lessor under the Lease is being duly assigned to Lender pursuant to the terms of the Mortgage and the Assignment of Leases, and that pursuant to the terms thereof all rental payments under the Lease shall continue to be paid to Landlord in accordance with the terms of the Lease unless and until Tenant is otherwise notified in miring by Lender. Upon receipt of any such written notice from Lender, Tenant covenants and agrees to make payment of all rental payments then due or to become due under the Lease directly to Lender or to Lender's agent designated in such notice and to continue to do so until otherwise notified in writing by Lender. Landlord hereby irrevocably directs and authorizes Tenant to make rental payments directly to Lender following receipt of such notice, and Landlord covenants and agrees that Tenant shall have the right to rely on such notice without any obligation to inquire as to whether any default exists under the Mortgage or the Assignment of Leases or the indebtedness secured thereby, and notwithstanding

any notice or claim of Landlord to the contrary, and that Landlord shall have no right or claim against Tenant for or by reason of any rental payments made by Tenant to Lender following receipt of such notice. Tenant further acknowledges and agrees: (a) that under the provisions of the Mortgage and/or the Assignment of Leases, the Lease cannot be terminated (nor can Landlord accept any surrender of the Lease) or modified in any of its terms, or consent be given to the waiver or release of Tenant from the performance or observance of any obligation under the Lease, without the prior written consent of Lender, and without such consent no rent may be collected or accepted by Landlord more than one month in advance; and (b) that the interest of Landlord as lessor under the Lease has been assigned to Lender for the purposes specified in the Mortgage and the Assignment of Leases, and Lender assumes no duty, liability or obligation under the Lease, except only under the circumstances, terms and conditions specifically set forth in the Mortgage and/or the Assignment of Leases.

5. Notice of Default by Lessor. Tenant, as lessee under the Lease, hereby covenants and agrees to give Lender written notice properly specifying wherein the lessor under the Lease has failed to perform any of the covenants or obligations of the lessor under the Lease, simultaneously with the giving of any notice of such default to the lessor under the provisions of the Lease. Tenant agrees that Lender shall have the right, but not the obligation, within thirty (30) days after receipt by Lender of such notice (or within such additional time as is reasonably required to correct any such default, provided that Lender has given notice to Tenant within such initial thirty (30) day period of Lender's intent to attempt to correct such default and thereafter diligently prosecute such correction) to correct or remedy, or cause to be corrected or remedied, each such default before Tenant may take any action under the Lease by reason of such default thereof. Such notices to Lender shall be delivered in duplicate to:

Sovereign Bank, N.A.
75 State Street
Boston, Massachusetts 02109
Attn: Real Estate Division

or to such other address as the Lender shall have designated to Tenant by giving written notice to Tenant at:

1355 Market Street, Suite 900
San Francisco, CA 94103
Attn: Director of Facilities

with a copy to:

1355 Market Street, Suite 900
San Francisco, CA 94103
Attn: Legal Department

, or to such other address as may be designated by written notice from Tenant to Lender.

6. No Further Subordination. Except as expressly provided to the contrary in Paragraph 3 hereof, Landlord and Tenant covenant and agree with Lender that there shall be no further subordination of the interest of lessee under the Lease to any lender or to any other party without first obtaining the prior written consent of Lender. Any attempt to effect a further subordination of lessee's interest under the Lease without first obtaining the prior written consent of Lender shall be null and void.

7. Limitation of Liability. Notwithstanding anything to the contrary in this Agreement or the Lease, upon any attornment pursuant to this Agreement the Lease shall be deemed to have been automatically amended to provide that Lender or Purchaser's obligations and liability under the Lease shall never extend beyond Lender or Purchaser's (or their respective successors' or assigns') interest, if any, in the Property.

8. Title of Paragraphs. The titles of the paragraphs of this agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this agreement.

9. Governing Law. This agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

10. Provisions Binding. The terms and provisions hereof shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and permitted assigns, respectively, of Lender, Tenant and Landlord. The reference contained to successors and assigns of Tenant is not intended to constitute and does not constitute a consent by Landlord or Lender to an assignment by Tenant, but has reference only to those instances in which the lessor under the Lease and Lender shall have given written consent to a particular assignment by Tenant thereunder.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties have hereunto set their respective hands and seals as of the day, month and year first above written.

LENDER:

SOVEREIGN BANK, N.A.

By: _____
Name:
Title:

TENANT:

TWITTER, INC.

By: _____
Name:
Title:

LANDLORD:

KENDALL SQUARE ENTITY, INC.

By: _____
Name: Peter Palandjian
Title: President & Treasurer

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose, as _____ of Sovereign Bank, N.A.

_____
Notary Public

My commission expires:

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

On this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared Peter Palandjian, President and Treasurer of Kendall Square Entity, Inc., proved to me through satisfactory evidence of identification, which was Massachusetts Driver's License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public

My commission expires:

[AFFIX NOTARIAL SEAL/STAMP]

STATE OF CALIFORNIA)
COUNTY OF_____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ (seal)

EXHIBIT A

LEGAL DESCRIPTION TO

NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT

The following parcels of land with the buildings thereon situated in Cambridge, Middlesex County, Massachusetts, bounded and described as follows:

PARCEL ONE (Unregistered land)

A certain parcel of land situated on the soutbeasterly side of Davis Street in said Cambridge and bounded and described as follows:

Being numbered 8-10 on said Davis Street and shown as Lots 5 and 6 on a plan entitled Plan of Premises in Cambridgeport belonging to Edward Hixon dated October 25, 1882, W.A. Mason & Son, Surveyors," recorded with Middlesex South District Registry of Deeds in Plan Book 39 as Plan No. 8 and bounded and described as follows:

NORTHWESTERLY	by said Davis Street forty two and 42/100 (42.42) feet;
NORTHEASTERLY	by land of owners unknown, fifty three and 97/100 (53.97) feet;
SOUTHEASTERLY	by lot 7 on said plan forty one and 49/100 (41.49) feet; and
SOUTHEASTERLY	by the center line of a passageway shown on said plan fifty three and 95/100 (53.95) feet.

Containing 2,264 square feet.

Together with and subject to passageway rights as appear of record.

For title reference, see below.

PARCEL TWO (Unregistered land)

Being numbered 6 on said Davis Street and shown as lots 7, 8 and 9 on the plan hereinbefore referred to and bounded and described as follows:

Beginning at a point in the center of the passageway shown on said plan 63.95 feet southerly from Davis Street, thence running

SOUTHEASTERLY	40.08 feet, thence turning and running;
NORTHEASTERLY	18.75 feet, thence turning and running;
SOUTHEASTERLY	17.60 feet, thence turning and running;
NORTHEASTERLY	again 18.16 feet, thence turning and running;
NORTHWESTERLY	39.52 feet, thence turning and running;
SOUTHWESTERLY	by lots 5 and 6 on said plan 41.49 feet to the point of beginning.

For title reference, see below.

PARCEL THREE (Registered land)

NORTHEASTERLY	by Broadway, one hundred forty-one and 15/100 feet;
	SOUTHEASTERLY by Portland Street, one hundred ninety-eight and 90/100 feet;
SOUTHWESTERLY	by land now or formerly of Howard M. Faust, forty-eight and 77/100 feet;
NORTHWESTERLY	by land now or formerly of George B. Gilbert et al, six and 74/100 feet;
SOUTHWESTERLY	by land now or formerly of said Gilbert et al and land formerly of Predore Stacey, one hundred twelve and 96/100 feet; and
NORTHWESTERLY	by Davis Street, one hundred eighty-five and 73/100 feet,

All of said boundaries of Parcel Three are determined by the Land Court to be located as shown on a Plan, as approved by the Court, filed in the Land Registration Office, a copy of said portion of which is filed in the Registry of Deeds for the South Registry District of Middlesex County in Registration Book 28, Page 285, with Certification 4477. (Plan No. 4190A).

Title Reference for Parcels One and Two: Deed of UST Corp., dated December 17, 1985, and recorded with the Middlesex South District Registry of Deeds at Book 16682, Page 565.

Title Reference for Parcel Three: Certificate of Title No. 175562, issued by the South Registry District of Middlesex County.

EXHIBIT "F"

EXTENSION OPTION

1. Subject to: (a) Tenant not being in an Event of Default upon exercise of the Extension Option; and (b) Tenant not having assigned its interest in the Lease or entered into a Non-Permitted Sublet which is in effect as of the date of Tenant's exercise of the option set forth, herein (except, in each case, in connection with a Permitted Transfer), Tenant shall have the option to extend this lease (the "**Extension Option**") for one (1) additional period of five (5) years (such term being the "**Extended Lease Term**"), upon the same terms and conditions of this Lease, except that Fixed Rent for the Extended Lease Term shall be at the Market Rent (as determined below). Tenant shall notify Landlord, in writing, of its desire to exercise the Extension Option at least twelve (12) months prior to the Expiration Date (the "**Tenant's Notice**"). Failure of Tenant to provide notice within the time period required herein shall render Tenant's Extension Option hereunder null and void and of no further force and effect.

2. "**Market Rent**" shall be determined in accordance with the procedure set forth hereinafter:

A. The parties shall have thirty (30) days after Landlord receives Tenant's Notice in which to agree on the Market Rent for the Extended Term. If the parties agree on the Market Rent during such(30) day period, Landlord and Tenant shall execute an amendment to this Lease setting forth the Market Rent for the Extended Term.

B. If the parties are unable to agree on the Market Rent within the thirty (30) day period, then,within ten (10) days after the expiration of that period, each party, at its cost and by giving notice to the other party, shall appoint a qualified M.A.I. real estate appraiser with at least ten (10) years full time commercial office appraisal experience in the Cambridge metropolitan area to appraise and set the Market Rent for the Premises. If a party does not appoint such an appraiser, the single appraiser appointed shall be the sole appraiser and shall set the Market Rent for the Premises. The two appraisers appointed by the parties as stated in this paragraph shall meet promptly and attempt to establish the Market Rent for the Premises. If they are unable to agree within thirty (30) days after the second appraiser has been appointed, they shall attempt to select a third appraiser meeting the qualifications stated in this paragraph within ten (10) days after the last day the two appraisers are given to set the Market Rent. If they are unable to agree on the third (3rd) appraiser, either of the parties, by giving ten (10) days notice to the other party, can appeal to the then president of the Cambridge Real Estate Board, for the selection of a third appraiser who meets the qualifications stated in this paragraph. Each of the parties shall bear one-half (1/2) of the cost of appointing the third appraiser and of paying the third appraiser's fee. The third appraiser, however selected, shall be a person who has not previously acted in any capacity for either party.

C. Within thirty (30) days after the selection of the third appraiser, a majority of the appraisers shall set the Market Rent for the Premises. If a majority of the appraisers are unable to set the Market Rent within the stipulated period of time, the three appraisals shall be added together and their total divided by three; the resulting quotient shall be the Market Rent for the Premises.

D. If, however, the low appraisal and/or high appraisal are more than five percent (5%) lower and/or higher than the middle appraisal, the low appraisal and/or high appraisal shall be disregarded. If only one appraisal is disregarded, the remaining two appraisals shall be added together and their total divided by two; the resulting quotient shall be the Market Rent for the Premises. If both the low appraisal and the high appraisal are disregarded the middle appraisal shall be the Market Rent of the Premises.

E. **"Market Rent"** shall mean the economic terms at which tenants comparable to Tenant, as of the first day of the applicable Extended Lease Term, are leasing in transactions for a comparable term, non-renewal, non-equity space comparable in size to the Premises, from a willing, comparable landlord, at arm's length, which comparable space is located in Comparable Buildings with similar amenities (**"Comparable Transactions"**), or, if such Comparable Buildings, or comparable space within Comparable Buildings, is not available, adjustments shall be made in the determination of Market Rent to reflect the age and quality of the Building and Premises as contrasted to other buildings used for comparison purposes, taking into consideration size, location, floor level, proposed term of the lease, extent of services to be provided, the time that the particular rate under consideration became or is to become effective, as well as all tenant concessions and inducements. Additionally, in any determination of space within Comparable Buildings, appropriate consideration shall be given to the annual rental rates per rentable square foot, the standard of measurement by which the rentable square footage is measured, and the ratio of rentable square feet to usable square feet. The intent of the parties is that Tenant will obtain the same rent and other economic benefits that landlords would otherwise give in Comparable Transactions and that Landlord will make and receive the same economic payments and concessions that landlords would otherwise make and receive in Comparable Transactions.

EXHIBIT "G"

BUILDING UPGRADES

1. As of the Effective Date, Landlord is working to make improvements to the common areas of the Building for the benefit of all tenants in the Building and has or intends to make the following improvements in the Building at some point in the future (as the "**Building Upgrades**"):

a. Upgrading the restrooms on the fifth (5th), sixth (6th), and seventh (7th) floors of the Building according to Building Standard; and

b. Renovating the lobby of the Building.

2. The restroom upgrades described in clause 1.a above will be performed concurrently with Tenant's construction of the Initial Improvements. Notwithstanding the foregoing, Landlord does not make any representations with respect to the date that any of the lobby renovations shall be completed (provided that Landlord anticipates that Landlord's lobby renovation will commence during the calendar year 2013). For purposes herein, "**Building Standard**" means work performed in the manner and with the materials selected by Landlord as the existing standard for the Building subject to availability and Landlord's right to select reasonable, alternative types, models, brands, grades, designs, manufacturers and suppliers from time to time as the Building Standard, so long as such alternatives do not substantially or unreasonably deviate in quality, style or appearance as currently exists.

EXHIBIT "H"

LEASE COMMENCEMENT DATE CERTIFICATE

RE: Lease Agreement between **KENDALL SQUARE ENTITY, INC. ("Landlord")** and **TWITTER, INC.,** a Delaware corporation ("Tenant") dated _____ (the **"Lease")** for premises consisting of approximately 47,631 rentable feet in the building located at 141 Portland Street, Cambridge, Massachusetts

Dear Tenant:

This shall constitute the Lease Commencement Date Certificate referenced in Section *2* of the above-referenced Lease. Unless otherwise defined herein, all capitalized terms shall have the same meaning ascribed to them in the Lease.

1. The Lease Commencement Date is _____.

2. The Lease Expiration Date is _____.

3. Fixed Rent shall be paid in accordance with the following schedule:

[NOTE: WHEN AVAILABLE, INSERT EXACT DATES IN LEASE TERM COLUMN. DO NOT LEAVE AS IS]

*NOTE: Notwithstanding the schedule with respect to Fixed Rent set forth below, with respect to the 5th Floor Premises and 6th Floor Premises, Tenant shall begin paying Fixed Rent on the one hundred eightieth (180th) day following the Lease Commencement Date.

*NOTE: Notwithstanding the schedule with respect to Fixed Rent set forth below, with respect to the 7th Floor Premises, Tenant shall begin paying Fixed Rent on the Lease Commencement Date.

[*]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Commencement Date Certificate to be executed on the dates set forth below.

LANDLORD:

KENDALL SQUARE ENTITY, INC.
A Massachusetts corporation

By: _____
Name: Peter Palandjian
Title: President & Treasurer
Date of Execution: _____

TENANT:

TWITTER, INC.

By: _____
Name: _____
Title: _____
Date of Execution: _____

EXHIBIT "I"

SATELLITE DISH TERMS AND CONDITIONS

1. Location. Tenant shall have the right to install, operate, and maintain, at no additional cost to Tenant, one (1) satellite dish and related transmission equipment which specifications are subject to the prior written approval of Landlord (collectively, the **"Satellite Dish"**) on the roof of the Building in a location mutually agreed to by Landlord and Tenant (such area to be known as the **"Satellite Dish Area"**). Landlord, at its sole discretion, may require Tenant to relocate the Satellite Dish at any time to another location on the roof of the Building and for any reason provided Landlord pays for the reasonable cost of such relocation.

2. Condition of Satellite Dish Area. The Satellite Dish Area is given to Licensee in its "as-is, where is" condition. Licensor makes no representation or warranty that the Satellite Dish Area or Building is fit for Tenant's intended use or permitted by law. Landlord shall have no obligation to prepare or otherwise repair the Satellite Dish Area or the Satellite Dish.

3. Costs of Installation. Tenant shall pay, at its sole cost and expense, any and all expenses in connection with installation of the Satellite Dish. Tenant shall obtain and pay, at its sole cost and expense, obtain any municipal, state or federal permits and/or licenses required for the installation and operation of the Satellite Dish and any related equipment.

4. Roof Penetration and Warranty. Tenant shall not use or permit the use of the Satellite Dish in such a manner that would jeopardize or invalidate Licensor's existing roof warranty. In addition, Tenant shall use Landlord's designated roof contractor when installing the Satellite Dish and Tenant shall be responsible for maintaining the Satellite Dish in a manner in which to preserve such warranty. Any roof penetrations necessary in connection with the installation, maintenance or repair of the Satellite Dish are to be made by Landlord's roof contractor, at Tenant's sole cost and expense.

5. Maintenance of Satellite Dish. Tenant, at its sole cost and expense, shall keep the Satellite Dish Area, Satellite Dish and all related equipment in good condition and repair and shall be responsible for all maintenance and repair in connection with the Satellite Dish Area and the Satellite Dish.

6. Access to Roof and Satellite Dish Area. Tenant and any of its agents or contractors shall not have access to the roof of the Building or the Satellite Dish Area unless Tenant has: (i) given Landlord at least twenty four (24) hours advance notice; and (2) Tenant is accompanied by Landlord or its agent; and (3) such access occurs during normal Landlord's normal business hours.

7. Interference. Landlord shall use reasonable efforts to accommodate, Tenant, however, the Satellite Dish shall not be installed so as to interfere with the use or operation of any communications equipment previously installed on the Building or the operations of any Tenant in the Building as of the Effective Date. Landlord shall not be responsible for any signal interference or signal straying in connection with the Satellite Dish.

8. Tenant's Rights Not Assignable. Tenant's rights hereunder are personal to Tenant and may not be assigned or transferred to any other party without the prior written consent of Landlord.

9. No Further Collocation. Tenant shall not permit any other party to locate equipment in the Satellite Dish Area or collocate on the Satellite Dish without the prior written consent of Landlord.

10. Changes to Satellite Dish. Any changes to the Satellite Dish deviating from those originally approved by Landlord must be reapproved by Landlord

11. Removal of Satellite Dish. Upon the expiration or earlier termination of the Lease, Tenant shall remove the Satellite Dish and all related equipment leaving the Satellite Dish Area in the same condition existing on the Effective Date, reasonable wear and tear excepted. Tenant shall be responsible for the cost of repairing any and all damage to the Satellite Dish Area, the roof of the Building, or any other areas of the Building in connection the installation, maintenance, repair, and/or operation of the Satellite Dish.

FIRST AMENDMENT TO LEASE AGREEMENT

This **FIRST AMENDMENT TO LEASE AGREEMENT** (the "**Amendment"**) dated this 24th day of January, 2018 (the **"Effective Date"**) is made by and between **KENDALL SQUARE ENTITY, INC.,** a Massachusetts corporation (the "**Landlord"**), and **TWITTER, INC.,** a Massachusetts corporation (the **"Tenant"**).

RECITALS:

A. WHEREAS, Landlord and Tenant are parties to that certain Lease Agreement dated as of September 10, 2013 (the **"Lease"**), whereby Tenant leases certain premises from Landlord of approximately: (i) 15,877 rentable square feet on the fifth (5th) floor (**"5th Floor Premises"**); (ii) approximately 15,877 rentable square feet on the sixth (6th) floor (**"6th Floor Premises"**); and (iii) approximately 15,877 rentable square feet on the seventh (7th) floor (**"7th Floor Premises"**) (collectively, the "**Existing Premises**") in the building located at 141 Portland Street, Cambridge, Massachusetts (the **"Building"**);

B. WHEREAS, the Lease Term with respect to the Existing Premises is scheduled to expire on March 31, 2019; and

C. WHEREAS, Tenant desires to extend the Lease Term with respect to the 5th Floor Premises and 6th Floor Premises (the **"Remaining Premises"**) and Landlord desires to accommodate the same on the terms and conditions set forth herein.

AGREEMENT:

NOW THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Recitals and Capitalized Terms. The recitals set forth above are incorporated herein and made a part of this Amendment as if set forth herein in full. All capitalized terms used in this Amendment that are not defined in this Amendment shall have the meanings ascribed to such terms in the Lease. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms set forth in this Amendment shall supersede and control.

2. Lease Term for Remaining Premises. The Lease Term with respect to the Remaining Premises shall be extended through March 31, 2024 (the **"Extended Expiration Date"**, and such extended portion of the Lease Term, the **"Extension Term"**). Effective as of April 1, 2019, the Remaining Premises shall be known as the "Premises" for purposes under the Lease.

3. Fixed Rent for Remaining Premises. During the Extension Term, Tenant shall pay Fixed Rent with respect to the Remaining Premises in accordance with the schedule below but otherwise in accordance with the terms and conditions of the Lease:

	Annual Fixed Rent	Monthly Fixed Rent	Fixed Rent Per Square Foot of Remaining Premises
[*]	[*]	[*]	[*]

4. Additional Rent.

4.1 Tenant's Proportionate Share. Effective on April 1, 2019, Tenant's Proportionate Share shall be amended to be 23.37% which is based on 31,754 rentable square feet in the Remaining Premises and 135,874 rentable square feet in the Building.

4.2 Operating Expense Stop and Tax Expense Stop. During the Extension Term, Tenant shall continue to pay Additional Rent in accordance with the terms and conditions of the Lease, provided, however, that effective on April 1, 2019: (a) the **"Operating Expense Stop"** shall be amended to mean an amount equal to the actual Operating Expenses (on a per rentable square foot basis, adjusted, as necessary, as described in Section 3 of Exhibit C to the Lease) for the calendar year 2019; and (b) the **"Tax Expense Stop"** shall mean an amount equal to the actual Taxes (on a per rentable square foot basis) for the fiscal year 2020.

5. Condition of Premises. Except for the Improvement Allowance as further described on **EXHIBIT A**, Tenant' shall continue to occupy the Remaining Premises during the Extension Term in its "as-is" condition and Landlord shall not be obligated for any other allowances or improvements to the Remaining Premises; the foregoing will not be deemed to modify or diminish Landlord's maintenance and repair obligations set forth in the Lease.

6. Parking. Effective as of the April 1, 2019, **SECTION 30. PARKING** of the Lease shall be deleted in its entirety and replaced with the following:

> **30. PARKING.** Tenant shall lease thirty-two (32) assigned parking spaces at the rate of two hundred seventy five dollars ($275.00) per space per month, which amount is subject to change on an annual basis (consistent with the rates charged to all other users of the parking facility), for the parking of registered and insured passenger vehicles (excluding trucks) of its own (or its subtenants) or of its (or its subtenants) employees in the parking garage area of the Building. In addition, Tenant shall pay to Landlord the amount of seventy-five dollars ($75.00) for each parking transmitter that Tenant requests to access the parking facilities, which amount shall be returned to Tenant upon expiration

of this Lease provided the transmitters are returned to Landlord in the condition as they were originally provided to Tenant, reasonable wear and tear excepted. All such parking rights shall be subject to the reasonable rules and regulations of Landlord of general applicability; provided however, Landlord shall have no duty to enforce the same, and shall have the right to waive the applicability of the same on a case by case basis, in its sole discretion. All such parking and use of the lot for access and egress shall be at the user's sole risk, and Landlord shall not be responsible for any property damage or loss or any personal injury related thereto, except for any personal injury proximately caused by the negligence or willful misconduct of Landlord. Tenant shall inform any of its employees or agents (or subtenants) utilizing such parking right of the aforesaid limitation of liability, and Tenant shall indemnify Landlord, its managing agent and their employees or agents, defend them and hold them harmless against any claim, suit, judgment, or loss (relating to the use of the parking lights herein granted) suffered by them or instituted against them which is included within the aforesaid limitation of liability. Landlord shall be responsible for snow removal/plowing of the parking areas; provided however, in the event vehicles are present in the said areas during snow removal activities, Landlord will plow around such vehicles and shall not be required to remove any residue of snow surrounding the vehicle as a result of such plowing activity. Upon Landlord's request Tenant and its employees shall relocate temporarily any of its or their vehicles parked in the parking area in order to facilitate snow removal or maintenance activity being conducted by Landlord. Such parking by Tenant (or Tenant's subtenants) or its (or Tenant's subtenants) employees shall be assigned as to location, No overnight parking is permitted by Tenant or its employees without Landlord's specific prior written authorization.

7. Deletion of Extension Option. **EXHIBIT "F" EXTENSION OPTION** of the Lease is hereby deleted in its entirety and of no further force and effect.

8. Letter of Credit. [*]

9. Surrender of 7th Floor Premises. Not later than March 31, 2019, Tenant shall have surrendered the 7th Floor Premises to Landlord in accordance with **SECTION 25. SURRENDER OF PREMISES** of the Lease (i.e., in its current "as-is" condition free of Tenant's and subtenants' personal property, furniture and equipment).

10. Brokers. Each party represents and warrants to the other that they have not made any agreement or taken any action which may cause anyone to become entitled to a commission as a result of the transactions contemplated by this Amendment and each will indemnify and defend the other from any and all claims, actual or threatened, for compensation by any such third person by reason of such party's breach of their representation or warranty contained in this Section 10 except for Transwestern RBJ representing Landlord exclusively ("**Landlord's Broker**") and Cresa, representing Tenant exclusively ("**Tenant's Broker**"). Landlord will pay any commission due to Landlord's Broker and Tenant's Broker hereunder pursuant to its separate agreement with Landlord's Broker.

11. Tenant's Representations. Tenant hereby represents and warrants to Landlord that as of the Effective Date: (a) all of Tenant's estate, right, title and interest in and to the Lease is free and clear of assignments or liens; (b) the Lease is in full force and effect; (c) Tenant is presently in possession of the Premises (however, Tenant may from time to time have one or more subtenants in occupancy of a portion or portions of the Premises) and is paying the Fixed Rent, Additional Rent and any other charges or sums due under the Lease with respect to the Existing Premises; (d) the Lease has not been modified, supplemented or amended in any way, except as may be set forth in this Amendment; (e) Tenant is not aware of any current actionable defenses, claims or set-offs under the Lease against rents or charges due or to become due thereunder; and (f) that this Amendment has been duly authorized, executed and delivered by and on behalf of Tenant and constitutes the valid and binding agreement of Tenant in accordance with the terms hereof.

12. Landlord's Representatives. Landlord hereby represents and warrants to Tenant that as of the Effective Date: (a) no Event of Default on the part of Tenant exists under the Lease and no event which, with notice or the passage of time on the part of Tenant, would constitute an Event of Default under the Lease currently exists and (b) the Lease is in full force and effect and (c) this Amendment has been duly authorized, executed and delivered by and on behalf of Landlord and constitutes the valid and binding agreement of Landlord in accordance with the terms hereof.

13. Confirmation of Lease. Except as amended by this Amendment, all existing terms and provisions of the Lease shall remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed as of the Effective Date.

LANDLORD:

KENDALL SQUARE ENTITY,INC.
A Massachusetts corporation

By: /s/ Peter Palandjian
Name: Peter Palandjian
Title: President & Treasurer

TENANT:

TWITTER, INC.
a Delaware corporation

By: /s/ Ned Segal
Name: Ned Segal
Title: CFO

EXHIBIT A

IMPROVEMENT ALLOWANCE

1**.** Landlord shall provide to Tenant an allowance of [*] per rentable square foot of the Remaining Premises (i.e., $[*]) (the **"Improvement Allowance")** which shall be applied by Tenant toward the cost of design, permitting and construction costs, architectural, engineering and project management costs associated with improvements made by Tenant to the Remaining Premises commencing from and after the Effective Date (the "**Tenant Improvements**"). Notwithstanding the foregoing, Tenant shall not be permitted to apply more than $158,770.00 of the Improvement Allowance toward "soft costs" associated with the Tenant Improvements. Tenant acknowledges that all costs for Tenant Improvements in excess of the Improvement Allowance shall be paid for at the sole cost and expense of the Tenant.

2. The Tenant Improvements shall be shall be subject to: (a) all terms and conditions of Section 10 of the Lease; (b) performed by a union general contractor reasonably approved by Landlord in advance; and (c) based on plans and specifications reasonably approved (or deemed approval, as described in Section 10.1 of the Lease) by Landlord in advance.

3. Landlord shall disburse the Improvement Allowance to Tenant on a periodic basis (but no more than once per month) within thirty (30) days following receipt from Tenant of a Requisition from Tenant. A "**Requisition**" shall mean written documentation, including, without limitation, (i) invoices from Tenant's contractors, vendors, service providers and consultants, and such other documentation as Landlord may reasonably request, showing in reasonable detail the cost of the items in question or improvements installed to date in the Premises, accompanied by certifications from Tenant that the amount of the Requisition in question is true and correct and does not exceed the cost of the items or improvements covered by such Requisition (AJA Form G-702 is deemed acceptable by Landlord as a requisition form); and (ii) evidence that all of the Tenant Improvements and other work done by or on behalf of Tenant as of such date which could give rise to any mechanic's or materialman's liens and for which payment has been previously requested and paid, has been paid for in full and that any and all liens therefor that have been or may be filed have been satisfied of record or waived (the **"Lien Waivers"**) with respect to the prior month's Requisition. Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each Requisition in order to verify the amount thereof. For avoidance of doubt, as of the Effective Date, Tenant may submit a Requisition for Tenant Improvements constructed at any time following the Effective Date, Notwithstanding the foregoing, at Tenant's election, Tenant may elect to wait until the completion of the Tenant Improvements before submitting a single Requisition for all of the Improvement Allowance to Landlord, provided that such Requisition includes all of the information required by the provisions of this Section 3.

4. Landlord shall have no obligation to pay any portion of the Improvement Allowance with respect to any Requisition submitted more than twelve (12) months following the Effective Date (the "**Outside Requisition Date**"); provided, however, that (i) the Outside Requisition Date shall be delayed on a day-for-day basis for each day that Tenant's design or construction of Tenant's Improvements is delayed due to Force Majeure or the acts or omissions of Landlord and (ii) if Tenant certifies to Landlord that it is engaged in a good faith dispute with a contractor, vendor,service provider or consultant, such Outside Requisition Date shall be extended while such

dispute is ongoing, so long as Tenant is diligently pursuing the resolution of such dispute. In the event Tenant has not utilized the Improvement Allowance on or before the Outside Requisition Date, Tenant shall be deemed to have forfeited any unused portion of said Improvement Allowance and shall have no rights thereto,

Exhibit 10.21

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made as of this 22nd day of December 2017, between **ARE-MA REGION NO. 59, LLC,** a Delaware limited liability company ("**Landlord**"), and **SOLID BIOSCIENCES, LLC,** a Delaware limited liability company **("Tenant").**

BASIC LEASE PROVISIONS

Address of Building: Building 1400, One Kendall Square, Cambridge, MA 02139

Premises: That portion of the Building in the Project (as defined below) commonly known as Suite 14-101 located on the first floor of the Building, containing approximately 9,489 rentable square feet, as shown on **Exhibit A.**

Building: The building in the Project currently known and numbered as 1400, One Kendall Square, Cambridge, Massachusetts, and located on the real property owned by Landlord and described on **Exhibit B** (the "**Property**").

Project: The project commonly known as One Kendall Square, located on the Property and property owned by affiliates of Landlord and operated as a single mixed-use complex.

Base Rent: $75.00 per rentable square foot of the Premises per year, subject to adjustment as provided in Section 4 below.

Rentable Area of Premises: 9,489 rentable square feet

Rentable Area of Project: 644,771 rentable square feet

Rentable Area of Building: 133,989 rentable square feet

Building's Share of Project: 20.78%

Tenant's Share: 7.08%

Security Deposit: $237,225.00

Target Commencement Date: February 1, 2018

Rent Commencement Date: As defined in Section 2 below.

Rent Adjustment Percentage: 3%

Base Term: Beginning on the Commencement Date and ending 60 months from the first day of the first full month following the Rent Commencement Date, or if the Rent Commencement Date occurs on the first day of a month, from the first day of the month containing the Rent Commencement Date.

Permitted Use: Research and development laboratory, related office and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

Address for Rent Payment:
ARE-MA Region No. 59, LLC
P.O. Box 944193
Cleveland, OH 44194-4193

Landlord's Notice Address:
385 East Colorado Boulevard, Suite 299
Pasadena, CA91101
Attention: Corporate Secretary

Tenant's Notice Address:
One Kendall Square, Building 1400
Suite 14-101
Cambridge, MA 02139
Attention: Lease Administrator

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

[X] **EXHIBIT A** - PREMISES DESCRIPTION
[X] **EXHIBIT B** - DESCRIPTION OF PROPERTY
[X] **EXHIBIT C** - WORK LETTER
[X] **EXHIBIT D** - COMMENCEMENT DATE
[X] **EXHIBIT E** - RULES AND REGULATIONS
[X] **EXHIBIT F** - TENANT'S PERSONAL PROPERTY
[X] **EXHIBIT** G - NOTIFICATION OF PRESENCE OF ASBESTOS CONTAINING MATERIALS

1. **Lease of Premises.** Upon and subject to all of the terms and conditions of this Lease, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Project which are for the non-exclusive use of tenants of the Building are collectively referred to herein as the **"Common Areas."** Subject to the terms and conditions of this Lease, Tenant shall have the appurtenant right to use the Common Areas for their intended uses. The Common Areas shall include, without limitation, the common loading areas located in and serving the Building, pedestrian sidewalks and landscaped areas serving the Project, as well as the common elevators, lobbies, hallways, corridors and stairwells and, if applicable, restrooms, within the Building and serving the Premises or necessary for access to and use of the Premises. In addition to other rights reserved herein or by law, Landlord reserves the right from time to time, without material interruption of Tenant's use and access to the Premises (except in emergency): (i) to make additions to or reconstructions of the Building, Property and Project and to install, use, maintain, repair, replace and relocate for service to the Premises or other parts of the Building, Property and/or Project, pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building, the Property or elsewhere in the Project, including without limitation, the installation of such facilities in the plenums of the ceilings of the Premises (or, if there is no drop ceiling, within the space above 10 feet of any floor of the Premises), and coring therefor between the ceiling or top surface of any portion of the Premises, and the space above the Premises in the plenum or below the top of the Premises as aforesaid; and (ii) to alter or relocate any Common Area or facility.

From and after the Commencement Date through the expiration of the Term, Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

2. **Delivery; Acceptance of Premises; Commencement Date.** Landlord shall use reasonable efforts to make the Premises available to Tenant for Tenant's work on the Tenant Improvements under the Work Letter ("**Delivery**" or "**Deliver**") on or before the Target Commencement Date. If Landlord fails to timely Deliver the Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. If Landlord does not Deliver the Premises within 60 days of the Target Commencement Date for any reason other than delays due to Force Majeure (as defined in Section 34 below), this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated by Tenant: (a) the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant; and (b) neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease. As used herein, the term **"Tenant Improvements"** shall have the meaning set forth for such term in the Work Letter. If Tenant does not elect to void this Lease within 10 business days of the lapse of such 60 day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect.

The "**Commencement Date**" shall be the date Landlord Delivers the Premises to Tenant. The "**Rent Commencement Date**" shall be the earlier of (i) 5 months after the Commencement Date, or (ii) the date Tenant conducts any business in the Premises or any part thereof (not including the construction of the Tenant Improvements in the Premises). Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the "Acknowledgement of Commencement Date" attached to this Lease as **Exhibit D**; provided, however, the failure by either party to execute and deliver such acknowledgment shall not affect either party's rights or the Commencement Date hereunder. The "**Term**" of this Lease shall be the Base Term, as defined above in the Basic Lease Provisions and the Extension Term which Tenant may elect pursuant to Section 39 hereof.

For the period of 30 consecutive days after the Commencement Date, Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs that are required to be made to the Building or Building Systems (as defined in Section 13) serving the Premises, unless Tenant or any Tenant Party was responsible for the cause of such repair, in which case Tenant shall pay the cost.

Except as set forth in the Work Letter: (i) Tenant shall accept the Premises in their condition as of the Commencement Date, subject to all applicable Legal Requirements (as defined in Section 7 hereof); (ii) except as provided in the immediately preceding paragraph, Landlord shall have no obligation for any defects in the Premises; and (iii) Tenant's taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Any occupancy of the Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, excluding the obligation to pay Base Rent and Operating Expenses.

Notwithstanding anything to the contrary contained in this Lease, Tenant and Landlord acknowledge and agree that the effectiveness of this Lease shall be subject to the following condition precedent ("**Condition Precedent**") having been satisfied: Landlord shall have entered into a lease termination agreement on or before January 30, 2018 ("**Termination Agreement**") with the existing tenant of the Premises which Termination Agreement shall be on terms and conditions acceptable to Landlord, in Landlord's sole and absolute discretion. In the event that the Condition Precedent is not satisfied, either Landlord or Tenant shall have the right to terminate this Lease upon delivery of written notice to the other. Landlord shall have no liability whatsoever to Tenant relating to or arising from Landlord's inability or failure to cause the Condition Precedent to be satisfied.

Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Project are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant's representations, warranties, acknowledgments and agreements contained herein.

3. **Rent.**

(a) **Base Rent.** The first full calendar month's Base Rent and the Security Deposit shall be due and payable on delivery of an executed copy of this Lease to Landlord. Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, equal monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof from and after the Rent Commencement Date, in lawful money of the United States of America, at the office of Landlord for payment

of Rent set forth above, or to such other person or at such other place as Landlord may from time to time designate in writing. Payments of Base Rent for any fractional calendar month shall be prorated. If the Rent Commencement Date is other than the first day of a calendar month, the difference between the first full calendar month's Base Rent paid upon delivery of an executed copy of this Lease by Tenant to Landlord as required above, and the prorated Base Rent for the fractional month in which the Rent Commencement Date occurs, shall be applied by Landlord to such first full calendar month after the Rent Commencement Date and Tenant shall pay the remainder of the first full calendar month's rent to Landlord on or before the first day of such first full calendar month. The obligation of Tenant to pay Base Rent, Additional Rent and any other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

(b) **Additional Rent. Additional Rent.** In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent **("Additional Rent")**: (i) commencing on the Rent Commencement Date, Tenant's Share of Operating Expenses (as defined in Section 5), and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any default of Tenant or failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period.

4. **Base Rent Adjustments.** Base Rent shall be increased on each annual anniversary of the first day of the first full month during the Term of this Lease (each an "**Adjustment Date**") by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

5. **Operating Expense Payments.** At least 30 days prior to the beginning of each calendar year, Landlord shall deliver to Tenant a written estimate of Operating Expenses for the upcoming calendar year during the Term (the "**Annual Estimate**"), which may be revised by Landlord from time to time during such calendar year. Commencing on the Rent Commencement Date and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

The term "**Operating Expenses**" means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord in accordance with Landlord's (and Landlord's affiliates) regular accounting practices with respect to the Building and Property (including, without duplication, the Building's Share of Project with respect to all costs and expenses of any kind or description incurred or accrued by Landlord with respect to the Project which are not specific to the Building or Property or any other building or property located in the Project) including, without duplication or limitation, (w) Taxes (as defined in Section 9), (x) capital repairs, replacements and improvements amortized over the lesser of 10 years or the useful life of such capital items (except for capital repairs, replacements and improvements to the roof, which shall be amortized over 15 years), adjusted to reflect Building operations 24 hours per day, 7 days per week and 365 days per year (provided that those Operating Expenses incurred or accrued by Landlord with respect to any capital repairs, replacements or improvements which are for the intended purpose of promoting sustainability (for example, without limitation, by reducing energy usage at the Project) (a "**Capital Sustainability Expenditure**") may be amortized over a shorter period, at Landlord's discretion, to the extent the cost of a Capital Sustainability Expenditure is offset by a reduction in Operating Expenses), (y) transportation services, and (z) the costs of Landlord's third party property manager (not to exceed 3% of Base Rent) or, if there is no third party property manager, administration rent in the amount of 3% of Base Rent, excluding only:

(a) the original construction costs of the Project and renovation prior to the date of the Lease and costs of correcting defects in such original construction or renovation;

(b) capital expenditures for expansion of the Project;

(c) interest, principal payments of Mortgage (as defined in Section 27) debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured and all payments of base rent (but not taxes or operating expenses) under any ground lease or other underlying lease of all or any portion of the Project;

(d) depreciation of the Project (except for capital improvements, the costs of which are includable in Operating Expenses);

(e) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Project, including any leasing office maintained in the Project, free rent and construction allowances for tenants;

(f) legal and other expenses incurred in the negotiation or enforcement of leases;

(g) completing, permitting, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work;

(h) costs to be reimbursed by other tenants of the Project or Taxes to be paid directly by Tenant or other tenants of the Project, whether or not actually paid;

(i) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project; provided, however, that with respect to any such person who does not devote substantially all of his or her employed time to the Project, the salaries, wages, benefits and other compensation of such person shall be prorated to reflect time spent on matters related to operating, managing, maintaining or repairing the Project in comparison to the time spent on matters unrelated to operating, managing, maintaining or repairing the Project;

(j) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses;

(k) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building or Property;

(l) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any Legal Requirement (as defined in Section 7);

(m) penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency;

(n) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(o) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project;

(p) costs in connection with services (including electricity), items or other benefits of a type which are not standard for the Project and which are not available to Tenant without specific charges therefor, but which are provided to another tenant or occupant of the Project, whether or not such other tenant or occupant is specifically charged therefor by Landlord;

(q) costs incurred in the sale or refinancing of the Property or Project;

(r) net income taxes of Landlord or the owner of any interest in the Property or Project, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Property or Project or any portion thereof or interest therein;

(s) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by insurance policies required to be maintained by Landlord in accordance with Section 17 (or, if Landlord fails to maintain the insurance required to be carried by Landlord pursuant to Section 17, would have been reimbursed by insurance required to be carried by Landlord pursuant to Section 17);

(t) any costs incurred to remove, study, test or remediate Hazardous Materials in or about the Premises, the Building or the Project for which Tenant is not responsible under Section 30 hereof;

(u) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Project under leases for space in the Project.

Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement (an "**Annual Statement**") showing in reasonable detail: (a) the total and Tenant's Share of actual Operating Expenses for the previous calendar year, and (b) the total of Tenant's payments in respect of Operating Expenses for such year. If Tenant's Share of actual Operating Expenses for such year exceeds Tenant's payments of Operating Expenses for such year, the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If Tenant's payments of Operating Expenses for such year exceed Tenant's Share of actual Operating Expenses for such year Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration, or earlier termination of the Term or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord's and Tenant's obligations to pay any overpayments or deficiencies pursuant to this paragraph shall survive the expiration or earlier termination of this Lease.

The Annual Statement shall be final and binding upon Tenant unless Tenant, within 90 days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such 90 day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord's statement of Tenant's Share of Operating Expenses, Landlord will provide Tenant with access to Landlord's books and records in connection with the operation of the Project and such information in connection with the operation of the Project as Landlord reasonably determines to be responsive to Tenant's questions (the "**Expense Information**"). If after Tenant's review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant's Share of Operating Expenses, then Tenant shall have the right to have a regionally recognized independent public accounting firm selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), working pursuant to a fee arrangement other than a contingent fee (at Tenant's sole cost and expense), audit and/or review the Expense Information for the year in question (the "**Independent Review**"). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that Tenant's actual payments with respect to the Operating Expenses for the calendar year in question exceeded Tenant's Share of Operating Expenses for such calendar year, Landlord shall at Landlord's option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within 30 days after delivery

of such statement, except that after the expiration, or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant's payments with respect to Operating Expenses for such calendar year were less than Tenant's Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within 30 days after delivery of such statement. If the Independent Review shows that Tenant has overpaid Tenant's Share of Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all costs incurred by Tenant for the Independent Review. Operating Expenses for the calendar years in which Tenant's obligation to share therein begins and ends shall be prorated. Notwithstanding anything set forth herein to the contrary, if the Building is not at least 95% occupied on average during any year of the Term, Tenant's Share of Operating Expenses for such year shall be computed as though the Building had been 95% occupied on average during such year.

"**Tenant's Share**" shall be the percentage set forth in the Basic Lease Provisions as Tenant's Share, and "**Building's Share of Project**" shall be the percentage set forth in the Basic Lease Provisions as the Building's Share of Project, each as may be reasonably adjusted by Landlord upon a measurement of the rentable square footage of the Premises, Building, Property and/or Project done by Landlord, if Landlord so elects, within 90 days of the Commencement Date, or as soon as reasonably possible thereafter, and shall be subject to further adjustment for changes in the physical size of the Premises, Building, Property or Project occurring thereafter. Landlord may equitably increase Tenant's Share for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Building, Property or Project that includes the Premises or that varies with occupancy or use. Landlord may equitably increase the Building's Share of Project for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Building or only a portion of the Property or Project that includes the Building or that varies with occupancy or use of the Building. Base Rent, Tenant's Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as "**Rent**."

6. **Security Deposit**. Tenant shall deposit with Landlord, upon delivery of an executed copy of this Lease to Landlord, a security deposit (the "**Security Deposit**") for the performance of all of Tenant's obligations hereunder in the amount set forth in the Basic Lease Provisions, which Security Deposit shall be in the form of an unconditional and irrevocable letter of credit (the "**Letter of Credit**"): (i) in form and substance reasonably satisfactory to Landlord, (ii) naming Landlord as beneficiary, (iii) expressly allowing Landlord to draw upon it at any time from time to time by delivering to the issuer notice that Landlord is entitled to draw thereunder, (iv) issued by an FDIC-insured financial institution satisfactory to Landlord, and (v) redeemable by presentation of a sight draft in the state of Landlord's choice. If Tenant does not provide Landlord with a substitute Letter of Credit complying with all of the requirements hereof at least 10 days before the stated expiration date of any then current Letter of Credit, Landlord shall have the right to draw the full amount of the current Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments due under this Lease, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. Upon any such use of all or any portion of the Security Deposit, Tenant shall pay Landlord on demand the amount that will restore the Security Deposit to the amount set forth in the Basic Lease Provisions. Tenant hereby waives the provisions of any law, now or hereafter in force, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant. Upon bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for periods prior to the filing of such proceedings. Upon any such use of all or any portion of the Security Deposit, Tenant shall, within 10 days after demand from Landlord, restore the Security Deposit to its original amount. If Tenant

shall fully perform every provision of this Lease to be performed by Tenant, the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within 60 days after the expiration or earlier termination of this Lease.

If Landlord transfers its interest in the Project or this Lease, Landlord shall either (a) transfer any Security Deposit then held by Landlord to a person or entity assuming Landlord's obligations under this Section 6, or (b) return to Tenant any Security Deposit then held by Landlord and remaining after the deductions permitted herein. Upon such transfer to such transferee or the return of the Security Deposit to Tenant, Landlord shall have no further obligation with respect to the Security Deposit, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee, and no interest shall accrue thereon.

7. **Use.**

(a) **Tenant's Use**. The Premises shall be used solely for the Permitted Use set forth in the Basic Lease Provisions, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, "**ADA**") (collectively, "**Legal Requirements**" and each, a "**Legal Requirement**"). Tenant shall, upon 5 days' written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits. Tenant shall not permit any part of the Premises to be used as a "place of public accommodation", as defined in the ADA or any similar legal requirement. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant's failure to comply with the provisions of this Section or otherwise caused by Tenant's use and/or occupancy of the Premises. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Project, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or using or allowing the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment weighing 500 pounds or more in or upon the Premises or transport or move such items through the Common Areas of the Building or in the Building elevators without the prior written consent of Landlord. Except as may be provided under the Work Letter, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Building as proportionately allocated to the Premises based upon Tenant's Share as usually furnished for the Permitted Use.

Landlord shall be responsible for the compliance of the Common Areas of the Project with Legal Requirements as of the Commencement Date. Following the Commencement Date, Landlord shall, as an Operating Expense (to the extent such Legal Requirement is generally applicable to similar buildings in the area in which the Project is located) and at Tenant's expense (to the extent such Legal Requirement is triggered by reason of Tenant's, as compared to other tenants of the Project, specific use or occupancy of the Premises or Tenant's Alterations) make any alterations or modifications to the Common Areas or the exterior of the Building (including structural obligations or modifications) that are required by Legal Requirements. Except as provided in the two immediately preceding sentences, Tenant, at its sole expense, shall make any alterations or modifications to the interior of the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to

Tenant's specific use or occupancy of the Premises, the Tenant Improvements or Tenant's Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (collectively, "**Claims**") arising out of or in connection with Legal Requirements related to Tenant's specific use or occupancy of the Premises, the Tenant Improvements or Tenant's Alterations, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of or in connection with any failure of the Premises to comply with any Legal Requirement related to Tenant's specific use or occupancy of the Premises, the Tenant Improvements or any Tenant Alterations.

(b) **Energy Use Reporting**. Tenant agrees to provide, within 10 business days of request by Landlord, such information and documentation as may be needed for compliance with the City of Cambridge Building Energy Use Disclosure Ordinance, Section 8.67.010 et seq. of the Municipal Code of the City of Cambridge (as the same may be amended, the "**Cambridge Building Energy Use Disclosure Ordinance**"), and other such energy or sustainability requirements as may be adopted from time to time by the City of Cambridge or any other governmental authority with jurisdiction over the Building, which information shall include without limitation usage at or by the Premises of electricity, natural gas, steam, hot or chilled water or other energy. Landlord shall report to the applicable governmental authority such energy usage for the Building and other Building information as required by the Cambridge Building Energy Use Disclosure Ordinance.

8. **Holding Over**. If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount as Landlord may indicate, in Landlord's sole and absolute discretion, in such written consent, and (iv) all other payments shall continue under the terms of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (A) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental shall be equal to 150% of Rent in effect during the last 30 days of the Term, and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including consequential damages; provided, however, that if Tenant delivers a written inquiry to Landlord within 30 days prior to the expiration or earlier termination of the Term, Landlord will notify Tenant whether the potential exists for consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes**. Landlord shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes: (i) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Building, Property or Project or any portion thereof, or (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises, Building, Property or Project or portion thereof, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises, Building, Property or Project, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by, any Governmental Authority, or (v) imposed as a license or other fee, charge, tax

or assessment on Landlord's business or occupation of leasing space in the Building, Property or Project or portion thereof. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. Taxes shall not include any net income taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Operating Expenses hereunder shall also include the cost of tax monitoring services provided to Landlord with respect to the Building, Property or Project. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Building, Property or Project is increased by a value attributable to improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, higher than the base valuation on which Landlord from time-to-time allocates Taxes to all tenants in the Building, Property or Project, or portion thereof of which the Premises are a part, Landlord shall have the right, but not the obligation, to pay such Taxes. Landlord's reasonable determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord immediately upon demand.

10. **Parking and PTDM.**

(a) **Parking and Monthly Parking Charge**. Subject to all matters of record, Force Majeure, a Taking (as defined in Section 19 below), the exercise by Landlord of its rights hereunder and upon payment of the Monthly Parking Charge (as defined below) for each parking space commencing on the Rent Commencement Date, Tenant shall have the right, in common with other tenants of the Project to use 1.0 vehicle parking spaces per 1,000 rentable square feet of the Premises ("**Tenant's Parking Allowance**") in the parking facility located at the One Kendall Square Garage located on Binney Street (the "**OKS Garage**") to park in those areas designated for non-reserved parking, subject in each case to Landlord's reasonable rules and regulations; provided, however, Landlord may relocate any or all of Tenant's Parking Allowance from the OKS Garage to another parking facility in close proximity to the OKS Garage (i.e., being within 0.25 miles of the OKS Garage). If, during the Term, Tenant delivers written notice to Landlord requesting additional parking spaces and Landlord determines that the additional parking spaces desired by Tenant are available for use by Tenant, Landlord shall notify Tenant in writing and Tenant shall commence using and paying the Monthly Parking Charge for such additional parking spaces immediately following Landlord's delivery of such written notice to Tenant that such additional parking spaces are available for Tenant's use. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project. The "**Monthly Parking Charge**" shall mean the market rate monthly charge therefor designated by Landlord, adjusted reasonably and no more frequently than once in any 12-month period, based upon the rates charged by comparable parking facilities in the vicinity of the Project, which as of the date of this Lease such Monthly Parking Charge is equal to $325.00 per space per month, plus applicable taxes.

(b) Parking **and Transportation Demand Management**. Tenant shall, at Tenant's sole expense, for so long as a parking and traffic demand management plan approved by the City of Cambridge (as amended from time to time, the "**PTDM**"), is applicable to the Project, comply with the PTDM as applicable to the Project, including without limitation, as applicable (i) offer to subsidize mass transit monthly passes for all of its employees who work in the Premises in accordance with the terms set forth in the PTDM; (ii) implement a Commuter Choice Program and the MBTA's Corporate Pass Plan; (iii) discourage single-occupant vehicle ("**SOV**") use by its employees; (iv) promote alternative modes of transportation and use of alternative work hours; (v) at Landlord's request, meet with Landlord and/or its representatives no more frequently than quarterly to discuss transportation programs and initiatives; (vi) participate in annual surveys, monitoring transportation programs and initiatives at the Campus, and, without limitation, achieve a sixty (60%) percent response rate for patron surveys; (vii) cooperate with Landlord in connection with transportation programs and initiatives promulgated pursuant to the PTDM;

(viii) provide alternative work programs (such as telecommuting, flex-time and compressed work weeks) to its employees in order to reduce traffic impacts in Cambridge during peak commuter hours; (ix) offer an emergency ride home ("**ERH**") through the Charles River Transportation Management Association ("**CRTMA**"), or have its own ERH program, for all employees who commute by non-SOV mode at least 3 days a week and who are eligible to park in the parking spaces in the parking facility described above; (x) cooperate with the Cambridge Office of Workforce Development to expand employment opportunities for Cambridge residents; (xi) become a member of the CRTMA and cause the EZ Ride shuttle service to service the Building; (xii) in the event that the single occupancy vehicle and traffic generation modal split limits of the PTDM are exceeded, charge each user of a parking space the market rate for parking in Kendall Square/East Cambridge therefor; (xiii) comply with the requirements of any other parking and traffic demand management plan to which Tenant may be a party from time to time; (xiii) designate an employee transportation coordinator for the Building; and (xiv) otherwise cooperate with Landlord in encouraging employees to seek alternate modes of transportation.

11. **Utilities, Services**. Landlord shall provide, subject to the terms of this Section 11, water, electricity, heat, light, power, sewer, and other utilities (including gas and fire sprinklers to the extent the Building is plumbed for such services), and refuse and trash collection and janitorial services (collectively, "**Utilities**"). Landlord shall pay, as Operating Expenses or subject to Tenant's reimbursement obligation, for all Utilities used on the Premises, all maintenance charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, and any taxes, penalties, surcharges or similar charges thereon. The Premises shall be separately metered to measure Tenant's usage of electricity for lights and plugs. Landlord may cause, at Tenant's expense, any Utilities to be separately metered or charged directly to Tenant by the provider. Tenant shall pay directly to the Utility provider, prior to delinquency, any separately metered Utilities and services which may be furnished to Tenant or the Premises during the Term. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered Utilities based upon consumption, as reasonably determined by Landlord. No interruption or failure of Utilities, from any cause whatsoever, shall result in eviction or constructive eviction of Tenant, termination of this Lease or, except as otherwise expressly provided in the immediately following paragraph, the abatement of Rent. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of an Essential Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of an Essential Service being hereinafter referred to as a "**Service Interruption**"), and (ii) such Service Interruption continues for more than 3 consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, the conduct of Tenant's normal operations in the Premises are materially and adversely affected, then there shall be an abatement of one day's Base Rent for each day during which such Service Interruption continues after such 3 business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant's normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant's sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term "**Essential Services**" shall mean the following services: HVAC service, water, sewer and electricity, but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease.

Landlord's sole obligation for either providing emergency generators or providing emergency backup power to Tenant shall be: (i) to provide emergency generators with not less than the capacity of the emergency generators located in the Building as of the Commencement Date, and (ii) to contract with a third party to maintain the emergency generators as per the manufacturer's standard maintenance

guidelines. Except as otherwise provided in the immediately preceding sentence, Landlord shall have no obligation to provide Tenant with operational emergency generators or back-up power or to supervise, oversee or confirm that the third party maintaining the emergency generators is maintaining the generators as per the manufacturer's standard guidelines or otherwise. During any period of replacement, repair or maintenance of the emergency generators when the emergency generators are not operational, including any delays thereto due to the inability to obtain parts or replacement equipment, Landlord shall have no obligation to provide Tenant with an alternative back-up generator or generators or alternative sources of back-up power. Tenant acknowledges and agrees that (x) in connection with the proper verification of loads and maintenance of the emergency generators, that power will need to be transferred during routine testing, and (y) Tenant is responsible for cooperating with Landlord or Landlord's third party contractor with respect to scheduling such routine tests and checking its own equipment loads as it operates during load transfer periods. Tenant expressly acknowledges and agrees that Landlord does not guaranty that such emergency generators will be operational at all times or that emergency power will be available to the Premises when needed.

12. **Alterations and Tenant's Property**. Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant, including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture systems (other than removal of furniture systems owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in Section 13) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the structure or Building Systems, but which shall otherwise not be unreasonably withheld or delayed. Tenant may construct nonstructural, cosmetic Alterations in the Premises that will not affect the operation of any Building Systems, without Landlord's prior approval if the aggregate cost of all such work in any 12 month period does not exceed $25,000.00 (excluding paint and carpet/floor coverings) (a "**Notice-Only Alteration**"), provided Tenant notifies Landlord in writing of such intended Notice-Only Alteration, and such notice shall be accompanied by plans, specifications, work contracts and such other information concerning the nature and cost of the Notice-Only Alteration as may be reasonably requested by Landlord, which notice and accompanying materials shall be delivered to Landlord not less than 15 business days in advance of any proposed construction. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of such Alterations as Landlord may deem appropriate in Landlord's reasonable discretion. Any request for approval shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Tenant shall pay to Landlord, as Additional Rent, on demand an amount equal to the reasonable out-of-pocket costs incurred by Landlord for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

Tenant shall furnish security or make other arrangements satisfactory to Landlord to assure payment for the completion of all Alterations work free and clear of liens, and shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company reasonably satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) to the extent available, "as built" plans for any such Alteration.

Other than (i) the items, if any, listed on **Exhibit F** attached hereto, (ii) any items agreed by Landlord in writing to be included on **Exhibit F** in the future, and (iii) any trade fixtures, machinery, equipment and other personal property not paid for out of the TI Fund (as defined in the Work Letter) which may be removed without material damage to the Premises, which damage shall be repaired (including capping or terminating utility hook-ups behind walls) by Tenant during the Term (collectively, "**Tenant's Property**"), all property of any kind paid for with the TI Fund, all Alterations, real property fixtures, built-in machinery and equipment, built-in casework and cabinets and other similar additions and improvements built into the Premises so as to become an integral part of the Premises, such as fume hoods which penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch (collectively, "**Installations**") shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term and shall remain upon and be surrendered with the Premises as a part thereof in accordance with Section 28 following the expiration or earlier termination of this Lease; provided, however, that Landlord shall, at the time its approval of such Installation is requested notify Tenant if it has elected to cause Tenant to remove such Installation upon the expiration or earlier termination of this Lease. If Landlord so elects, Tenant shall remove such Installation upon the expiration or earlier termination of this Lease and restore any damage caused by or occasioned as a result of such removal, including, when removing any of Tenant's Property which was plumbed, wired or otherwise connected to any of the Building Systems, capping off all such connections behind the walls of the Premises and repairing any holes. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant.

13. **Landlord's Repairs**. Landlord, as an Operating Expense, shall maintain all of the structural, exterior, parking and other Common Areas of the Building and Property, including HVAC, plumbing, fire sprinklers, elevators and all other building systems serving the Premises and other portions of the Building ("**Building Systems**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant's agents, servants, employees, invitees and contractors (collectively, "**Tenant Parties**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the judgment of Landlord, desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 24 hours advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Landlord shall use reasonable efforts to minimize interference with Tenant's operations in the Premises during such planned stoppages of Building Systems. Tenant shall promptly give Landlord written notice of any repair required by Landlord pursuant to this Section (or with respect to any emergency, oral notice followed immediately by written notice), after which Landlord shall have a reasonable opportunity to effect such repair. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs**. Subject to Section 13 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls, reasonable wear and tear and damage by fire or other casualty excepted. Should Tenant fail to make any such repair or

replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 30 days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 30 days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party and any repair that benefits only the Premises.

15. **Mechanic's Liens**. Tenant shall discharge, by bond or otherwise, any mechanic's lien filed against the Premises or against the Building, Property or Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within 20 days after Tenant receives notice of the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Building, Property and Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to discharge any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Building, Property or Project and the cost thereof shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Building or Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in an identified suite held by Tenant.

16. **Indemnification**. Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Indemnified Parties**") and Holders of Mortgages (each as defined in Section 27 below) as to which Tenant has been given notice harmless from and against any and all Claims for injury or death to persons or damage to property occurring within or about the Premises, arising directly or indirectly out of the use or occupancy of the Premises by Tenant or any Tenant Parties or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence of Landlord Indemnified Parties. Landlord Indemnified Parties shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further hereby irrevocably waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord Indemnified Parties shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party.

17. **Insurance**. Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Building. Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than $2,000,000 for bodily injury and property damage with respect to the Project. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary, including, but not limited to, flood, environmental hazard and earthquake, loss or failure of building equipment, errors and omissions, rental loss during the period of repair or rebuilding, workers' compensation insurance and fidelity bonds for employees employed to perform services and insurance for any improvements installed by Tenant or which are in addition to the standard improvements customarily furnished by Landlord without regard to whether or not such are made a part of the Project. All such insurance shall be included as part of the Operating Expenses. The Building and Property may be included in a blanket policy (in which case the cost of such insurance allocable to the Building and Property will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord reasonably deems necessary as a result of Tenant's use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense; workers' compensation insurance with no less than the minimum limits required by law; employer's liability insurance with such limits as required by law; and commercial general liability insurance, with a minimum limit of not less than $2,000,000 per occurrence for bodily injury and property damage with respect to the Premises]. The commercial general liability insurance policy shall name Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities and lease signators (collectively, "**Landlord Insured Parties**"), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; shall not be cancelable for nonpayment of premium unless 30 days prior written notice shall have been given to Landlord from the insurer; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord Insured Parties (any policy issued to Landlord Insured Parties providing duplicate or similar coverage shall be deemed excess over Tenant's policies, regardless of limits). Certificates of insurance showing the limits of coverage required hereunder and showing Landlord as an additional insured, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant upon commencement of the Term and upon each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in the Building, Property or Project or any portion thereof and any servicer in connection therewith, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Building, Property or Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises, Building, Property or Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

Landlord may require insurance policy limits to be raised to conform with requirements of Landlord's lender and/or to bring coverage limits to levels then being generally required of new tenants within the Project; provided, however, that the increased amount of coverage is consistent with coverage amounts then being required by institutional owners of similar projects with tenants occupying similar size premises in the geographical area in which the Project is located.

18. **Restoration**. If, at any time during the Term, the Building or the Premises are damaged or destroyed by a fire or other insured casualty, Landlord shall notify Tenant within 60 days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Building or the Premises, as applicable (the "**Restoration Period**"). If the Restoration Period is estimated to exceed

12 months (the "**Maximum Restoration Period**"), Landlord may, in such notice, elect to terminate this Lease as of the date that is 75 days after the date of discovery of such damage or destruction; provided, however, that notwithstanding Landlord's election to restore, Tenant may elect to terminate this Lease by written notice to Landlord delivered within 5 business days of receipt of a notice from Landlord estimating a Restoration Period for the Premises longer than the Maximum Restoration Period. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as "**Hazardous Materials Clearances**"); provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, elect not to proceed with such repair and restoration, or Tenant may by written notice to Landlord delivered within 5 business days of the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the later of: (i) discovery of such damage or destruction, or (ii) the date all required Hazardous Materials Clearances are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant.

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure (as defined in Section 34) events or to obtain Hazardous Material Clearances, all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage; provided, however, that such notice is delivered within 10 business days after the date that Landlord provides Tenant with written notice of the estimated Restoration Period. Notwithstanding anything to the contrary contained herein, Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration. Rent shall be abated from the date all required Hazardous Material Clearances are obtained until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other space during the period of repair that is suitable for the temporary conduct of Tenant's business. In the event that no Hazardous Material Clearances are required to be obtained by Tenant with respect to the Premises, rent abatement shall commence on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate the Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Building, Property or Project, and any statute or regulation which is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Building, Property or Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. **Condemnation**. If the whole or any material part of the Premises, Building or Property is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**" or "**Taken**"), and the Taking would in Landlord's reasonable judgment materially interfere with or impair Landlord's ownership or operation of the Building or Property or would in the reasonable judgment of Landlord and Tenant either prevent or

materially interfere with Tenant's use of the Premises (as resolved, if the parties are unable to agree, by arbitration by a single arbitrator with the qualifications and experience appropriate to resolve the matter and appointed pursuant to and acting in accordance with the rules of the American Arbitration Association), then upon written notice by Landlord or Tenant to the other this Lease shall terminate and Rent shall be apportioned as of said date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Building and Property as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses, the Building's Share of Project and the Rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises, Building, Property or Project.

20. **Events of Default**. Each of the following events shall be a substantial default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults.** Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Rent within 5 days of any such notice not more than once in any 12 month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.

(b) **Insurance**. Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least 5 days before the expiration of the current coverage.

(c) **Abandonment**. Tenant shall abandon the Premises, provided, however, that Tenant shall be deemed not to have abandoned the Premises if: (i) prior to vacating the Premises Tenant provides Landlord with prior notice and complies with the requirements pertaining to a Surrender Plan as set forth in Section 28, (ii) prior to or at the time of vacating the Premises, Tenant has made reasonable arrangements for the security of the Premises for the balance of the Term and notified Landlord of such arrangements, (iii) Tenant continues to maintain in force any permits and approvals as may be required by any Governmental Authority for the Premises, and (iv) Tenant continues during the balance of the Term to satisfy all of its obligations under the Lease as they come due, including without limitation the obligation to pay Rent.

(d) **Improper Transfer**. Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens**. Tenant shall fail to discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 20 days after Tenant receives notice that a lien is filed against the Premises.

(f) **Insolvency Events**. Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to

adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief**); (C) become the subject of any Proceeding for Relief which is not dismissed within 90 days of its filing or entry; or (D) be dissolved or otherwise fail to maintain its legal existence.

(g) **Estoppel Certificate or Subordination Agreement**. Tenant fails to execute any document required from Tenant under Sections 23 or 27 within 5 days after a second notice requesting such document.

(h) **Other Defaults**. Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant.

Any notice given under Section 20(h) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice; provided that if the nature of Tenant's default pursuant to Section 20(h) is such that it cannot be cured by the payment of money and reasonably requires more than 30 days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30 day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 60 days from the date of Landlord's notice.

21. **Landlord's Remedies**.

(a) **Payment By Landlord; Interest**. Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent**. Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum of 6% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within 5 days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid.

(c) **Remedies**. Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever (except as otherwise expressly provided in Section 21(c)(v) with respect to Landlord's Lump Sum Election). No cure in whole or in part of such Default by Tenant after Landlord has taken any action beyond giving Tenant notice of such Default to pursue any remedy provided for herein (including retaining counsel to file an action or otherwise pursue any remedies) shall in any way affect Landlord's right to pursue such remedy or any other remedy provided Landlord herein or under law or in equity, unless Landlord, in its sole discretion, elects to waive such Default.

(i) This Lease and the Term and estate hereby granted are subject to the limitation that whenever a Default shall have happened and be continuing, Landlord shall have the right, at its election, then or thereafter while any such Default shall continue and notwithstanding the fact that Landlord may have some other remedy hereunder or at law or in equity, to give Tenant written notice of Landlord's intention to terminate this Lease on a date specified in such notice, which date shall be not less than 5 days after the giving of such notice, and upon the date so specified, this Lease and the estate hereby granted shall expire and terminate with the same force and effect as if the date specified in such notice were the date hereinbefore fixed for the expiration of this Lease, and all rights of Tenant hereunder shall expire and terminate, and Tenant shall be liable as hereinafter in this Section 21(c) provided. If any such notice is given, Landlord shall have, on such date so specified, the right of re-entry and possession of the Premises and the right to remove all persons and property therefrom and to store such property in a warehouse or elsewhere at the risk and expense, and for the account, of Tenant. Should Landlord elect to re-enter as herein provided or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, subject to Section 21(c)(ii) from time to time re-let the Premises or any part thereof for such term or terms and at such rental or rentals and upon such terms and conditions as Landlord may deem advisable, with the right to make commercially reasonable alterations in and repairs to the Premises.

(ii) Landlord shall be deemed to have satisfied any obligation to mitigate its damages by hiring an experienced commercial real estate broker to market the Premises and directing such broker to advertise and show the Premises to prospective tenants.

(iii) In the event of any termination of this Lease as in this Section 21 provided or as required or permitted by law or in equity, Tenant shall forthwith quit and surrender the Premises to Landlord, and Landlord may, without further notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or otherwise, and again have, repossess and enjoy the same free of any rights of Tenant, and in any such event Tenant and no person claiming through or under Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Premises.

(iv) If this Lease is terminated or if Landlord shall re-enter the Premises as aforesaid, or in the event of the termination of this Lease, or of re-entry, by or under any proceeding or action or any provision of law by reason of a Default by Tenant, Tenant covenants and agrees forthwith to pay and be liable for, on the days originally fixed in this Lease for the payment thereof, amounts equal to the installments of Base Rent and all Additional Rent as they would, under the terms of this Lease become due if this Lease had not been terminated or if Landlord had not entered or re-entered, as aforesaid, and whether the Premises be relet or remain vacant, in whole or in part, or for a period less than the remainder of the Term, or for the whole thereof, but in the event that the Premises be relet by Landlord, Tenant shall be entitled to a credit in the net amount of rent and other charges received by Landlord in reletting, after deduction of all of Landlord's reasonable expenses incurred in reletting the Premises (including, without limitation, tenant improvement, demising and remodeling costs, brokerage fees and the like), and in collecting the rent in connection therewith, in the following manner: Amounts received by Landlord after reletting, if any, shall first be applied against such Landlord's expenses, until the same are recovered, and until such recovery, Tenant shall pay, as of each day when a payment would fall due under this Lease, the amount which Tenant is obligated to pay under the terms of this Lease (Tenant's liability prior to any such reletting and such recovery by Landlord no in any way to be diminished as a result of the fact that such reletting might be for a rent higher than the rent provided for in this Lease); when and if such expenses have been completely recovered by Landlord, the amounts received from reletting by Landlord as have not previously been applied shall be credited against Tenant's obligations as of each day when a payment would fall due under this Lease, and only the net amount thereof shall be payable by Tenant. Further, Tenant shall not be entitled to any credit of any kind for any period after the date when the Term of this Lease is scheduled to expire according to its terms.

Actions, proceedings or suits for the recovery of damages, whether liquidated or other damages, under this Lease, 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.

(v) In addition, Landlord, at its election, notwithstanding any other provision of this Lease, by written notice to Tenant (the "**Lump Sum Election**"), shall be entitled to recover from Tenant, as and for liquidated damages, at any time following any termination of this Lease, a lump sum payment representing, at the time of Landlord's written notice of its Lump Sum Election, the sum of:

(A) the then present value (calculated in accordance with accepted financial practice using as the discount rate the yield to maturity on United States Treasury Notes as set forth below) of the amount of unpaid Base Rent and Additional Rent that would have been payable pursuant to this Lease for the remainder of the Term following Landlord's Lump Sum Election if this Lease had not been terminated, and

(B) all other damages and expenses (including attorneys' fees and expenses), if any, which Landlord shall have sustained by reason of the breach of any provision of this Lease; less

(C) the then present value (calculated in accordance with accepted financial practice using as the discount rate the yield to maturity on United States Treasury Notes as set forth below) of the aggregate net fair market rent plus additional charges payable for the Premises (if less than the then present value of Base Rent and Additional Rent that would have been payable pursuant to this Lease) for the remainder of the Term following Landlord's Lump Sum Election, calculated as of the date of Landlord's Lump Sum Election, and taking into account reasonable estimates of the future costs to relet any then vacant portions of the Premises (except to the extent that Tenant has actually paid such costs pursuant to this Section 21) in order to calculate the net rental revenue that Landlord may expect to obtain for the Premises for the balance of the Term.

Landlord's recovery under its Lump Sum Election shall be in addition to Tenant's obligations to pay Base Rent and Additional Rent due and costs incurred prior to the date of Landlord's Lump Sum Election, and in lieu of any Base Rent and Additional Rent which would otherwise have been due under this Section from and after the date of Landlord's Lump Sum Election. The yield to maturity on United States Treasury Notes having a maturity date that is nearest the date that would have been the last day of the Term of the Lease, as reported in the Wall Street Journal or a comparable publication if it ceases to publish such yields, shall be used in calculating present values for purposes of Landlord's Lump Sum Election. For the purposes of this Section, if Landlord makes the Lump Sum Election to recover liquidated damages in accordance with this Section, the total Additional Rent shall be computed based upon Landlord's reasonable estimate of Tenant's Share of Operating Expenses and other Additional Rent for each 12-month period in what would have been the remainder of the Term of the Lease and any part thereof at the end of such remainder of the Term, but in no event less than the amounts therefor payable for the twelve (12) calendar months (or if less than twelve (12) calendar months have elapsed since the date hereof, the partial year) immediately preceding the date of Landlord's Lump Sum Election. Amounts of Tenant's Share of Operating Expenses and any other Additional Rent for any partial year at the beginning of the Term or at the end of what would have been the remainder of the Term shall be prorated.

(vi) Nothing herein contained shall limit or prejudice the right of Landlord, in any bankruptcy or insolvency proceeding, to prove for and obtain as liquidated damages by reason of such termination an amount equal to the maximum allowed by any bankruptcy or insolvency proceedings, or to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law, whether such amount shall be greater or less than the excess referred to above.

(vii) Nothing in this Section 21 shall be deemed to affect the right of either party to indemnifications pursuant to this Lease.

(viii) If Landlord terminates this Lease upon the occurrence of a Default, Tenant will quit and surrender the Premises to Landlord or its agents, and Landlord may, without further notice, enter upon, re-enter and repossess the Premises by summary proceedings, ejectment or otherwise. The words “enter”, “re-enter”, and “re-entry” are not restricted to their technical legal meanings.

(ix) If Tenant shall be in default in the observance or performance of any provision of this Lease, and an action shall be brought for the enforcement thereof in which it shall be determined that Tenant was in default, Tenant shall pay to Landlord all reasonable, out of pocket fees, costs and other expenses which may become payable as a result thereof or in connection therewith, including reasonable attorneys’ fees and expenses.

(x) If default by Tenant shall occur in the keeping, observance or performance of any covenant, agreement, term, provision or condition herein contained, Landlord, without thereby waiving such default, may perform the same for the account and at the expense of Tenant (a) immediately or at any time thereafter and with only such notice, if any, as may be practicable under the circumstances in the case of an emergency or in case such default will result in a violation of any legal or insurance requirements, or in the imposition of any lien against all or any portion of the Premises or the Project not discharged, released or bonded over to Landlord’s satisfaction by Tenant within the time period required pursuant to Section 15 of this Lease, and (b) in any other case if such default continues after any applicable notice and cure period provided in Section 20. All reasonable costs and expenses incurred by Landlord in connection with any such performance by it for the account of Tenant and also all reasonable costs and expenses, including attorneys’ fees and disbursements incurred by Landlord in any action or proceeding (including any summary dispossess proceeding) brought by Landlord to enforce any obligation of Tenant under this Lease and/or right of Landlord in or to the Premises, shall be paid by Tenant to Landlord within 30 days after demand.

(xi) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d).

(xii) In the event that Tenant is in Default under this Lease, whether or not Landlord exercises its right to terminate or any other remedy, Tenant shall reimburse Landlord upon demand for any out of pocket costs and expenses that Landlord may incur in connection with any such Default, as provided in this Section 21(c). Such costs shall include reasonable legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability, including without limitation, reasonable legal fees and costs Landlord shall incur if Landlord shall become or be made a party to any claim or action instituted by Tenant against any third party, by any third party against Tenant or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant.

(xiii) Except as otherwise provided in this Section 21, no right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or now or hereafter existing. No waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressly so made in writing by Landlord expressly waiving such provision. Landlord shall be entitled, to the extent permitted by law, to seek injunctive relief in case of the violation, or attempted or threatened violation, of any provision of this Lease, or to seek a decree compelling observance or performance of any provision of this Lease, or to seek any other legal or equitable remedy.

22. **Assignment and Subletting**.

(a) **General Prohibition**. Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 50% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities which were owners thereof at time of execution of this Lease to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company at time of execution of this Lease, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22. Notwithstanding the foregoing, Tenant shall have the right to obtain financing from institutional investors (including venture capital funding and corporate partners) which regularly invest in private biotechnology companies or undergo a public offering which results in a change in control of Tenant without such change of control constituting an assignment under this Section 22 requiring Landlord consent, provided that (i) Tenant notifies Landlord in writing of the financing at least 5 business days prior to the closing of the financing, and (ii) provided that in no event shall such financing result in a change in use of the Premises from the use contemplated by Tenant at the commencement of the Term.

(b) **Permitted Transfers**.

(i) **Permitted Transfers Generally**. If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises, then at least 15 business days, but not more than 45 business days, before the date Tenant desires the assignment or sublease to be effective (the "**Assignment Date**"), Tenant shall give Landlord a notice (the "**Assignment Notice**") containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent, (ii) refuse such consent, in its reasonable discretion, or (iii) with respect to any assignment or any sublease that would result in more than 50% rentable square feet of the Premises being subleased for substantially the remaining balance of the Term, terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date (an "**Assignment Termination**"). If Landlord delivers notice of its election to exercise an Assignment Termination, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord's notice electing to exercise the Assignment Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space

described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or to deliver a timely notice in response to the Assignment Notice, shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to Three Thousand Dollars ($3,000) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents; provided that it shall be reasonable for Landlord to withhold its consent, among other reasons, in any of the following instances: (A) the business or financial reputation of the proposed assignee or sublessee, or the business or financial reputation of any of the respective principals or officers thereof, is objectionable in Landlord's reasonable judgment, (B) the proposed assignee or subtenant is engaged in areas of scientific research or other business concerns that are controversial such that they may (i) attract or cause negative publicity for or about the Building or the Project, (ii) negatively affect the reputation of the Building, the Project or Landlord, (iii) attract protestors to the Building or the Project, or (iv) lessen the attractiveness of the Building or the Project to any tenants or prospective tenants, purchasers or lenders, (C) the proposed assignee or sublessee is at that time an occupant of the Project or negotiating with Landlord or an affiliate thereof for the lease of other space in the Project, (D) the proposed assignee or sublessee lacks the creditworthiness to support the financial obligations it would incur under the proposed assignment or sublease, (E) the proposed assignee or sublessee is a governmental agency, (F) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or sublessee would entail any alterations that would lessen the value of the leasehold improvements in the Premises, or would require increased services by Landlord, (G) Landlord has experienced previous defaults by or is in litigation with the proposed assignee or sublessee (H) the proposed assignment or sublease will create a vacancy elsewhere in the Project, or (I) the assignment or sublease is prohibited by Landlord's lender. In any event, Landlord shall further have the right to review and approve or disapprove the proposed form of sublease prior to the effective date of any such subletting.

(ii) **Affiliate Transactions**. Notwithstanding the foregoing, Landlord's consent to a sublease to any entity controlling, controlled by or under common control with Tenant (each, an "**Affiliate**" and collectively "**Affiliates**") shall not be required, provided that Landlord shall have the right to approve the form of any such sublease, such approval not to be unreasonably withheld, conditioned or delayed. In addition, Tenant shall have the right to assign this Lease, upon 10 days' prior written notice to Landlord but without obtaining Landlord's prior written consent, to an Affiliate or to a corporation or other entity which is a successor in interest to Tenant, by way of merger, consolidation or corporate reorganization, or by the purchase of all or substantially all of the assets or the ownership interests of Tenant provided that: (A) in the case of an assignment to a successor in interest, such merger, consolidation, reorganization or purchase, as the case may be, is for a good business purpose and not principally for the purpose of transferring the Lease; and (B) in all events the net worth (as determined in accordance with generally accepted accounting principles ("**GAAP**")) of the Affiliate assignee or successor in interest to Tenant is not less than the net worth (as determined in accordance with GAAP) of Tenant as of the date of Tenant's most current quarterly or annual financial statements as delivered under Section 40(c) or filed with the Securities and Exchange Commission; and (C) such Affiliate assignee or successor-in-interest to Tenant shall agree in writing to assume all of the terms, covenants and conditions of this Lease (any assignment of this Lease or sublease to an Affiliate or a successor-in-interest in accordance with this paragraph is referred to herein as a "**Permitted Assignment**").

(c) **Additional Conditions**. As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under the Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation, release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Project, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents**. Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of Tenant's other obligations under this Lease. If the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefor or incident thereto in any form) exceeds the sum of the rental payable under this Lease (excluding however, any Rent payable under this Section) and actual and reasonable brokerage fees, legal costs and any design or construction fees directly related to and required pursuant to the terms of any such sublease (such excess, the "**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver**. The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under the Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee**. Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Project, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

23. **Estoppel Certificate**. Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within such time shall, at the option of Landlord, be conclusive upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

24. **Quiet Enjoyment**. So long as Tenant shall perform all of the covenants and agreements herein required to be performed by Tenant, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. **Prorations**. All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.

26. **Rules and Regulations**. Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord and delivered to Tenant in writing covering use of the Premises and the Project or portion thereof of which the Premises are a part. The current rules and regulations are attached hereto as **Exhibit E**. If there is any conflict between said rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project and shall not enforce such rules and regulations in a discriminatory manner.

27. **Subordination**. This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Project, Property, Building or Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments, ground leases or other superior leases and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

28. **Surrender**. Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in the same condition as received, subject to any Alterations or Installations permitted by Landlord to remain in the Premises, free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by any person other than a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted. At least 3 months prior to the surrender of the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "**Surrender Plan**"). Such Surrender Plan shall be accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the Premises, and shall be subject to the review and approval of Landlord's environmental consultant. In connection with the review and approval of the Surrender Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Surrender Plan shall have been satisfactorily completed and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the effective date of such surrender or early termination of the Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord, as Additional Rent, for the actual out-of-pocket expense incurred by Landlord for Landlord's environmental consultant to review and approve the Surrender Plan and to visit the Premises and verify satisfactory completion of the same, which cost shall not exceed $5, 000. Landlord shall have the unrestricted right to deliver such Surrender Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties.

If Tenant shall fail to prepare or submit a Surrender Plan approved by Landlord, or if Tenant shall fail to complete the approved Surrender Plan, or if such Surrender Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Project are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this Section 28.

Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Building, restrooms or all or any portion of the Premises, Building or Project furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

29. **Waiver of Jury Trial**. TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

30. **Environmental Requirements**.

(a) **Prohibition/Compliance/Indemnity**. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises, Building, Property or Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, Building, Property or Project or any adjacent property or if contamination of the Premises, Building, Property or Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses (collectively, "**Environmental Claims**") which arise during or after the Term as a result of such contamination or breach by Tenant of its obligations under this Section 30. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, Building, Property, Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, Building, Property, Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, Building, Property, Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises, Building, Property or the Project. Notwithstanding anything to the contrary contained in Section 28 or this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in the Premises which Tenant can prove to Landlord's reasonable satisfaction existed in the Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in the Premises which Tenant can prove to Landlord's reasonable satisfaction migrated from outside of the Premises into the Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party.

(b) **Business**. Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials (other than Hazardous Material contained in products customarily used by tenants in de minimis quantities for ordinary cleaning and office purposes) to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises ("**Hazardous Materials List**").

Upon Landlord's request, or any time that Tenant is required to deliver a Hazardous Materials List to any Governmental Authority (e.g., the fire department) in connection with Tenant's use or occupancy of the Premises, Tenant shall deliver to Landlord a copy of such Hazardous Materials List. Tenant shall deliver to Landlord true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports and correspondence; storage and management plans, notice of violations of any Legal Requirements; plans relating to the installation of any storage tanks to be installed in or under the Building or Property (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Building or Property for the closure of any such tanks; and a Surrender Plan (to the extent surrender in accordance with Section 28 cannot be accomplished in 3 months). Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors.

(c) **Tenant Representation and Warranty**. Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant of such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the date of this lease, Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion.

(d) **Testing**. Landlord shall have the right to conduct annual tests of the Premises to determine whether any contamination of the Premises, Building, Property or Project has occurred as a result of Tenant's use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this Section 30 or if contamination for which Tenant is responsible under this Section 30 is identified; provided, however, that if Tenant conducts its own tests of the Premises using third party contractors and test procedures acceptable to Landlord which tests are certified to Landlord, Landlord shall accept such tests in lieu of the annual tests to be paid for by Tenant. In addition, at any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises, Building, Property and Project to determine if contamination has occurred as a result of Tenant's use of the Premises. In connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this Section 30, Tenant shall pay all costs to conduct such tests. If no such contamination is found, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions identified by such testing for which Tenant is responsible under this Lease in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights which Landlord may have against Tenant.

(e) **Underground Tanks**. Tenant shall have no right to use or install any underground storage tanks at the Project.

(f) **Tenant's Obligations**. Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of the Lease. During any period of time after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of the approved Surrender Plan), Tenant shall continue to pay the full Rent in accordance with this Lease for any portion of the Premises not relet by Landlord in Landlord's sole discretion, which Rent shall be prorated daily.

(g) **Definitions**. As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises, Building, Property or Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

(h) **Asbestos.**

(i) **Notification of Asbestos**. Landlord hereby notifies Tenant of the presence of asbestos-containing materials ("**ACMs**") and/or presumed asbestos-containing materials ("**PACMs**") within or about the Premises in the locations identified in **Exhibit G.**

(ii) **Tenant Acknowledgement.** Tenant hereby acknowledges receipt of the notification in paragraph (i) of this Section 30(h) and understand that the purpose of such notification is to make Tenant, and any agents, employees, and contractors of Tenant, aware of the presence of ACMs and/or PACMs within or about the Building in order to avoid or minimize any damage to or disturbance of such ACMs and/or PACMs.

/s/ IG Tenant's Initials

(iii) **Acknowledgement from Contractors/Employees**. Tenant shall give Landlord at least 14 days' prior written notice before conducting, authorizing or permitting any of the activities listed below within or about the Premises, and before soliciting bids from any person to perform such services. Such notice shall identify or describe the proposed scope, location, date and time of such activities and the name, address and telephone number of each person who may be conducting such activities. Thereafter, Tenant shall grant Landlord reasonable access to the Premises to determine whether any ACMs or PACMs will be disturbed in connection with such activities. Tenant shall not solicit bids from any person for the performance of such activities without Landlord's prior written approval. Upon Landlord's request, Tenant shall deliver to Landlord a copy of a signed acknowledgement from any contractor, agent, or employee of Tenant acknowledging receipt of information describing the presence of ACMs and/or PACMs within or about the Premises in the locations identified in **Exhibit G** prior to the commencement of such activities. Nothing in this Section 30(h) shall be deemed to expand Tenant's rights under the Lease or otherwise to conduct, authorize or permit any such activities.

(A) Removal of thermal system insulation ("**TSI**") and surfacing ACMs and PACMs (i.e., sprayed-on or troweled-on material, e.g., textured ceiling paint or fireproofing material);

(B) Removal of ACMs or PACMs that are not TSI or surfacing ACMs or PACMs; or

(C) Repair and maintenance of operations that are likely to disturb ACMs or PACMs.

31. **Tenant's Remedies/Limitation of Liability**. Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project, or portion thereof of which the Premises are a part, by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner of its interest in the Premises and the assumption of its interests by the transferee, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

32. **Inspection and Access**. Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than 48 hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last year of the Term, to prospective tenants or for any other business purpose. Landlord may erect a suitable sign on the Premises, Building or Property stating the Premises or Building are available to let or that the Building, Property or Project is available for sale. Landlord shall use reasonable efforts to minimize interference with Tenant's business operations at the Premises in connection with its entry into the Premises under this Section 32. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, Building and Property, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

33. **Security**. Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the

Premises or any other breach of security with respect to the Premises. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises, Building, Property and/or Project. Tenant shall at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. **Force Majeure**. Except for the payment of Rent, neither Landlord nor Tenant shall be held responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other causes or events beyond their reasonable control ("**Force Majeure**").

35. **Brokers**. Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**) in connection with this transaction and that no Broker brought about this transaction, other than Newmark Knight Frank. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than the broker, if any named in this Section 35, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all commissions due to Newmark Knight Frank arising out of the execution of this Lease in accordance with the terms of a separate written agreement between Newmark Knight Frank and Landlord.

36. **Limitation on Landlord's Liability**. NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD'S INTEREST IN THE PROPERTY OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROPERTY OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, IN NO EVENT SHALL PERSONAL LIABILITY FOR TENANT'S OBLIGATIONS UNDER THIS LEASE BE ASSERTED AGAINST ANY OF TENANT'S OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS.

37. **Severability**. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. **Signs; Exterior Appearance**. Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Building, (ii) use any curtains, blinds, shades or screens other than Landlord's standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises, Building, Property or Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Standard signage on the floor on which the Premises is located and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Landlord's cost, and shall be of a size, color and type acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering. The directory tablet shall be provided exclusively for the display of the name and location of tenants.

39. **Right to Extend Term**. Tenant shall have the right to extend the Term of the Lease upon the following terms and conditions:

(a) **Extension Rights**. Tenant shall have the right (the "**Extension Right**") to extend the term of this Lease for one additional 2 year term (the "**Extension Term**") on the same terms and conditions as this Lease (other than Base Rent and the Work Letter) by giving Landlord written notice of its election to exercise the Extension Right at least 12 months prior to the expiration of the Base Term of the Lease.

Upon the commencement of the Extension Term, Base Rent shall be payable at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on each annual anniversary of the commencement of the Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined. As used herein, **"Market Rate"** shall mean the then market rental rate for comparably improved laboratory space in the East Cambridge submarket of Boston as determined by Landlord and agreed to by Tenant, or determined by arbitration as provided below. In addition, Landlord may impose a market rent for the parking rights provided hereunder.

If, on or before the date which is 210 days prior to the expiration of the Base Term of this Lease, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the Extension Term after negotiating in good faith, Tenant shall be deemed to have elected arbitration as described in Section 39(b). Tenant acknowledges and agrees that, if Tenant has elected to exercise the Extension Right by delivering notice to Landlord as required in this Section 39(a), Tenant shall have no right thereafter to rescind or elect not to extend the term of the Lease for the Extension Term.

(b) **Arbitration.**

(i) Within 10 days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate Market Rate and escalations, each party shall deliver to the other a proposal containing the Market Rate and escalations that the submitting party believes to be correct ("**Extension Proposal**"). If either party fails to timely submit an Extension Proposal, the other party's submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within 7 days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within 10 days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party's submitted proposal shall determine the Base

Rent for the Extension Term. The 2 Arbitrators so appointed shall, within 5 business days after their appointment, appoint a third Arbitrator. If the 2 Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon 10 days prior written notice to the other party of such intent.

(ii) The decision of the Arbitrator(s) shall be made within 30 days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. The decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and escalations are not determined by the first day of the Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term and increased by the Rent Adjustment Percentage until such determination is made. After the determination of the Market Rate and escalations, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An "**Arbitrator**" shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and: (i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than 10 years of experience in the appraisal of improved office and life sciences space in the greater Cambridge, Massachusetts metropolitan area, or (B) a licensed commercial real estate broker with not less than 15 years' experience representing landlords and/or tenants in the leasing of office and life sciences space in the greater Cambridge, Massachusetts metropolitan area; (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment; and (iii) shall be in all respects impartial and disinterested.

(c) **Rights Personal**. The Extension Right is personal to Tenant and is not assignable without Landlord's consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in the Lease, except that they may be assigned in connection with any Permitted Assignment of this Lease.

(d) **Exceptions**. Notwithstanding anything set forth above to the contrary, the Extension Right shall, at Landlord's option, not be in effect and Tenant may not exercise the Extension Right:

(i) during any period of time that Tenant is in default (beyond any applicable notice and cure periods) under any provision of this Lease; or

(ii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12 month period immediately prior to the date that Tenant intends to exercise the Extension Right, whether or not the Defaults are cured.

(iii) except for a Permitted Assignment, if Tenant is not in occupancy of at least 75% of the entire Premises demised hereunder both at the time of the exercise of the Extension Right and at the time of the commencement date of the Extension Term.

(e) **No Extensions**. The period of time within which the Extension Right may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Extension Right.

(f) **Termination**. The Extension Right shall, at Landlord's option, terminate and be of no further force or effect even after Tenant's due and timely exercise of the Extension Right, if, after such exercise, but prior to the commencement date of the Extension Term, (i) Tenant fails to timely cure any default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of the Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults are cured.

40. **Miscellaneous**.

(a) **Notices**. All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability**. If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information**. Upon written request from Landlord, Tenant shall furnish Landlord with true and complete copies of (i) Tenant's most recent audited annual financial statements within 120 days of the end of each of Tenant's fiscal years during the Term, and (ii) Tenant's most recent unaudited quarterly financial statements within 75 days of the end of each of Tenant's first three fiscal quarters of each of Tenant's fiscal years during the Term. If the stock of Tenant is publicly traded on a recognized national exchange, then Tenant's filing of quarterly and annual financial statements with the Securities and Exchange Commission shall be deemed to satisfy Tenant's obligations to deliver financial statements under this Section.

(d) **Recordation**. Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease.

(e) **Interpretation**. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed**. The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Entire Agreement**; **Amendment**. This Lease constitutes the entire agreement between Landlord and Tenant pertaining to the lease of the Premises and supersedes all other agreements, whether oral or written, pertaining to the lease of the Premises, and no other agreements with respect thereto shall be effective. Any amendments or modifications of this Lease shall be in writing and signed by both Landlord and Tenant, and any other attempted amendment or modification of this Lease shall be void.

(h) **Limitations on Interest**. It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected

by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(i) **Choice of Law**. Construction and interpretation of this Lease shall be governed by the internal laws of the Commonwealth of Massachusetts, excluding any principles of conflicts of laws.

(j) **Time**. Time is of the essence as to the performance of Tenant's obligations under this Lease.

(k) **OFAC**. Tenant, and all beneficial owners of Tenant, are currently (a) in compliance with, and shall at all times during the Term of this Lease remain in compliance with, the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the Term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(l) **Incorporation by Reference**. All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(m) **No Accord and Satisfaction**. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Hazardous Activities**. Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

[Signatures on next page]

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

TENANT:

SOLID BIOSCIENCES, LLC,
a Delaware limited liability company

By: /s/ Ilan Ganot
Print Name: Ilan Ganot
Title: CEO

LANDLORD:

ARE-MA REGION NO. 59, LLC,
a Delaware limited liability company

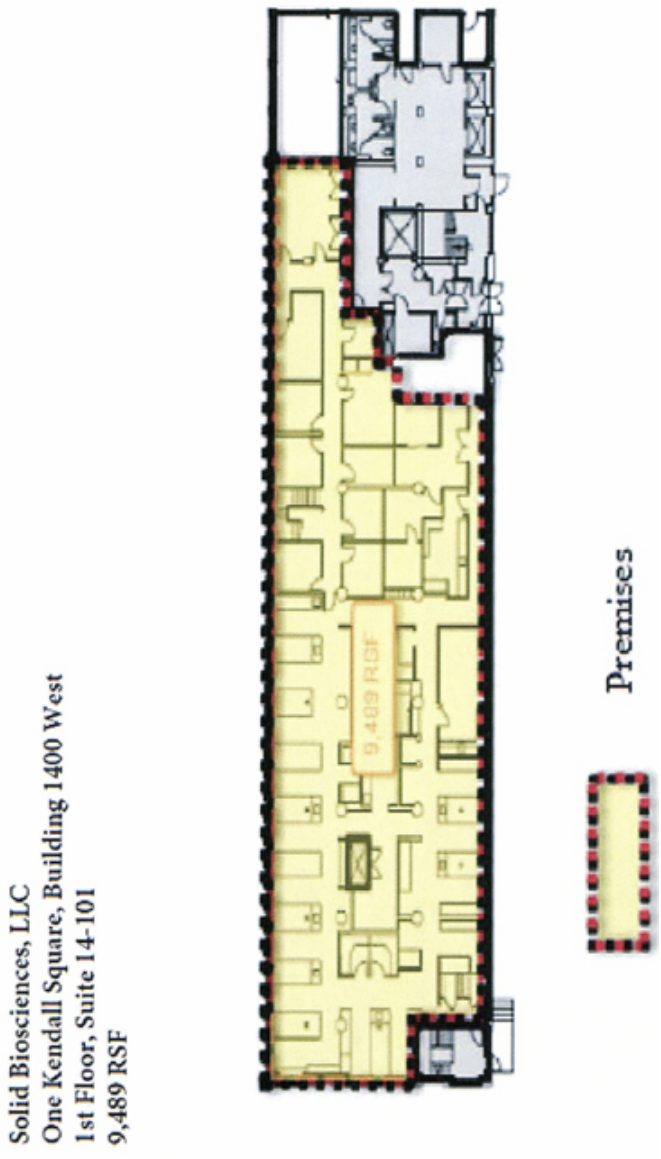
By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,
a Delaware limited partnership,
managing member

By: ARE-QRS CORP.,
a Maryland corporation,
general partner

By: /s/ Jackie Clem
Print Name: Jackie Clem
Title: Senior Vice President
RE Legal Affairs

EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES



ALEXANDRIA.

EXHIBIT B TO LEASE

DESCRIPTION OF PROPERTY

Real property in the County of Middlesex, Commonwealth of Massachusetts, described as follows:

Buildings 100, 200, 300, 400 and 500:

Four registered parcels of land located in the City of Cambridge, Middlesex County, Massachusetts, bounded and described as follows:

Lot 35 - L.C. Plan 10378G

Commencing at the intersection of the northeasterly line of Hampshire Street with the southeasterly line of Cardinal Medeiros Avenue;

Thence running N 36°06’35” E along said southeasterly line of Cardinal Medeiros Avenue, a distance of 262.69 feet, to a point;

Thence running S 53°46’58” E, by land now or formerly of Trustees of Old Kendall Realty Trust, a distance of 322.66 feet, to a point;

Thence running S 36°16’40” W, by Lot 42 shown on Land Court Plan 10378J, a distance of 48.01 feet, to a point;

Thence running by Lot 36, shown on Land Court Plan 10378G, on the following four (4) courses:

N 53°40’39” W, a distance of 65.11 feet, to a point;

S 36°04’50” W, a distance of 126.58 feet, to a point;

S 53°32’32” E, a distance of 42.30 feet, to a point; and

S 28°34’58” E, a distance of 12.62 feet, to a point at land now or formerly of Trustees of Kendall Three Realty Trust;

Thence running S 60°21’50” W, in part by land of said Trustees and in part by land now or formerly of Charles Stark Draper Laboratory, Inc. a distance of 205.87 feet, to a point on the aforesaid northeasterly line of Hampshire Street;

Thence running N 28°54’10” W, along said northeasterly line of Hampshire Street, a distance of 250.01 feet, to the Point of Beginning.

Together with the benefit of easement rights set forth in an Easement from The Charles Stark Draper Laboratory, Inc. to Cambridge Athenaeum LLC, dated April 16, 2000 and filed as Document No. 1137082.

Lot 36-L.C. Plan 10378G

Commencing at a point on the easterly line of the above described parcel, said point being S 36°16’40” W and a distance of 48.01 feet from the northeast corner of the above described parcel;

Thence running S 36°16’40” W, by land of the Trustees of Kendall Three Realty Trust, a distance of 107.52 feet; to a point;

Thence running S 60°21’50” W, by land of said Trustees, a distance of 26.84 feet, to a point;

Thence running by Lot 35, shown on Land Court Plan 10378G, on the following four (4) courses:

N 28°34’58” W, a distance of 12.62 feet, to a point;

N 53°32’32” W, a distance of 42.30 feet, to a point;

N 36°04’50” E, a distance 126.58 feet, to a point; and

S 53°40’39” E, a distance of 65.11 feet, to the Point of Beginning.

Lot 42 - Land Court Plan 10378J

Commencing at the northeast corner of Lot 35, hereinbefore described;

Thence running by land, now or formerly of Trustees of Kendall Three Realty Trust, on the following three (3) courses:

S 53°46’58” E, a distance of 1.97 feet, to a point;

S 36°25’25” W, a distance of 48.02 feet, to a point; and

N 53°40’39” W, a distance of 1.85 feet, to a point;

Thence running N 36°16’40” E, by Lot 35, a distance of 48.01 feet, to the Point of Beginning.

Lot 43 - Land Court Plan 10378J

A certain parcel of land situate in Cambridge in the County of Middlesex, Commonwealth of Massachusetts:

Northeasterly by lot 39 as shown on plan hereinafter mentioned, thirteen and 05/100 feet;

Southeasterly forty-eight and 04/100 feet; and

Southwesterly thirteen and 28/100 feet by lot 41 on said plan; and

Northwesterly by lot 42 on said plan, forty-eight and 02/100 feet.

Said parcel is shown as Lot 43 on Land Court Plan 10378J.

All of said boundaries are determined by the Court to be located as shown on a subdivision plan, as approved by the Court, filed in the Land Registration Office, a copy of which is filed in the Registry of Deeds in Registration Book 1050, Page 90, with Certificate 184040.

Together with the rights and easements set forth in that certain Grant of Easement from Charles Stark Draper Laboratory, Inc. dated August 31, 1983, filed with the Middlesex County Registry District of the Land Court (the “District”) as Document No. 657256.

Together with the rights and easements set forth in that certain Easements Agreement dated December 17, 1984 and filed as Document No. 673502, as affected by Amendment to Easements Agreement, dated April 7, 2006 and filed as Document No. 1416496.

Together with the rights and easements set forth in a Grant of Easement dated August 30,1983 and filed as Document No. 654750.

Together with the rights and easements set forth in a Grant of Easement from the City of Cambridge, dated January 29, 2009 and recorded in Book 52168, Page 362.

The foregoing parcels collectively are also described as follows:

Those certain parcels of registered land located in Cambridge, Middlesex County, Massachusetts, shown as Lots 35 and 36 on Land Court Plan 10378G and Lots 42 and 43 shown on Land Court Plan 10378J, bounded and described as follows:

Beginning at the point on the northeasterly sideline of Hampshire Street 250.01 feet distance southeasterly from intersection of easterly sideline of Cardinal Medeiros Avenue and northeasterly side line of Hampshire Street thence bounded:

Southwesterly by the northeasterly line of Hampshire Street, two hundred fifty and 01/100 (250.01) feet;

Northwesterly by the southeasterly line of Cardinal Medeiros Avenue, two hundred sixty two and 69/100 (262.69) feet;

Northeasterly by land now or formerly of Cambridge Athenaeum LLC, three hundred thirty seven and 68/100 (337.68) feet;

Southeasterly by land now or formerly of Amgen Cambridge Real Estate Holdings Inc., forty-eight and 04/100 (48.04) feet;

Southwesterly by land of said Amgen Cambridge Real Estate Holdings Inc., fifteen and 13/100 (15.13) feet;

Southeasterly by said land now or formerly of Amgen Cambridge Real Estate Holdings Inc., one hundred seven and 52/100 (107.52) feet; and

Southeasterly by land now or formerly of Amgen Cambridge Real Estate Holdings Inc. and Charles Stark Draper Laboratory, Inc., two hundred thirty two and 71/100 (232.71) feet.

Buildings 600, 650 and 700:

Lot 39 - Land Court Plan 10378H

That certain parcel of land situated in the City of Cambridge, Middlesex County, Massachusetts, bounded and described as follows:

Commencing at a point on the Easterly side of Cardinal Medeiros Avenue, said point being sixty feet from the intersection of said Easterly side of Cardinal Medeiros Avenue and the Southerly line of Binney Street;

Northerly, by Lot 40 shown in Land Court Plan 103781, two hundred thirty-eight and sixty-three hundredths (238.63) feet, eighty-two and forty-one hundredths (82.41) feet and seventeen and four hundredths (17.04) feet;

Easterly, by Lots 40 and 41 shown on Land Court Plan 10378l, one hundred ninety-six and eighty-four hundredths (196.84) feet,

Southerly by Lots 43 and 42 shown on Land Court Plan 10378J and Lot 35 shown on Land Court Plan 10378G three hundred thirty-seven and sixty-eight hundredths (337.68) feet;

Westerly, on aforesaid Cardinal Medeiros Avenue, one hundred ninety-nine and seventy-one hundredths (199.71) feet.

The parcel of land described above is shown as Lot 39 on Land Court Plan 10378H.

Lot 40 (Building 1400)

The land with the buildings and improvements thereon, shown as Lot 40 on Land Court Plan 10378l, situated on Binney Street in the City of Cambridge, County of Middlesex, Massachusetts, also shown on a plan entitled “Topographic Plan for Old Binney Realty Trust, Cardinal Medeiros Avenue, Binney Street; Cambridge, Massachusetts”, dated June 29, 1987, as revised July 10, 1987, April 13, 1988, August 12, 1988, September 6, 1988, and September 26, 1988, prepared by cullinan Engineering Co., Inc., being bounded and described as follows;

NORTHEASTERLY by the southwesterly line of Binney Street, two hundred sixty-six and 80/100 (266.80) feet and two hundred twenty and 44/100 (220.44) feet;

EASTERLY by land now or formerly of Consolidated Rail Corporation, eighty-nine and 24/100 (89.24) feet;

SOUTHWESTERLY by Lot 41 on Land Court Plan 103781, twenty seven and 16/100 (27.16) feet;

SOUTHWESTERLY by said Lot 41, thirty-five and 12/100 (35.12) feet and one hundred two and 73/100 (102.73) feet;

NORTHWESTERLY by Lot 39 on Land Court Plan 10378H, sixty-six and 15/100 (66.15) feet;

SOUTHWESTERLY by said Lot 39, seventeen and 04/100 (17.04) feet;

SOUTHWESTERLY by said Lot 39, eighty-two and 41/100 (82.41) feet;

SOUTHWESTERLY by said Lot 39, two hundred thirty-eight and 63/100 (238.63) feet;

NORTHWESTERLY by Cardinal Medeiros Avenue (formerly known as Portland Street), sixty and 00/100 (60) feet.

Together with the rights set forth in Easements Agreement dated December 17, 1984, between Old Cambridge Realty Trust and the Old Kendall Trustees, filed as Document No. 673502, as affected by Amendment to Easements Agreement, dated April 7, 2006 and filed as Document No. 1416496.

Together with the rights set forth in Parking Access Easement Agreement filed as Document No. 771896, as affected by Release of Parking Rights by Robert A. Jones and George Najarian, Trustees of Old Binney Realty Trust, dated January 11, 1995, recorded in Book 25122, Page 94 and filed as Document No. 966485, Release of Parking Rights by Robert A. Jones, Managing Trustee of Old Cambridge Realty Trust dated January 11, 1995, recorded in Book 25122, Page 98 and filed as Document No. 966486; Release of Parking Rights by Robert A. Jones, Managing Trustee of Old Kendall Realty Trust, dated January 11, 1995, recorded in Book 25122, Page 102 and filed as Document No.966487; Release of Parking Rights by State Street Bank and Trust Company, Trustees of Kendall One Realty Trust dated January 5, 1995, recorded in Book 25122, Page 106 and filed as Document No. 966488, and Release of Parking Rights dated January 10, 1995, recorded in Book 25153, Page 386 and as filed as Document No. 967459.

Together with the rights set forth in that certain Parking and Access Easement Agreement, by and between DWF IV One Kendall, LLC and DWF IV One Kendall Garage, LLC, dated as of January 16, 2014 and recorded in Book 63188, Page 559, and filed as Document No. 1663415.

EXHIBIT C TO LEASE

WORK LETTER

THIS **WORK LETTER** (this "**Work Letter**") is attached to and incorporated into that certain Lease dated December 22, 2017 (the "**Lease**") by and between **ARE-MA REGION NO. 59, LLC**, a Delaware limited liability company ("**Landlord**"), and **SOLID BIOSCIENCES, LLC**, a Delaware limited liability company ("**Tenant**"). Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

1. **General Requirements**.

(a) **Tenant's Authorized Representative**. Tenant designates Alvaro Amorrortu and Patrick Guinee (either such individual acting alone, "**Tenant's Representative**") as the only persons authorized to act for Tenant pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any request, approval, inquiry or other communication ("**Communication**") from or on behalf of Tenant in connection with this Work Letter unless such Communication is in writing from Tenant's Representative. Tenant may change either Tenant's Representative at any time upon not less than 5 business days advance written notice to Landlord.

(b) **Landlord's Authorized Representative**. Landlord designates Tim White and Mike Carli (either such individual acting alone, "**Landlord's Representative**") as the only persons authorized to act for Landlord pursuant to this Work Letter. Tenant shall not be obligated to respond to or act upon any request, approval, inquiry or other Communication from or on behalf of Landlord in connection with this Work Letter unless such Communication is in writing from Landlord's Representative. Landlord may change either Landlord's Representative at any time upon not less than 5 business days advance written notice to Tenant.

(c) **Architects, Consultants and Contractors**. Landlord and Tenant hereby acknowledge and agree that the architect (the "**TI Architect**") for the Tenant Improvements (as defined in Section 2(a) below), the general contractor and any subcontractors for the Tenant Improvements shall be selected by Tenant, subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall be named a third party beneficiary of any contract entered into by Tenant with the TI Architect, any consultant, any contractor or any subcontractor, and of any warranty made by any contractor or any subcontractor.

2. **Tenant Improvements**.

(a) **Tenant Improvements Defined**. As used herein, "**Tenant Improvements**" shall mean all improvements to the Premises desired by Tenant of a fixed and permanent nature. Other than funding the TI Allowance (as defined below) as provided herein, Landlord shall not have any obligation whatsoever with respect to the finishing of the Premises for Tenant's use and occupancy.

(b) **Tenant's Space Plans**. Tenant shall deliver to Landlord schematic drawings and outline specifications (the "**TI Design Drawings**") detailing Tenant's requirements for the Tenant Improvements within 10 days of the date hereof. Not more than 10 days thereafter, Landlord shall deliver to Tenant the written objections, questions or comments of Landlord and the TI Architect with regard to the TI Design Drawings. Tenant shall cause the TI Design Drawings to be revised to address such written comments and shall resubmit said drawings to Landlord for approval within 10 days thereafter. Such process shall continue until Landlord has approved the TI Design Drawings.

(c) **Working Drawings**. Not later than 15 business days following the approval of the TI Design Drawings by Landlord, Tenant shall cause the TI Architect to prepare and deliver to Landlord for review and comment construction plans, specifications and drawings for the Tenant Improvements ("**TI Construction Drawings**"),

which TI Construction Drawings shall be prepared substantially in accordance with the TI Design Drawings. Tenant shall be solely responsible for ensuring that the TI Construction Drawings reflect Tenant's requirements for the Tenant Improvements. Landlord shall deliver its written comments on the TI Construction Drawings to Tenant not later than 10 business days after Landlord's receipt of the same; provided, however, that Landlord may not disapprove any matter that is consistent with the TI Design Drawings. Tenant and the TI Architect shall consider all such comments in good faith and shall, within 10 business days after receipt, notify Landlord how Tenant proposes to respond to such comments. Any disputes in connection with such comments shall be resolved in accordance with Section 2(d) hereof. Provided that the design reflected in the TI Construction Drawings is consistent with the TI Design Drawings, Landlord shall approve the TI Construction Drawings submitted by Tenant. Once approved by Landlord, subject to the provisions of Section 4 below, Tenant shall not materially modify the TI Construction Drawings except as may be reasonably required in connection with the issuance of the TI Permit (as defined in Section 3(a) below).

(d) **Approval and Completion**. If any dispute regarding the design of the Tenant Improvements is not settled within 10 business days after notice of such dispute is delivered by one party to the other, Tenant may make the final decision regarding the design of the Tenant Improvements, provided (i) Tenant acts reasonably and such final decision is either consistent with or a compromise between Landlord's and Tenant's positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Tenant shall be payable out of the TI Fund (as defined in Section 5(d) below), and (iii) Tenant's decision will not affect the base Building, structural components of the Building or any Building systems (in which case Landlord shall make the final decision). Any changes to the TI Construction Drawings following Landlord's and Tenant's approval of same requested by Tenant shall be processed as provided in Section 4 hereof.

3. **Performance of the Tenant Improvements**.

(a) **Commencement and Permitting of the Tenant Improvements**. Tenant shall not commence construction of the Tenant Improvements prior to obtaining and delivering to Landlord a building permit (the "**TI Permit**") authorizing the construction of the Tenant Improvements consistent with the TI Construction Drawings approved by Landlord. The cost of obtaining the TI Permit shall be payable from the TI Fund. Landlord shall assist Tenant in obtaining the TI Permit. Prior to the commencement of the Tenant Improvements, Tenant shall deliver to Landlord a copy of any contract with Tenant's contractors (including the TI Architect), and certificates of insurance from any contractor performing any part of the Tenant Improvement evidencing industry standard commercial general liability, automotive liability, "builder's risk", and workers' compensation insurance. Tenant shall cause the general contractor to provide a certificate of insurance naming Landlord, Alexandria Real Estate Equities, Inc., and Landlord's lender (if any) as additional insureds for the general contractor's liability coverages required above.

(b) **Selection of Materials, Etc**. Where more than one type of material or structure is indicated on the TI Construction Drawings approved by Tenant and Landlord, the option will be within Tenant's reasonable discretion if the matter concerns the Tenant Improvements, and within Landlord's sole and absolute subjective discretion if the matter concerns the structural components of the Building or any Building system.

(c) **Tenant Liability**. Tenant shall be responsible for correcting any deficiencies or defects in the Tenant Improvements.

(d) **Substantial Completion**. Tenant shall substantially complete or cause to be substantially completed the Tenant Improvements in a good and workmanlike manner, in accordance with the TI Permit subject, in each case, to Minor Variations and normal "punch list" items of a non-material nature which do not interfere with the use of the Premises ("**Substantial Completion**" or "**Substantially Complete**"). Upon Substantial Completion of the Tenant Improvements, Tenant shall require the TI Architect and the general contractor to execute and deliver, for the benefit of Tenant and Landlord, a Certificate of Substantial Completion in the form of the American Institute of Architects ("**AIA**") document

G704. For purposes of this Work Letter, "**Minor Variations**" shall mean any modifications reasonably required: (i) to comply with all applicable Legal Requirements and/or to obtain or to comply with any required permit (including the TI Permit); (ii) to comport with good design, engineering, and construction practices which are not material; or (iii) to make reasonable adjustments for field deviations or conditions encountered during the construction of the Tenant Improvements.

4. **Changes**. Any changes requested by Tenant to the Tenant Improvements after the delivery and approval by Landlord of the TI Design Drawings, shall be requested and instituted in accordance with the provisions of this Section 4 and shall be subject to the written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(a) **Tenant's Right to Request Changes**. If Tenant shall request changes ("**Changes**"), Tenant shall request such Changes by notifying Landlord in writing in substantially the same form as the AIA standard change order form (a "**Change Request**"), which Change Request shall detail the nature and extent of any such Change. Such Change Request must be signed by Tenant's Representative. Landlord shall review and approve or disapprove such Change Request within 10 business days thereafter, provided that Landlord's approval shall not be unreasonably withheld, conditioned or delayed.

(b) **Implementation of Changes**. If Landlord approves such Change and Tenant deposits with Landlord any Excess TI Costs (as defined in Section 5(d) below) required in connection with such Change, Tenant may cause the approved Change to be instituted. If any TI Permit modification or change is required as a result of such Change, Tenant shall promptly provide Landlord with a copy of such TI Permit modification or change.

5. **Costs**.

(a) **Budget For Tenant Improvements**. Before the commencement of construction of the Tenant Improvements, Tenant shall obtain a detailed breakdown, by trade, of the costs incurred or that will be incurred, in connection with the design and construction of the Tenant Improvements (the "**Budget**"), and deliver a copy of the Budget to Landlord for Landlord's approval, which shall not be unreasonably withheld or delayed. The Budget shall be based upon the TI Construction Drawings approved by Landlord. If the Budget is greater than the TI Allowance, Tenant shall deposit with Landlord the difference, in cash, prior to the commencement of construction of the Tenant Improvements, for disbursement by Landlord as described in Section 5(d).

(b) **TI Allowance**. Landlord shall provide to Tenant a tenant improvement allowance ("**TI Allowance**") of $60.00 per rentable square foot of the Premises, or $569,340.00 in the aggregate. Notwithstanding anything to the contrary contained herein, if Tenant surrenders its existing premises at 161 First Street, Cambridge, Massachusetts, in accordance with the surrender requirements of that certain Lease Agreement dated as of February 29, 2016, between Tenant, as tenant, and ARE-MA Region No. 21, LLC, a Delaware limited liability company, as landlord (the "**161 Lease**"), on or before February 15, 2018, and Tenant is not otherwise in Default (as defined in the 161 Lease) under the 161 Lease, then the TI Allowance shall be increased by $15.00 per rentable square foot of the Premises.

The TI Allowance shall be disbursed in accordance with this Work Letter. Tenant shall have no right to the use or benefit (including any reduction to Base Rent) of any portion of the TI Allowance not required for the construction of (i) the Tenant Improvements described in the TI Construction Drawings approved pursuant to Section 2(d) or (ii) any Changes pursuant to Section 4. Tenant shall have no right to any portion of the TI Allowance that is not disbursed before the last day of the month that is 18 months after the Commencement Date.

(c) **Costs Includable in TI Fund**. The TI Fund shall be used solely for the payment of design, permits and construction costs in connection with the construction of the Tenant Improvements, including, without limitation, the cost of electrical power and other utilities used in connection with the

construction of the Tenant Improvements, the cost of preparing the TI Design Drawings and the TI Construction Drawings, all costs set forth in the Budget and the cost of Changes (collectively, "**TI Costs**"). Notwithstanding anything to the contrary contained herein, the TI Fund shall not be used to purchase any furniture, personal property or other non-Building system materials or equipment, including, but not be limited to, Tenant's voice or data cabling, non-ducted biological safety cabinets and other scientific equipment not incorporated into the Tenant Improvements.

(d) **Excess TI Costs**. Landlord shall have no obligation to bear any portion of the cost of any of the Tenant Improvements except to the extent of the TI Allowance. If at any time and from time-to-time, the remaining TI Costs under the Budget exceed the remaining unexpended TI Allowance ("**Excess TI Costs**"), monthly disbursements of the TI Allowance shall be made in the proportion that the remaining TI Allowance bears to the outstanding TI Costs under the Budget, and Tenant shall fund the balance of each monthly draw. For purposes of any litigation instituted with regard to such amounts, those amounts will be deemed Rent under the Lease. The TI Allowance and Excess TI Costs is herein referred to as the "**TI Fund**." Notwithstanding anything to the contrary set forth in this Section 5(d), Tenant shall be fully and solely liable for TI Costs and the cost of Minor Variations in excess of the TI Allowance.

(e) **Payment for TI Costs**. During the course of design and construction of the Tenant Improvements, subject to the terms of Section 5(d) above, Landlord shall reimburse Tenant for TI Costs once a month against a draw request in Landlord's standard form, containing evidence of payment of such Tl Costs by Tenant and such certifications, lien waivers (including a conditional lien release for each progress payment and unconditional lien releases for the prior month's progress payments), inspection reports and other matters as Landlord customarily obtains, to the extent of Landlord's approval thereof for payment, no later than 30 days following receipt of such draw request. Upon completion of the Tenant Improvements (and prior to any final disbursement of the TI Fund), Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and first tier subcontractors who did the work and final, unconditional lien waivers from all such contractors and first tier subcontractors; (ii) as-built plans (one copy in print format and two copies in electronic CAD format) for such Tenant Improvements; (iii) a certification of substantial completion in Form AIA G704, (iv) a certificate of occupancy for the Premises; and (v) copies of all operation and maintenance manuals and warranties affecting the Premises.

6. **Miscellaneous**.

(a) **Consents.** Whenever consent or approval of either party is required under this Work Letter, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth herein to the contrary.

(b) **Modification.** No modification, waiver or amendment of this Work Letter or of any of its conditions or provisions shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

(c) **Default.** Notwithstanding anything set forth herein or in the Lease to the contrary, Landlord shall not have any obligation to perform any work hereunder or to fund any portion of the TI Fund during any period Tenant is in Default under the Lease.

EXHIBIT D TO LEASE

ACKNOWLEDGMENT OF COMMENCEMENT DATE

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made as of this _____ day of _____, _____ between **ARE-MA REGION NO. 59, LLC,** a Delaware limited liability company **(**"**Landlord**"), and **SOLID BIOSCIENCES, LLC,** a Delaware limited liability company **(**"**Tenant**"), and is attached to and made a part of the Lease dated as of November_____, 2017 (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is _____, _____, the Rent Commencement Date is _____, _____, and the termination date of the Base Term of the Lease shall be midnight on _____, _____,. In case of a conflict between this Acknowledgment of Commencement Date and the Lease, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this ACKNOWLEDGMENT OF COMMENCEMENT DATE to be effective on the date first above written.

TENANT:

SOLID BIOSCIENCES, LLC,
a Delaware limited liability company

By: _____
Print Name: _____
Title: _____

LANDLORD:

ARE-MA REGION NO. 59, LLC,
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,
a Delaware limited partnership, managing member

By: ARE-QRS CORP.,
a Maryland corporation, general partner

By: _____
Print Name: _____
Title: _____

EXHIBIT E TO LEASE

RULES AND REGULATIONS

1. The sidewalk, entries, and driveways of the Building, Property or Project shall not be obstructed by Tenant, or any Tenant Party, or used by them for any purpose other than ingress and egress to and from the Premises.

2. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises, or on the roof of the Building.

3. Except for animals assisting the disabled, no animals shall be allowed in the offices, halls, or corridors in the Building, Property or Project.

4. Tenant shall not disturb the occupants of the Building, Property or Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.

5. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.

6. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Building, Property or Project.

7. Parking any type of recreational vehicles is specifically prohibited on or about the Building, Property or Project. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.

8. Tenant shall maintain the Premises free from rodents, insects and other pests.

9. Landlord reserves the right to exclude or expel from the Building, Property or Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the Building, Property or Project.

10. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.

11. Tenant shall give Landlord prompt notice of any defects in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.

12. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.

13. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose.

14. No auction, public or private, will be permitted on the Premises, Building, Property or Project.

15. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.

16. The Premises shall not be used for lodging, sleeping or cooking or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in the Premises.

17. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Building, Property and Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.

18. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.

19. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration, noise and air waves which may be transmitted beyond the Premises.

EXHIBIT F TO LEASE

TENANT'S PERSONAL PROPERTY

None.

EXHIBIT G TO LEASE

NOTIFICATION OF THE PRESENCE OF ASBESTOS CONTAINING MATERIALS

This notification provides certain information about asbestos within or about the Premises at Building 1400, One Kendall Square, Boston, Massachusetts ("Building").

Historically, asbestos was commonly used in building products used in the construction of buildings across the country. Asbestos-containing building products were used because they are fire-resistant and provide good noise and temperature insulation. Because of their prevalence, asbestos-containing materials, or ACMs, are still sometimes found in buildings today.

Building 1400 was constructed in the early 1900s. No specific asbestos sampling/analysis data has been provided. Based on the 2002 visual survey, the following materials were observed in Building 1400 that might contain asbestos, referred to as presumed asbestos-containing materials or PACMS:

Building 1400

Material Description	Material Location
Drywall/joint compound	All Floors: throughout walls; portions of east and center elevator lobby ceilings
	Fourth Floor: locker room ceilings
12" gray floor tile and mastic	Basement: west hallway by stairs
White with gray vinyl sheet flooring	Basement: Microbia glass wash room
12" white/blue/pink floor tile and mastic	First Floor: Suntory Pharmaceutical, northwest laboratory, kitchen, and east side rooms
	Second Floor: Microbia, west side laboratory (assumed throughout)
White vinyl sheet flooring	First Floor: Suntory Pharmaceutical, south side laboratories
12" beige floor tile and mastic	First Floor: loading dock and service elevator hallway
12" light gray floor tile and mastic	First Floor: Incert Software, kitchen
12" white with gray floor tile and mastic	Second Floor: Microbia, east side hallway by stairs
	Third Floor: Microbia, southwest hallway
12" light gray floor tile and mastic	Third Floor: Microbia, center hallway and hallways by center and east stairs
12" white with black speck floor tile and mastic	Fourth Floor: Microbia, west end laboratory (assumed throughout)
12" gray and white floor tile and mastic	Fourth Floor: Microbia, southwest hallway and east side lunch room
Gray rubberized flooring	Fourth and Fifth Floors: Microbia, center stairwell
12" dark gray floor tile and mastic	Fifth Floor: Microbia, east side hallway and elevator lobby
12" white and gray floor tile and mastic	Fifth Floor: Microbia, east side hallways; west side laboratories (assumed throughout)
12" gray floor tile and mastic	Fifth Floor: Microbia, center stairwell landing
2' x 4' ceiling tile	First Floor: Suntory Pharmaceutical, laboratory (assumed throughout)
2' x 2' ceiling tile (curves pattern)	First Floor: Suntory Pharmaceutical, north offices

Material Description	Material Location
2’ x 2’ ceiling tile	First Floor: Incert Software, center office areas
2’ x 2’ ceiling tile	First Floor: Genzyme, office areas (assumed throughout)
	Second Floor: Genzyme, east side office areas; Microbia office areas (201)
	Third Floor: Genzyme, southwest hallway, center and east side offices (302-304)
	Fourth Floor: Genzyme, offices and laboratories (assumed throughout)
	Fifth Floor: Genzyme, center and east side offices (assumed throughout)
2’ x 4’ ceiling tile	Second Floor: Microbia, west side laboratory (assumed throughout); Genzyme, center office areas (203)
	Third Floor: Genzyme, west side laboratory (assumed throughout)
	Fifth Floor: Genzyme, west side laboratory (assumed throughout)
Fireproofing	All Floors: beams and columns, with some overspray on decking
Stucco	Exterior overhang and east side walk area and perimeter of windows

Because ACMs and PACMs may be present within or about the Building, we have hired an independent environmental consulting firm to prepare an operations and maintenance program (“**O&M Program**”). The O&M Program is designed to minimize the potential of any harmful asbestos exposure to any person within or about the Building. The O&M Program includes a description of work methods to be taken in order to maintain any ACMs or PACMs within or about the Building in good condition and to prevent any significant disturbance of such ACMs or PACMs. Appropriate personnel receive regular periodic training on how to properly administer the O&M Program.

The O&M Program describes the risks associated with asbestos exposure and how to prevent such exposure through appropriate work practices. ACMs and PACMs generally are not thought to be a threat to human health unless asbestos fibers are released into the air and inhaled. This does not typically occur unless (1) the ACMs are in a deteriorating condition, or (2) the ACMs have been significantly disturbed (such as through abrasive cleaning, or maintenance or renovation activities). If inhaled, asbestos fibers can accumulate in the lungs and, as exposure increases, the risk of disease (such as asbestosis or cancer) increases. However, measures to minimize exposure, and consequently minimize the accumulation of asbestos fibers, reduce the risks of adverse health effects.

The O&M Program describes a number of activities that should be avoided in order to prevent a release of asbestos fibers. In particular, you should be aware that some of the activities which may present a health risk include moving, drilling, boring, or otherwise disturbing ACMs. Consequently, such activities should not be attempted by any person not qualified to handle ACMs.

The O&M Program is available for review during regular business hours at Landlord’s office located at 400 Technology Square, Suite 101, Cambridge, MA 02139.

ALEXANDRIA.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-222763) of Solid Biosciences Inc. of our report dated March 29, 2018 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 29, 2018

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ilan Ganot, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solid Biosciences Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2018

By: /s/ Ilan Ganot
Ilan Ganot
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jennifer Ziolkowski, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solid Biosciences Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2018

By: /s/ Jennifer Ziolkowski
Jennifer Ziolkowski
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Solid Biosciences Inc. (the "Company") on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ilan Ganot, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 29, 2018

By: /s/ Ilan Ganot
Ilan Ganot
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Solid Biosciences Inc. (the "Company") on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jennifer Ziolkowski, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 29, 2018

By: /s/ Jennifer Ziolkowski
Jennifer Ziolkowski
Chief Financial Officer
(Principal Financial and Accounting Officer)