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As confidentially submitted to the Securities and Exchange Commission on February 14, 2014. This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

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

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

HISTOGENICS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**3842**	**04-3522315**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

830 Winter Street, 3rd Floor
Waltham, Massachusetts 02451
(781) 547-7900
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Kevin McArdle
Chief Financial Officer
Histogenics Corporation
830 Winter Street, 3rd Floor
Waltham, Massachusetts 02451
(781) 547-7900
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Waltham, Massachusetts 02451	**Boston, Massachusetts 02111**
Telephone: (781) 890-8800	**Telephone: (617) 261-3100**
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price[(1)]**	**Amount of Registration Fee[(2)]**
Common Stock, $0.001 par value		

(1) Estimated pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes the offering price attributable to additional shares that the underwriters have the option to purchase to cover over-allotments, if any.
(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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

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

Subject to completion, dated February 14, 2014

Shares

Common Stock

$ per share

- Histogenics Corporation is offering shares.
- We anticipate that the initial public offering price will be between $. and $. per share.
- This is our initial public offering and no public market currently exists for our shares.
- Proposed trading symbol: NASDAQ Global Market—HSGX

This investment involves risk. See "Risk Factors" beginning on page 8.

We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

	Per Share	Total
Public offering price	$	$
Underwriting discount[1]	$	$
Proceeds, before expenses, to Histogenics Corporation	$	$

(1) See "Underwriting" for additional information regarding underwriter compensation.

The underwriters have a 30-day option to purchase up to additional shares of common stock from us to cover over-allotments, if any.

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

Cowen and Company

Roth Capital Partners

The date of this prospectus is , 2014.

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You should rely only on the information contained in this prospectus and any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus and any related free writing prospectus. We and the underwriters take no responsibility for, and can provide no assurances as to the reliability of, any information that others may give you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is only accurate as of the date of this prospectus, regardless of the time of delivery of this prospectus and any sale of shares of our common stock.

Until and including , 2014 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

HISTOGENICS (and design), our logo design and NEOCART are our registered trademarks, and BIOCART is our trademark. This prospectus also contains trademarks, registered marks and trade names of other companies. Any other trademarks, registered marks and trade names appearing in this prospectus are the property of their respective holders.

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information you should consider before investing in our common stock. You should carefully read the entire prospectus, especially the risks set forth under the heading "Risk Factors" and our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. References in this prospectus to "Histogenics," "our company," "we," "us" and "our" and other similar references refer to Histogenics Corporation and our consolidated subsidiaries during the periods presented unless the context requires otherwise.

Overview

We are a regenerative medicine company focused on developing and commercializing products in the musculoskeletal segment of the marketplace. Our regenerative medicine platform combines expertise in cell processing, scaffolding, tissue engineering, bioadhesives and growth factors to provide solutions that can be utilized individually or in concert to treat musculoskeletal-related conditions. Our first product candidate, NeoCart, leverages our platform to provide an innovative treatment in the orthopaedic space, specifically cartilage damage in the knee. NeoCart is currently enrolling a Phase 3 clinical trial in the United States under a Special Protocol Assessment with the U.S. Food and Drug Administration. If the study is successful and NeoCart is approved for sale in the United States, we believe it would be the first product approved for the first-line treatment of severe cartilage damage to demonstrate clinical superiority over the current standard of care, microfracture.

Musculoskeletal-related conditions, including cartilage damage, are one of the most prevalent health problem in the United States. Based on recent publications, we estimate that 1,000,000 knee arthroscopies are performed each year in the United States and we believe cartilage damage is likely to be identified in over 60% of those knee arthroscopies. Cartilage damage is a leading cause of osteoarthritis, the condition most responsible for the estimated 750,000 knee replacements performed in the United States annually. We believe the current alternatives available to treat cartilage damage in the knee, including microfracture, inadequately address this condition. We believe NeoCart would represent a superior solution to treat cartilage damage in the knee because it has the potential to solve for the limitations of the current treatment alternatives and has the potential to provide improved efficacy, long-term patient benefits, accelerated patient recovery and predictable patient outcomes through a technically straightforward surgical procedure. NeoCart demonstrated a statistically significant improvement in clinical efficacy based on pain and function measures as compared to microfracture in our Phase 2 clinical trial.

We believe NeoCart has generated positive Phase 1 and Phase 2 clinical data as a result of our robust regenerative medicine platform and the elements comprising our platform. Our proprietary three-dimensional honeycomb scaffold used in the production of NeoCart enables the seeding of cell cultures throughout the scaffold similar to the cell orientation in normal cartilage as compared to other scaffolds that accommodate cells only on their surface. The collagen base of the scaffold is conducive to cell function and integration of NeoCart with native tissue. Our proprietary tissue engineering processor, used to stimulate cartilage-like functioning of NeoCart prior to implantation, is a key factor in the preliminary evidence for NeoCart's short-term efficacy and potential for long-term durability compared to other alternatives. Our bioadhesive anchors the NeoCart implant in the defect bed and seals the implant to the surrounding native cartilage interface, eliminating the need for complicated suturing that is required in some treatment alternatives. The well-affixed implant has the potential to facilitate earlier weight-bearing and accelerated recovery, which we believe would be distinctly more advantageous than other existing therapies. We believe the combination of these and other components of our regenerative medicine platform provide us with distinct proprietary advantages versus other treatment alternatives that ultimately will lead to clinical superiority of NeoCart on measures of pain and function when compared to microfracture in our Phase 3 clinical trial.

We expect to complete enrollment of our NeoCart Phase 3 clinical trial by the first half of 2016, and we plan to commercialize the product following approval in the United States. In anticipation of potential approval, we have begun to scale our internal current Good Manufacturing Practices manufacturing capabilities and anticipate manufacturing all of our products in-house at our facilities located in the greater Boston area.

Our regenerative medicine platform gives us the ability to develop a strong pipeline. We believe the positive clinical data we have seen in treating cartilage damage of the knee with NeoCart will be applicable to other joints such as the ankle, shoulder and hip. We also believe our regenerative medicine platform possesses the fundamental science to allow us to develop additional product candidates to treat other soft tissue damage throughout the body such as tendon, ligament and meniscus tears and complex joint degeneration. Our portfolio of proprietary fibroblast growth factor variants may be explored for their use in optimizing manufacturing yields and we believe they could have various therapeutic applications including wound healing and fracture healing. We plan to continue investing in our intellectual property portfolio in order to expand and protect our regenerative medicine platform and future product candidates.

The goal of our Phase 3 clinical trial is to demonstrate significant advantages of NeoCart over microfracture, which we believe will allow us to secure approval to sell NeoCart in the United States and will enable us to become a market leader in cartilage repair. We believe our regenerative medicine platform will facilitate our successful expansion beyond cartilage repair to address additional areas of the musculoskeletal segment of the regenerative medicine marketplace.

Risks Related to Our Business

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects that you should consider before making a decision to invest in our common stock. These risks are discussed more fully in “Risk Factors” beginning on page 8. These risks include, but are not limited to, the following:

- We have a short operating history developing clinical-stage regenerative medicine products and there is a limited amount of information about us upon which you can evaluate our product candidates and business prospects, making an investment in our common stock unsuitable for many investors.
- We have incurred significant losses since our inception and anticipate that we will continue to incur substantial losses for the next several years.
- We may require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back or cease our product development activities and operations.
- Failure to obtain, or any delay in obtaining, U.S. Food and Drug Administration approval regarding the comparability of critical NeoCart raw materials following our technology transfer and manufacturing location transition may have an adverse effect on our business, operating results and prospects.
- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- We are heavily dependent on the success of our lead product candidate NeoCart, which is still under development. If we are unable to commercialize NeoCart, or experience significant delays due to manufacturing or otherwise in doing so, our business will be materially harmed.
- We may experience delays in commencing or conducting our clinical trials or in receiving data from third parties or in the completion of clinical testing, which could result in increased costs to us and delay our ability to generate product candidate revenue.

- If we fail to complete clinical trials and obtain regulatory approval for NeoCart, our business would be significantly harmed.
- Our clinical development of NeoCart could be substantially delayed if the U.S. Food and Drug Administration requires us to conduct additional studies or trials or imposes other requirements or restrictions.

Our Corporate Information

We were originally incorporated as a Massachusetts corporation in 2000. In 2006, we underwent a corporate reorganization pursuant to which we were incorporated as a Delaware corporation. Our principal offices are located at 830 Winter Street, 3rd Floor, Waltham, Massachusetts 02451, and our telephone number is (781) 547-7900. Our website address is www.histogenics.com. Our website and the information contained on, or that can be accessed through, our website shall not be deemed to be incorporated by reference in, and are not considered part of, this prospectus. You should not rely on any such information in making your decision whether to purchase our common stock.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act. An emerging growth company may take advantage of specified reduced reporting and other reduced burdens that are otherwise applicable generally to public companies. These provisions include:

- we may present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- we are currently exempt from the requirement to obtain an attestation and report from our auditors on our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions until December 31, 2019 (the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to this offering) or until such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenue, have more than $700 million in market value of our capital stock held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period. We have chosen to take advantage of some of these reduced burdens and, as such, the information that we provide stockholders may be different than you may receive from other public companies in which you hold equity interests.

THE OFFERING

Shares of common stock offered by us	shares
Shares of common stock outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of $ million, assuming an initial public offering price of $ per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and after deducting the estimated underwriting discount and offering expenses payable by us. If the underwriters' option to purchase additional shares in this offering is exercised in full, we estimate that our net proceeds will be $ million. We intend to use the net proceeds of this offering primarily to develop and advance NeoCart through clinical trials, as well as for working capital and general corporate purposes. See "Use of Proceeds."
Proposed NASDAQ Global Market symbol	HSGX

The number of shares of our common stock to be outstanding following this offering is based on 45,344,052 shares outstanding as of December 31, 2013, and excludes:

- shares issuable upon the exercise of warrants outstanding as of December 31, 2013, at an exercise price of $0.001 per share;
- 5,287,144 shares issuable upon the exercise of options outstanding under our 2012 Equity Incentive Plan as of December 31, 2013, at a weighted average exercise price of $0.22 per share; and
- 428,671 shares reserved for future issuance under our stock-based compensation plans, including shares reserved for issuance under our 2013 Equity Incentive Plan and shares reserved for issuance under our 2013 Employee Stock Purchase Plan.

Unless otherwise indicated, this prospectus includes and assumes the following, each to occur upon completion of this offering:

- the net (or cashless) exercise of warrants outstanding as of December 31, 2013, to acquire an estimated shares of common stock, assuming an initial public offering price of $, which is the midpoint of the initial public offering price range reflected on the cover of this prospectus;
- the exercise of warrants outstanding as of December 31, 2013, to acquire shares of common stock at an exercise price of $0.001 per share;
- the issuance of an estimated shares of common stock in payment of accrued dividends on outstanding shares of convertible preferred stock, assuming an initial public offering price of $, which is the midpoint of the initial public offering price range reflected on the cover of this prospectus;

- the automatic conversion of all outstanding shares of our convertible preferred stock into common stock;
- the amendment and restatement of our certificate of incorporation and bylaws; and
- no exercise by the underwriters of their over-allotment option.

The information we present in this prospectus does not reflect a reverse split of our common stock that we may effect prior to the effectiveness of the registration statement of which this prospectus forms a part.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables summarize our consolidated financial data for the periods indicated. The consolidated statement of operations data for the years ended December 31, 2011 and 2012 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of operations data for the nine months ended September 30, 2012 and 2013 and the consolidated balance sheet data as of September 30, 2013 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods. Our historical results are not necessarily indicative of the results to be expected for any future period and the results in the nine months ended September 30, 2013 are not necessarily indicative of results to be expected for the full year or any other period. You should read this summary consolidated financial data in conjunction with the sections titled "Selected Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, included elsewhere in this prospectus.

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(in thousands, except per share amounts)			
Consolidated Statement of Operations Data:				
Revenue	$ 123	$ 26	$ 12	$ 8
Operating expenses:				
Research and development	6,435	11,941	9,461	8,406
Selling, general and administrative	3,455	3,053	2,522	2,930
Impairment of goodwill and intangible assets	2,170	—	—	—
Total operating expense	12,060	14,994	11,983	11,336
Loss from operations	(11,937)	(14,968)	(11,971)	(11,328)
Interest expense, net	(902)	(798)	(792)	—
Other expense, net	(30)	(13)	(16)	(29)
Gain on extinguishment of debt	—	687	687	—
Change in fair value of note payable to stockholder	(20)	(17)	(17)	—
Change in fair value of warrant liability and other liability	(21)	(1,826)	—	(196)
Net loss	$ (12,910)	$ (16,935)	$ (12,109)	$ (11,553)
Earnings (loss) per common share[1]:				
Basic	$(1,137.61)	$ 1.00	$ 1.62	$ (2.13)
Diluted	$(1,137.61)	$ 0.26	$ 0.23	$ (2.13)
Weighted-average shares used to compute earnings (loss) per common share[1][2]:				
Basic	21,815	2,818,293	1,666,041	6,257,697
Diluted	21,815	12,898,629	14,301,439	6,257,697
Pro forma earnings (loss) per common share[1]:				
Basic				
Diluted				
Pro forma weighted-average common shares outstanding[1]:				
Basic				
Diluted				

[1] Please see Note 3 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate earning (loss) per common share attributable to common stockholders, including the method used to calculate the number of shares used in the computation of the per share amount.

	As of September 30, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 4,071		
Working capital[1]	1,443		
Total assets	7,853		
Other long-term liabilities	6,589		
Convertible redeemable preferred stock	31,396		
Total stockholders' equity (deficit)	(32,942)		

[1] Working capital is calculated as current assets minus current liabilities.

The pro forma column in the consolidated balance sheet data table above reflects the following, which will occur upon completion of this offering: (1) the automatic conversion of all outstanding shares of our convertible preferred stock into common stock; (2) the net (or cashless) exercise of warrants to acquire an estimated shares of common stock, assuming an initial offering price of $ which is the midpoint of the initial public offering price range reflected on the cover page of this prospectus; (3) the exercise of warrants to acquire a total of shares of common stock for an aggregate exercise price of $; and (4) the issuance of an estimated shares of common stock in payment of accrued dividends on outstanding shares of convertible preferred stock. The pro forma as adjusted data further adjusts the pro forma balance sheet data to reflect our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and after deducting the estimated underwriting discount and offering expenses payable by us.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks are realized, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the price of our common stock could decline and you could lose part or all of your investment in our common stock.

Risks Related to Our Business and Commercialization of Our Product Candidates

We have a short operating history developing clinical-stage regenerative medicine products and there is a limited amount of information about us upon which you can evaluate our product candidates and business prospects, making an investment in our common stock unsuitable for many investors.

We are a clinical-stage regenerative medicine company, formed in 2000, with a limited operating history. Since inception we have devoted substantially all of our resources to the development of our regenerative medicine platform, the clinical and preclinical advancement of our product candidates, the creation, licensing and protection of related intellectual property rights and the provision of general and administrative support for these operations. We have not yet obtained regulatory approval for any product candidates in any jurisdiction or generated any significant revenues from product sales. If NeoCart or any of our future product candidates fails in clinical trials or preclinical development, or does not gain regulatory approval, or if our product candidates following regulatory approval, if any, do not achieve market acceptance, we may never become profitable or sustain profitability.

We commenced our first clinical trial in 2005, and we have a limited operating history developing clinical-stage regenerative medicine products upon which you can evaluate our business and prospects. In addition, we have never conducted clinical trials of a size required for regulatory approvals. Further, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, such as regenerative medicine. For example, to execute our current business plan we will need to successfully:

- execute our research and development strategies, including successfully completing our clinical trial program for NeoCart;
- complete the transition of the NeoCart raw material manufacturing process to our in-house facilities and satisfy the U.S. Food and Drug Administration (FDA) as to the comparability of such raw materials to those manufactured by third parties for use in our NeoCart clinical trials;
- obtain required regulatory approvals for the commercialization of NeoCart;
- manage our spending as costs and expenses increase due to clinical trials, regulatory approvals, manufacturing and commercialization;
- continue to build and maintain a strong intellectual property portfolio;
- build and maintain appropriate research and development, clinical, sales, manufacturing, financial reporting, distribution and marketing capabilities on our own or through third parties;
- secure additional funding as may be needed;
- gain broad market acceptance for our product candidates; and
- develop and maintain successful strategic relationships.

If we are unsuccessful in accomplishing any of these objectives, we may not be able to develop product candidates, raise capital, expand our business or continue our operations.

We have incurred significant losses since our inception and anticipate that we will continue to incur substantial losses for the next several years.

We have incurred net losses in each year since our inception, including net losses of $12.9 million in 2011 and $16.9 million in 2012, as well as a net loss of $11.6 million in the nine months ended September 30, 2013. As of September 30, 2013, we had an accumulated deficit of $96.6 million. We expect to continue to incur substantial losses for the next several years, and we expect these losses to increase as we continue our development of and seek regulatory approval for, NeoCart and our future product candidates. In addition, if we receive regulatory approval to market NeoCart or any of our future product candidates, we will incur additional losses as we scale our manufacturing operations and build an internal sales and marketing organization to commercialize any approved products. In addition, we expect our expenditures to increase as we add infrastructure and personnel to support our operations as a public company. We anticipate that our net losses and accumulated deficit for the next several years will be significant as we conduct our planned operations.

Because of the numerous risks and uncertainties associated with regenerative medicine product development, we are unable to accurately predict the timing or amount of the development and clinical expenses or when, or if we will be able to achieve, or maintain, profitability. In addition, our expenses could increase if we are required by the FDA or comparable foreign regulatory authorities to perform preclinical or clinical studies or trials in addition to those currently expected, or if there are any delays in completing the technology transfer and manufacturing location transition of our NeoCart raw material manufacturing process or completing our clinical trials or the development of NeoCart or our future product candidates. The amount of our future net losses will depend, in part, on the amount and timing of our expenses, our ability to generate revenue and our ability to raise additional capital. These net losses have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

We may require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, reduce or cease our product development activities and operations.

We are currently advancing our lead product candidate NeoCart through clinical development. Developing regenerative medicine products, including conducting preclinical studies and clinical trials, is expensive. In addition to the net proceeds of this offering, we may require substantial additional capital in order to complete the clinical development of, create additional manufacturing capacity and to commercialize NeoCart and to conduct the research and development and clinical and regulatory activities necessary to bring other product candidates to market. If the FDA or comparable foreign regulatory authorities require that we perform additional preclinical studies or clinical trials at any point or expand or extend our current trials, our expenses would further increase beyond what we currently expect, and the anticipated timing of any future clinical development activities and potential regulatory approvals will likely be delayed. Raising funds in the then-current economic environment may be difficult and additional funding may not be available on acceptable terms, or at all.

The amount and timing of our future near-term funding requirements will depend on many factors, including:

- the scope, progress, expansion, costs and results of our NeoCart clinical trials;
- the timing of and costs associated with obtaining FDA approval of the comparability of the NeoCart raw materials manufactured in our facilities with the raw materials that were manufactured by third parties for the use in our NeoCart clinical trials;
- the timing of and costs involved in obtaining NeoCart regulatory approvals;
- market acceptance of NeoCart following the receipt of regulatory approval, if any;
- the costs of maintaining, expanding and protecting our intellectual property portfolio, including potential litigation costs and liabilities associated therewith;
- the resources we devote to marketing and, if approved, commercializing NeoCart;

- the scope, progress, expansion and costs of manufacturing NeoCart;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems, as we become a public company;
- the amount of funds we receive in this offering; and
- the costs associated with being a public company.

Many of these factors are outside of our control. Upon the completion of this offering, based upon our currently expected level of operating expenditures, we believe that we will be able to fund our operations and sustain currently projected cash needs through at least the end of 2017. Our expectations are based on management's current assumptions and clinical development plans, which may prove to be wrong, and we could spend our available financial resources much faster than we currently expect. This period could be shortened if there are any unanticipated increases in spending on development programs. In addition, the expected net proceeds from this offering will not be sufficient to complete the advanced clinical development of all of our product candidates that would be necessary to support an application for regulatory approval. Accordingly, we will continue to require substantial additional capital beyond the expected proceeds of this offering. In order to fund our future needs, we may seek additional funding through equity or debt financings, development partnering arrangements, lines of credit or other sources.

If we are required to secure additional financing, the fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional capital when required or on acceptable terms, we may be required to significantly delay, reduce or discontinue the development or commercialization of one or more of our product candidates or curtail our operations, which will have an adverse effect on our business, operating results and prospects.

Failure to obtain, or any delay in obtaining, FDA approval regarding the comparability of critical NeoCart raw materials following our technology transfer and manufacturing location transition may have an adverse effect on our business, operating results and prospects.

We are in the process of planning a technology transfer to transition the manufacturing of certain raw materials and components in the NeoCart supply chain from outsourced contract manufacturers to in-house manufacturing facilities. We currently have enough of these raw materials and components in order to complete our Phase 3 clinical trial, but the technology transfer will need to be completed in order to commercialize NeoCart upon FDA approval, if any. This technology transfer extends to the three components of the CT3 bioadhesive—methylated collagen, curing component and activated polyethylene glycol—as well as our collagen preparation and collagen honeycomb scaffold, which are used in the production of NeoCart. Although we do not anticipate changes to the raw materials, formulations or properties, nor do we anticipate changes to the NeoCart manufacturing process or finished product specifications as a result of the transfer, we are required to demonstrate to the FDA that the raw materials manufactured in the new facility are comparable to the raw materials that were manufactured in the previous contract manufacturers' facilities. Demonstrating comparability requires evidence that the product is consistent with that produced for the clinical trial to assure that the technology transfer does not affect safety, identity, purity or efficacy during the expansion from pilot scale to full scale production.

In order to obtain FDA approval of the comparability of the raw materials, we intend to submit an amendment to our existing Investigational New Drug (IND) application file for FDA pre-approval. Prior to submission of the amendment to the IND application, we plan to meet with the FDA to obtain input and agreement with respect to our technology transfer and comparability plans. We currently expect to provide the FDA with a briefing package that will include our technology transfer plan, comparability data that we will have generated from materials produced from pilot scale test production runs and a proposed analytical comparability protocol for materials produced from full scale production runs. This demonstration is based on various methods, as recommended in FDA and the International Conference on Harmonization regulatory guidelines, as well as other FDA recognized testing standards.

The FDA may determine that such analytical data is not sufficient to prove comparability of the raw materials produced at our in-house manufacturing sites to the raw materials sourced from external vendors for earlier clinical trial work, including the Phase 3 clinical trial. If this is the case, the FDA may require that we provide additional preclinical or clinical data to provide evidence to support the comparability of the raw materials. The size, scope, length and costs of any new or supplemental clinical trials that may be required by the FDA to provide such data are not known at this time. Failure or delay in obtaining FDA approval of the comparability of our NeoCart raw materials or the FDA requiring us to provide clinical data may result in delays to our current projected timelines and could have an adverse effect on our business, operating results and prospects.

Additionally, our manufacturing sites may not receive FDA approval to operate at all, resulting in delays while we implement improvements necessary to receive approval which would lead to delays in the initiation of commercial production. In addition, we could encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel, leading to additional delays.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

We will be required to identify and enroll a sufficient number of patients that meet inclusion criteria under investigation for NeoCart. At the time of our voluntary pause of our NeoCart Phase 3 clinical trial upon discovery of discrepancies in the testing procedures used to assess one of the raw materials utilized in the manufacture of NeoCart implants, we had enrolled 30 patients and we will need to enroll the remaining 215 patients in a timely manner in order to complete the trial on schedule. There is a limited patient population from which to draw participants in clinical trials. Due to the need to find patients with few or no concomitant joint disease, we may not be able to identify and enroll a sufficient number of patients, or those with required or desired characteristics and criteria, in a timely manner. In addition, there are a limited number of specialized orthopedic surgeons that perform cartilage repair implantation procedures and among physicians who perform such procedures, some may not choose to perform these procedures under conditions that fall within our protocols, which would have an adverse effect on our development of NeoCart. Our ability to enroll patients in our clinical trials is affected by a number of factors including:

- the size and nature of the patient population;
- the design of the trial protocol;
- the eligibility and exclusion criteria for the trial in question;
- the availability of competing therapies and clinical trials, and physician and patient perception of NeoCart and our other product candidates being studied in relation to these other potential options;
- the efforts to facilitate timely enrollment in clinical trials;
- the ability to identify, solicit and recruit a sufficient number of patients;
- the ability to obtain and maintain patient consent;
- the number and location of clinical sites we enroll;
- the proximity and availability of clinical trial sites for prospective patients;
- the availability of time and resources at the institutions where clinical trials are and will be conducted;
- the presence of concomitant joint disease in patients under investigation;
- the study endpoints such as pain that rely on subjective patient reported outcomes;
- the ability to monitor patients adequately during and after treatment; and
- the risk that enrolled subjects will drop out before study completion.

If we have difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned, we may need to delay or terminate ongoing or planned clinical trials, either of which would have an adverse effect on our business.

A number of companies in the regenerative medicine industry have suffered significant setbacks in later stage clinical trials even after achieving promising results in earlier stages of development. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and initial results from a clinical trial do not necessarily predict final results. Even if early stage clinical trials are successful, we may need to conduct additional clinical trials for product candidates in additional patient populations or under different treatment conditions before we are able to seek approvals from the FDA and regulatory authorities outside the United States to market and sell these product candidates. Our failure to demonstrate the required characteristics to support marketing approval for NeoCart and our product candidates in our planned and future clinical trials would substantially harm our business and prospects.

We are heavily dependent on the success of our lead product candidate NeoCart, which is still under development. If we are unable to commercialize NeoCart, or experience significant delays due to manufacturing or otherwise in doing so, our business will be materially harmed.

We have invested a significant portion of our time and financial resources in the development of NeoCart, our product candidate in clinical development. We anticipate that in the near term our ability to generate revenues will depend solely on the successful development and commercialization of NeoCart. We may not complete our registration filings in our anticipated time frame. Even after we complete our Biologics License Application filing, the FDA may not accept our submission, may request additional information from us, including data from additional clinical trials, and, ultimately, may not grant marketing approval for NeoCart. In addition, the clinical data we have to date often is susceptible to varying interpretations and many companies that have believed that their products performed satisfactorily in clinical trials have nonetheless failed to obtain FDA approval for their products.

If we are not successful in commercializing NeoCart, or are significantly delayed in doing so, our business will be materially harmed and we may need to curtail or cease operations. Our ability to successfully commercialize NeoCart will depend, among other things, on our ability to:

- successfully complete our clinical trials;
- produce, through a validated process, NeoCart in quantities sufficiently large to permit successful commercialization;
- receive marketing approvals from the FDA and similar foreign regulatory authorities;
- launch commercial sales of NeoCart; and
- secure acceptance of NeoCart in the medical community and with third-party payors.

NeoCart and our future product candidates are subject to extensive regulation, compliance with which is costly and time consuming, may cause unanticipated delays or prevent the receipt of the approvals required to commercialize NeoCart and our future product candidates.

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of NeoCart and our future product candidates are subject to extensive regulation by the FDA in the United States and by comparable authorities in foreign markets. In the United States, we are not permitted to market our product candidates until we receive regulatory approval from the FDA. The process of obtaining regulatory approval is expensive, often takes many years, and can vary substantially based upon the type, complexity, and novelty of the products involved, as well as the target indications. Approval policies or regulations may change and the FDA has substantial discretion in the tissue regeneration approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA or comparable foreign regulatory authorities can delay, limit or deny approval of a product candidate for many reasons, including:

- such authorities may disagree with the design or implementation of our or any of our future development partners' clinical trials;
- we or any of our future development partners may be unable to demonstrate to the satisfaction of the FDA or other regulatory authorities that a product candidate is safe and effective for any indication;
- such authorities may not accept clinical data from trials which are conducted at clinical facilities or in countries where the standard of care is potentially different from the United States;
- the results of clinical trials may not demonstrate the safety or efficacy required by such authorities for approval;
- we or any of our future development partners may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- such authorities may disagree with our interpretation of data from preclinical studies or clinical trials or the use of results from studies that served as precursors to our current or future product candidates;
- such authorities may find deficiencies in our manufacturing processes or facilities or those of third-party manufacturers with which we or any of our future development partners contract for clinical and commercial supplies; or
- the approval policies or regulations of such authorities may significantly change in a manner rendering our or any of our future development partners' clinical data insufficient for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the risks described above, can involve additional product testing, administrative review periods, and agreements with pricing authorities. In addition, events raising questions about the safety of certain marketed pharmaceuticals or biologics may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new tissue regeneration products based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us or any of our future development partners from commercializing our product candidates.

NeoCart or any future product candidate we or any of our future development partners advance into clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent its regulatory approval or limit its commercial potential.

Unacceptable adverse events caused by any of our product candidates that we advance into clinical trials could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications and markets. This in turn could prevent us from completing development or commercializing the affected product candidate and generating revenue from its sale.

We have not yet completed testing of any of our product candidates for the treatment of the indications for which we intend to seek approval, and we currently do not know the extent of adverse events, if any, that will be observed in individuals who receive any of our product candidates. If any of our product candidates cause unacceptable adverse events in clinical trials, we may not be able to obtain regulatory approval or commercialize such product candidate.

The results of preclinical studies and early clinical trials are not always predictive of future results. Any product candidate we or any of our future development partners advance into clinical trials may not have favorable results in later clinical trials, if any, or receive regulatory approval.

Regenerative medicine product development has inherent risk. We or any of our future development partners will be required to demonstrate through adequate and well-controlled clinical trials that our product candidates are effective, with a favorable benefit-risk profile, for use in their target indications before we can seek regulatory approvals for their commercial sale. Regenerative medicine product development is a long, expensive and uncertain process, and delay or failure can occur at any stage of development, including after commencement of any of our clinical trials. In addition, success in early clinical trials does not mean that later clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety or efficacy despite having progressed through initial clinical testing. Furthermore, our future trials will need to demonstrate sufficient safety and efficacy for approval by regulatory authorities in larger patient populations. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. In addition, only a small percentage of biologics under development result in the submission of a New Drug Application or Biologic Licensing Application to the FDA and even fewer are approved for commercialization.

We are subject to a multitude of manufacturing risks, any of which could substantially increase our costs and limit supply of our products.

The process of manufacturing NeoCart is complex, highly regulated and subject to several risks, including:

- The process of manufacturing NeoCart, including the use of autologous cells, is susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, or surgeon or laboratory technician error. Even minor deviations from normal manufacturing processes could result in lost NeoCart production runs, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or in the manufacturing process or facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.
- The manufacturing facilities in which NeoCart is made could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors. For instance, in 2012, we voluntarily suspended manufacturing operations and paused enrollment of the NeoCart Phase 3 clinical trial upon discovery of discrepancies in the testing procedures used to assess one of the raw materials utilized in the manufacture of NeoCart implants and we could be required in the future to suspend manufacturing due to circumstances out of our control.
- We and our contract manufacturers, if any, must comply with the current Good Manufacturing Practices (cGMP) regulations and guidelines. We and our contract manufacturers, if any, may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. We and our contract manufacturers, if any, are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture, packaging, storage or shipping of our products as a result of a failure of our facilities or operations, or the facilities or operations of third parties, to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our products, including leading to significant delays in the availability of products for our clinical studies or the termination or hold on a clinical study, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our

reputation. If we are not able to maintain regulatory compliance, we may not be permitted to market our products or may be subject to product recalls, seizures, injunctions, or criminal prosecution.

- Any adverse developments affecting manufacturing operations for our products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

In order to manufacture NeoCart, we operate our own cGMP manufacturing facility in Waltham, Massachusetts for production of NeoCart. We are in the process of locating and subsequently developing a facility for our cGMP manufacturing in the Waltham, Massachusetts area which we plan to build out to produce key NeoCart raw materials, including CT3 components, collagen and scaffold. While we own the manufacturing process, unforeseen issues or outside influences could impact potential supply. For example:

- Our facility in Waltham may not meet FDA cGMP standards during the pre-approval inspection necessary for Biologic Licensing Application approval, delaying Biologic Licensing Application approval and resulting in added cost to mitigate issues identified during inspection.
- The anticipated site that we plan to build out for production of key raw materials may not be completed on our current schedule and once completed may not receive FDA approval to operate, resulting in delays while we implement improvements necessary to receive approval, leading to delays in the initiation of commercial production. We plan to meet with FDA during the course of 2014 to obtain the FDA's input and agreement with respect to our technology transfer and comparability plans.
- The raw material to be produced at the new facility site may not be comparable to the raw materials sourced from external vendors for earlier clinical trial work, including the ongoing NeoCart Phase 3 clinical trial, according to our current projected timelines, and the FDA may delay approval of the new raw material source or require additional studies to show comparability.
- We may not achieve our anticipated production throughput targets, resulting in lower than anticipated capacity, limiting supply of our products, lowering revenue and increasing costs. We may not hit our production cost target for a variety of reasons including increased raw material cost, underestimate of labor requirements, underestimate of capital requirement and other facility, personnel or materials issues that we have not anticipated. Increased costs will adversely impact gross margin achieved by our products.
- The FDA may not approve implementation of the multi-unit NeoCart reactor or approval may be delayed, which could result in capacity limitation or high unit costs, depending upon the length of the delay.

We may fail to comply with any of our obligations under existing agreements pursuant to which we license rights or technology, which could result in the loss of rights or technology that are material to our business.

We are a party to technology licenses that are important to our business and we may enter into additional licenses in the future. We currently hold material licenses from Purpose Co., Ltd., Angiotech Pharmaceuticals (US), Inc., Angiodevice International GmbH, the Board of Trustees of The Leland Stanford Junior University, Yeda Research and Development Co., Ltd. and Koken Co., Ltd. The rights licensed under these agreements, including rights relating to our scaffolds, tissue processor, bioadhesives and growth factors, are material to our regenerative medicine platform and the continued development of NeoCart and our future product candidates. These licenses impose various commercial, contingent payment, royalty, insurance, indemnification and other obligations on us. If we fail to comply with these obligations, the licensor may have the right to terminate the license, in which event we would lose valuable rights under our license agreements and our ability to develop or commercialize product candidates. Any termination or reversion of our rights to under the foregoing agreements may have a material adverse effect on our business, prospects and results of operations.

Development of regenerative medicine products is inherently expensive and risky and may not be understood by or accepted in the marketplace, which could adversely affect our future value.

The clinical development, commercialization and marketing of regenerative medicine products are at an early-stage, substantially research-oriented, and financially speculative. To date, very few companies have been successful in their efforts to develop and commercialize regenerative medicine products. In general, regenerative medicine products may be susceptible to various risks, including undesirable and unintended side effects, unintended immune system responses, inadequate therapeutic efficacy, potentially prohibitive costs or other characteristics that may prevent or limit their approval or commercial use. Furthermore, the number of people who may use cell- or tissue-based regenerative medicine therapies is difficult to forecast with accuracy. Our future success is dependent on the establishment of a large global market for regenerative medicine products and our ability to capture a share of this market with NeoCart and our future product candidates.

Our development efforts with our regenerative medicine platform are susceptible to the same risks of failure inherent in the development and commercialization of product candidates based on new technologies. The novel nature of regenerative medicine products creates significant challenges in the areas of product development and optimization, manufacturing, government regulation, third-party reimbursement and market acceptance. For example, the FDA has relatively limited experience regulating cell- or tissue-based regenerative medicine therapies, and there are few approved treatments utilizing regenerative medicine products.

Even if we successfully develop and obtain regulatory approval for NeoCart and our future product candidates, the market may not understand or accept them. NeoCart and our future product candidates represent novel treatments and are expected to compete with a number of surgical options and more conventional products and therapies manufactured and marketed by others, including major pharmaceutical and biotechnology companies. The degree of market acceptance of any of our developed and potential product candidates will depend on a number of factors, including:

- the clinical safety and effectiveness of NeoCart and our future product candidates and their perceived advantage over alternative treatment methods, if any;
- adverse events involving NeoCart and our future product candidates or the products or product candidates of others; and
- the cost of our products and the reimbursement policies of government and private third-party payors.

If the health care community does not accept NeoCart or our future product candidates for any of the foregoing reasons, or for any other reason, it could affect our sales, having an adverse effect on our business, financial condition and results of operations.

We will need additional capital to develop and commercialize our product candidates including NeoCart, and we may be unable to raise additional capital when needed at all, which could force us to reduce or discontinue such product candidates.

The amount and timing of our future, long-term funding requirements will depend on many factors, including:

- the type, number, costs and results of the product candidate development programs which we are pursuing or may choose to pursue in the future;
- the scope, progress, expansion, costs and results of our clinical trials;
- the timing of and costs involved in obtaining regulatory approvals;
- market acceptance of any products for which we receive approval;
- our ability to establish and maintain development partnering arrangements;

- the timing, receipt and amount of contingent, royalty and other payments from our future development partners, if any;
- the emergence of competing technologies and other adverse market developments;
- the costs of maintaining, expanding and protecting our intellectual property portfolio, including potential litigation costs and liabilities;
- the resources we devote to marketing and, if approved, commercializing our product candidates;
- the scope, progress, expansion and costs of manufacturing our product candidates; and
- the costs of financing the purchases of additional capital equipment and development technologies.

If we are unable to raise additional funding for our product candidates, including NeoCart, when needed, we may be required to delay, reduce or terminate some or all of our development programs and clinical trials. We may be required to sell or license to others our technologies, product candidates or development programs that we would have preferred to develop and commercialize ourselves.

If our competitors develop treatments for the target indications of NeoCart or our future product candidates that are approved more quickly, marketed more successfully or demonstrated to be safer or more effective than our product candidates, our commercial opportunity will be reduced or eliminated.

The regenerative medicine industry is intensely competitive and subject to rapid and significant technological change. We face competition from major multinational companies, established and early-stage biotechnology companies, and universities and other research institutions. Many of our competitors have greater financial and other resources, such as larger research and development staff and more experienced marketing and manufacturing organizations. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing products. These companies also have significantly greater research, sales and marketing capabilities and collaborative arrangements in our target markets with leading companies and research institutions. Established companies may also invest heavily to accelerate discovery and development of novel therapeutics or to in-license novel therapeutics that could make the product candidates that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection or FDA approval or discovering, developing and commercializing treatments in the regenerative medicine indications that we are targeting before we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

There are several clinical-stage development programs in various stages of development that seek to regenerate soft tissue and repair cartilage. In addition, many universities and private and public research institutes may develop technologies that are relevant to our product candidates, but license them to our competitors. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis, technologies and products that are more effective, including a one-step alternative to NeoCart, or less costly than NeoCart or any future product candidates that we may develop, which could render our products obsolete and noncompetitive.

We believe that our ability to successfully compete will depend on, among other things:

- the results of our preclinical studies and clinical trials;
- our ability to recruit and enroll patients for our clinical trials;
- the efficacy, safety and reliability of our product candidates;
- the speed at which we develop our product candidates;
- our ability to design and successfully execute appropriate clinical trials;
- our ability to protect and develop intellectual property rights related to our products;

- our ability to maintain a good relationship with regulatory authorities;
- the timing and scope of regulatory approvals, if any;
- our ability to commercialize and market any of our product candidates that receive regulatory approval;
- market perception and acceptance of regenerative medicine products;
- acceptance of our product candidates by physicians, patients and institutions;
- the price of our products;
- adequate levels of reimbursement under private and governmental health insurance plans, including Medicare; and
- our ability to manufacture and sell commercial quantities of any approved products to the market.

If our competitors market products that are more effective, safer or less expensive than our future products or that reach the market sooner than our future products, we may not achieve commercial success. Any inability to compete effectively will adversely impact our business and financial prospects.

We have a limited manufacturing capacity for NeoCart and our future product candidates, which could inhibit the long-term growth prospects of this business.

We currently produce materials for clinical trials, including production of NeoCart, at our existing manufacturing facilities in Waltham, Massachusetts, which we have designed and operated to be compliant with FDA, cGMP and the current Good Tissue Practice as and if applicable, requirements. We estimate that we can produce approximately 500 NeoCart units per year in our existing facility. While we believe these facilities provide us with sufficient capacity to meet our expected clinical demand and possibly our commercial launch demand, it is possible that the demand for products could exceed our existing manufacturing capacity. It will become necessary or desirable for us to expand our manufacturing capabilities for our regenerative medicine platform in the future, which may require us to invest significant amounts of capital and to obtain regulatory approvals. If we are unable to meet rising demand for products on a timely basis or unable to maintain cGMP compliance standards, then it is likely that our clients and potential clients will elect to obtain the products from competitors, which could materially and adversely affect the level of our revenues and our prospects for growth.

The current tissue engineering processor (TEP) in our Waltham facility is resource dependent due to the single-unit capacity. We are developing a multi-unit NeoCart reactor design which would alleviate the capacity restraints currently resulting from our single-unit processors and will increase capacity to 2,500 units per year at the existing Waltham, Massachusetts facility. We currently expect to begin implementation of a multi-reactor unit during the first year of product commercialization, thus providing adequate capacity to meet expected demand through the first two years of commercialization from our Waltham facility. The FDA may not, however, approve implementation of the multi-unit NeoCart reactor or approval may be delayed which could result in capacity limitation or high unit costs depending upon the length of the delay. We are collaborating with ST3 Development Corporation to design the multi-unit reactor.

Components of regenerative medicine products approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMP. In addition, the manufacturing process of regenerative medicine products may be required to be modified from time to time in response to FDA requests. Manufacture of cell- or tissue-based regenerative medicine products is complex and subjects companies to significant regulatory burdens that may change over time. We may encounter difficulties in the production of our product candidates due to our limited manufacturing experience.

If we are not successful in discovering, developing, acquiring and commercializing additional product candidates, our ability to expand our business will be limited.

A substantial amount of our effort is focused on the continued clinical testing and potential approval of NeoCart and our future product candidates and expanding our product candidates to serve other indications of high unmet medical needs. Research programs to identify other indications require substantial technical, financial and human resources, whether or not any product candidates for other indications are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including the following:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If we do not successfully develop and commercialize product candidates for other indications, our business and future prospects may be limited and our business will be more vulnerable to problems that we encounter in developing and commercializing our current product candidates.

We may experience delays in commencing or conducting our clinical trials or in receiving data from third parties or in the completion of clinical testing, which could result in increased costs to us and delay our ability to generate product candidate revenue.

Before we can initiate clinical trials in the United States for our product candidates, we need to submit the results of preclinical testing to the FDA as part of an IND application, along with other information including information about product candidate chemistry, manufacturing and controls and our proposed clinical trial protocol. We may rely in part on preclinical, clinical and quality data generated by contract research organization and other third parties for regulatory submissions for our product candidates. If these third parties do not make timely regulatory submissions for our product candidates, it will delay our plans for our clinical trials. If those third parties do not make this data available to us, we will likely have to develop all necessary preclinical and clinical data on our own, which will lead to significant delays and increase development costs of the product candidate. In addition, the FDA may require us to conduct additional preclinical testing for any product candidate before it allows us to initiate clinical testing under any IND application, which may lead to additional delays and increase the costs of our preclinical development. Despite the presence of an active IND application for a product candidate, clinical trials can be delayed for a variety of reasons including delays in:

- identifying, recruiting and training suitable clinical investigators;
- reaching agreement on acceptable terms with prospective contract research organizations and trial sites, the terms of which can be subject to extensive negotiation, may be subject to modification from time to time, and may vary significantly among different contract research organizations and trial sites;
- obtaining sufficient quantities of a product candidate for use in clinical trials, including as a result of transferring the manufacturing of a product candidate to another site or manufacturer;
- obtaining and maintaining institutional review board or ethics committee approval to conduct a clinical trial at an existing or prospective site;

- identifying, recruiting and enrolling subjects to participate in a clinical trial; and
- retaining or replacing participants who have initiated a clinical trial but may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process, or personal issues.

The FDA may also put a clinical trial on clinical hold at any time during product candidate development. In addition, we may voluntarily pause a clinical trial for a variety of reasons. For instance, in 2012 we voluntarily suspended manufacturing operations and paused enrollment of the NeoCart Phase 3 clinical trial upon discovery of discrepancies in the testing procedures used to assess one of the raw materials utilized in the manufacture of NeoCart implants and we could be required in the future to suspend manufacturing due to circumstances out of our control.

Once a clinical trial has begun, it may also be delayed as a result of ambiguous or negative interim results. Further, a clinical trial may be suspended or terminated by us, an institutional review board, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any of our clinical trial sites with respect to that site or the FDA or other regulatory authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities;
- unforeseen safety issues, known safety issues that occur at a greater frequency or severity than we anticipate, or any determination that the clinical trial presents unacceptable health risks; or
- lack of adequate funding to continue the clinical trial.

Any delays in the commencement of our clinical trials will delay our ability to pursue regulatory approval for our product candidates. Changes in U.S. and foreign regulatory requirements and guidance also may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to institutional review boards for re-examination, which may affect the costs, timing and likelihood of a successful completion of a clinical trial. If we or any of our future development partners experience delays in the completion of, or if we or any of our future development partners must terminate, any clinical trial of any product candidate our ability to obtain regulatory approval for that product candidate will be delayed and the commercial prospects, if any, for the product candidate may suffer as a result. In addition, many of these factors may also ultimately lead to the denial of regulatory approval of a product candidate.

Regulatory authorities, including the FDA and the European Medicines Agency, may disagree with our interpretations of data from pre-clinical studies and clinical trials. Regulatory authorities also may approve a product for narrower indications than requested or may grant approval subject to the performance of post-marketing studies for a product. There can be no guarantee that such post-approval studies, if required, will corroborate the results of earlier trials. Furthermore, the market use of such products may show different safety and efficacy profiles to those demonstrated in the trials on which marketing approval was based. Such circumstances could lead to the withdrawal or suspension of marketing approval for the product, which could have a material adverse effect on our business, financial condition, operating results or cash flows. In addition, regulatory authorities may not approve or agree with the labeling claims that are necessary or desirable for the successful commercialization of our products.

If NeoCart or any future product candidate that we successfully develop does not achieve broad market acceptance among physicians, patients, healthcare payors and the medical community, the revenue that it generates may be limited.

Even if NeoCart or our future product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and the medical community. Coverage and

reimbursement of our product candidates by third-party payors, including government payors, generally is also necessary for commercial success. The degree of market acceptance of any approved product candidates will depend on a number of factors, including:

- the efficacy and safety as demonstrated in clinical trials;
- the clinical indications for which the product candidate is approved;
- acceptance by physicians, major operators of hospitals and clinics and patients of the product candidate as a safe and effective treatment;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including their use outside the approved indications;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;
- relative convenience and ease of administration;
- the prevalence and severity of adverse events;
- the effectiveness of our sales and marketing efforts; and
- unfavorable publicity relating to the product candidate or regenerative medicine products, in general.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate sufficient revenue from that product candidate and may not become or remain profitable. Ethical, social and legal concerns about regenerative medicine products could result in additional regulations restricting or prohibiting the use of our product candidates.

Insurance coverage and reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our product candidates profitably.

Market acceptance and sales of NeoCart and our future product candidates will depend significantly on the availability of adequate insurance coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future health care reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medical treatments they will pay for and establish reimbursement levels. Reimbursement by a third-party payor may depend upon a number of factors including the third-party payor's determination that use of a product candidate is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product candidate from a government or other third-party payor is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost effectiveness data for the use of our product candidates to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, NeoCart or our future product

candidates. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our product candidates profitably, or at all, even if approved.

In the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to health care systems that could affect our ability to sell our product candidates profitably. In particular, in 2003 the Medicare Modernization Act revised the payment methods for many product candidates under Medicare. This has resulted in lower rates of reimbursement. There have been numerous other federal and state initiatives designed to reduce payment for products.

As a result of legislative proposals and the trend toward managed health care in the United States, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new tissue regenerative medicine products. They may also refuse to provide coverage of approved product candidates for medical indications other than those for which the FDA has granted market approvals. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved regenerative medicine products, which in turn will put pressure on the pricing of such products. We expect to experience pricing pressures in connection with the sale of our product candidates due to the trend toward managed health care, the increasing influence of health maintenance organizations, and additional legislative proposals as well as country, regional, or local healthcare budget limitations.

In addition, reimbursement agencies in foreign jurisdictions may be more conservative than those in the United States. Accordingly, in markets outside the United States, the reimbursement for our products may be more limited than in the United States and may be insufficient to generate commercially reasonable revenues and profits.

Failure to obtain or maintain adequate reimbursement for any products for which we receive marketing approval will adversely impact our ability to achieve commercial success.

We may face product liability claims and, if successful claims are brought against us, we may incur substantial liability and costs. If the use of our product candidates harms patients, or is perceived to harm patients even when such harm is unrelated to our product candidates, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims.

The use of NeoCart and our future product candidates in clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by participants in clinical trials, consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our product candidates and any products for which we obtain marketing approval. There is a risk that our product candidates may induce adverse events, and that such adverse events may not be detected for a long period of time. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- increased costs due to related litigation;
- distraction of management’s attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- decreased demand for our product candidates, if approved for commercial sale.

We carry product liability insurance that we believe is sufficient in light of our current clinical programs; however, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on regenerative medicine products or medical treatments that had unanticipated adverse effects. In addition, under some of our agreements with clinical trial sites, we are required to indemnify the sites and their personnel against product liability and other claims. A successful product liability claim or series of claims brought against us or any third parties whom we are required to indemnify could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

During the course of treatment, patients may suffer adverse events for reasons that may be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market our products, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our products, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our development and commercialization efforts, delay our regulatory approval process, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

We do not carry insurance for all categories of risk that our business may encounter and we may not be able to maintain insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our financial position and results of operations.

If we are unable to establish sales and marketing capabilities or fail to enter into agreements with third parties to market and sell any product candidates we may successfully develop, we may not be able to effectively market and sell any such product candidates.

We have no experience selling and marketing any products. We do not currently have any infrastructure for the sale, marketing and distribution of any of our product candidates once approved, if at all, and we must build this infrastructure in order to commercialize any product candidates for which we may obtain approval in the United States or make arrangements with third parties to perform these functions for us outside of the United States. To successfully commercialize any products 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 a sales force, either by us or jointly with a development partner, or the establishment of a contract sales force to market any product candidates we may develop will be expensive and time consuming and could delay any commercial launch. If we or any of our future development partners are unable to establish sales and marketing capabilities or any other nontechnical capabilities necessary to commercialize any product candidates we may successfully develop, we will need to contract with third parties to market and sell such product candidates. We may not be able to establish arrangements with third parties on acceptable terms, if at all.

Legislative or regulatory healthcare reforms in the United States and abroad may make it more difficult and costly for us to obtain regulatory approval of our product candidates and to produce, market and distribute our products after approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory approval, manufacture and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of NeoCart or any

future product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- changes to manufacturing methods;
- additional studies, including clinical studies;
- recall, replacement, or discontinuance of one or more of our products;
- the payment of additional taxes; or
- additional record keeping.

Each of these requirements would likely entail substantial time and cost and could adversely harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory approvals for any future products would harm our business, financial condition and results of operations. We intend to seek approval to market our product candidates in both the United States and in foreign jurisdictions. If we obtain approval in one or more foreign jurisdictions, we will be subject to rules and regulations in those jurisdictions relating to such product candidate. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

We currently rely on third parties in order to perform certain aspects of our business, including to support certain aspects of our clinical trials and to supply the NeoCart tissue engineering processor. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third parties to monitor and manage data for our ongoing clinical programs. We rely on these parties for execution of our clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We also rely on third parties to assist in conducting our nonclinical studies in accordance with good laboratory practices. We and our third-party service providers are required to comply with good clinical practices, which are regulations and guidelines enforced by the FDA, as well as comparable foreign regulations and guidelines, for all of our product candidates in clinical development. Regulatory authorities enforce these good clinical practices through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our third-party service providers or clinical trial sites fail to comply with applicable good clinical practices, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with good clinical practices requirements. In addition, our clinical trials must be conducted with product produced under applicable good manufacturing practices requirements. Failure to comply with these regulations may require us to repeat nonclinical and clinical trials, which would delay the regulatory approval process.

Our third-party service providers are not our employees, and except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our on-going clinical and nonclinical programs. If third-party service providers do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Because we have relied on third parties, our internal capacity to perform these functions is limited. Outsourcing these functions involves risk that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. We currently have a small number of employees, which limits the internal resources we have available to identify and monitor our third-party service providers. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Although we carefully manage our relationships with our third-party service providers, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We are also dependent on third-party suppliers, most of which are sole source suppliers of the components used to manufacture our TEP. If these third-party suppliers do not supply sufficient quantities to us on a timely basis and in accordance with applicable specifications and other regulatory requirements, there could be a significant interruption of our ability to supply, which would adversely affect clinical development or commercial production of the product candidate. Furthermore, if any of these third parties cannot successfully supply TEPs that we require for our production that conforms to our specifications and with regulatory requirements, we will not be able to meet demand, for our product candidates.

We do not expect to have the resources or capacity to commercially manufacture TEPs required to manufacture our proposed product candidates if approved, and will likely continue to be dependent on third-party suppliers. Our dependence on third parties to manufacture and supply us with these TEPs may adversely affect our ability to develop and commercialize our product candidates on a timely basis.

We may not be successful in establishing and maintaining development or other strategic partnerships, which could adversely affect our ability to develop and commercialize product candidates.

As part of our strategy, we intend to enter into development or other strategic partnerships in the future, including collaborations with major biotechnology or pharmaceutical companies. We face significant competition in seeking appropriate partners and the negotiation process is time consuming and complex. Moreover, we may not be successful in our efforts to establish a development partnership or other alternative arrangements for any of our other existing or future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early a stage of development for collaborative effort or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish development partnerships, the terms that we agree upon may not be favorable to us and we may not be able to maintain such development partnerships if, for example, development or approval of a product candidate is delayed or sales of an approved product candidate are disappointing. Any delay in entering into development partnership agreements related to our product candidates could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market.

Moreover, if we fail to establish and maintain development or other strategic partnerships related to our product candidates:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development of certain of our current or future product candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; and
- we will bear all of the risk related to the development of any such product candidates.

We may need to expand our operations and increase the size of our company and we may experience difficulties in managing any such growth.

As we continue to advance NeoCart towards potential commercialization, increase the number of ongoing product development programs and advance our future product candidates through preclinical studies and clinical trials, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities and, in some cases, collaborate and contract with third parties to provide these capabilities for us. Our management, personnel and systems currently in place may not be adequate to support this future growth. Our need to effectively manage our operations, growth and various projects requires that we:

- successfully attract and recruit new employees or consultants with the requisite expertise and experience;
- manage our clinical programs effectively;
- develop a marketing and sales infrastructure if we receive regulatory approval for any product candidate;
- continue to improve our operational, financial and management controls, reporting systems and procedures, including those related to being a public company; and
- construct, validate and effectively operate new and expanded manufacturing facilities.

If we are unable to successfully manage this growth and increased complexity of operations, our business may be adversely affected.

If we fail to hire and effectively integrate new executive officers into our organization, the future development and commercialization of our product candidates may suffer, harming future regulatory approvals, sales of our product candidates or our results of operations.

Our current management team has only been working together for a relatively short period of time and a majority of our current management team has been employed by us for less than a year. In addition, Peter Greenleaf recently notified us of his intention to resign, effective as of February 28, 2014, as our president and chief executive officer and as one of our directors. We will need to identify and hire a chief executive officer to succeed Mr. Greenleaf, and we expect to continue to expand our management team in the future. Our future performance will depend significantly on our ability to hire a qualified chief executive officer and successfully integrate recently and subsequently hired executive officers into our management team, and on those officers' ability to develop and maintain an effective working relationship. Our failure to integrate recently and subsequently hired executive officers, including a new chief executive officer, with other members of management could result in inefficiencies in the development and commercialization of our product candidates, harming future regulatory approvals, sales of our product candidates and our results of operations.

We may not be able to manage our business effectively if we are unable to attract and retain key personnel and consultants, including a qualified new chief executive officer.

Given the specialized nature of regenerative cell therapy and that it is a relatively new field, there is an inherent scarcity of experienced personnel in the field. We may not be able to attract or retain qualified management (including a new chief executive officer), finance, scientific and clinical personnel and consultants due to the intense competition for qualified personnel and consultants among biotechnology, pharmaceutical and other businesses. Our board of directors will appoint a successor to our current president and chief executive officer and has initiated the search for a new president chief executive officer but we may not be able to hire a qualified new chief executive officer within the foreseeable future. If we are not able to attract and retain necessary personnel and consultants to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

Our industry has experienced high turnover of management personnel in recent years. We are highly dependent on the development, regulatory, commercialization and business development expertise of our senior management team. The loss of Mr. Greenleaf or one or more additional executive officers or key employees, could seriously harm our ability to implement our business strategy successfully. While we have entered into employment contracts with each of our executive officers, any of them could leave our employment at any time, as all of our employees are at-will employees. Replacing key personnel and consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain regulatory approval of and commercialize products successfully. Competition to hire and retain employees and consultants from this limited pool is intense, and we may be unable to hire, train, retain or motivate these additional key personnel and consultants. Our failure to retain key personnel or consultants could materially harm our business, and the transition to any replacement personnel, particularly at the chief executive officer position, may cause or result in:

- speculation and uncertainty about our business and future direction;
- distraction of our employees and management;
- difficulty in recruiting, hiring, motivating and retaining talented and skilled personnel;
- volatility in our stock price; and
- difficulty in negotiating, maintaining or consummating business or strategic relationships or transactions.

We rely on our scientific and clinical advisors and consultants to assist us in formulating our research, development and clinical strategies. These advisors and consultants are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, these advisors and consultants typically will not enter into non-compete agreements with us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. Furthermore, our advisors may have arrangements with other companies to assist them in developing products or technologies that may compete with ours. If we are unable to maintain consulting relationships with our key advisors or consultants or if they provide services to our competitors, our development and commercialization efforts will be impaired, and our business will be significantly harmed.

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

Our audited consolidated financial statements at December 31, 2012 and for the year then ended were prepared assuming that we will continue as a going concern. However, the report of our independent registered public accounting firm included elsewhere in this prospectus contains an explanatory paragraph on our consolidated financial statements stating there is substantial doubt about our ability to continue as a going concern, meaning that we may not be able to continue in operation for the foreseeable future or be able to realize assets and discharge liabilities in the ordinary course of operations. Such an opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. There is no assurance that sufficient financing will be available when needed to allow us to continue as a going concern. The perception that we may not be able to continue as a going concern may also make it more difficult to operate our business due to concerns about our ability to meet our contractual obligations.

Failure to build our finance infrastructure and improve our accounting systems and controls could impair our ability to comply with the financial reporting and internal control requirements for publicly traded companies.

As a public company, we will operate in an increasingly demanding regulatory environment, which requires us to comply with the Sarbanes-Oxley Act and the related rules and regulations of the SEC, expanded disclosure requirements, accelerated reporting requirements and more complex accounting rules. Company responsibilities

required by the Sarbanes-Oxley Act include establishing corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. Effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent financial fraud.

Pursuant to Section 404 of the Sarbanes-Oxley Act and related rules, our management will be required to report upon the effectiveness of our internal control over financial reporting. When and if we are a "large accelerated filer" or an "accelerated filer" and are no longer an "emerging growth company," each as defined in the Securities Exchange Act, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. However, for so long as we remain an emerging growth company, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 for a period of no more than 5 years. Once we are no longer an emerging growth company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. To comply with the requirements of being a reporting company under the Securities Exchange Act, we need to: upgrade our systems, including information technology; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff.

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements.

Our management team is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. 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 annual or interim financial statements will not be prevented or detected on a timely basis.

During the course of preparing for this offering, our management team determined that we had material weaknesses in our internal control over financial reporting. The material weaknesses are or were as follows:

- Our controls and procedures over the accounting for and reporting of complex accounting matters were not effectively designed due to a failure to design and implement appropriate policies and procedures to ensure that the accounting and valuation of complex debt and equity transactions is in accordance with GAAP.
- Adequate controls were not in place to appropriately segregate duties in areas such as journal entries, cash disbursements, impairment of intangible assets and the calculation and recording of income taxes.
- Our controls were not effectively implemented in the financial statement close process to ensure that proper cut-off of accrued expenses was achieved at interim periods.

The material weakness identified in the first bullet point above resulted in restatements of our consolidated financial statements for the period from June 28, 2000 (date of inception) to December 31, 2009 that affected the carrying value of various series of preferred stock, additional paid-in capital, accumulated deficit, interest expense and change in fair value of warrant liability and other liability. We engaged in external resources to provide technical expertise to ensure that appropriate controls were in place to properly account for complex debt and equity transactions for the year ended December 31, 2012.

Historically, we have not had sufficient accounting and supervisory personnel with the appropriate level of technical accounting experience and training necessary, or adequate formally documented accounting policies and procedures, to support effective internal control and appropriate segregation of duties. We have commenced the process of formally documenting, reviewing and improving our internal control over financial reporting. We have made efforts to improve our internal control and accounting policies and procedures. These efforts include hiring new accounting personnel and engaging external temporary resources to supplement our accounting function until full time accounting personnel can be hired.

We cannot assure you that we will not have material weaknesses or significant deficiencies in our internal control over financial reporting. If we are unable to successfully remediate any material weakness or significant deficiency in our internal control over financial reporting, or identify any material weaknesses or significant deficiencies that may exist, 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, and our stock price may decline materially as a result.

Pursuant to Section 404(a) of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting. We have begun the process of documenting and evaluating our system of internal control over financial reporting necessary for our management to issue this report. However, we anticipate that we will need to retain additional finance capabilities and build our financial infrastructure as we transition to operating as a public company, including complying with the requirements of Section 404 of the Sarbanes-Oxley Act. As we begin operating as a public company following this offering, we will need to continue improving our financial infrastructure with the retention of additional financial and accounting capabilities, the enhancement of internal control and additional training for our financial and accounting staff.

Until we are able to expand our finance and administrative capabilities and establish necessary financial reporting infrastructure, we may not be able to prepare and disclose, in a timely manner, our financial statements and other required disclosures or comply with the Sarbanes-Oxley Act or existing or new reporting requirements. If we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed and investors could lose confidence in our reported financial information.

If we engage in an acquisition, reorganization or business combination, we will incur a variety of risks that could adversely affect our business operations or our stockholders.

From time to time we have considered, and we will continue to consider in the future, strategic business initiatives intended to further the expansion and development of our business. These initiatives may include acquiring businesses, technologies or products or entering into a business combination with another company. For instance, in 2011, we acquired ProChon Biotech Ltd. Although we intend to evaluate and consider acquisitions, reorganizations and business combinations in the future, we have no agreements or understandings with respect to any acquisition, reorganization or business combination at this time. Any acquisitions we undertake, including our prior acquisition of ProChon Biotech Ltd., will likely be accompanied by business risks which may include:

- the effect of the acquisition on our financial and strategic position and reputation;
- the need to reprioritize our development programs and even cease development and commercialization of our product candidates;
- the failure of an acquisition to result in expected benefits, which may include benefits relating to enhanced revenues, technology, human resources, costs savings, operating efficiencies, goodwill and other synergies;
- the difficulty, cost and management effort required to integrate the acquired businesses, including costs and delays in implementing common systems and procedures and costs and delays caused by communication difficulties;

- the assumption of certain known or unknown liabilities of the acquired business, including litigation-related liabilities;
- the reduction of our cash available for operations and other uses, the increase in amortization expense related to identifiable assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt;
- a lack of experience in new markets, new business culture, products or technologies or an initial dependence on unfamiliar distribution partners;
- the possibility that we will pay more than the value we derive from the acquisition;
- the impairment of relationships with customers, partners or suppliers of the acquired business; and
- the potential loss of key employees of the acquired company.

These factors could harm our business, results of operations or financial condition.

In addition to the risks commonly encountered in the acquisition of a business or assets as described above, we may also experience risks relating to the challenges and costs of evaluating or closing a transaction, including distraction of our management team from normal business operations. The risks described above may be exacerbated as a result of managing multiple acquisitions at once.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in the foreseeable future and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before such unused losses expire. Under Section 382 of the Internal Revenue Code, Under Section 382 and 383 of the Internal Revenue Code (Code), utilization of net operating losses and research and development credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred or that could occur in the future. In general an “ownership change” as defined by section 382 of the Code results from a transaction or series of transactions over a three year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders. We have in the past experienced ownership changes that have resulted in limitations on the use of a portion of our net operating loss carryforwards. If we experience further ownership changes in connection with or after this offering, our ability to utilize our net operating loss carryforwards could be further limited.

Our internal computer systems, or those of our development partners, third-party clinical research organizations or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our development partners, third-party clinical research organizations and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical trial data for any of our product candidates 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 results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities and the further development of our product candidates could be delayed.

We use hazardous chemicals and biological materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly. We may incur significant costs complying with environmental laws and regulations.

Our research and development and manufacturing processes involve the controlled use of hazardous materials, including chemicals and biological materials. Our operations produce hazardous waste products. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. We may be sued for any injury or contamination that results from our use or the use by third parties of these materials, and our liability may exceed our insurance coverage and our total assets. Federal, state and local laws and regulations govern the use, manufacture, storage, handling and disposal of these hazardous materials and specified waste products, as well as the discharge of pollutants into the environment and human health and safety matters. Compliance with environmental laws and regulations may be expensive and may impair our research, development and production efforts. If we fail to comply with these requirements, we could incur substantial costs, including civil or criminal fines and penalties, clean-up costs or capital expenditures for control equipment or operational changes necessary to achieve and maintain compliance. In addition, we cannot predict the impact on our business of new or amended environmental laws or regulations or any changes in the way existing and future laws and regulations are interpreted and enforced.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with the regulations of the FDA or foreign regulators, failure to provide accurate information to regulatory authorities, failure to comply with manufacturing standards we have established, failure to comply with federal and state health care fraud and abuse laws and regulations in the United States and abroad, failure to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause harm to our reputation. We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to 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 have a significant impact on our business, including the imposition of significant fines or other sanctions.

In addition, during the course of our operations our directors, executives and employees may have access to material, nonpublic information regarding our business, our results of operations or potential transactions we are considering. We may not be able to prevent a director, executive or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive or employee was to be investigated or an action was to be brought against a director, executive or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money and divert attention of our management team from other tasks important to the success of our business.

Requirements associated with being a public reporting company will increase our costs significantly, as well as divert significant company resources and management attention.

We will be subject to the reporting requirements of the Securities Exchange Act and the other rules and regulations of the SEC upon consummation of this offering. We are working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and

management control systems to manage our growth and our obligations as a public reporting company. These areas include corporate governance, corporate control, disclosure controls and procedures, and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas. Compliance with the various reporting and other requirements applicable to public reporting companies will require considerable time, attention of management and financial resources. In addition, the changes we make may not be sufficient to allow us to satisfy our obligations as a public reporting company on a timely basis.

Further, the listing requirements of NASDAQ require that we satisfy certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve as our directors or executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

Our business is subject to the risks of earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by manmade problems such as terrorism. If any of our manufacturing, processing or storage facilities are damaged or destroyed, our business and prospects would be adversely affected.

A significant natural disaster, such as an earthquake, fire or flood, or a significant power outage, could have a material adverse impact on our business, operating results and financial condition. If any of our manufacturing, processing or storage facilities, or any of the equipment in such facilities were to be damaged or destroyed, this would force us to delay or halt our clinical trial or commercial production processes. We currently produce materials for our clinical trials at our manufacturing facilities located in Waltham, Massachusetts. If these facilities or the equipment in them are significantly damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity. In addition, natural disasters could affect our third-party service providers' and manufacturers ability to perform services and provide materials for us on a timely basis. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, our efforts to obtain regulatory approvals for, and to commercialize, our product candidates may be delayed or prevented. For example, if a central laboratory holding all of our clinical product supply were to suffer a catastrophic loss of their facility, we would be required to delay our clinical trials. In addition, acts of terrorism could cause disruptions in our business or the business of our third-party service providers, partners, customers or the economy as a whole.

Risks Related to Regulatory Approval

If we fail to complete clinical trials and obtain regulatory approval for NeoCart, our business would be significantly harmed.

We have not completed clinical development for any of our product candidates and will only obtain regulatory approval to commercialize a product candidate if we can demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities in well-designed and conducted clinical trials that the product candidate is safe, effective, and otherwise meets the appropriate standards required for approval for a particular class of products or indication. Clinical trials are lengthy, complex and extremely expensive processes with uncertain results. A failure of one or more clinical trials may occur at any stage. Of the large number of products in development, only a small percentage successfully complete the FDA regulatory approval process and are commercialized.

We have never obtained marketing approval from the FDA or any comparable foreign regulatory authority for any product candidate. Our ability to obtain regulatory approval of our product candidates depends on, among other things, whether our clinical trials demonstrate statistically significant efficacy with safety issues that do not potentially outweigh the therapeutic benefit of the product candidates, and whether the regulatory agencies agree

that the data from our future clinical trials is sufficient to support approval for any of our product candidates. The final results of our current and future clinical trials may not meet the FDA's or other regulatory agencies' requirements to approve a product candidate for marketing, and the regulatory agencies may otherwise determine that our manufacturing processes or facilities are insufficient to support approval. We may need to conduct more clinical trials than we currently anticipate. Even if we do receive FDA or other regulatory agency approval, we may not be successful in commercializing approved product candidates. If any of these events occur, our business could be materially harmed and the value of our common stock would likely decline.

Our clinical development of NeoCart could be substantially delayed if the FDA requires us to conduct additional studies or trials or imposes other requirements or restrictions.

We will need to generate and provide the FDA with comparability data from our new raw material production for the collagen critical raw materials used in our manufacturing process and intended for clinical use. The FDA may also require us to generate additional preclinical or clinical data to support the use of these new critical raw material suppliers in our NeoCart trial. Additionally, the FDA may impose other requirements on the protocol for our NeoCart trial. These additional requirements may cause further delays in our NeoCart trial which could require us to incur additional development costs, seek funding for these increased costs or delay or cease our clinical development activities for NeoCart. Any inability to advance NeoCart or any other product candidate through clinical development would have a material adverse effect on our business. For example, the recently enacted Food and Drug Administration Safety and Innovation Act made permanent the Pediatric Research Equity Act, which requires a sponsor to conduct pediatric studies for most tissue regeneration products for a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration. Under the Pediatric Research Equity Act, original New Drug Applications and Biologic Licensing Applications and supplements thereto must contain a pediatric assessment unless the sponsor has received a deferral or waiver. The required assessment must evaluate the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The sponsor or FDA may request a deferral of pediatric studies for some or all of the pediatric subpopulations, and it is likely that we will request such a deferral. A deferral may be granted for several reasons, including a finding that the tissue regeneration products is ready for approval for use in adults before pediatric studies are complete or that additional safety or effectiveness data needs to be collected before the pediatric studies begin. The FDA must send a non-compliance letter to any sponsor that fails to submit the required assessment, keep a deferral current or fails to submit a request for approval of a pediatric formulation.

We are subject to numerous U.S. federal and state laws pertaining to health care fraud and abuse, including anti-kickback, self-referral, false claims and fraud laws, and any violation by us of such laws could result in fines or other penalties.

If one or more of our product candidates is approved, we will be subject to U.S. federal and state laws intended to prevent health care fraud and abuse. The federal anti-kickback statute prohibits the offer, receipt, or payment of remuneration in exchange for or to induce the referral of patients or the use of products or services that would be paid for in whole or part by Medicare, Medicaid or other federal health care programs. Remuneration has been broadly defined to include anything of value, including cash, improper discounts, and free or reduced price items and services. Many states have similar laws that apply to their state health care programs as well as private payors. Violations of the anti-kickback laws can result in exclusion from federal health care programs and substantial civil and criminal penalties.

The False Claims Act imposes liability on persons who, among other things, present or cause to be presented false or fraudulent claims for payment by a federal health care program. The False Claims Act has been used to prosecute persons submitting claims for payment that are inaccurate or fraudulent, that are for services not provided as claimed, or for services that are not medically necessary. The False Claims Act includes a whistleblower provision that allows individuals to bring actions on behalf of the federal government and share a portion of the recovery of successful claims. If our marketing or other arrangements were determined to violate

the False Claims Act or anti-kickback or related laws, then our revenue could be adversely affected, which would likely harm our business, financial condition and results of operations.

State and federal authorities have aggressively targeted medical technology companies for alleged violations of these anti-fraud statutes, based on improper research or consulting contracts with doctors, certain marketing arrangements that rely on volume-based pricing, off-label marketing schemes and other improper promotional practices. Companies targeted in such prosecutions have paid substantial fines in the hundreds of millions of dollars or more, have been forced to implement extensive corrective action plans or Corporate Integrity Agreements, and have often become subject to consent decrees severely restricting the manner in which they conduct their business. If we become the target of such an investigation or prosecution based on our contractual relationships with providers or institutions, or our marketing and promotional practices, we could face similar sanctions, which would materially harm our business.

Also, the Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We cannot assure you that our internal control policies and procedures will protect us from reckless or negligent acts committed by our employees, future distributors, partners, collaborators or agents. Violations of these laws, or allegations of such violations, could result in fines, penalties or prosecution and have a negative impact on our business, results of operations and reputation.

Our failure to comply with extensive governmental regulation may significantly affect our operating results.

Even if we obtain regulatory approval for some or all of our product candidates, we will continue to be subject to extensive ongoing requirements by the FDA, as well as by a number of foreign, national, state and local agencies. These regulations will impact many aspects of our operations, including testing, research and development, manufacturing, safety, efficacy, labeling, storage, quality control, adverse event reporting, import and export, record keeping, approval, distribution, advertising and promotion of our future products. We must also submit new or supplemental applications and obtain FDA approval for certain changes to an approved product, product labeling or manufacturing process. Application holders must also submit advertising and other promotional material to the FDA and report on ongoing clinical trials. The FDA enforces post-marketing regulatory requirements, including cGMP requirements, through periodic unannounced inspections. We do not know whether we will pass any future FDA inspections. Failure to pass an inspection could disrupt, delay or shut down our manufacturing operations. Failure to comply with applicable regulatory requirements could, among other things, result in:

- administrative or judicial enforcement actions;
- changes to advertising;
- failure to obtain marketing approvals for our product candidates;
- revocation or suspension of regulatory approvals of products;
- product seizures or recalls;
- court-ordered injunctions;
- import detentions;
- delay, interruption or suspension of product manufacturing, distribution, marketing and sales; or
- civil or criminal sanctions.

The discovery of previously unknown problems with our product candidates or future products may result in restrictions of the products, including withdrawal from the market. In addition, the FDA may revisit and change its prior determinations with regard to the safety or efficacy of our future products. If the FDA's position changes, we may be required to change our labeling or cease to manufacture and market our future products. Even prior to any formal regulatory action, we could voluntarily decide to cease the distribution and sale or recall any of our future products if concerns about their safety or efficacy develop.

In their regulation of advertising and other promotion, the FDA and the U.S. Federal Trade Commission may issue correspondence alleging that some advertising or promotional practices are false, misleading or deceptive. The FDA and the U.S. Federal Trade Commission are authorized to impose a wide array of sanctions on companies for such advertising and promotion practices, which could result in any of the following:

- our incurrence of substantial expenses, including fines, penalties, legal fees and costs to comply with the FDA's requirements;
- our being required to change in the methods of marketing and selling products;
- our being required to take FDA mandated corrective action, which may include placing advertisements or sending letters to physicians rescinding previous advertisements or promotions; or
- a disruption in the distribution of products and loss of sales until compliance with the FDA's position is obtained.

Improper promotional activities may also lead to investigations by federal or state prosecutors, and result in criminal and civil penalties. If we become subject to any of the above requirements, it could be damaging to our reputation and restrict our ability to sell or market our future products, and our business condition could be adversely affected. We may also incur significant expenses in defending ourselves.

Physicians may prescribe pharmaceutical or biologic products for uses that are not described in a product's labeling or differ from those tested by us and approved by the FDA. While such "off-label" uses are common and the FDA does not regulate physicians' choice of treatments, the FDA does restrict a manufacturer's communications on the subject of off-label use. Companies cannot promote FDA-approved pharmaceutical or biologic products for off-label uses, but under certain limited circumstances they may disseminate to practitioners' articles published in peer-reviewed journals. To the extent allowed by the FDA, we intend to disseminate peer-reviewed articles on our future products to practitioners. If, however, our activities fail to comply with the FDA's regulations or guidelines, we may be subject to warnings from, or enforcement action by, the FDA or other regulatory or law enforcement authorities.

Depending on the circumstances, failure to meet post-approval requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, or refusal to allow us to enter into supply contracts, including government contracts. Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity.

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

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, qualification testing, post-approval clinical data, labeling and promotional activities for such product, will be subject to continuing and additional requirements of the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information, reports, registration and listing requirements, cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. The FDA closely regulates the post-approval marketing and promotion of pharmaceutical and biological products to ensure such products are marketed only for the approved indications and in accordance with the provisions of the approved labeling.

In addition, later discovery of previously unknown problems with our products, manufacturing processes, or failure to comply with regulatory requirements, may lead to various adverse results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing clinical trials;
- requirements to institute a risk evaluation and mitigation strategy to monitor safety of the product post-approval;
- warning letters issued by the FDA or other regulatory authorities;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recalls of products, fines, restitution or disgorgement of profits or revenue;
- suspension, revocation or withdrawal of marketing approvals;
- refusal to permit the import or export of our products; or
- injunctions or the imposition of civil or criminal penalties.

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

Risks Related to Our Intellectual Property

Our success depends on our ability to protect our intellectual property and our proprietary technologies.

Our commercial success depends in part on our ability to obtain and maintain patent protection and trade secret protection for our product candidates, proprietary technologies and their uses as well as our ability to operate without infringing upon the proprietary rights of others. There can be no assurance that our patent applications or those of our licensors will result in additional patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents issued will not be infringed, designed around, or invalidated by third parties. Even issued patents may later be found unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection for our proprietary rights is uncertain. Only limited protection may be available and may not adequately protect our rights or permit us to gain or keep any competitive advantage. This failure to properly protect the intellectual property rights relating to these product candidates could have a material adverse effect on our financial condition and results of operations.

Composition-of-matter patents are generally considered to be the strongest form of intellectual property protection as such patents provide protection without regard to any method of use. We cannot be certain that the claims in our patent applications covering composition-of-matter of our product candidates will be considered patentable by the U.S. Patent and Trademark Office and courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that the claims in our issued composition-of-matter patents will not be found invalid or unenforceable if challenged. Method-of-use patents protect the use of a product for the specified method. This type of patent does not prevent a competitor from making and marketing a product that is identical to our product for a use that is outside the scope of the patented method. Moreover, even if competitors do not actively promote their product for our targeted indications, physicians may prescribe these products "off-

label." Although off-label prescriptions may infringe or contribute to the infringement of method-of-use patents, the practice is common and such infringement is difficult to prevent or prosecute.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or any of our future development partners will be successful in protecting our product candidates by obtaining and defending patents. These risks and uncertainties include the following:

- The U.S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.
- Patent applications may not result in any patents being issued.
- Patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage.
- Our competitors, many of whom have substantially greater resources than we do and many of whom have made significant investments in competing technologies, may seek or may have already obtained patents that will limit, interfere with, or eliminate our ability to make, use and sell our potential product candidates.
- There may be significant pressure on the U.S. government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for treatments that prove successful, as a matter of public policy regarding worldwide health concerns.
- Countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop, and market competing product candidates.

In addition, we rely on the protection of our trade secrets and proprietary know-how. Although we have taken steps to protect our trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants and advisors, third parties may still obtain this information or may come upon this or similar information independently. If any of these events occurs or if we otherwise lose protection for our trade secrets or proprietary know-how, the value of this information may be greatly reduced.

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

Our success also depends on our ability and the ability of our future development partners to develop, manufacture, market and sell our product candidates without infringing upon the proprietary rights of third parties. Numerous U.S.- and foreign-issued patents and pending patent applications owned by third parties exist in the fields in which we are developing product candidates, some of which may contain claims that overlap with the subject matter of our intellectual property or are directed at our product candidates. When we become aware of patents held by third parties that may implicate the manufacture, development or commercialization of our product candidates, we evaluate our need to license rights to such patents. If we need to license rights from third parties to manufacture, develop or commercialize our product candidates, there can be no assurance that we will be able to obtain a license on commercially reasonable terms or at all.

Because patent applications can take many years to issue there may be currently pending applications, unknown to us, that may later result in issued patents upon which our product candidates or proprietary technologies may infringe. Similarly, there may be issued patents relevant to our product candidates of which we are not aware.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biologics industry generally. If a third party claims that we or any of our licensors, suppliers or development partners infringe upon a third-party's intellectual property rights, we may have to:

- seek to obtain licenses that may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate or redesign our products or processes to avoid infringement;
- pay substantial damages including, in an exceptional case, treble damages and attorneys' fees, which we may have to pay if a court decides that the product candidate or proprietary technology at issue infringes upon or violates the third-party's rights;
- pay substantial royalties or fees or grant cross-licenses to our technology; or
- defend litigation or administrative proceedings that may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe upon our patents or the patents of our licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated, found to be unenforceable or interpreted narrowly and could put our patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Most of our competitors are larger than we are and have substantially greater resources. They are, therefore, likely to be able to sustain the costs of complex patent litigation longer than we could. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our internal research programs, in-license needed technology, or enter into development partnerships that would help us bring our product candidates to market.

In addition, any future patent litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. An adverse outcome in such litigation or proceedings may expose us, or any of our future development partners to loss of our proprietary position, expose us to significant liabilities or require us to seek licenses that may not be available on commercially acceptable terms, if at all.

Our issued patents could be found invalid or unenforceable if challenged in court which could have a material adverse effect on our business.

If we or any of our future development partners were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates or one of our future product candidates, the defendant could counterclaim that our patent 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 or non- enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the U.S. Patent and Trademark Office, or made a misleading statement, during prosecution. Third parties may also raise similar claims before the U.S. Patent and Trademark Office even outside the context of litigation. 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 we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on such product candidate. Such a loss of patent protection would have a material adverse impact on our business.

We may be subject to claims that our consultants or independent contractors have wrongfully used or disclosed alleged trade secrets of their other clients or former employers to us, which could subject us to costly litigation.

As is common in the biotechnology industry, we engage the services of consultants to assist us in the development of our product candidates. Many of these consultants were previously employed at, or may have previously or may be currently providing consulting services to, other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We may become subject to claims that our company or a consultant inadvertently or otherwise used or disclosed trade secrets or other information proprietary to their former employers or their former or current clients. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to our management team.

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

As is the case with other biotechnology companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involve technological and legal complexity. Therefore, obtaining and enforcing biotechnology patents is costly, time consuming and inherently uncertain. In addition, Congress recently passed patent reform legislation. The Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts and the U.S. Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents we might obtain in the future.

We may not be able to protect our intellectual property rights throughout the world which could materially, negatively affect our business.

Filing, prosecuting 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 can be less extensive than those in 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. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that 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 and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could 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 and may adversely effect our business.

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

Our registered or unregistered trademarks or trade names may be challenged, infringed, 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 by potential partners or customers in our markets of interest. 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.

Risks Related to Our Common Stock and this Offering

The trading price of our common stock is likely to be volatile, and you might not be able to sell your shares at or above the initial public offering price.

There has been no public market for our common stock prior to this offering, and the initial public offering price of our common stock was determined by negotiations between us and the underwriters and may not be indicative of the future prices of our common stock. The market price of our common stock could be subject to wide fluctuations in response to various factors, many of which are beyond our control. These factors include those discussed elsewhere in this "Risk Factors" section and others such as:

- the delay or failure in initiating or completing preclinical studies or clinical trials, or unsatisfactory results of these trials;
- announcements about us or about our competitors including clinical trial results, regulatory approvals, or new product candidate introductions;
- developments concerning our current or future development partner, licensors or product candidate manufacturers;
- litigation and other developments relating to our patents or other proprietary rights or those of our competitors;
- conditions in the pharmaceutical or biotechnology industries and the economy as a whole;
- governmental regulation and legislation;
- the recruitment or departure of members of our board of directors, management team or other key personnel, including recruitment of a new chief executive officer;
- changes in our operating results;
- any changes in the financial projections we may provide to the public, our failure to meet these projections, or changes in recommendations by any securities analysts that elect to follow our common stock;
- any change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations;
- the expiration of market standoff or contractual lock-up agreements;
- sales or potential sales of substantial amounts of our common stock; and
- price and volume fluctuations in the overall stock market or resulting from inconsistent trading volume levels of our shares.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnological companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering.

As a newly public company, our stock price may be volatile, and securities class action litigation has often been instituted against companies following periods of volatility of their stock price. Any such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

No public market for our common stock currently exists, and an active trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our common stock. An active trading market may not develop following the closing of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

If securities analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities and industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities analysts. If no or few securities or industry analysts commence coverage of our company, the trading price for our stock could suffer. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock or publishes unfavorable research about our business, or if our clinical trials or operating results fail to meet the analysts' expectations, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

As an investor participating in this offering, you will experience substantial dilution as a result of this offering and future equity issuances.

The initial public offering price per share is substantially higher than the pro forma net tangible book value per share of our common stock outstanding prior to this offering. As a result, investors purchasing common stock in this offering will experience immediate substantial dilution of $ per share, based on the initial public offering price of $ per share the midpoint of the initial public offering price range reflected on the cover page of this prospectus. In addition, to the extent currently outstanding options or warrants are exercised, there will be further dilution to investors in this offering. In addition, we may raise additional capital through public or private equity or debt offerings, subject to market conditions. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance could result in further dilution to our stockholders.

Raising additional funds by issuing securities or through licensing or lending arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.

We will need to raise additional funding in order to complete the clinical development of, create additional manufacturing capacity and to commercialize NeoCart and to conduct the research and development and clinical and regulatory activities necessary to bring other product candidates to market. To the extent that we raise additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, redeem our stock, make certain investments, and engage in certain

merger, consolidation, or asset sale transactions. In addition, if we seek funds through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us.

Our management will have broad discretion over the actual amounts and timing of the expenditures of the proceeds we receive in this offering and might not apply the proceeds in ways that enhance our operating results or increase the value of your investment.

We expect to use the net proceeds from this offering primarily to develop and advance NeoCart through clinical trials, as well as for working capital and general corporate purposes. Our management will have broad discretion as to the actual amounts and timing of the expenditures of the net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply the net proceeds of this offering in ways that enhance our operating results or increase the value of your investment. Additionally, until the net proceeds we receive are used, they may be placed in investments that do not produce income or that lose value.

We have never paid and do not intend to pay cash dividends and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never paid cash dividends on any of our capital stock, and we currently intend to retain future earnings, if any, to fund the development and growth of our business. Therefore, you are not likely to receive any dividends on our common stock for the foreseeable future or at all. Since we do not intend to pay dividends, your ability to receive a return on your investment will depend on any future appreciation in the market value of our common stock. There is no guarantee that our common stock will appreciate or even maintain the price at which you have purchased it.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of December 31, 2013, our executive officers, directors, holders of more than 5% of our capital stock and their respective affiliates beneficially owned 71.3% of our outstanding capital stock and, upon the closing of this offering, that same group will beneficially own % of our outstanding capital stock (assuming no exercise of the underwriters' over-allotment option). Therefore, these stockholders will have the ability to influence us through their ownership position after this offering. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders.

Substantial future sales of shares by existing stockholders, or the perception that such sales may occur, could cause our stock price to decline.

If our existing stockholders, particularly our directors and executive officers and the venture capital funds affiliated with our current and former directors, sell substantial amounts of our common stock in the public market, or are perceived by the public market as intending to sell substantial amounts of our common stock, the trading price of our common stock could decline below the initial public offering price. Based on shares outstanding as of December 31, 2013, upon completion of this offering, we will have outstanding shares of common stock. Of these shares, only the shares of common stock sold in this offering and registered shares issued pursuant to our equity plans will be freely tradable in the public market, subject to any applicable lock-up agreements or Rule 144 transfer restrictions applicable to affiliates. Our officers, directors and holders of substantially all of our equity securities have entered into contractual lock-up agreements with the underwriters pursuant to which they have agreed, subject to certain exceptions, not to sell or otherwise transfer any of their common stock or securities convertible into or exchangeable for shares of common stock for a period of 180 days after the date of the final prospectus for this offering. However, we and the lead underwriter in this offering may permit these holders to sell shares prior to the expiration of the lock-up agreements with the underwriters.

Based on shares outstanding as of December 31, 2013, after the contractual lock-up agreements pertaining to this offering expire 180 days from the date of this prospectus, up to an additional 45,344,052 shares will be eligible for sale in the public market, 33,236,410 of which are held by directors, executive officers and other affiliates and will be subject to volume and other limitations under Rule 144 under the Securities Act.

The 5,287,144 shares that were subject to outstanding options as of December 31, 2013 will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the contractual lock-up agreements, and Rules 144 and 701 under the Securities Act.

Some of our existing security holders have demand and piggyback rights to require us to register with the SEC up to 38,926,019 shares of our common stock, subject to expiration of the contractual lock-up agreements. If we register these shares of common stock, the stockholders would be able to sell those shares freely in the public market, subject to Rule 144 transfer restrictions applicable to affiliates.

We plan to register an additional shares of our common stock that we may issue under our equity plans. Once we issue these shares, they can be freely sold in the public market upon issuance, subject to any vesting restriction, contractual lock-up agreements, or Rule 144 transfer restrictions applicable to affiliates.

If any of these additional shares described are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline. For additional information, see “Shares Eligible for Future Sale.”

Provisions in our certificate of incorporation and bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit the board of directors to establish the number of directors;
- provide that directors may only be removed “for cause”;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

For information regarding these and other provisions, see “Description of Capital Stock.”

We are an emerging growth company and the extended transition period for complying with new or revised financial accounting standards and reduced disclosure and governance requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company. Under the Jumpstart Our Business Startups Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We plan to avail ourselves of this exemption from new or revised accounting standards and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

For as long as we continue to be an emerging growth company, we also intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory stockholder vote on executive compensation and any golden parachute payments not previously approved, exemption from the requirement of auditor attestation on our internal control over financial reporting and exemption from 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 (auditor discussion and analysis). If we do, the information that we provide stockholders may be different than what is available with respect to other public companies.

Investors could find our common stock less attractive because we will rely on these exemptions, which may make it more difficult for investors to compare our business with other companies in our industry. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. In addition, it may be difficult for us to raise additional capital as and when we need it. If we are unable to do so, our financial condition and results of operations could be materially and adversely affected.

We will remain an emerging growth company until the earliest of (1) the end of the fiscal year in which the market value of our common stock that is held by non-affiliates exceeds $700 million as of the end of the second fiscal quarter, (2) the end of the fiscal year in which we have total annual gross revenue of $1 billion or more during such fiscal year, (3) the date on which we issue more than $1 billion in non-convertible debt in a three-year period or (4) December 31, 2019, the end of the fiscal year following the fifth anniversary of the completion of this offering.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, included in this prospectus regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management are forward-looking statements. The forward-looking statements are contained principally in “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “anticipate,” “project,” “target,” “design,” “estimate,” “predict,” “potential,” “plan” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements include statements about:

- the timing and success of preclinical studies and clinical trials conducted by us and our development partners;
- the ability to obtain and maintain regulatory approval of our product candidates and the labeling for any approved products;
- the scope, progress, expansion and costs of developing and commercializing our product candidates;
- our expectations regarding our expenses and revenue, the sufficiency of our cash resources, our future profitability and needs for additional financing;
- our technology transfer and manufacturing location transition;
- our ability to adequately manufacture our product candidates and the raw materials utilized therein;
- our ability to obtain and maintain intellectual property protection for our product candidates;
- our expectations regarding competition;
- the size and growth of the potential markets for our product candidates and the ability to serve those markets;
- the rate and degree of market acceptance of any of our product candidates;
- our anticipated growth strategies;
- the anticipated trends and challenges in our business and the market in which we operate;
- our ability to establish and maintain development partnerships;
- our ability to attract or retain key personnel, including a new chief executive officer;
- our expectations regarding federal, state and foreign regulatory requirements;
- regulatory developments in the United States and foreign countries; and
- our expectations regarding the use of proceeds from this offering.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update these statements publicly, or to update the reasons actual results could differ materially from those anticipated in these statements, even if new information becomes available in the future.

We discuss many of these risks in this prospectus in greater detail under “Risk Factors.” You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus also contains market data related to our business and industry. This market data includes projections that are based on a number of assumptions. If these assumptions turn out to be incorrect, actual results may differ from the projections based on these assumptions. As a result, our markets may not grow at the rates projected by this data, or at all. The failure of these markets to grow at these projected rates may have a material adverse effect on our business, results of operations, financial condition and the market price of our common stock.

This prospectus includes statistical data, estimates and forecasts that we obtained from industry publications and reports generated by third-party market research firms, including MedMarket Diligence. While we are not aware of any misstatements regarding any third-party data presented in this prospectus, their estimates, in particular as they relate to projections, involve numerous assumptions and are subject to risks and uncertainties as well as change based on various factors, including those discussed under “Risk Factors.”

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of $ million, assuming an initial public offering price of $ per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, and after deducting the estimated underwriting discount and offering expenses payable by us. If the underwriters' option to purchase additional shares in this offering is exercised in full, we estimate that our net proceeds will be $ million.

The principal purposes of this offering are to obtain additional capital, create a public market for our common stock and facilitate our future access to the public equity markets. We intend to use the net proceeds of this offering primarily to develop and advance NeoCart through clinical trials, as well as for working capital and general corporate purposes.

The expected use of net proceeds of this offering represents our current intentions based upon our present plans and business conditions. The amounts we actually expend in these areas may vary significantly from our current intentions and will depend upon a number of factors, including success of our product development and commercialization efforts, cash generated from future operations, if any, and actual expenses to operate our business. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to be received upon the closing of this offering. Accordingly, our management will have broad discretion in the application of the net proceeds, and investors will be relying on the judgment of our management regarding the application of the net proceeds.

Pending use of proceeds from this offering, we intend to invest the proceeds in short-term, investment-grade, interest-bearing instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government, or hold as cash.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The table below sets forth our capitalization as of September 30, 2013 on:

- an actual basis;
- a pro forma basis to reflect the following, which will occur upon the completion of this offering: (1) the automatic conversion of all outstanding shares of our convertible preferred stock into common stock; (2) the net exercise of warrants to acquire shares of common stock; (3) the exercise of warrants to acquire a total of shares of common stock for an aggregate exercise price of $; (4) the issuance of an estimated shares of common stock in payment of accrued dividends on outstanding shares of convertible preferred stock; and (5) the amendment and restatement of our certificate of incorporation; and
- a pro forma as adjusted basis to further adjust the pro forma amounts to reflect the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the initial public offering price range reflected on the cover page of this prospectus, after deducting the estimated underwriting discounts and offering expenses payable by us.

You should read the information in this table together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of September 30, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share amounts)		
Long-term liabilities, including current portion	7,053		
Series A convertible redeemable preferred stock, $0.001 par value: 49,250,000 shares authorized; 28,602,031 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	31,396	—	—
Stockholders’ equity (deficit):			
Preferred stock, $0.001 par value per share: no shares authorized, issued or outstanding, actual; shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.001 par value: 65,000,000 shares authorized; 6,418,033 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding pro forma as adjusted	6		
Additional paid-in capital	63,641		
Deficit accumulated during the development stage	(96,589)		
Total stockholders’ (deficit) equity	(32,942)		
Total capitalization	$ 5,507	$	$

The table above excludes each of the following as of September 30, 2013:

- 3,954,521 shares issuable upon the exercise of options outstanding under our 2012 Equity Incentive Plan as of September 30, 2013, at a weighted average exercise price of $0.07 per share; and

- shares reserved for future issuance under our stock-based compensation plans, including shares reserved for issuance under our 2013 Equity Incentive Plan and shares reserved for issuance under our 2013 Employee Stock Purchase Plan.

In December 2013, we amended the terms of the Series A Preferred Stock financing and sold 10,323,988 shares of our Series A-1 Preferred Stock for an aggregate purchase price of $10.3 million to existing investors. The shares of Series A-1 Preferred Stock will be converted into 10,323,988 shares of common stock immediately prior to the closing of this offering.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the initial public offering price per share you will pay in this offering and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering. As of September 30, 2013, the historical net tangible book deficit of our common stock was $(33.6) million, or $(5.23) per share. Our historical net tangible book deficit represents total tangible assets less total liabilities and convertible preferred stock, all divided by the number of shares of common stock outstanding on September 30, 2013.

As of September 30, 2013, the pro forma net tangible book value of our common stock would have been $ million, or $ per share, after giving effect to the following, which will occur upon the completion of this offering: (1) the automatic conversion of all outstanding shares of our convertible preferred stock into common stock; (2) the net exercise of warrants to acquire shares of common stock; (3) the exercise of warrants to acquire a total of shares of common stock for an aggregate exercise price of $; and (4) the issuance of an estimated shares of common stock in payment of accrued dividends on outstanding shares of convertible preferred stock.

After giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and offering expenses payable by us, the pro forma as adjusted net tangible book value of our common stock as of September 30, 2013 would have been $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to purchasers of common stock in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of September 30, 2013	$(5.23)	
Increase in net tangible book value (deficit) per share attributable to pro forma transactions described above		
Pro forma net tangible book value per share before this offering	$	
Increase in pro forma net tangible book value per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to purchasers of common stock in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma net tangible book value by $ per share and the dilution per share to purchasers of common stock in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and offering expenses payable by us. We may also increase (decrease) the number of shares we are offering. An increase (decrease) of 1,000,000 in the number of shares offered by us would increase (decrease) the pro forma net tangible book value by $ per share and the dilution per share to purchasers of common stock in this offering by $ per share, assuming that the assumed initial public offering price remains the same and after deducting estimated underwriting discount and offering expenses payable by us. The pro forma information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value per share after this offering would be $ per share, the increase in pro forma net tangible book value per share

to existing stockholders would be $ per share and the dilution to purchasers of common stock in this offering would be $ per share.

The following table summarizes, on a pro forma as adjusted basis as of September 30, 2013, the differences between existing stockholders and purchasers of common stock in this offering with respect to the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid. The calculation below is based on the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discount and offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%		%	$
Purchasers of common stock in this offering					
Totals		100.0%		100.0%	

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, our existing stockholders would own % and purchasers of common stock in this offering would own % of the total number of shares of our common stock outstanding upon completion of this offering. The total consideration paid by existing stockholders would be approximately $ million, or %, and the total consideration paid by purchasers of common stock in this offering would be $ million, or %.

The foregoing tables and calculations exclude:

- 3,954,521 shares issuable upon the exercise of options outstanding under our 2012 Equity Incentive Plan as of September 30, 2013, at a weighted average exercise price of $0.07 per share; and
- shares reserved for future issuance under our stock-based compensation plans, including shares reserved for issuance under our 2013 Equity Incentive Plan and shares reserved for issuance under our 2013 Employee Stock Purchase Plan.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information. We derived the consolidated statement of operations data for the years ended December 31, 2011 and 2012 and the consolidated balance sheet data as of December 31, 2011 and 2012 from the audited consolidated financial statements included elsewhere in this prospectus. We derived the consolidated statement of operations data for the nine months ended September 30, 2012 and 2013 and the consolidated balance sheet data as of September 30, 2013 from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of the financial position and the results of operations for those periods. Our historical results are not necessarily indicative of the results to be expected for any future period, and the results in the nine months ended September 30, 2013 are not necessarily indicative of results to be expected for the full year or any other period. The following should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(in thousands, except per share amounts)			
Consolidated Statement of Operations Data:				
Revenue	$ 123	$ 26	$ 12	$ 8
Operating expenses:				
Research and development	6,435	11,941	9,461	8,406
Selling, general and administrative	3,455	3,053	2,522	2,930
Impairment of goodwill and intangible assets	2,170	—	—	—
Total operating expense	12,060	14,994	11,983	11,336
Loss from operations	(11,937)	(14,968)	(11,971)	(11,328)
Interest expense, net	(902)	(798)	(792)	—
Other expense, net	(30)	(13)	(16)	(29)
Gain on extinguishment of debt	—	687	687	—
Change in fair value of note payable to stockholder	(20)	(17)	(17)	—
Change in fair value of warrant liability and other liability	(21)	(1,826)	—	(196)
Net loss	$ (12,910)	$ (16,935)	$ (12,109)	$ (11,553)
Earnings (loss) per common share[1]				
Basic	$(1,137.61)	$ 1.00	$ 1.62	$ (2.13)
Diluted	$(1,137.61)	$ 0.26	$ 0.23	$ (2.13)
Weighted-average shares used to compute earnings (loss) per common share[1]				
Basic	21,815	2,818,293	1,666,041	6,257,697
Diluted	21,815	12,898,629	14,301,439	6,257,697
Pro forma earnings (loss) per common share[1]:				
Basic				
Diluted				
Pro forma weighted-average common shares outstanding[1]:				
Basic				
Diluted				

(1) Please see Note 3 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate earnings (loss) per common share, including the method used to calculate the number of shares used in the computation of the per share amount.

In the preceding table, cost of net revenue and operating expenses include stock-based compensation as follows:

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(in thousands)			
Stock-based Compensation Expense:				
Selling, general and administrative	$ 3	$ 14	$ 4	$ 97

	As of December 31,		As of September 30,
	2011	2012	2013
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 339	$ 14,716	$ 4,071
Working capital (deficit)	(2,038)	10,675	1,443
Total assets	5,521	21,044	7,853
Total liabilities	18,396	11,136	9,399
Convertible preferred stock	28,169	29,619	31,396
Stockholders' deficit	(41,044)	(19,711)	(32,942)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

The unaudited pro forma consolidated statement of operations for 2011 gives effect to our acquisition of ProChon Biotech Ltd. (ProChon) as if it had occurred on January 1, 2011. We acquired 100% of the capital stock and the rights to outstanding convertible notes of ProChon on May 13, 2011 for total consideration of $2.2 million. ProChon was a biotechnology company focused on modulating the fibroblast growth factor system to enable it to create more effective solutions for tissue regeneration. ProChon's products combined cell regeneration technologies with proprietary growth factors and biocompatible scaffolds to restore injured or chronically damaged tissues to normal. The acquisition of ProChon provided us with access to a significant portfolio of intellectual property, including proprietary cell growth factors, in addition to furthering opportunities for the use of biomaterials to create more effective solutions for regenerating human tissue. Following the acquisition, ProChon became our wholly owned subsidiary.

The following unaudited pro forma statement of operations presents the combined results of Histogenics and ProChon as if the acquisition of ProChon had been completed on January 1, 2011. No adjustments were required in the preparation of the pro forma statement of operations. The unaudited pro forma results do not reflect any operating efficiencies or potential cost savings which may result from the consolidation of the operations of Histogenics and ProChon. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what actual results of operations of the combined company would have been if the acquisition had occurred on January 1, 2011, nor are they indicative of future results of operations. The unaudited pro forma statement of operations should be read in conjunction with the consolidated financial statements and notes thereto and other financial information presented elsewhere in this prospectus, including "Selected Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31, 2011		
	Histogenics	ProChon[1]	Pro Forma Consolidation
Revenue	$ 123	$ 23	$ 146
Total revenue	123	23	146
Operating expenses:			
Research and development	6,435	2,094	8,529
Selling, general and administrative	3,455	1,265	4,720
Impairment of goodwill and intangible assets	2,170	—	2,170
Total operating expenses	12,060	3,359	15,419
Loss from operations	(11,937)	(3,336)	(15,273)
Other (expense) income:			
Interest expense, net	(902)	(468)	(1,370)
Other expense, net	(30)	—	(30)
Change in fair value of note payable to stockholder	(20)	—	(20)
Change in fair value of warrant liability and other liability	(21)	—	(21)
Total other expense, net	(973)	(468)	(1,441)
Net loss	$ (12,910)	$ (3,804)	$ (16,714)
Loss attributable to common stockholders, basic and diluted	$ (24,817)		$ (28,621)
Net loss per common share—basic and diluted	$ (1,137.61)		$ (1,311.99)
Weighted-average shares used to compute net loss per common share—basic and diluted	21,815		21,815

(1) The historical financial information for ProChon is based on ProChon's audited financial statements for the period from January 1, 2011 through May 12, 2011 which are presented beginning on page F-57.

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the "Selected Consolidated Financial Information" and our consolidated financial statements and related notes appearing elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, including those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

We are a regenerative medicine company focused on developing and commercializing products in the musculoskeletal segment of the marketplace. Our regenerative medicine platform combines expertise in cell processing, scaffolding, tissue engineering, bioadhesives and growth factors to provide solutions that can be utilized individually or in concert to treat musculoskeletal-related conditions. Our first product candidate, NeoCart, leverages our platform to provide an innovative treatment in the orthopaedic space, specifically cartilage damage in the knee. NeoCart is currently enrolling a Phase 3 clinical trial in the United States under a Special Protocol Assessment with the U.S. Food and Drug Administration.

Since our inception on June 28, 2000, we have devoted substantially all of our resources to the development of our regenerative medicine platform, the clinical and preclinical advancement of our product candidates, the creation and protection of related intellectual property and the provision of selling, general and administrative support for these operations. We have generated revenue from product sales, collaboration activities and grants. We have funded our operations primarily through the private placement of preferred stock and convertible promissory notes and through commercial bank debt. We continue to be classified as a development stage company for financial reporting purposes.

We have never been profitable and have incurred net losses in each year since inception. Our net losses were $85.0 million and $96.6 million for the periods from inception to December 31, 2012, and inception to September 30, 2013, respectively. Substantially all of our net losses resulted from costs incurred in connection with our research and development programs and from selling, general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. We expect our expenses will increase substantially in connection with our ongoing activities as we:

- conduct clinical trials of our product candidates;
- continue scale up and improvement of our manufacturing processes;
- transition our technology transfer and manufacturing location;
- continue our research and development efforts;
- manufacture preclinical study and clinical trial materials;
- maintain, expand and protect our intellectual property portfolio;
- seek regulatory approvals for our product candidates that successfully complete clinical trials;
- hire additional clinical, quality control and technical personnel to conduct our clinical trials;

- hire additional scientific personnel to support our product development efforts;
- implement operational, financial and management systems; and
- hire additional selling, general and administrative personnel to operate as a public company.

We do not expect to generate any future revenue from therapeutic product sales until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, we will seek to fund our operations through public or private equity or debt financings or other sources. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements when needed would have a negative impact on our financial condition and ability to develop our product candidates.

In December 2013, we amended the terms of the Series A Preferred Stock financing and sold 10,323,988 shares of our Series A-1 Preferred Stock for an aggregate purchase price of $10.3 million to existing investors.

Financial Operations Overview

We conduct operations in two geographic regions: Histogenics Corporation (Histogenics), a Delaware corporation, at our facility in Waltham, Massachusetts, and ProChon Biotech Ltd. (ProChon) in Tel Aviv, Israel. We own 100% of the voting shares of ProChon. As the nature of the products, customers and methods to distribute products are the same and the nature of the regulatory environment, the production processes and historical and estimated future margins are similar, the two operating segments have been aggregated into one reporting segment.

On May 13, 2011, we acquired ProChon, a privately held biotechnology company focused on modulating the fibroblast growth factor system to enable it to create more effective solutions for tissue regeneration. Prior to the acquisition, ProChon was conducting a Phase 2 clinical trial in the United States and commercializing its lead product candidate, the BioCart cartilage regeneration system, in Israel. ProChon's products combined cell regeneration technologies with proprietary growth factors and biocompatible scaffolds to restore injured or chronically damaged tissues to normal. The acquisition of ProChon provided us with access to a portfolio of intellectual property, including proprietary cell growth factors, in addition to furthering opportunities for the use of biomaterials to create more effective solutions for regenerating human tissue.

The ProChon acquisition was accounted for as a business combination. The results of operations of ProChon have been included in our consolidated statements of operations since May 13, 2011, the date we obtained control of ProChon. Following the completion of the acquisition, ProChon became our wholly owned subsidiary and was integrated into our operations.

Unless otherwise indicated, the following information is presented on a consolidated basis to include our accounts and those of ProChon subsequent to the May 2011 acquisition. All intercompany transactions and balances are eliminated in consolidation.

Revenue

We generated product revenue of $53,000 in Israel for the period from May 13, 2011 to December 31, 2011 through commercial sales of BioCart. In 2011, we made a strategic decision to no longer provide BioCart commercially in Israel. Since December 31, 2011, we have not generated any revenue from therapeutic product sales.

We generated collaboration revenue exclusively from a license agreement with AT Grade S.R.L. (AT Grade) for distribution of BioCart in Italy. The agreement included a combination of diligence milestone payments, minimum royalty payments and royalties for commercial activity in Italy. In 2011, we determined with AT Grade

that the licensing agreement was no longer part of our strategic programs. The license agreement was formally terminated in March 2012. We continued to generate collaboration revenue from this license agreement through the date of termination. We recorded $70,000 and $26,000 of collaboration revenue for the years ended December 31, 2011 and 2012, respectively.

From inception to September 30, 2013, we recorded grant revenue of $244,000 related to a cash grant received during the year ended December 31, 2010 from the U.S. Internal Revenue Service as a qualifying therapeutic discovery project tax credit program established pursuant to the Patient Protection and Affordable Care Act. Under this program, the tax credits and grants are made available to companies with no more than 250 employees that have a project which, among other requirements, can demonstrate new or cost saving therapies, support high quality jobs and increase U.S. competitiveness in the fields of life, biological and medical sciences.

Research and Development Expenses

Research and development expenses consist of development costs associated with our regenerative medicine platform and development programs. These costs are expensed as incurred and include:

- compensation and employee-related costs;
- costs associated with conducting our preclinical, clinical and regulatory activities, including fees paid to third-party professional consultants and service providers;
- costs incurred under clinical trial agreements with investigative sites;
- costs for laboratory supplies and laboratory equipment;
- costs to acquire, develop and manufacture preclinical study and clinical trial materials;
- charges associated with the achievement of certain preclinical and financial milestones pursuant to our licenses for our bioadhesive, and our tissue engineering processor; and
- facilities, depreciation and other expenses including allocated expenses for rent and maintenance of facilities.

From inception through September 30, 2013, we incurred $53.1 million in research and development expenses. We plan to increase our current level of research and development expenses for the foreseeable future as we continue the development of our regenerative medicine platform and our initial therapeutic product candidates. Our current planned research and development activities include the following:

- advancing NeoCart in a Phase 3 clinical superiority trial to microfracture;
- leveraging our regenerative medicine platform to expand into additional therapeutic applications; and
- expanding and protecting our intellectual property platform.

We cannot determine with certainty the timing of initiation, the duration and the completion costs of current or future preclinical studies and clinical trials of our product candidates. At this time, due to the inherently unpredictable nature of preclinical and clinical development and given the early stage of our product candidates, we are unable to estimate with any certainty the costs we will incur and the timelines we will require in the continued development of our product candidates, including NeoCart. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

We do not track research and development expenses by product. We do not allocate general equipment and supply costs, facilities, depreciation and other miscellaneous expenses to specific products as these expenses are deployed across all of our products.

Selling, General and Administrative Expenses

From inception through September 30, 2013, we incurred $35.5 million in selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of salaries and employee-related costs, including stock-based compensation and travel expenses for our employees in executive, finance and human resource functions. Other selling, general and administrative expenses include facility-related costs and professional fees for directors, accounting and legal services, and expenses associated with obtaining and maintaining patents.

We anticipate that our selling, general and administrative expenses will increase in the future as we increase our headcount to support our continued research and development and potential commercialization of our product development programs. We also anticipate increased expenses related to audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with being a public company.

Total Other Income (Expense), Net

Total other income (expense), net consists primarily of interest income earned on cash and cash equivalents; interest expense on convertible promissory notes and on prior commercial bank debt; and changes in fair value of the warrant liability relating to our outstanding common stock warrants.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our consolidated financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and stock-based compensation. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be 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. Actual results may differ from these estimates under different assumptions or conditions.

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

Income Taxes

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

We follow the authoritative guidance regarding accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These unrecognized tax benefits relate primarily to issues related to the timing of certain income and deductions for federal income tax purposes. We apply a variety of methodologies in making these estimates which include advice and studies performed by independent subject matter experts, evaluation of public actions taken by the U.S. Internal Revenue Service and other taxing

authorities, as well as our own industry experience. We provide estimates for unrecognized tax benefits which may be subject to material adjustments until matters are resolved with taxing authorities or statutes expire. If our estimates are not representative of actual outcomes, our results of operations could be materially impacted.

We continue to maintain a valuation allowance against our deferred tax assets due to our assessment that their realization is not certain. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amounts of these deferred tax assets by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of deferred tax assets, including our recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income, carryforward periods available to us for tax reporting purposes, various income tax strategies and other relevant factors. Significant judgment is required in making this assessment and, to the extent future expectations change, we would assess the recoverability of our deferred tax assets at that time. If we determine that the deferred tax assets become realizable in a future period, we would record material adjustments to income tax expense that period.

Accrued Expenses

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued expenses. This process involves reviewing open contracts 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 cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. 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. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees payable to:

- clinical research organizations and investigative sites in connection with clinical trials;
- vendors in connection with preclinical development activities;
- vendors related to product manufacturing, development, and distribution of clinical materials; and
- professional service fees for consulting and related services.

We base our expense accruals related to clinical trials on our estimates of the services received and efforts expended pursuant to our contract arrangements. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows and expense recognition. There may be instances in which payments made to our service providers will exceed the level of services provided and result in a prepayment of the clinical expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service 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 prepaid accordingly. 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 our reporting changes in estimates in any particular period.

Although we do not expect our estimates to be materially different from amounts actually incurred, if our estimates of the status and timing of services performed differs from the actual status and timing of services performed, we may report amounts that are too high or too low in any particular period. To date, there have been no material differences from our estimates to the amount actually incurred.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of property and equipment. We test long-lived assets for impairment at year end or whenever events or circumstances present an indication of impairment. If the sum of expected future cash

flows (undiscounted and without interest charges) of the long-lived assets is less than the carrying amount of such assets, an impairment loss would be recognized in earnings. The long-lived asset would be written down to the estimated fair value, calculated based on the present value of expected future cash flows. While our current and historical operating losses and negative cash flows are indicators of impairment, we believe that future cash flows to be received support the carrying value of our long-lived assets and, accordingly, have not recognized any impairment losses on long-lived assets from inception to September 30, 2013.

Impairment of Intangible Assets

Intangible assets consist primarily of in-process research and development obtained through the acquisition of ProChon and the AT Grade license. We test intangible assets for impairment at year end or whenever events or circumstances present an indication of impairment. If the sum of expected future cash flows (undiscounted and without interest charges) of the intangible assets is less than the carrying amount of such assets, an impairment loss would be recognized in earnings. The intangible assets would be written down to the estimated fair value, calculated based on the present value of expected future cash flows. While our current and historical operating losses and negative cash flows are indicators of impairment, we believe that future cash flows to be received support the carrying value of our long-lived assets and, accordingly, have not recognized any impairment losses on intangible assets from inception to September 30, 2013, other than an impairment charge of $330,000 during the year ended December 31, 2011. This charge resulted from our determination that the licensing agreement to distribute BioCart in Italy was no longer part of our strategic programs due to our suspension of production and commercialization of BioCart in 2011. We agreed with AT Grade to formally terminate the license agreement in March 2012.

Impairment of Goodwill

Goodwill represents the difference between the purchase price and the fair value of the net assets acquired under the acquisition method of accounting for business combinations. Goodwill is not amortized but is evaluated for impairment within each reporting unit on an annual basis at year end each year for impairment, or if indicators are present or changes in circumstances suggest that impairment may exist.

Our impairment testing for goodwill of $1.8 million from the 2011 acquisition of ProChon involved assessment at the reporting unit level using an income approach to determine whether it is more likely than not that the fair value of a reporting unit or the fair value of goodwill is less than its carrying amount. This assessment requires judgment on the potential impact of each qualitative factor.

During the year ended December 31, 2011, we suspended the production and commercialization of BioCart to focus on the development of our lead product candidate, NeoCart. We determined that the suspension of BioCart related activities was an indicator of potential impairment and performed an impairment test for our goodwill balance. The fair value of the ProChon reporting unit was determined using an income approach, utilizing assumptions that we believe are representative of those a market participant would use in estimating the fair value of BioCart. As a result of the impairment test, we recorded a $1.8 million impairment charge to goodwill in the consolidated statement of operations for the year ended December 31, 2011.

Stock-Based Compensation

We account for grants of stock options and restricted stock based on their grant date fair value and recognize compensation expense over the vesting periods. We estimate the fair value of stock options as of the date of grant using the Black-Scholes option pricing model, and we estimate the fair value of restricted stock based on the fair value of the underlying common stock as determined by our board of directors or the value of the services provided, whichever is more readily determinable. We account for stock options and restricted stock awards to non-employees using the fair value approach. Stock options and restricted stock awards to non-employees are subject to periodic revaluation over their vesting terms.

Stock-based compensation expense represents the cost of the grant date fair value of employee stock option grants recognized over the requisite service period of the awards (usually the vesting period) on a straight-line

basis, net of estimated forfeitures. We estimate the fair value of stock option grants using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including (a) the risk-free interest rate, (b) the expected volatility of our stock, (c) the expected term of the award and (d) the expected dividend yield. The risk-free interest rates for periods within the expected life of the option are based on the yields of zero-coupon U.S. Treasury securities. Due to the lack of a public market for the trading of our common stock and a lack of company specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. For these analyses, we have selected companies with comparable characteristics to ours including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. We compute the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of our stock-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available. The expected term represents the period of time that options are expected to be outstanding. Because there was not enough historical exercise behavior through December 31, 2012, we determined the expected life assumption using the simplified method, which is an average of the contractual term of the option and the vesting period. In 2013, the stock option grants were in-the-money, based on the retrospective fair value determinations, so we determined the expected life assumption using a risk-adjusted method, which adjusts the average of the contractual term of the option and its vesting period for risk, reducing the expected life. The expected dividend yield assumption is based on the fact that we have never paid cash dividends and have no present intention to pay cash dividends.

We had no employee stock option grants for the year ended December 31, 2011. For employee stock option grants made during the year ended December 31, 2012 and the nine months ended September 30, 2012 and 2013, the weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of those grants were as follows:

	Year Ended December 31, 2012	Nine Months Ended September 30,	
		2012	2013
Risk-free interest	0.93%	0.93%	0.77%
Expected volatility	89.0%	89.0%	82.0%
Expected term (in years)	6.08	6.08	4.39
Expected dividend yield	0.0%	0.0%	0.0%

We had no non-employee stock options grants for the years ended December 31, 2011 or 2012 or the nine months ended September 30, 2012. For non-employee stock option grants made during the nine months ended September 30, 2013, the weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of those grants were as follows:

	Nine Months Ended September 30, 2013
Risk-free interest	0.27%
Expected volatility	82.0%
Expected term (in years)	1.65
Expected dividend yield	0.0%

The following table summarizes by grant date the number of shares of common stock underlying stock options granted from January 1, 2012 through September 30, 2013, as well as the associated per share exercise price and the estimated fair value per share of our common stock on the grant date:

Grant Dates	Number of Common Shares Underlying Options Granted	Exercise Price per Common Share	Estimated Fair Value per Common Share
August 15, 2012	2,797,253	$ 0.07	$ 0.07
October 31, 2012 (restricted stock)	61,095	0.07	0.07
March 5, 2013	288,206	0.07	0.13
March 5, 2013 (non-employee)	354,395	0.07	0.13
March 21, 2013 (non-employee)	101,825	0.07	0.13
April 23, 2013	48,603	0.07	0.11
April 23, 2013 (restricted stock)	81,623	0.07	0.11
May 17, 2013	459,877	0.07	0.11
July 16, 2013	2,236,042	0.07	0.15
August 1, 2013 (non-employee)	40,516	0.07	0.15

As of December 31, 2012 and September 30, 2013, the unrecognized compensation cost related to outstanding options, was $130,000 and $424,000, respectively, and is expected to be recognized as expense over 3.28 years and 3.27 years, respectively.

As of December 31, 2012 and September 30, 2013, the unrecognized compensation cost related to restricted stock awards was $4,000 and $15,000, respectively, and is expected to be recognized as expense over 3.84 years and 3.36 years, respectively.

Based on the assumed initial public offering (IPO) price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), the intrinsic value of stock options outstanding as of September 30, 2013 would be $, of which $ and $ would have been related to stock options that were vested and unvested, respectively, at that date.

Determination of the Fair Value of Common Stock

We are required to estimate the fair value of the common stock underlying our stock-based awards when performing fair value calculations. All options to purchase shares of our common stock are intended to be granted with an exercise price per share no less than the fair value per share of our common stock underlying those options on the date of grant, based on the information known to us on the date of grant. In the absence of a public trading market for our common stock, on each grant date we develop an estimate of the fair value of our common stock with the assistance of a third party valuation specialist to determine an exercise price for the option grants.

In November 2013, our board of directors reviewed and reconsidered the fair value of our common stock with the assistance of a third party valuation specialist for the preceding periods of that year. In reconsidering the fair value of our common stock, the board of directors took into account the methodologies, approaches and assumptions provided by American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately Held Company Equity Securities Issued as Compensation (Practice Aid). This reconsideration resulted in the board of directors' determination that the fair value of the common stock was greater than the exercise price for certain options granted in 2013.

There are significant judgments and estimates inherent in the determination of the fair value of our common stock. These judgments and estimates include assumptions regarding our future operating performance, the time

to completing an IPO or other liquidity event and the determination of the appropriate valuation methods. If we had made different assumptions, our stock-based compensation expense, net loss and net loss per common share could have been significantly different.

In accordance with the Practice Aid, we considered the various methods for allocating the enterprise value across our classes and series of capital stock to determine the fair value of our common stock at each valuation date. The methods we considered consisted of the following:

- ***Current Value Method.*** Under the current value method, once the fair value of the enterprise is established, the value is allocated to the various series of preferred and common stock based on their respective seniority, liquidation preferences or conversion values, whichever is greatest. This method was considered but not utilized in any of the valuations discussed below.
- ***Option Pricing Method (OM).*** Under the OM, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The values of the preferred stock and common stock are inferred by analyzing these options.
- ***Probability-Weighted Expected Return Method (PWERM).*** The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class.

Management determined the fair value of common stock for financial reporting purposes as of each valuation date as follows:

Valuation Date	Common Stock Fair Value
July 20, 2012	$ 0.07
December 31, 2012	0.13
March 31, 2013	0.11
June 30, 2013	0.15
September 30, 2013	0.23

July 20, 2012 Valuation and August 2012 and October 2012 Grants

For the contemporaneous valuation at July 20, 2012, we utilized the OM to determine the value of our common stock, relying on the Series A Preferred Stock financing that closed in July 2012 at $1.00 per share price for the Series A Preferred Stock and applying a discount for lack of marketability to the unadjusted common stock value to determine the fair market value of the common stock as of the valuation date of July 20, 2012.

As stated above, the OM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preference at the time of a liquidity event, such as a strategic sale, merger or IPO, assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by the holders of preferred stock. The common stock is modeled as a call option on the underlying equity value at a predetermined exercise price. In the model, the exercise price is based on a comparison with the total equity value rather than, as in the case of a regular call option, a comparison with a per share stock price. Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock is liquidated. The OM uses the Black-Scholes option pricing model to price the call options. This model defines the securities' fair values as functions of the current fair value of a company and uses assumptions such as the anticipated timing of a potential liquidity event and the estimated volatility of the equity securities.

The following table summarizes the significant assumptions used to determine the fair value of our common stock of $0.07 as of July 20, 2012:

	July 20, 2012 valuation
Key assumptions:	
Estimated time to liquidity	1.7 years
Annual volatility	99%
Risk-free interest rate	0.22%
Discount for lack of marketability	25%

December 2012 and 2013—Valuations and Grants

For the retrospective valuations at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 we used the PWERM. The change in valuation methodologies was made from the OM at July 20, 2012 to the PWERM at December 31, 2012 and beyond because we believed that the likely liquidity scenarios were more focused from our increased interaction with our new investor base and board of directors, and we began entertaining the concept of an IPO creating a higher probability of a liquidity event in next 15 to 24 months. Also, the PWERM is able to capture the changes in timing, probability, and values of the liquidity based upon developments in our company and the markets which will better meet our needs to obtain quarterly updates in valuation. We had gained visibility into restarting clinical trials as of December 2012 with an expectation of restarting in March 2013. The heightened visibility allowed us to gain comfort in estimating the timing, probability, and values of liquidity events required for the PWERM as progress in the clinical trials was the main driver of an IPO or acquisition. As stated above, under the PWERM, share value is derived from the probability-weighted present value of expected future investment returns, considering possible outcomes available to us, as well as the economic and control rights of each share class. Our December 31, 2012 and subsequent valuations consider several possible liquidity scenarios that include an acquisition, an IPO and dissolution. Prior to December 2012, we were in a transition phase in which a major recapitalization was completed. We did not have a long term business plan that contemplated future exit scenarios prior to the July 2012 financing, and therefore did not have visibility into the timing, probability, and value of liquidity events to use the PWERM as a reliable indicator of value.

The determination of the enterprise value of our company for each scenario uses the market approach, specifically the transaction multiple method. This method rests on the assumption that the value of business ownership interests can be determined by analysis of how much is paid to acquire similar ownership interests in similar businesses. This method derives indications of value based on the prices at which entire companies or operating units of companies have been sold, or the prices at which significant interests in companies changed hands. Multiples are developed based on: (a) the actual price paid for a company that has been acquired and (b) operating performance and financial condition indicators such as earnings (at various levels) or revenue. We identified relevant transactions for target companies operating in the biotechnology or orthopedic device industry in the determination of the enterprise value of our company and identified relevant IPOs in the biotechnology, specialized pharmaceutical and orthopedic device industries. The equity values for each scenario were then allocated to the various classes of stock based upon the claims of each class of stock.

The following table summarizes the significant assumptions used to determine the fair value of our common stock of $0.13, $0.11, $0.15 and $0.23 as of December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013, respectively. The discussion following the table describes the changes in valuation for each period.

	Common Stock Valuation Assumptions as of			
	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013
			(unaudited)	
Acquisition scenarios				
Liquidity value	$50 to $250 million	$50 to $250 million	$50 to $250 million	$50 to $250 million
Probability of occurrence	10.00% to 50.00%	10.00% to 50.00%	10.00% to 40.00%	5.33% to 26.67%
Time to event	2.25 years	2.75 years	2.84 years	2.58 years
IPO scenarios				
Pre-money valuation	$ 75 to $150 million	$ 75 to $150 million	$ 75 to $150 million	$ 75 to $150 million
Probability of occurrence	0.67% to 3.33%	0.67% to 3.33%	2.00% to 10.00%	5.33% to 26.67%
Time to event	1.25 to 2.25 years	1.00 to 2.75 years	0.75 to 2.84 years	0.5 to 2.58 years
Probability of liquidation scenario	20%	20%	20%	20%
Discount for lack of marketability	28%	31%	32%	31%

July 20, 2012 to December 31, 2012

The estimated per share fair value of our common stock calculated in our valuation as of December 31, 2012 of $0.13 per share increased from the July 20, 2012 valuation of $0.07 per share. This is primarily due to the following factors:

- We closed the first tranche of the Series A Preferred Stock financing and eliminated uncertainty within our operations. Further, the new long-term capital structure was put in place, which helped stabilize the standing of common stockholders after the July 2012 recapitalization of our equity.
- Our fundraising, which included a second tranche of the Series A Preferred Stock financing, was expected to be issued in the first quarter of 2014, which would be used to continue funding our operations and development milestones to ensure an return on investment.
- We switched to the PWERM for our common stock valuation as opposed to the OM to better reflect the multiple scenarios available to us, including scenarios contemplating an IPO.

December 31, 2012 to March 31, 2013

The estimated per share fair value of our common stock calculated in our valuation as of March 31, 2013 of $0.11 per share decreased from the December 31, 2012 valuation of $0.13 per share. This is primarily due to the following factors:

- We voluntarily paused our Phase 3 clinical trial to address issues in our supply chain discussed elsewhere in this prospectus, and to perform validation testing on our methods and equipment as a way to eliminate regulatory risk.
- We had turnover at the chief executive officer position.

March 31, 2013 to June 30, 2013

The estimated per share fair value of our common stock calculated in our valuation as of June 30, 2013 of $0.15 per share increased from the March 31, 2013 valuation of $0.11 per share. This is primarily due to the following factors:

- We began developing new supply chain capabilities, both externally and internally, including the exploration of a new production facility in Massachusetts to manufacture component parts used in the production of NeoCart for the Phase 3 clinical trial and beyond.

- The likelihood of an IPO increased due to improving market conditions for clinical stage life sciences companies and improved optimism internally for achievement of milestones.

June 30, 2013 to September 30, 2013

The estimated per share fair value of our common stock calculated in our valuation as of September 30, 2013 of $0.23 per share increased from the June 30, 2013 valuation of $0.15 per share. This is primarily due to the following factors:

- We hired a seasoned chief executive officer.
- Several new members of our management team were added to improve quality capabilities, bolster supply chain capabilities and provide clinical leadership.
- We anticipated the clinical trial would end its pause in November 2013, and during the pause our efforts to enroll additional sites would likely result in more sites treating patients than when the pause began.
- The likelihood of an IPO increased as market conditions continued to demonstrate strong momentum for life science companies, and we had even higher internal optimism about our ability to execute on milestones, particularly with our new management team.

Warrants and Other Liability

In connection with the issuance of Series A Preferred Stock on July 20, 2012, we issued common stock warrants (Common Stock Warrants) to each participating investor. The Common Stock Warrants are convertible into 516,841 shares of our common stock upon a defined liquidity event of either an acquisition or an IPO. The number of shares of common stock may be decreased in the event that the percentage of the total equity required to be paid as part of the contingent payment payable to Purpose, Co. (Other Liability) is decreased. The Common Stock Warrants are exercisable at $0.07 per share and are only exercisable in the event that the contingent payment is required to be settled for the Other Liability. The fair value of the Common Stock Warrants is classified as a long-term liability in our consolidated balance sheets.

The warrant liability was initially recorded on July 20, 2012 at fair value using the OM. We determined the fair value of the liability from the calculated equity value. At each reporting date, the fair value of the warrant liability is adjusted using the PWERM. The PWERM considers the changes in timing, probability, and values of preferred stock and common stock and other equity-linked securities based upon developments in our company and the market utilizing management's assumptions and various future outcomes.

The change in valuation methodologies was made from the OM at July 20, 2012 to the PWERM at December 31, 2012 and beyond because we believed that there was a higher probability of a liquidity event in the following 15 months. As stated above, the PWERM is able to capture the changes in timing, probability and values of the liquidity based upon developments in our company and the markets which will better address our need to obtain quarterly updates in valuation.

The Other Liability was initially recorded based on a combination of the PWERM and OM, utilizing management's assumptions. The fair value of the Other Liability is adjusted using PWERM at each reporting date. Changes in the fair value of the warrant liability and the Other Liability have been recorded as "change in fair value of warrant liability and other liability" in our consolidated statements of operations.

The OM that was used to estimate the fair value of the warrant liability used our valuation of our common stock as of the issuance date, July 20, 2012, to establish a basis of our equity value. A series of breakpoints was then determined based upon the contractual rights of our outstanding instruments with an equity claim that can be settled upon a liquidity event. The Black-Scholes option pricing model was then used to determine the fair value of each equity value breakpoint. The model utilized the following inputs: (a) risk-free interest rate of 0.22%; (b) implied volatility of our common stock of 99%; and (c) the expected term to a liquidity event of 1.7 years.

The following table provides quantitative information about the fair value measurement, including the range of assumptions for the significant unobservable inputs used in the PWERM valuations of the warrant liability and Other Liability:

	December 31, 2012	September 30, 2013
Acquisition scenarios		
Liquidity value	$50 to $250 million	$50 to $250 million
Probability of occurrence	10.00% to 50.00%	5.33% to 26.67%
Time to event	2.25 years	2.58 years
IPO scenarios		
Pre-money valuation	$75 to $150 million	$75 to $150 million
Probability of occurrence	0.67% to 3.33%	5.33% to 26.67%
Time to event	1.25 to 2.25 years	0.5 to 2.58 years
Probability of liquidation scenarios	20%	20%
Discount for lack of marketability	28%	31%

The above assumptions remained relatively consistent for the periods presented as a result of only minor changes in the remaining contractual term of the Common Stock Warrants due to the passage of time, with the largest change being the probability of occurrence as the IPO became a more realistic scenario. The fair values per share of our underlying preferred stock were estimated using the same methodologies described above for the valuation of our common stock except the exceptions noted in the description above specific to each Common Stock Warrant and Other Liability.

The completion of this offering will result in the automatic conversion of our convertible preferred stock into common stock and the warrants will become exercisable. Upon such conversion, the Common Stock Warrants will be classified as a component of stockholders' equity (deficit) and will no longer be subject to remeasurement. Based on the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), and assuming all other inputs into our valuation model remain unchanged from those as of September 30, 2013, we would expect to record a charge of approximately $ million to adjust the warrant and other liability to its then-current fair value upon the closing of the IPO.

Other Company Information

Net Operating Loss Carryforwards

Utilization of the net operating loss (NOL) and research and development credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred or that could occur in the future, as required by Section 382 and 383 of the Internal Revenue Code (Code), as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders. We have completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since our formation. The results of this study indicated we experienced ownership changes, as defined by Section 382 of the Code, in each of 2006, 2011 and 2012. We have not recorded NOLs that as a result of these restrictions will expire unused. Accordingly, we have recorded NOL carryforwards net of these limitations, which are $3,872, $30,471 and $30,276, in 2010, 2011 and 2012, respectively.

At December 31, 2012, we had U.S. federal and Israeli NOL carryforwards of $5.3 million and $43.0 million, respectively, which may be available to offset future taxable income. The U.S. federal NOL carryforwards begin to expire in 2032 and the Israeli NOL carryforward does not expire.

As of December 31, 2012, we have provided a full valuation allowance for deferred tax assets.

Income Taxes

We record uncertain tax positions on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the positions and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. We recognize interest and penalties related to unrecognized tax benefits within income tax expense. Any accrued interest and penalties are included within the related tax liability. A reconciliation of the total pre-tax beginning and ending amounts of unrecognized tax positions is as follows:

	Tax Positions (in thousands)
Balance at January 1, 2011	$ (10,823)
Additions based on tax positions related to the period	(1,686)
Balance at December 31, 2011	(12,509)
Additions based on tax positions related to the period	(771)
Balance at December 31, 2012	$ (13,280)

The uncertain tax positions giving rise to the unrecognized tax benefits of $5.6 million at December 31, 2012 relate to the timing of certain income and deductions for federal income tax purposes. The reversal of unrecognized tax benefits would not have any impact on the effective tax rate in future periods and are not expected to create cash tax liability upon settlement due to our ability to utilize both pre-change and post-change NOLs to offset their impact.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act (JOBS Act) was enacted. Section 107 of the JOBS Act permits an “emerging growth company” to delay the adoption of new or revised accounting standards until those standards would otherwise apply to private companies. We plan to avail ourselves of this exemption from new or revised accounting standards and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company,” we intend to rely on exemptions relating to: (1) providing an auditor’s attestation report on our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying 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, known as the auditor discussion and analysis. We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year in which we have total annual gross revenue of $1.0 billion or more, (b) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering, (c) the date on which we have issued more than $1.0 billion in non-convertible debt during the previous three years and (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Recently Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board issued guidance that eliminates diversity in practice surrounding the presentation of unrecognized tax benefits when an NOL carryforward, a similar tax loss, or a tax credit carryforward exists. An entity is required to net an unrecognized tax benefit with a deferred tax asset for an NOL carryforward, a similar tax loss, or a tax credit carryforward if the carryforward would be used to settle additional tax due upon disallowance of a tax position. The adoption of this guidance on January 1, 2014 is not expected to have a material impact on our consolidated financial statements.

In July 2012, the Financial Accounting Standards Board issued an amendment to the accounting guidance for testing indefinite-lived intangible assets for impairment. The amendment to the guidance permits a company to first assess the qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. We adopted this guidance for the year ended December 31, 2012. The adoption did not have any impact on our consolidated financial statements. As provided for in the amended guidance, we elected to bypass the qualitative assessment and instead performed the quantitative impairment test for indefinite-lived intangible assets.

Results of Operations

Nine Months Ended September 30, 2012 and 2013 (unaudited)

The following table summarizes the results of our operations for the nine months ended September 30, 2012 and 2013:

	Nine Months Ended September 30,	
	2012	2013
	(in thousands)	
Collaboration revenue	$ 12	$ 8
Research and development expenses	9,461	8,406
Selling, general and administrative expenses	2,522	2,930
Other income (expense), net	(138)	(225)

Revenue. Revenue was $8,000 for the nine months ended September 30, 2013, compared to $12,000 for the nine months ended September 30, 2012. The decrease of $4,000 was due to the termination of a collaboration agreement with AT Grade. We agreed with AT Grade that the relationship was no longer part of our strategic programs. We do not expect any future revenue until we have successfully completed the commercialization of NeoCart or future product candidates.

Research and Development Expenses. Research and development expenses were $8.4 million for the nine months ended September 30, 2013, compared to $9.5 million for the nine months ended September 30, 2012. The decrease in spending was primarily due to a decrease in patient related costs associated with the NeoCart Phase 3 clinical trial resulting from our voluntary election to pause enrollment. We currently expect research and development expenses to increase in 2014 due to the resumption of the NeoCart Phase 3 clinical trial in December 2013.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $2.9 million for the nine months ended September 30, 2013, compared to $2.5 million for the nine months ended September 30, 2012. The increase in spending was primarily due to a $300,000 increase in employee compensation-related expenses associated with the expansion of our executive management and finance team and a $100,000 increase in professional service provider fees to support awareness of the NeoCart Phase 3 clinical trial. We expect selling, general and administrative expenses to increase in 2014 as the NeoCart Phase 3 clinical trial continues and as we increase our administrative structure to support our IPO and obligations as a public company thereafter.

Other Income (Expense), Net. Other income (expense), net was $(225,000) for the nine months ended September 30, 2013, compared to $(138,000) for the nine months ended September 30, 2012. Contributing to the $(87,000) decrease in other income (expense), net was a $196,000 increase to the periodic fair value adjustment of warrant liability and other liability, a decrease of $687,000 in gains created from the cancellation of debt recorded in 2012, and a decrease in interest expense of $792,000 from interest expense related to convertible debt instruments issued in 2011 and 2012 that were converted into equity as part of our Series A Preferred Stock financing on July 20, 2012.

Years Ended December 31, 2011 and 2012

The following table summarizes the results of our operations for the years ended December 31, 2011 and 2012:

	Years Ended December 31,	
	2011	2012
	(in thousands)	
Product revenue	$ 53	$ —
Collaboration revenue	70	26
Total revenue	$ 123	$ 26
Research and development expenses	$ 6,435	$ 11,941
Selling, general and administrative expenses	3,455	3,053
Impairment of goodwill and intangible assets	2,170	—
Other income (expense), net	(973)	(1,967)

Revenue. Revenue was $26,000 for the year ended December 31, 2012, compared to $123,000 for the year ended December 31, 2011. The decrease of $97,000 was due to a $53,000 decrease in product sales in Israel for BioCart and a $44,000 decrease in collaboration revenue after the termination of our collaboration agreement with AT Grade.

Research and Development Expenses. Research and development expenses were $11.9 million for the year ended December 31, 2012, compared to $6.4 million for the year ended December 31, 2011. The increase of $5.5 million was primarily due to an increase in headcount resulting in an increase of $1.5 million in employee compensation-related expense, a $2.0 million increase in license agreement payments, an $800,000 increase in external costs for professional consultants, clinical site start-up and clinical supply manufacture and a $1.2 million increase in equipment, supplies and clinical development and regulatory activities for NeoCart.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $3.1 million for the year ended December 31, 2012, compared to $3.5 million for the year ended December 31, 2011. The decrease of $402,000 was due primarily to a decrease in executive severance expense.

Impairment of Goodwill and Intangible Assets. Impairment of goodwill and intangible assets was $0 for the year ended December 31, 2012, compared to $2.2 million for the year ended December 31, 2011. The decrease was primarily due to the impairment of goodwill of $1.8 million related to the acquisition of ProChon and licensing agreements of $330,000 related to the May 2011 acquisition of ProChon. No impairments were recorded in 2012.

Other Income (Expense), Net. Other income (expense), net, was $(2.0) million for the year ended December 31, 2012, compared to $(937,000) for the year ended December 31, 2011. The decrease was primarily due to a $1.8 million increase related to the periodic fair value remeasurement of our warrant liability and other liability, partially offset by a $687,000 gain on extinguishment of debt.

Liquidity and Capital Resources

We have incurred losses and negative cash flows from operations since inception. From our inception through September 30, 2013, we had an accumulated deficit of $96.6 million and anticipate that we will continue to incur net losses for the next several years.

Since our inception, we have funded our consolidated operations primarily through the private placement of preferred stock and convertible notes, commercial bank debt and, to a limited extent, revenue from product sales, collaboration activities and grants. As of September 30, 2013, we had cash and cash equivalents of $4.1 million.

We believe that the net proceeds from this offering and our existing cash and cash equivalents will be sufficient to fund our projected cash needs through at least the end of 2017. We will require additional capital for the further development of our existing product candidates and may also need to raise additional funds sooner to pursue other development activities related to additional product candidates.

Beginning in January 2012, we issued $6.0 million of convertible promissory notes with a maturity date of one year and accruing interest at eight percent per year. On July 20, 2012, we issued 28,602,031 shares of our Series A Preferred Stock for net proceeds of $20.7 million in cash and the conversion of the $6.0 million of outstanding convertible promissory notes. In December 2013, we issued 10,323,988 shares of our Series A-1 Preferred Stock for net proceeds of $10.3 million in cash.

The following table sets forth a summary of the net cash flow activity for each of the periods indicated:

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(in thousands)			
Net cash used in operating activities	$ (13,036)	$ (12,232)	$ (8,547)	$ (10,093)
Net cash provided by (used in) investing activities	1,313	(79)	(61)	(554)
Net cash provided by financing activities	11,941	26,688	26,538	2
Net increase (decrease) in cash and cash equivalents	$ 218	$ 14,377	$ 17,930	$ (10,645)

Operating Activities

Cash used in operating activities increased $1.5 million from $8.6 million for the nine months ended September 30, 2012 to $10.1 million for the nine months ended September 30, 2013. The primary driver of operating cash requirements was our research and development and selling, general and administrative activities in each period. During the nine months ended September 30, 2012, we used cash from operating activities of $8.6 million which consisted primarily of our net loss of $12.1 million partially offset by a $3.1 million non-cash charge related to a technology license agreement. During the nine months ended September 30, 2013, we used cash from operating activities of $10.1 million, which consisted primarily of our net loss of $11.6 million partially offset by a $1.0 million increase in accounts payable. The $1.5 million increase in cash used in operating activities as compared to the prior year period is due to a $3.1 million non-cash charge related to a technology license agreement which had the effect of increasing cash flows during the prior year period but did not recur in the current year period, partially offset by a $1 million increase in accounts payable that had the effect of decreasing cash flows during the prior year period but did not recur in the current year period.

Cash used in operating activities decreased $804,000 from $13.0 million for the year ended December 31, 2011 to $12.2 million for the year ended December 31, 2012. The primary driver of operating cash requirements was our research and development and selling, general and administrative activities in each period. During the year ended December 31, 2011, we used cash from operating activities of $13.0 million, which consisted primarily of our net loss of $12.9 million, a $1.6 million increase in accounts payable, a $721,000 increase in accrued expenses, partially offset by depreciation expense of $638,000, and impairment of goodwill and intangible assets of $1.8 million and $330,000, respectively. During the year ended December 31, 2012, we used cash from operating activities of $12.2 million, which consisted primarily of our net loss of $16.9 million partially offset by a $3.1 million non-cash charge related to a technology license agreement and $1.8 million related to the change in fair value of warrants. The $804,000 decrease in cash used in operating activities as compared to the prior year was due to a $3.1 million non-cash charge related to a technology license agreement, $1.8 million related to the change in fair value of warrants, a $1.4 million increase in accounts payable and a $726,000 increase in accrued expenses, all of which had the effect of increasing cash flows during the current year period. These items were partially offset by a $4.9 million increase in our net loss that had the effect of reducing cash flows during the current year period.

Investing Activities

Cash used in investing activities increased $493,000 from $61,000 for the nine months ended September 30, 2012 to $554,000 for the nine months ended September 30, 2013. The difference was primarily related to increased purchases of property and equipment.

During the year ended December 31, 2011, investing activities provided cash of $1.3 million, primarily related to cash acquired in connection with the ProChon acquisition. During the year ended December 31, 2012, investing activities used cash of $79,000 for the purchase of property and equipment.

Financing Activities

Cash provided by financing activities decreased from $26.5 million for the nine months ended September 30, 2012 to $2,000 for the nine months ended September 30, 2013. During the nine months ended September 30, 2012, we received $6.0 million of proceeds from the issuance of convertible bridge loans that were subsequently converted into 5,950,000 shares of Series A Preferred Stock on July 20, 2012, and $20.7 million in net proceeds from the sale of Series A Preferred Stock on July 20, 2012 to outside investors. During the nine months ended September 30, 2013, we received proceeds of $2,000 from the exercise of common stock options.

Financing activities provided cash of $11.9 million and $26.7 million during the years ended December 31, 2011 and 2012, respectively. During the year ended December 31, 2011, we received proceeds of $11.9 million from the issuance of convertible promissory notes to our stockholders, which was subsequently converted into 6,250,001 shares of common stock on July 20, 2012. During the year ended December 31, 2012, we received $6.0 million of net proceeds from the issuance of convertible promissory notes, which were subsequently converted into 5,950,000 shares of our Series A Preferred Stock on July 20, 2012, and $20.7 million in net proceeds from the sale of 22,652,031 shares of our Series A Preferred Stock on July 20, 2012 to outside investors.

Operating Capital Requirements

To date, we have generated product revenue from therapeutic product sales of BioCart in Israel. In 2011, we suspended sales of BioCart in the Israeli market for strategic reasons. We do not know when, or if, we will generate any future revenue from therapeutic product sales. We do not expect to generate significant revenue from therapeutic product sales unless and until we obtain regulatory approval of and commercialize NeoCart or our future product candidates. We anticipate that we will continue to incur losses for the next several years, and we expect the losses to increase as we continue the development of, and seek regulatory approvals for, NeoCart and our future product candidates, and begin to commercialize any approved products. We are subject to all of the risks incident to the development of new therapeutic products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. Upon the completion of this offering, we will incur additional costs associated with operating as a public company. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Until we can generate a sufficient amount of revenue from our regenerative medicine products, if ever, we expect to finance future cash needs through public or private equity or debt offerings. In any event, we do not expect to achieve significant revenue from regenerative medicine product sales prior to the use of the net proceeds from this offering. Additional capital may not be available on reasonable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing stockholders, increased fixed payment obligations and the existence of securities with rights that may be senior to those of our common stock. If we incur indebtedness, we could become subject to covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Any of these events could significantly harm our business, financial condition and prospects.

Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. The amount and timing of future funding requirements, both near- and long-term, will depend on many factors, including:

- the design, initiation, progress, size, timing, costs and results of preclinical studies and clinical trials for our product candidates;
- the outcome, timing and cost of regulatory approvals by the U.S. Food and Drug Administration (FDA) and comparable foreign regulatory authorities, including the potential for the FDA or comparable foreign regulatory authorities to require that we perform more studies than, or evaluate clinical endpoints other than those that we currently expect;
- the timing and costs associated with our technology transfer and manufacturing location transition;
- the timing and costs associated with manufacturing NeoCart and our future product candidates for clinical trials, preclinical studies and, if approved, for commercial sale;
- the number and characteristics of product candidates that we pursue;
- the extent to which we are required to pay milestone or other payments under our in-license agreements and the timing of such payments;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- our need to expand our research and development activities, including our need and ability to hire additional employees;
- our need to implement additional infrastructure and internal systems and hire additional employees to operate as a public company;
- the effect of competing technological and market developments; and
- the cost of establishing sales, marketing and distribution capabilities for any products for which we may receive regulatory approval.

If we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, financial condition and results of operations could be materially adversely affected.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2012 that will affect our future liquidity:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Operating lease obligations	$5,218	$ 1,117	$ 2,148	$ 1,953	$ —
Research and development contract obligations	452	107	139	64	142
Severance contract obligations	275	216	59	—	—
Engineering obligations	567	567	—	—	—
Total	$6,512	$ 2,007	$ 2,346	$ 2,017	$ 142

Operating lease obligations represent future minimum lease payments under non-cancelable operating leases in effect as of December 31, 2012, including remaining lease payments for our current facilities in Waltham, Massachusetts, Woburn, Massachusetts, and Tel Aviv, Israel.

Research and development contract obligations represent minimum future payments to third parties under our license agreements that become due and payable on the achievement of certain development, regulatory and commercial milestones (such as the start of a clinical trial, filing for product approval with the FDA or other regulatory agencies, product approval by the FDA or other regulatory agencies, product launch or product sales) or on the sublicense of our rights to another party. To the extent the achievement and timing of these events is not fixed and determinable, we have not included such commitments on our consolidated balance sheet or in the table above. Certain milestones are in advance of receipt of revenue from the sale of products and, therefore, we may require additional debt or equity capital to make such payments. These commitments include:

- Under an exclusive license agreement with Angiotech Pharmaceuticals (US), Inc. pursuant to which we license certain patents for our CT3 bioadhesive, we are required to make annual maintenance payments and payments based upon development, regulatory and commercial milestones for any products covered by the in-licensed intellectual property. The maximum aggregate milestone payments we may be obligated to make per product are $3.0 million. We will also be required to pay a royalty on net sales of products covered by the in-licensed intellectual property in the single digits.
- Under an exclusive sub-license agreement with Brigham and Women’s Hospital, Inc. pursuant to which we license certain patents relating to our exogenous tissue processor, we are required to make annual maintenance payments and payments based upon development, regulatory and commercial milestones for any products covered by the in-licensed intellectual property. The maximum aggregate milestone payments we may be obligated to make are $200,000. We will also be required to pay a royalty on net sales of products covered by the in-licensed intellectual property in the low single digits.
- Under an exclusive license agreement with Board of Trustees of The Leland Stanford Junior University pursuant to which we license certain patents relating to the use of exogenous tissue processor, we are required to make annual maintenance payments and payments based upon development, regulatory and commercial milestones for any products covered by the in-licensed intellectual property. The maximum aggregate milestone payments we may be obligated to make per product are $300,000. We will also be required to pay a royalty on net sales of products covered by the in-licensed intellectual property in the low single digits.
- Under an exclusive license agreement with Yeda Research and Development Co. Ltd. pursuant to which we license certain rights relating to high level expression of heterologous proteins and plasmid p80 BS. We are required to make a yearly, non-refundable license fee payment of $2,000. We will also be required to pay a royalty fee of a low single digit percentage rate of net sales of the licensed products, a low single digit percentage rate of net sales for combination products (meaning the combination of the licensed product with at least one other active ingredient, material or medical device that would have a clinical effect if administered independently) and a low double digit percentage rate of all of our sublicensing receipts.

We enter into contracts in the normal course of business with clinical sites for the conduct of clinical trials, contract research service providers for preclinical research studies, professional consultants for expert advice and other vendors for laboratory and research supplies and services. These contracts generally provide for termination on notice, and therefore are cancelable contracts and not included in the table of contractual obligations and commitments.

Obligations related to grants received represent consideration agreed to be paid in royalties of a low single digit percentage rate of sales of sponsored products developed using the grant money.

Severance contract obligations represent the remaining payments due to our former chief executive officer whose employment ended in March 2013.

Engineering contract obligations represent the future minimum payments due to ST3 Development Corporation for the in-process production of a multi-unit bioreactor system expected to be completed in June 2014. Upon completion of the delivery of the system the remaining payments will be made.

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.

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to market risk related to changes in interest rates. As of September 30, 2013, we had cash and cash equivalents of $4.1 million. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term securities backed by U.S. Treasuries. Our available for sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our portfolio.

BUSINESS

Overview

We are a regenerative medicine company focused on developing and commercializing products in the musculoskeletal segment of the marketplace. Our regenerative medicine platform combines expertise in cell processing, scaffolding, tissue engineering, bioadhesives and growth factors to provide solutions that can be utilized individually or in concert to treat musculoskeletal-related conditions. Our first product candidate, NeoCart, leverages our platform to provide an innovative treatment in the orthopaedic space, specifically cartilage damage in the knee. NeoCart is currently enrolling a Phase 3 clinical trial in the United States under a Special Protocol Assessment (SPA) with the U.S. Food and Drug Administration (FDA). If the study is successful and NeoCart is approved for sale in the United States, we believe it would be the first product approved for the first-line treatment of severe cartilage damage to demonstrate clinical superiority over the current standard of care, microfracture.

Musculoskeletal-related conditions, including cartilage damage, are one of the most prevalent health problem in the United States. Based on recent publications, we estimate that 1,000,000 knee arthroscopies are performed each year in the United States and we believe cartilage damage is likely to be identified in over 60% of those knee arthroscopies. Cartilage damage is a leading cause of osteoarthritis, the condition most responsible for the estimated 750,000 knee replacements performed in the United States annually, according to recent research published in the *Journal of Bone and Joint Surgery*. We believe the current alternatives available to treat cartilage damage in the knee, including microfracture, inadequately address this condition. We believe NeoCart would represent a superior solution to treat cartilage damage in the knee because it has the potential to solve for the limitations of the current treatment alternatives and has the potential to provide improved efficacy, long-term patient benefits, accelerated patient recovery and predictable patient outcomes through a technically straightforward surgical procedure. NeoCart demonstrated a statistically significant improvement in clinical efficacy based on pain and function measures as compared to microfracture in our Phase 2 clinical trial.

We believe NeoCart has generated positive Phase 1 and Phase 2 clinical data as a result of our robust regenerative medicine platform and the elements comprising our platform. Our proprietary three-dimensional honeycomb scaffold used in the production of NeoCart enables the seeding of cell cultures throughout the scaffold similar to the cell orientation in normal cartilage as compared to other scaffolds that accommodate cells only on their surface. The collagen base of the scaffold is conducive to cell function and integration of NeoCart with native tissue. Our proprietary tissue engineering processor, used to stimulate cartilage-like functioning of NeoCart prior to implantation, is a key factor in the preliminary evidence for NeoCart's short-term efficacy and potential for long-term durability compared to other alternatives. Our bioadhesive anchors the NeoCart implant in the defect bed and seals the implant to the surrounding native cartilage interface, eliminating the need for complicated suturing that is required in some treatment alternatives. The well-affixed implant has the potential to facilitate earlier weight-bearing and accelerated recovery, which we believe would be distinctly more advantageous than other existing therapies. We believe the combination of these and other components of our regenerative medicine platform provide us with distinct proprietary advantages versus other treatment alternatives that ultimately will lead to clinical superiority of NeoCart on measures of pain and function when compared to microfracture in our Phase 3 clinical trial.

We expect to complete enrollment of our NeoCart Phase 3 clinical trial by the first half of 2016, and we plan to commercialize the product following approval in the United States. In anticipation of potential approval, we have begun to scale our internal current Good Manufacturing Practices (cGMP) manufacturing capabilities and anticipate manufacturing all of our products in-house at our facilities located in the greater Boston area.

Our regenerative medicine platform gives us the ability to develop a strong pipeline. We believe the positive clinical data success we have seen in treating cartilage damage of the knee with NeoCart will be applicable to other joints such as the ankle, shoulder and hip. We also believe our regenerative medicine platform possesses the fundamental science to allow us to develop additional product candidates to treat other soft tissue damage

throughout the body such as tendon, ligament and meniscus tears and complex joint degeneration. Our portfolio of proprietary fibroblast growth factor (FGF) variants may be explored for their use in optimizing manufacturing yields and we believe they could have various therapeutic applications including wound healing and fracture healing. We plan to continue investing in our intellectual property portfolio in order to expand and protect our regenerative medicine platform and product candidates.

The goal of our Phase 3 clinical trial is to demonstrate significant advantages of NeoCart over microfracture, which we believe will allow us to secure approval to sell NeoCart in the United States and will enable us to become a market leader in cartilage repair. We believe our regenerative medicine platform will facilitate our successful expansion beyond cartilage repair to address additional areas of the musculoskeletal segment of the regenerative medicine marketplace.

Regenerative Medicine

Regenerative medicine is a rapidly developing, interdisciplinary field that is transforming healthcare by translating fundamental science into a variety of products and solutions aimed at repairing, regenerating or replacing function loss caused by injury, disease or aging. Regenerative medicine technologies encompass a variety of therapeutic approaches, including tissue engineering, cell-based therapies, gene therapy, small molecules and biologics, stem cells and biobanking. Any combination of these technologies may be used to harness or stimulate the body's innate healing ability in order to treat a wide range of ailments, including musculoskeletal-related conditions, cardio- and peripheral vascular diseases, neurological disorders, stroke, non-healing wounds and ocular diseases.

Musculoskeletal conditions, comprised of injuries to or diseases of bones, cartilage, joints, ligaments, muscles, nerves, skin or tendons, are the most common health problem in the United States and are a leading cause of disability and healthcare expenditure according to *The Burden of Musculoskeletal Diseases in the United States*, a 2011 publication of a coalition of professional organizations including the American Academy of Orthopaedic Surgeons. Based on the commercial introduction of new products and expanded applications of approved products, the musculoskeletal, orthopedics and spine segment of the regenerative medicine market is projected to reach approximately $13 billion worldwide by 2015 according to a 2010 report issued by MedMarket Diligence.

Our initial product candidate, NeoCart, leverages our regenerative medicine platform and, upon approval, if any, we believe will compete in the musculoskeletal segment of the regenerative medicine marketplace with an initial focus on treating cartilage damage in the knee.

Cartilage Damage

Joint, or articular, cartilage covers the ends of bones and allows for joints to glide smoothly with minimal friction. Cartilage damage, or chondral defects, can be caused by acute trauma, such as a bad fall or sports-related injury, or by repetitive trauma, such as general wear over time. Unlike other tissues in the body, joint cartilage has no innate ability to repair itself, making any injury permanent. Left untreated, even a small chondral defect can expand in size and progress to debilitating arthritis, ultimately necessitating a joint replacement procedure.

We estimate that, based in part on historical growth rates reflected in a 2011 article in the *Journal of Bone and Joint Surgery*, over 1,000,000 knee arthroscopies are performed on an annual basis in the United States in skeletally mature adults and, based on a 2007 article published in *The Knee*, more than 60% of those arthroscopies may reveal cartilage damage. To standardize the reporting of the severity of chondral defects, the International Cartilage Repair Society established a universal classification system that grades the damage using a scale of 1 to 4, with 4 considered the worst. Grade 3 and 4 chondral defects, also referred to as full thickness defects, are considered severe. Based on the projected growth in the number of annual arthroscopies in the United States, we believe that by 2015 at least 750,000 patients in the United States will be diagnosed with full-thickness chondral defects and over 1,000,000 Americans annually will undergo a primary total knee replacement resulting from disabling arthritis.

Limitations of Current Alternatives for Treating Cartilage Damage

We estimate, based on internal research, that over 500,000 knee cartilage procedures are performed annually in the United States, primarily in the form of debridement, microfracture, conventional autologous chondrocyte implantation (ACI) and osteochondral grafting.

Debridement and microfracture procedures are the most frequently performed surgical procedures for treatment for cartilage damage, accounting for an estimated 90% of all such procedures according to materials from a 2009 meeting of the Cellular Tissue and Gene Therapies Advisory Committee of the FDA. Debridement is an arthroscopic procedure that involves removal of injured or loose tissue debris by shaving, cutting or scraping it. Debridement does not attempt to repair cartilage damage, as its only goal is to improve symptoms.

Microfracture is considered the current standard of care for severe chondral defects due to its short-term success in improving symptoms in many patients, its simplicity, its safety profile and the lack of other viable alternatives. The procedure consists of perforations, or microfractures, made to the bone plate at the location of cartilage damage in order to allow bone marrow stem cells access to the injured area, where, in theory, they differentiate into cartilage cells, or chondrocytes, that may form joint cartilage. However, microfracture has been unsuccessful in reliably solving the underlying problem of cartilage damage because the repair tissue formed by the procedure is incapable of withstanding the normal shock and shear forces that joint cartilage sustains.

In addition to its inability to solve the underlying problem—damage to the articular cartilage—microfracture is associated with numerous other drawbacks and limitations, including the following:

- ***Modest Efficacy:*** The results of microfracture vary based on patient-specific characteristics and individual healing responses. Studies have shown the benefits of microfracture are negatively influenced by advanced age, higher body weight, larger chondral defect size and limited amount of repair tissue formed.
- ***Limited Long-Term Patient Benefits:*** Positive clinical response to microfracture has been shown to wane over time. A systematic review summarizing multiple articles on microfracture and published in the *American Journal of Sports Medicine* in 2009 revealed that up to 80% of microfracture patients report deterioration in their postoperative functional improvement after two years. Based on our interpretation of a 2013 article in *Cartilage* and the 2009 systematic review in the *American Journal of Sports Medicine*, we believe over 30% of microfracture patients require subsequent additional cartilage procedures after two years and up to 50% of all microfracture patients eventually require unplanned knee procedures due to persistent or recurrent symptoms.
- ***Extended Patient Recovery:*** Microfracture patients are typically not allowed to resume any vigorous activities for six months after their surgeries. During this time, patients must avoid weight-bearing activities for the first six weeks and use continuous passive motion machines for several hours per day. Prolonged physical therapy is often recommended. Such requirements and restrictions are believed necessary to optimize the anatomic and clinical results of microfracture, but come at the cost of muscle atrophy and delayed resumption of activities.

ACI and osteochondral grafting have drawbacks and limitations similar to those affecting debridement and microfracture, and also are associated with the following:

- ***Technically Demanding Surgeries:*** ACI is a slurry of autologous cartilage cells formed from a biopsy of a patient's cartilage and grown over six to eight weeks. A patch or cover must be sutured into the surrounding healthy cartilage to hold the slurry in place. Osteochondral grafting, whether autograft (using the patient's own cells) or allograft (using another person's tissue), consists of a circular plug of bone and cartilage press-fit into the defect and can be challenging to perform because of the difficulty of achieving an exact match, fit and placement of the graft.
- ***Negative Safety Profile:*** ACI techniques are associated with graft failure, delamination, tissue overgrowth and knee stiffness. According to a 2006 report in the *Journal of Bone and Joint*

Surgery, 48% of ACI patients underwent reoperation as a result of problems directly related to the graft. Osteochondral grafting, if performed with autograft, is associated with limitations in treatable defect sizes because of associated donor site morbidity and, if performed with allograft, is associated with the potential of disease transmission and nonunion.

Our Regenerative Medicine Platform and Initial Product Candidate

Our Regenerative Medicine Platform

Our regenerative medicine platform is comprised of innovative bioengineering, advanced proprietary materials sciences as well as molecular and cellular biology technologies that can be utilized individually or in a variety of combinations to treat musculoskeletal-related conditions:

- ***Cell Processing:*** As part of our process of implant production, our cell processing technologies involve the in-house handling of a biopsy specimen, cell extraction and the *ex vivo* expansion of cells. Our proprietary process is currently optimized for, but not limited to, cartilage cell culturing.
- ***Scaffolding:*** Our three-dimensional scaffold structures, including our honeycomb collagen scaffolds, are particularly well suited for producing a cartilage-like implant. Our structures enable the seeding of cell cultures throughout the collagen scaffold, similar to the cell orientation in normal cartilage, as compared to other scaffolds, which accommodate cells only on their surface or in thin layers. The honeycomb structure is important because it allows cartilage cells to line up vertically throughout the scaffold so that they organize as they normally would in native cartilage. Our proprietary three-dimensional scaffolds are comprised of polymers that are biocompatible, biodegradable and non-cytotoxic. These scaffolds can support and deliver a variety of cell types.
- ***Tissue Engineering:*** Our proprietary tissue engineering processors (TEP) incubate our cell- and scaffold-based implants under conditions of cyclic hydrostatic pressure and low oxygen tension, a process that is designed to mimic the conditions found in the knee. We believe our proprietary TEP technology is unique to the tissue repair market and is a primary reason our patients recover quickly and realize positive long-term outcomes.
- ***Bioadhesive:*** Our proprietary bioadhesive eliminates the need for complicated suturing required during certain other cartilage repair treatments, and our internal studies demonstrate that CT3 is stronger than the fibrin glue used in such other cartilage repair treatments. CT3 is comprised of methylated collagen and activated polyethylene glycol (PEG) that is biodegradable and nontoxic. We believe our bioadhesive contributes to the quick recovery and the long-term good outcomes seen in our trials.
- ***Growth Factors:*** Our proprietary growth factors include a number of FGF variants that are key elements in the processes of proliferation and differentiation of a wide variety of cells and tissues. We intend to explore the use of FGF variants to speed the expansion of biopsy specimens *ex vivo*. We also believe they could have therapeutic applications for, among other ailments wound and fracture healing.

NeoCart: Our Initial Product Candidate

NeoCart, our Phase 3 product candidate, utilizes many aspects of our regenerative medicine platform to repair knee cartilage damage. We believe NeoCart has the potential to provide several benefits not provided by current treatment alternatives for knee cartilage damage, including:

- ***Improved Efficacy:*** In our Phase 2 clinical trial of 30 patients, NeoCart showed better clinical outcomes when compared directly to microfracture on measures of pain and function. The difference in improvement between the two groups was apparent as early as three months following surgery and was statistically significant at six months, one year, two years and three years. We believe efficacy seen in our trials to date is a result of NeoCart's ability to function like cartilage

upon implantation and integrate with the surrounding native tissue, features that distinguish it from current treatment alternatives.

- ***Long-Term Patient Benefits:*** In contrast to microfracture's well-documented deterioration of results after two years, NeoCart's positive outcomes have been sustained for three or more years in our Phase 1 and 2 clinical trials. We believe that all of the biologic and mechanical attributes of NeoCart provide the potential for a durable clinical response and give it the potential to prevent the evolution of osteoarthritis and subsequent need for knee replacement surgery.
- ***Accelerated Patient Recovery:*** Our CT3 bioadhesive anchors NeoCart in the defect bed and seals it to the surrounding native cartilage. The cartilage-like NeoCart implant coupled with the secure CT3 fixation may allow for earlier weight-bearing and accelerated recovery of function, which would be distinctly advantageous for any cartilage repair solution. In our Phase 3 clinical trial, patients may be allowed to begin weight-bearing activities as soon as two weeks following implantation versus six weeks for the current standard of care, microfracture.
- ***Technically Straightforward Surgery:*** The use of our bioadhesive eliminates the need for complicated suturing associated with ACI techniques. Unlike osteochondral grafting procedures, the NeoCart implant is tailored to the shape of the defect so that all normal host tissue is left in place.
- ***Positive Safety Profile:*** To date, NeoCart has shown no evidence of tissue overgrowth or knee stiffness often associated with ACI techniques. Reoperation rates to address problems directly related to the cartilage procedure or other persistent general knee symptoms, associated with all cartilage techniques and particularly high with ACI techniques, have been very low in NeoCart patients followed for five years in our Phase 1 and Phase 2 clinical trials.

Our Business Strategy

Our goal is to leverage our regenerative medicine platform to develop and commercialize innovative, next generation products to treat patients suffering from musculoskeletal-related conditions. To achieve our goal, we are pursuing the following strategies:

- ***Complete Phase 3 Clinical Trial and Apply for Regulatory Approval of NeoCart in the United States.*** We are currently enrolling our Phase 3 clinical trial for NeoCart and, assuming positive results, we plan to submit a Biologics License Applications (BLA) to the FDA for approval in the United States. Upon receiving approval from the FDA, we then intend to market NeoCart as the first approved product in the United States for the treatment of chondral defects that shows superiority over the current standard of care, microfracture.
- ***Continue to Scale and Optimize Our Manufacturing Capabilities.*** We own and operate our own cGMP manufacturing operations for NeoCart and we plan to transfer production of critical raw materials in-house in order to gain further control over quality, process, supply and costs. This transition will also allow us to expand production capacity for clinical and commercial purposes.
- ***Maximize Commercial Opportunity of NeoCart.*** We expect to invest strategically in a U.S. commercial infrastructure to support a successful launch and commercialization of NeoCart upon FDA approval. We intend to build a highly experienced commercial organization to target orthopedic surgeons in the United States as the primary point of contact.
- ***Leverage Our Core Technology Platform to Expand into Additional Therapeutic Applications.*** We believe a significant unmet market need and commercial opportunity exist for NeoCart to treat cartilage defects in other joints such as ankles, shoulders and hips. Further, we plan to exploit our regenerative medicine platform to develop products that treat additional soft tissue and musculoskeletal-related disorders.
- ***Selectively Evaluate Business Development Opportunities.*** We plan to evaluate business development opportunities, which may include in-licensing and out-licensing of products or

technologies, in order to strengthen our revenue prospects and improve our manufacturing capabilities.

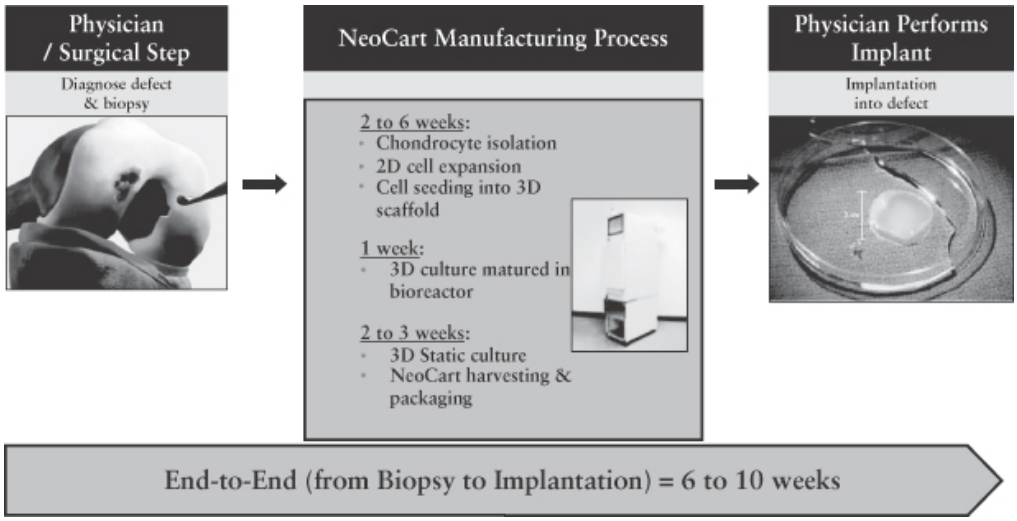
- ***Continue to Invest in Building and Protecting Our Intellectual Property.*** We intend to continue to expand our strong existing intellectual property portfolio and protect our regenerative medicine platform and product candidates by filing patent applications in the United States, the European Economic Area (EEA, which is comprised of the 28 Member States of the European Union, Iceland, Liechtenstein and Norway) and other jurisdictions with the goal of extending the degree and level of protection as well as the duration of protection across our core technologies and products.

Our Phase 3 Product Candidate: NeoCart

NeoCart is our lead product candidate and is currently being evaluated in a U.S. Phase 3 clinical trial as a first-line therapy for full thickness knee chondral lesions in skeletally mature adults age 18 to 55. NeoCart is a cartilage-like implant created from a patient's own cartilage cells. The patient's cells are multiplied in our laboratory and then infused into a proprietary scaffold to allow them to organize and function like cartilage cells. Before NeoCart is shipped to the surgeon for implantation, the cell- and scaffold construct undergoes a bioengineering process that is designed to mimic a joint so that the implant, upon placement in the knee with our proprietary CT3 bioadhesive, is primed to begin functioning like healthy cartilage.

NeoCart data produced to date in the Phase 1 and 2 clinical trials has demonstrated very favorable safety and the potential for durable efficacy and has been published in well-regarded peer-reviewed journals, including its acceptance as Level I evidence in the prestigious *Journal of Bone and Joint Surgery*. We consider the data observed thus far to be a direct result of NeoCart's distinct attributes, derived from our regenerative medicine platform, that combine to form a sophisticated and unique biologic implant capable of functioning like normal cartilage upon implantation. Further, we believe the data reflects that, after implantation, NeoCart continues to mature and integrate with the native cartilage as it experiences the natural environment of the joint. We believe these attributes and the clinical data we have accumulated to date differentiate NeoCart from other treatment alternatives, including microfracture. A pictorial representation of the entire NeoCart creation process from biopsy to implantation is displayed below.

THE NEOCART PROCESS



Phase 3 Clinical Trial

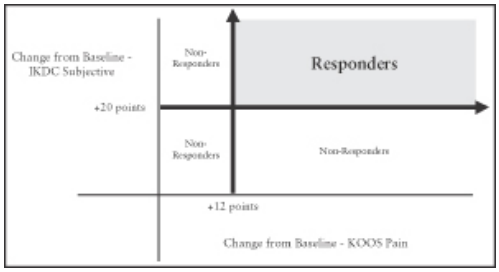
We are pursuing FDA approval via a rigorous BLA pathway with a clinical trial designed to show superiority against the current standard of care, microfracture. Our NeoCart Phase 3 clinical trial is being performed under an SPA with the FDA and was initiated as a confirmatory study based on the promising safety and efficacy findings from our Phase 2 clinical trial. The Phase 3 clinical trial design, based on our Phase 2 study, is a prospective, controlled, multi-center trial of 245 adults between the ages of 18 and 55 years who have symptomatic focal full-thickness chondral knee defects randomized between NeoCart and microfracture on a two-to-one basis. Randomization is done at arthroscopy, at which time final patient eligibility is determined.

Under our SPA, the primary endpoint for approval is superiority at one year in the proportion of responders in the treatment arm compared to the proportion of responders in the control arm in a dual-threshold responder analysis utilizing the Knee Injury and Osteoarthritis Outcome Score (KOOS) pain subscale and International Knee Documentation Committee Subjective (IKDC Subjective) assessments. Both the KOOS and the IKDC Subjective assessments are validated, patient-centered and self-administered outcome instruments intended to assess patient-relevant outcomes. The KOOS separately assesses and scores five dimensions of outcomes from the patient's perspective: pain, symptoms, activities of daily living, sport and recreation function and knee-related quality of life. Similarly, the IKDC Subjective assesses and scores three dimensions of outcomes from the patient's perspective: symptoms, function during activities of daily living and sports. The scores are tabulated and transformed to a 100-point scale, where 100 represents the best outcome for either pain or function and zero represents the worst outcome.

Similar to our Phase 2 clinical trial, in the Phase 3 clinical trial, a patient is considered a responder if he or she achieves both of the following patient-reported outcomes:

- improvement of at least 12 points compared to the patient's baseline score in KOOS pain subscore assessment; and
- improvement of at least 20 points compared to the patient's baseline score on the IKDC Subjective assessment.

SCHEMATIC REPRESENTATION OF DUAL-THRESHOLD RESPONDER RATE ANALYSIS



The following additional endpoints will be evaluated in secondary superiority testing at one year comparing the treatment arm to the control arm:

- time to full weight-bearing;
- "treatment failure," defined as a greater than an 8-point deterioration in KOOS pain score at one year compared to baseline; and
- presence of mature collagen layering as assessed by magnetic resonance imaging cartilage mapping at one year.

Patients will be followed for a total of three years for safety and additional efficacy data.

Phase 3 Status

In late 2009, pursuant to our SPA, we initiated our Phase 3 clinical trial and our first patient was randomized in June 2010. In September 2010, after nine patients had been randomized, active enrollment was postponed until the completion of a convertible debt financing in late 2011.

In November 2012, we voluntarily suspended manufacturing operations and paused enrollment of the NeoCart Phase 3 clinical trial upon discovery of discrepancies in the testing procedures used to assess one of the raw materials (bovine-derived type I collagen) utilized in the manufacture of NeoCart implants. All participating clinical trial sites, including Institutional Review Boards (IRB), and the FDA were notified of our decision. After an in-depth review of all available information, we concluded that the observed discrepancies did not impact product quality or patient safety, but we chose to continue our self-imposed pause to improve and upgrade our existing manufacturing and quality control systems processes to meet or exceed cGMP standards. This transition was completed in December 2013.

Prior to our November 2012 voluntary election to pause enrollment, 30 patients had been randomized into the NeoCart Phase 3 clinical trial. Twenty-one of these patients were randomized to receive a NeoCart implant and nine were randomized into the control arm to undergo a microfracture procedure. Upon completion of the manufacturing transition in December 2013, we resumed enrollment at over 20 active sites, specifically chosen based on appropriate case volume, investigator interest in the science of cartilage and clinical research capabilities. Under the SPA, we have the ability to expand the clinical trial to 40 U.S. sites. Based on certain assumptions, including estimates of patient recruitment at 25 fully qualified sites and timely completion of the technology transfer discussed below in “Manufacturing – NeoCart Technology and Materials Transfer,” we anticipate enrolling the remaining 215 patients by the first half of 2016.

Phase 2 Clinical Trial

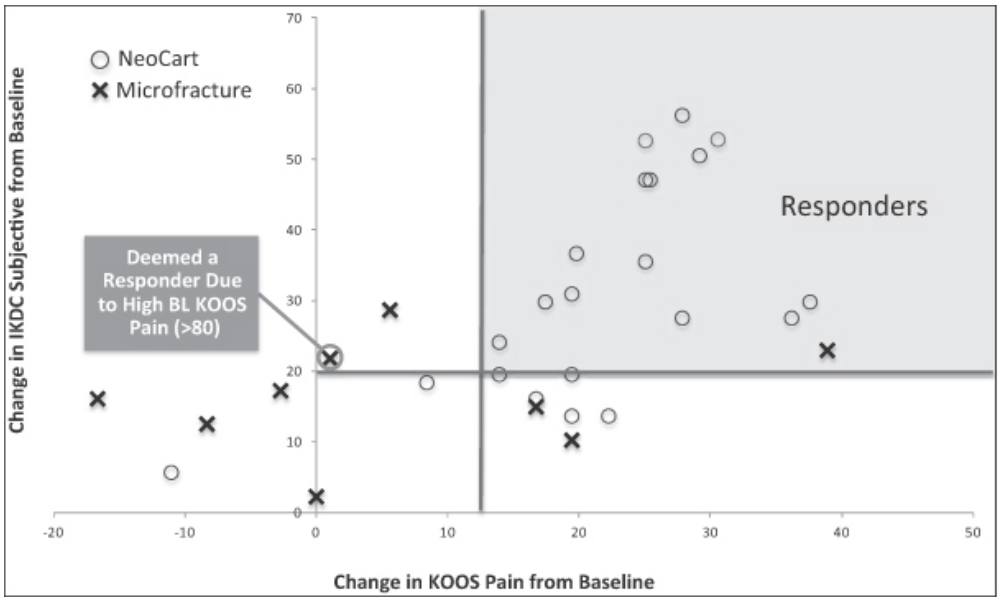
Our NeoCart Phase 2 clinical trial was initiated in 2007 to evaluate further the positive safety and early efficacy signals demonstrated in our Phase 1 clinical trial of NeoCart for articular cartilage damage in the knee. We also sought to identify clinically meaningful endpoints and identify appropriate patient populations to be used in the design of future clinical studies. The trial was a five-year prospective, controlled, randomized, clinical study of 30 patients conducted at six U.S. centers.

At every measurement interval between three months and three years, the NeoCart arm achieved statistically significant improvement compared to its baseline pain and function assessments using the KOOS pain and symptoms subscales, the IKDC Subjective assessment and a visual analog pain scale. Furthermore, when this improvement from baseline was compared to the improvement of microfracture from baseline, NeoCart’s improvement was statistically significantly better than microfracture’s improvement on over half of the measurements.

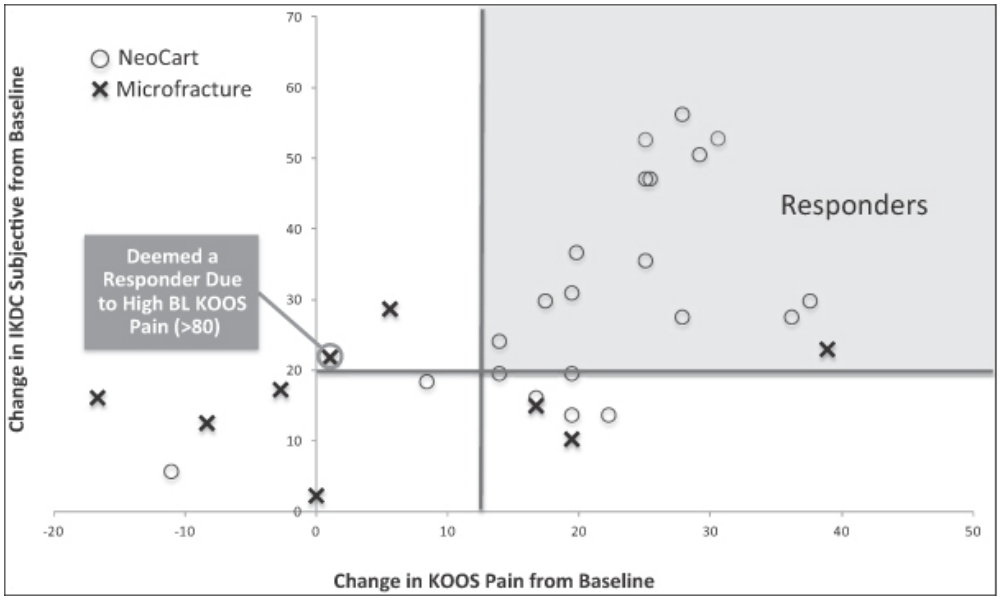
Additional comparison of the treatment group to the control group was performed with the previously described dual-threshold responder analysis we are utilizing in our Phase 3 clinical trial. To be considered a responder in the Phase 2 clinical trial, a patient must have achieved a minimum improvement on the KOOS pain subscale and the IKDC Subjective assessment (“dual threshold”) compared to his or her baseline scores. The minimum required improvement for pain was 12 points and the minimum required improvement for function was 20 points.

The selected thresholds have been validated in the literature as clinically meaningful to patients. In some cases, patients entered the Phase 2 clinical trial with pain scores at a level such that they could not have improved a great deal (for example, a baseline of 91 points on a scale of 100). In those cases, patients were considered responders if their function scores improved a minimum of 20 points even if their pain scores did not improve the required 12 points. Compared to the microfracture group, significantly more NeoCart-treated patients responded to treatment at six months, one and two years. In addition, a majority of Year 1 responders with a NeoCart implant remained responders at Year 3 compared to none of the microfracture responders at Year 1. The difference in responder rates between the groups favored NeoCart as early as three months post-surgery.

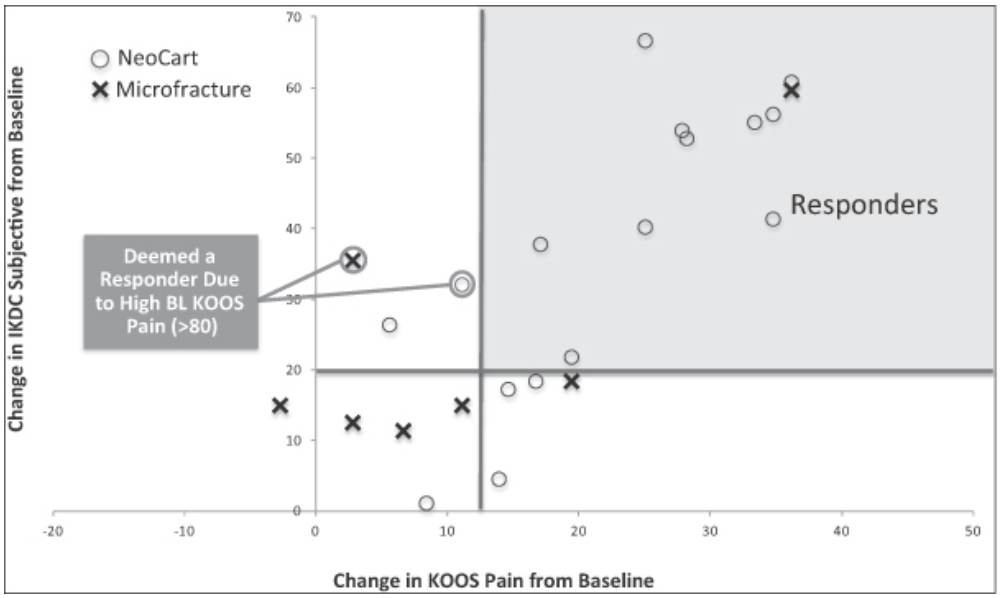
RESPONDER RATE ANALYSIS AT YEAR 1



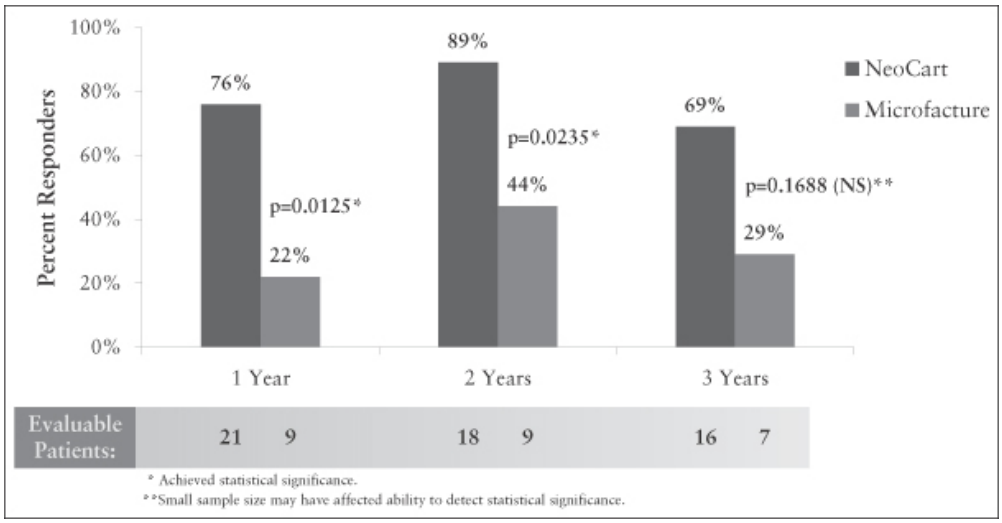
RESPONDER RATE ANALYSIS AT YEAR 2



RESPONDER RATE ANALYSIS AT YEAR 3



RESPONDER RATE ANALYSIS AT YEARS 1, 2 AND 3



In November 2013, the Phase 2 trial concluded its five-year observation period and we anticipate submitting final results in late 2014. During the course of the trial, no serious adverse events (expected or unexpected) were considered to be product- or implant-related. Two-year results of this trial were published in the *Journal of Bone and Joint Surgery* in 2012.

Phase 1 Clinical Trial

The two-year results of our Phase 1 clinical trial were published in the *American Journal of Sports Medicine* in 2009. Among the eight patients studied, all of whom enrolled in 2005 and completed five years of observation, a highly favorable safety profile of NeoCart was documented with few reported complications and no serious adverse events (expected or unexpected) deemed treatment-related. Efficacy signals in the form of improved pain and function compared to baseline were also noted.

Pipeline and NeoCart Indication Expansion

We expect to build a robust development pipeline by leveraging our regenerative medicine platform and intellectual property portfolio as well as expanding the applications of NeoCart into additional indications.

Although our initial focus for NeoCart is for the treatment of knee cartilage damage, we plan to leverage our regenerative medicine platform to explore the treatment of chondral defects in other joints, such as the ankle, hip and shoulder. Furthermore, we believe our platform can be utilized to address more extensive cartilage damage associated with significant bone loss and generalized arthritis as well.

Our acellular scaffolds are capable of hosting cells of any type, which allows us the flexibility to tailor their use for other regenerative medicine opportunities beyond cartilage repair, including ligament, tendon and meniscus repair.

In addition to the potential use of our FGF variants in optimizing our manufacturing process, our proprietary FGF variants may be capable of being used in therapeutic applications such as fracture healing, osteoporosis, generalized osteoarthritis, orphan diseases involving genetically-based bone growth disruption (applicable to our specific variants) and wound healing.

Commercialization

Assuming NeoCart is approved by the FDA, we plan to build our own commercial organization in the United States to support the launch and commercialization of NeoCart. The organization will be designed for scalability to support other potential future products as well. For NeoCart, we initially plan to scale up to approximately 30 sales representatives and management after FDA approval. The NeoCart sales force will target the estimated 4,000 to 5,000 orthopedic surgeons in the United States who may use NeoCart, including a core group of physicians focused on the care of cartilage injuries. We expect this core commercial team to be comprised of experienced sales representatives with relevant industry experience in the areas of orthopedic surgery and biologics sales. The commercial organization is anticipated to include hospital-based and physician-based sales, medical affairs, strategic and product marketing, access reimbursement specialists and distribution specialists. We may also selectively evaluate commercialization strategies, including partnering, for NeoCart outside of the United States.

Manufacturing

We operate our own cGMP manufacturing facility in Waltham, Massachusetts for the end-to-end production of NeoCart. We are developing our own cGMP manufacturing facility in Massachusetts, for production of key NeoCart raw materials, including our collagen, scaffolding and CT3 bioadhesive. The facility under development is projected to be functional in 2015. We currently have adequate capacity in our Waltham, Massachusetts facility to support NeoCart clinical supply and initial commercial supply if we are successful in receiving regulatory approval for NeoCart in the United States. Our manufacturing strategy is to own and operate fully integrated cGMP manufacturing operations for commercial production of NeoCart. We expect that the exclusive ownership of our cGMP operations will afford us the potential for greater optimization, scalability, lower cost of goods and greater control over our supply chain as compared to utilizing one or more third-party manufacturers.

NeoCart Manufacturing Process

Our manufacturing process for NeoCart is systematic and organized, with specific steps that we plan to control tightly through our supply chain strategy and manufacturing controls. The first element includes taking a biopsy from the patient's own cartilage where chondrocytes can be isolated and expanded in number using segregated cell culture technology at our cGMP manufacturing facility in Waltham, Massachusetts. Once we have achieved an adequate number of chondrocytes, these cells can be applied to a collagen-based scaffold and then can continue to multiply and mature to form the tissue implant in our TEP system. Our auto-regenerative system applies cyclic hydrostatic pressure to the implant and is designed to simulate the pressure that cartilage is exposed to in the knee. Finally, the implant can be placed in a static nutrient media solution, which allows further maturation prior to implantation. Once the implant is mature, it is shipped to the clinical site for implantation, which typically occurs within three to five days after the completion of the manufacturing process. The manufacturing cycle time, from receipt of biopsy to delivery of the implant, is approximately six to ten weeks. The range in cycle time is dependent upon the variability in growth rate of the cells obtained from individual patients.

The quality control laboratory, located within our main Waltham facility, handles cGMP release testing for the collagen raw material, CT3 components and adhesive, collagen-based scaffold and NeoCart final product. Further, the quality control group handles all in-process and finished product environmental monitoring related to the manufacturing process. Testing is performed per validated test methods using qualified equipment. The quality control group also maintains a stability testing program for the collagen raw material and finished products.

NeoCart Technology and Materials Transfer

Manufacturing of raw materials and components in the NeoCart supply chain is undergoing a technology transfer from outsourced contract manufacturers to our anticipated new in-house manufacturing facility in the Waltham, Massachusetts area. This technology transfer extends to the three components of the CT3 bioadhesive—methylated collagen, curing solution and activated PEG—as well as our collagen solution and collagen honeycomb scaffold, which are used in the production of NeoCart. We do not anticipate changes to the raw materials, formulations or properties, nor do we anticipate changes to the NeoCart manufacturing process or finished product specifications as a result of the transfer.

Because we will have transitioned production of all critical raw materials to our own manufacturing facility for future commercial production, we are required to demonstrate to the FDA that the raw materials manufactured in the new facility are comparable to the raw materials that were manufactured in the previous contract manufacturers' facilities. In order to implement the technology transfer prior to submission of the BLA, we intend to submit an amendment to the existing Investigational New Drug (IND) application file for FDA pre-approval. Prior to submission of this amendment, we plan to obtain FDA input and agreement with our plans via a formal FDA-Sponsor Type C meeting. We are targeting the second half of 2014 to present technology transfer and comparability plans that include our cGMP compliant facilities, our processes as well as comparability data that we will have generated from materials produced from pilot scale runs. The presentation will also include a proposed analytical comparability protocol for materials produced from full scale production runs. Demonstrating comparability requires evidence that the product is consistent with that produced for the clinical trial to assure that the technology transfer does not affect safety, identity, purity, or potency (efficacy) during the expansion from pilot scale to full scale production. This demonstration is based on various methods, as recommended in the FDA and International Conference on Harmonization regulatory guidelines. At the Type C meeting, we will seek FDA feedback and agreement that our initial pilot scale analytical comparability data and proposed comparability protocol are sufficient. Based on internal review and guidance, we believe our current plan to provide analytical comparability data to the FDA for review may be sufficient. Should the FDA determine that additional clinical data is required to confirm comparability, we would collaborate with FDA to develop a mutually agreeable plan to be executed prior to submitting the BLA.

Intellectual Property

Patent and trade secret protection is critical to our business. Our success will depend in large part on our ability to continue to protect our cell processing technology, materials science and products for tissue repair through a variety of methods, including seeking, maintaining and defending patents and other intellectual property intended to cover our products and compositions, their methods of use and processes for their manufacture, our platform technologies, our trade secrets and any other inventions that are commercially important to the development of our business. We actively seek patent protection in the United States and select foreign countries.

Our intellectual property portfolio is currently composed of 22 issued patents and 12 patent applications in the United States that we own, and 24 issued patents and three patent applications in the United States that we license from academic institutions and business entities. We also have over 100 counterpart patent and patent applications owned or licensed in certain foreign jurisdictions. This portfolio of owned and in-licensed patents and patent applications covers aspects of: our implants, including NeoCart and our protein implants; our tissue engineering processor; our adhesives; our growth factors, methods of delivery of therapeutic agents and promoters for increased expression of protein; our method for treatment of ligament and tendon injuries; surgical tools for placing our implants; and our bone composites. The patents that cover the listed technologies have statutory expiration dates between 2014 and 2030.

We have entered into license agreements with various academic institutions and business entities to obtain the rights to use certain patents and patent applications for the development and commercialization of our technology and products. We also rely on know-how and continuing technological innovation to develop and maintain our proprietary position.

We license from Purpose Co., Ltd. (f/k/a Takagi Sangyo Co. Ltd. and f/k/a Takagi Industrial Co., Ltd.) (Purpose) an exclusive right to 22 issued patents and 12 pending patent applications relating to an exogenous tissue processor. Through this agreement, we have a sublicense to three issued U.S. patents and one issued Japanese patent owned by Brigham and Women’s Hospital, Inc. (BWH) and Purpose that relate to compositions and methods for preparing multi-layered tissue constructs that include a cellular support matrix seeded with living cells derived from a native tissue and tissue culture protocols to promote the in vitro growth of tissues and tissue constructs. We also have an exclusive license to two issued U.S. patents and one pending U.S. patent application for restoration of articular cartilage matrix from the Board of Trustees of The Leland Stanford Junior University. The patents that have issued or may yet issue that have been licensed to us under these agreements will have statutory expiration dates between 2020 and 2030.

We have an exclusive license to a portfolio consisting of four families of issued patents and pending patent applications owned by Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH. This exclusivity is for CT3 for use in combination with intellectual property for the repair of articular cartilage, ligament, meniscus or tendon damage. The patents relate to a method of introducing rapidly gelling biodegradable collagen-PEG hydrogel to the site of injury, methods of inducing meniscal regeneration by introducing a strong adhesive to a site of injury and methods for in situ repair in which the meniscal injury is filled with an adhesive hydrogel complex consisting of methylated PEG and in which the injury is filled with the adhesive hydrogel complex and a collagen matrix. Any patents within this portfolio that have issued or may yet issue will have statutory expiration dates between 2014 and 2019.

We have an exclusive license to a portfolio of three patent families relating to growth factors and high level expression of heterologous proteins owned by Yeda Research and Development Co., Ltd. Any patents within this portfolio that have issued or may yet issue will have statutory expiration dates between 2016 and 2023.

We continually assess and refine our intellectual property strategy in order to fortify our position in our target markets. We cannot ensure that patents will be granted with respect to any of our pending owned or in-licensed patent applications or with respect to any patent applications we may own or license in the future, nor can we be sure that any of our existing owned or in-licensed patents or any patents we may own or license in the future will

be useful in protecting our technology. Please see “Risk Factors – Risks Related to Our Intellectual Property” for additional information on the risks associated with our intellectual property strategy and portfolio.

Material Technology License Agreements

Purpose Co., Ltd.

In June 2012, we amended and restated a license agreement with Purpose. Under the amended and restated agreement, Purpose granted us an exclusive, perpetual, paid-up, worldwide and sublicensable license outside of Japan to (1) make, use and sell products or services covered by claims of Purpose’s patents and (2) use and create derivative works of Purpose’s technology for the design, development, manufacture, testing, support and commercialization of any product or service that incorporates or builds upon Purpose’s technology, in each case, only in connection with articular cartilage, ligaments, tendons and meniscus. Under the agreement, we grant Purpose an exclusive, perpetual, paid-up, sublicensable right solely in Japan under our patents and technology relating to the biotechnology and biomaterials of NeoCart and two other products in development to (1) make, use and sell products or services covered by claims of our patents and (2) use and create derivative works of our technology for the design, development, manufacture, testing, support and commercialization of any product or service that incorporates or builds upon our technology in each case, only in connection with articular cartilage, ligaments, tendons and meniscus. Purpose reserves the right to sell its single unit exogenous tissue processer machines to research institutes for general but noncommercial use anywhere in the world.

We paid Purpose JP¥19,572,000 (approximately $250,000 based on an exchange rate of JP¥0.0128/dollar as of September 30, 2012) for costs Purpose incurred in developing a multi-unit exogenous tissue processor machine. As described below, we are obligated to pay royalties and milestone payments due on the Brigham and Women’s Hospital, Inc. (BWH)-Purpose license. Our obligation to pay royalties due on the BWH-Purpose license is limited to such royalties measured by our revenue. Upon written notice to Purpose of our intent to stop using the technology in the BWH-Purpose license sublicensed to us, Purpose will reassume all responsibility under the BWH-Purpose license. Concurrent with our entering into the amended and restated license agreement with Purpose, we agreed, in the case of an initial public offering that we or our stockholders will issue to Purpose a number of shares equal to 7.8125% of our equity value at the time of the offering, less our costs in connection with such offering, the amount of any of our debt and the amount of the liquidation preference of the Series A shares issued to Sofinnova Ventures, Inc. and its affiliates. Based on an assumed initial public offering price of $ per share, the midpoint of the initial public offering price range on the cover of this prospectus, and our estimated offering expenses, we or our stockholders would be required to issue or transfer shares to Purpose upon the closing of this offering, subject to adjustment. Pursuant to the second amended and restated stockholders’ agreement among certain of our investors, the number of shares to be issued to Purpose upon an initial public offering will be reallocated from such investors to Purpose rather than issued by us.

Under the amended and restated agreement, Purpose agreed to continue to manufacture and sell single unit exogenous tissue processor machines to us. We are obligated to cooperate with Purpose, at Purpose’s expense, in its efforts to commercialize all or any portion of NeoCart and two other products in development in connection with articular cartilage, ligaments, tendons and meniscus and obtain governmental approvals required for the manufacture and sale in Japan of NeoCart and two other products in development. In addition, we are required to supply Purpose with collagen scaffold and CT3.

Purpose exclusively sublicensed to us its rights and obligations under the BWH-Purpose license. Under the Purpose-BWH license agreement, BWH granted Purpose an exclusive, royalty-bearing, worldwide, sublicensable license, under its rights in licensed patents and patent applications co-owned by BWH and Purpose, to make, use and sell (1) apparatuses for cultivating a cell or tissue, (2) tissue or cell products made using such apparatuses, (3) tissue or cell products made using processes for cultivating a cell or tissue as disclosed in the licensed patents and patent applications and (4) any apparatus that cultivates cells or tissues using such processes, in each case, whose manufacture, use, or sale is covered by the claims of the licensed patents and patent applications, only for therapeutic use.

BWH may terminate this agreement if Purpose, itself or through its sublicensees, does not achieve commercial distribution and sale of the licensed products in the United States by December 31, 2015, subject to a one-year extension upon Purpose paying BWH $10,000.

Pursuant to our sublicense from Purpose, we are obligated to pay royalties and milestone payments and sublicense payments due on the BWH-Purpose license agreement. We have paid minimum royalty amounts of $160,000 and sublicense payments of $100,000 through September 30, 2013. Purpose agreed to pay BWH a royalty rate in the low single digits of our net sales of licensed products, subject to a minimum of $20,000 annually, until the license agreement terminates or until royalty payments no longer have to be made. Purpose is obligated to make one additional sublicense payment of $25,000 and milestone payments to BWH of (1) $75,000 upon the first patient treated in Phase 3 clinical trials for each licensed product or licensed process and (2) $75,000 upon final FDA approval for each licensed product or licensed process.

The agreement remains in effect for the life of the licensed patents, expected to be until October 19, 2028. Purpose may terminate the agreement by providing written notice to BWH at least 60 days in advance. BWH has the right to terminate the agreement if Purpose fails to make minimum royalty payments or other payments or otherwise breaches the agreement and such breach is not cured within 30 days of BWH providing notice to Purpose. Upon termination of the BWH-Purpose license agreement, our sublicense will convert to a nonexclusive license to Purpose's interest in the licensed products or processes. Upon written notice to Purpose of our intent to stop using the technology sublicensed to us in the BWH-Purpose license, Purpose will reassume all responsibility under the BWH-Purpose license.

Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH

In May 2005, we entered into a worldwide license agreement with Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH (collectively, Angiotech) for the right, under Angiotech's licensed patents and patent applications and technical information, to make, use and sell any product that includes both our intellectual property and CT3 for the repair of articular cartilage, ligament, meniscus or tendon damage, including related osteochrondal defects. The license excludes any product in which one nonliving ingredient is included in CT3 for the primary purpose of producing a physiological, metabolic or biological effect in mammals. The license grant was made exclusive under the fifth amendment to the license agreement that came into effect in August 2010 after we paid $1.0 million to Angiotech. We have obligations to supply CT3 to Angiotech under certain terms and conditions, and Angiotech is entitled to use any data and results obtained from any clinical studies conducted by us with respect to CT3.

As a license fee, we issued to Angiotech certain warrants to purchase from us shares of common stock, subject to certain anti-dilution protections. These warrants are no longer outstanding. We paid $1.0 million to Angiotech to make the license grant under the agreement exclusive. In addition, we paid two annual patent fees of $50,000 each as of September 30, 2013. We are also obligated to pay two additional annual patent fees of $50,000 and an additional fee of $3.0 million within 30 days after we receive regulatory approval from the FDA for a licensed product. As further consideration for the license, we also agreed to pay royalties at percentage rates of single digits of net sales of NeoCart and certain other products. We were able to reduce royalties from percentage rates of net sales in the double digits to this rate after making revenue share reduction payments that totaled $2.0 million.

The agreement terminates on the earlier of May 12, 2035 and expiration of all royalty payment obligations under the agreement. Either party has the right to terminate the agreement if the other party materially breaches the agreement and fails to cure such breach within 30 days from the date of notice of such breach (ten days in the case of non-payment). We may also terminate the agreement by giving at least one year's notice. Angiotech may also terminate the agreement if we or any of our affiliates or sublicensees challenge the validity of Angiotech's patents rights or rights to improvements (or directly or indirectly support any such challenge), or if we are acquired by or merge with a third party that has developed or is marketing, or has an affiliate that has developed or is marketing, a competitive product prior to such acquisition or merger and the resulting or surviving entity

post-acquisition or merger fails to either continue to develop or sell licensed product at a level reasonably similar to the development or sale that was occurring prior to the acquisition or merger, during the six-month period following the acquisition or merger. Competitive product means, in a given country, (1) a drug or biologic approved for marketing or in Phase 3 clinical development, (2) a 510(k), or foreign equivalent, device approved for marketing, or (3) an FDA Premarket Approval, or foreign equivalent, device approved for marketing or in pivotal study clinical development, other than a licensed product, that acts (or is being developed to act) for one or more target label indications substantially similar to one or more approved or target label indications for a licensed product.

Koken Co., Ltd.

In March 2013, we entered into a license agreement with Koken Co., Ltd. (Koken) for a non-exclusive, non-transferable and non-sublicensable right to use its know-how related to the process for manufacturing atelocollagen honeycomb sponge materials, which we use in our scaffolds. Pursuant to the agreement, we paid Koken a fee in March 2013 for such right. Koken may terminate this agreement if we fail to perform any obligation under the agreement and such failure remains uncured for more than 30 days, if we become insolvent, bankrupt, go into liquidation or receivership, or if we file for bankruptcy or a petition in bankruptcy is filed against us.

The Board of Trustees of The Leland Stanford Junior University

In April 2001, we entered into a license agreement with The Board of Trustees of The Leland Stanford Junior University (Stanford) for patent rights relating to the restoration of articular cartilage scaffold. Our agreement with Stanford provides us with a worldwide license to make and sell products covered by claims of the licensed patents for growth, ontogenesis, and regeneration of cartilaginous tissues and collagen. Under the agreement, Stanford agreed not to grant further licenses to such rights in such field.

We paid Stanford $30,000 upon execution of the agreement and, as of September 30, 2013, $353,000 as reimbursement for patent-related costs incurred by Stanford. We are required to pay Stanford a yearly royalty fee of $10,000, which is creditable against earned royalty payments due on net sales of that year. We have paid $120,000 in yearly royalty fees through September 30, 2013. Stanford is also entitled to a low single digit percentage rate of our net sales in royalties. We paid Stanford milestone payments of $35,000 upon issuance of the first licensed patent and $50,000 upon initiation of Phase 1 clinical trials of the licensed product in the first field that requires separate regulatory authority clinical approval. We have paid Stanford a milestone payment of $50,000 upon initiation of Phase 1 clinical trials of the licensed product in other fields that requires separate regulatory authority clinical approval, and are obligated to pay an additional milestone payment of $300,000 upon FDA marketing approval of the first licensed product.

The agreement terminates on the date that the last of the licensed patents expire, expected to be January 25, 2021. We may terminate the agreement by giving Stanford notice in writing at least 30 days in advance of the date of termination. Stanford has the right to terminate the agreement if we are in default in payment of royalty or providing of reports, if we are in breach of any other provisions of the agreement, or if we provide a false report to Stanford, and in each case, we fail to remedy such default, breach or false report within 30 days after written notice thereof. We are obligated to have licensed products relating to growth, ontogenesis and regeneration of cartilaginous tissue available for commercial sale by December 31, 2015. If we fail to fulfill such obligation, Stanford may terminate our rights with respect to the applicable part of the field of use. Stanford may also terminate the agreement if we or our sublicensees have not sold licensed products for a continuous period of one year after the first commercial sale of licensed products.

Yeda Research and Development Co., Ltd.

In January 2008, we entered into an exclusive license agreement with Yeda Research and Development Co., Ltd. (Yeda) for rights relating to high level expression of heterologous proteins and plasmid p80 BS, which rights are

jointly owned by Yeda and us. Under our agreement, Yeda granted us an exclusive worldwide license under its rights for the manufacture, use and sale of heterologous proteins and plasmid p80 BS.

We are required to pay Yeda a yearly license fee of $2,000, which is creditable against royalties payable by us to Yeda during the one-year period in respect of which such fee was paid. Yeda is entitled a royalty fee of a low single digit percentage rate of our net sales of the licensed products, a low single digit percentage rate of our net sales for combination products (meaning the combination of the licensed product with at least one other active ingredient, material or medical device that would have a clinical effect if administered independently) and a low double digit percentage rate of all of our sublicensing receipts.

The agreement terminates on a country-by-country, licensed product-by-licensed product basis on the later of (a) the date of expiration in such country of the last licensed patent covering the applicable licensed product and (b) ten years from the date of the first commercial sale of the first licensed product in that country, or, if there have not been any sales in such country, ten years from the date of the first commercial sale of the licensed product worldwide. Either party may terminate the agreement by written notice if there is an uncurable material breach or a material breach that is not cured within 30 days (14 days in the case of non-payment).

Competition

The regenerative medicine industry is characterized by innovative science, rapidly advancing technologies and a strong emphasis on proprietary products. While we believe that our technology, development experience, scientific knowledge and intellectual property portfolio provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical, biotechnology and regenerative medicine companies, academic institutions, governmental agencies and public and private research institutions.

The competitive landscape in the field of articular cartilage repair is emerging and has stimulated a substantial amount of interest from companies developing tissue repair solutions. Companies have employed a variety of approaches to meet the goals of cartilage repair. The approaches, which represent the scientific evolution of the field, can be generally categorized in five ways: (1) non-cell-based, such as Arthrosurface's HemiCAP; (2) uncultured cell-based (with or without scaffold), such as Zimmer's DeNovo NT and Osiris' Cartiform; (3) cultured cell-based (without scaffold), such as Genzyme's Carticel and ISTO's RevaFlex; (4) cultured cell- and scaffold-based, such as Sanofi's MACI and the Aesculap division of B. Braun Medical's NovoCart 3D; and (5) cultured cell- and scaffold-based incorporating tissue engineering, such as NeoCart.

For knee cartilage repair and regeneration, the market is large and growing, driven by more knee injuries in an ever-increasingly active population. Worldwide, many products are commercially available, but the majority of these products are currently only available in the EEA, with Carticel, whose label restricts it for use in salvage cases, being the only cartilage repair product to gain U.S. approval through a regulated path to market. RevaFlex and NovoCart 3D are in U.S. clinical development, but their early clinical data has not been published in highly regarded peer-reviewed journals. Although minimally-modified allograft cells such as DeNovo NT and acellular allograft cartilage matrix products such as Cartiform and Arthrex's BioCartilage and are available in the United States, their path to market did not require a rigorous regulatory path and their clinical data to date has been sparse and commercial uptake limited. Product-less procedures such as debridement and microfracture continue to dominate the U.S. market.

Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. Our competitors may have substantially greater financial, technical and human resources that could put them at an advantage in the development of safe and efficacious products and may help them obtain regulatory approval for their products more rapidly, as well as achieve more widespread market acceptance. We believe, however, the competitive benefits of NeoCart will allow us to position NeoCart effectively as a strong contender in the tissue repair market.

Outside the United States, many procedures and products for cartilage repair are available. However, we anticipate that many of these are unlikely to seek approval in the United States because of the rigorous and lengthy regulatory path a sponsor must pursue in order to access the market and the high-quality superiority data that must be produced. Additionally, other than the few currently approved U.S. products, to our knowledge no other known European cartilage product to date has any clinical experience or data in U.S. patients.

Government Regulation

Regulatory Background on Autologous Cellular Products

The FDA does not apply a single regulatory scheme to human tissues and the products derived from human tissue. On a product-by-product basis, the FDA may regulate such products as drugs, biologics, or medical devices, in addition to regulating them as human cells, tissues, or cellular or tissue-based products (HCT/Ps), depending on whether or not the particular product triggers any of an enumerated list of regulatory factors. A fundamental difference in the treatment of products under these classifications is that the FDA generally permits HCT/Ps that do not trigger any of those regulatory factors to be commercially distributed without marketing approval. In contrast, products that trigger those factors, such as if they are more than minimally manipulated when processed or manufactured, are regulated as drugs, biologics, or medical devices and require FDA approval. The FDA has designated NeoCart as a biologic under the jurisdiction of the Center for Biologics Evaluation and Research and market access or approval will require BLA approval.

In 1997, the FDA began requiring BLA filing for autologous cellular products and approved the already-marketed Carticel contingent on further clinical trials. In 2000, Carticel's indication narrowed to second-line therapy for patients with inadequate response to prior treatment. The FDA now requires evidence of clinical efficacy against approved endpoints and standard of care control arm as outlined in their final guidance on the subject of cartilage repair.

The grant of marketing authorization in the EEA for products containing viable human tissues or cells such as NeoCart 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 and 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 the European Medicines Agency (EMA), which is required to provide an opinion regarding the application for marketing authorization. The European Commission grants or refuses marketing authorization in light of the opinion delivered by the EMA.

Applicants for marketing authorization for medicinal products in the EEA are required to submit applications for marketing authorization based on the ICH Common Technical Document and must demonstrate the safety, quality and efficacy of the medicinal product for which the marketing authorization is sought. The application must include the results of pre-clinical tests and clinical trials conducted with the medicinal product. The conduct of clinical trials in the EEA is governed by Directive 2001/20/EC which imposes obligations and procedures that are similar to those provided in applicable U.S. laws. The obligations provided in the European Union (EU) Good Clinical Practice rules and EU Good Laboratory Practice must also be respected during conduct of the trials. Clinical trials must be approved by the competent regulatory authorities and the competent Ethics Committees in the EU Member States in which the clinical trials take place. Moreover, applicants are required to demonstrate that studies have been conducted with the medicinal product in the pediatric population as provided by a Pediatric Investigation Plan approved by the Pediatric Committee of the EMA. Alternatively, confirmation that the applicant has obtained a waiver or deferral for the conduct of these studies must be provided.

Anticipated FDA Regulatory and Approval Process for NeoCart

We anticipate NeoCart, if approved, to be the first autologous cell- and scaffold-based product in the U.S. market to have been studied in a randomized controlled trial with a rigorous responder analysis under an approved SPA.

The FDA approved the NeoCart Phase 3 study design under the SPA process and concluded that the trial "design and planned analyses … sufficiently address the studies' objectives … these studies are adequately designed to provide the necessary data that … could support a license application submission." We anticipate the SPA to be binding unless the FDA "determines that a substantial issue essential to determining the safety or efficacy of the drug has been identified after the testing has begun."

Reimbursement

In both domestic and foreign markets, sales of any regulatory-approved products depend in part upon the availability of reimbursement from third-party payors. Third-party payors include government health programs, such as Medicare and Medicaid, private health insurers and managed care providers, and other organizations. Reimbursement policy involves coding, coverage and payment decisions and our business strategy is to produce the necessary information for optimal decision-making by payors.

Coding: While reimbursement policy for NeoCart is uncertain at this point, we believe that the existing Current Procedural Terminology, Healthcare Commission Procedure Coding System and International Classification of Diseases, Ninth Edition coding options for ACI are sufficiently broad that they could apply to NeoCart.

Coverage: Our goal is to demonstrate improved health outcomes (e.g., improved patient outcomes and quality of life on several parameters, lower total costs including lower overall utilization of healthcare services and faster return to work) for patients receiving NeoCart compared to microfracture, an important element in securing coverage decisions by payors (Medicare and private payors).

Payment: Analysis of recent trends in ACI coverage (discharge data) suggest that patients between 18 and 64 years of age constitute the majority of the market for ACI, resulting in a market dominated by private payors. Only 10% to 20% of ACI patients are estimated to be 65 years of age and older. While limited data is available for private payor reimbursement of ACI, these payors typically reimburse inpatient procedures with bundling mechanisms similar to Medicare Severity Diagnosis Related Groups. In addition, some private payors also tend to use Medicare rates as benchmarks when setting their own fee schedules. We plan to provide objective clinical data, patient-reported quality of life data and health economic data demonstrating NeoCart's value to assist in optimizing payment decisions for NeoCart.

Government Regulation Overview

United States

Overview

In the United States, the FDA regulates biological products under the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act and related regulations. Biological products are also subject to other federal, state, local, and foreign statutes and regulations. The FDA and comparable regulatory agencies in state and local jurisdictions and in foreign countries impose substantial requirements upon the clinical development, manufacture and marketing of biological products. These agencies and other federal, state, local, and foreign entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, packaging, labeling, storage, distribution, record keeping, reporting, approval, advertising and promotion of our products. Failure to comply with the applicable U.S. regulatory requirements at any time during the product development process, including clinical testing, approval process or after approval may subject an applicant to administrative or judicial sanctions.

Government regulation may delay or prevent marketing of product candidates for a considerable period of time and impose costly procedures upon our activities. The testing and approval process requires substantial time, effort, and financial resources, and we cannot be certain that the FDA or any other regulatory agency will grant approvals for NeoCart or any future product candidates on a timely basis, if at all. The FDA's policies may change and additional government regulations may be enacted that could prevent or delay regulatory approval of

NeoCart or any future product candidates or approval of new disease indications or label changes. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative, judicial, or administrative action, either in the United States or abroad.

Marketing Approval

The process required by the FDA before biological products may be marketed in the United States generally involves the following:

- completion of nonclinical laboratory and animal tests according to good laboratory practices, and applicable requirements for the humane use of laboratory animals or other applicable regulations;
- submission to the FDA of an IND application which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled human clinical trials according to the FDA's regulations commonly referred to as good clinical practices (GCP), and any additional requirements for the protection of human research patients and their health information, to establish the safety and efficacy of the proposed biological product for its intended use or uses;
- submission to the FDA of a BLA for marketing approval that includes substantive evidence of safety, purity, and potency from results of nonclinical testing and clinical trials;
- satisfactory completion of an FDA pre-approval inspection of manufacturing facilities where the biological product is produced to assess compliance with good manufacturing practices (GMP) to assure that the facilities, methods and controls are adequate to preserve the biological product's identity, strength, quality and purity and, if applicable, the FDA's current good tissue practices (GTP) for the use of human cellular and tissue products to prevent the introduction, transmission or spread of communicable diseases;
- potential FDA audit of the nonclinical study sites and clinical trial sites that generated the data in support of the BLA; and
- FDA review and approval, or licensure, of the BLA, which must occur before a biological product can be marketed or sold.

U.S. Biological Products Development Process

Before testing any biological product candidate in humans, the product candidate enters the nonclinical testing stage. Nonclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the nonclinical tests must comply with federal regulations and requirements including good laboratory practices.

Prior to commencing the first clinical trial, the clinical trial sponsor must submit the results of the nonclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of an initial IND application. Some nonclinical testing may continue even after the IND application is submitted. The IND application automatically becomes effective 30 days after receipt by the FDA unless the FDA, within the 30-day time period, raises concerns or questions about the conduct of the clinical trial and places the clinical trial on a clinical hold. In such case, the IND application sponsor must resolve any outstanding concerns with the FDA before the clinical trial may begin. Further, an IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial before it commences at that site. An IRB is charged with protecting the welfare and rights of study subjects 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 and must monitor the clinical trial until completed. The FDA or IRB may impose clinical holds on a biological 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 or IRB authorization and then only under terms authorized by the FDA and IRB. Accordingly, we cannot be sure that submission of an IND application will result in the FDA allowing clinical trials to begin or that, once begun, issues will not arise that will result in the suspension or termination of such trials.

Clinical trials involve the administration of the biological product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control. Clinical trials are conducted under 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 application and to the IRB.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap:

- Phase 1—The biological product is initially introduced into healthy human patients and tested for safety. In the case of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is conducted in patients. These trials may also provide early evidence on effectiveness.
- Phase 2—These trials are conducted in a limited number of patients in the target population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- Phase 3—Phase 3 trials are undertaken to provide statistically significant evidence of clinical efficacy and to further evaluate dosage, potency and safety in an expanded patient population at multiple clinical trial sites. They are performed after preliminary evidence suggesting effectiveness of the product has been obtained, and are intended to establish the overall benefit-risk relationship of the investigational product and to provide an adequate basis for product approval and labeling.

Post-approval clinical trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials may be required by the FDA as a condition of approval and are used to gain additional experience from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up. The FDA now has express statutory authority to require post-market clinical trials to address safety issues. All of these trials must be conducted in accordance with GCP requirements in order for the data to be considered reliable for regulatory purposes.

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 and the investigators for serious and unexpected adverse events; any findings from other studies, tests in laboratory animals or in vitro testing that suggest a significant risk for human patients; 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.

Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. Regulatory authorities, a data safety monitoring board or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the participants 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 biological product has been associated with unexpected serious harm to patients.

Our ongoing and planned clinical trials for our product candidates may not begin or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays in:

- obtaining regulatory approval to commence a trial;
- reaching agreement with third-party clinical trial sites and their subsequent performance in conducting accurate and reliable trials on a timely basis;
- obtaining IRB approval to conduct a trial at a prospective site;
- recruiting patients to participate in a trial; and
- supply of the biological product.

Typically, if a biological product is intended to treat a chronic disease, as is the case with NeoCart, safety and efficacy data must be gathered over an extended period of time, which can range from six months to three years or more. Success in early stage clinical trials does not ensure success in later stage clinical trials. Data obtained from clinical activities is not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the physical characteristics of the biological product as well as finalize a process for manufacturing the product in commercial quantities in accordance with GMP requirements. To help reduce the risk of the introduction of adventitious agents with the use of biological products, the Public Health Service 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 things, the sponsor must develop methods for testing the identity, strength, quality, potency and purity of the final biological product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the biological product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

In order to obtain approval to market a biological product in the United States, a BLA must be submitted to the FDA that provides data establishing to the FDA's satisfaction the safety, purity and potency of the investigational biological product for the proposed indication. The application includes all data available from nonclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's manufacture and composition, and proposed labeling, among other things. The testing and approval processes require substantial time and effort, and there can be no assurance that the FDA will accept the BLA for filing and, even if filed, that any approval will be granted on a timely basis, if at all.

Under the Prescription Drug User Fee Act (PDUFA), each BLA must be accompanied by a user fee. The FDA adjusts the PDUFA user fees on an annual basis. According to the FDA's fee schedule, effective beginning on October 1, 2013 and in effect through September 30, 2014, the user fee for an application requiring clinical data, such as a BLA, will be $2,169,100 for 2014. PDUFA also imposes an annual product fee for biologics ($104,060 for 2014), and an annual establishment fee ($554,600 for 2014) on facilities used to manufacture prescription biologics. 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 products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing based on the FDA's threshold determination that the application is sufficiently complete to permit substantive

review. 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. After the BLA submission is accepted for filing, 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 GMPs to assure and preserve the product's identity, safety, strength, quality, potency, and purity, and biological product standards. The FDA may refer applications for novel biological products or biological 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, if so, under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving a BLA, the FDA will inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with GMP requirements and adequate to assure consistent production of the product within required specifications. For a human cellular or tissue product, the FDA also will not approve the product if the manufacturer is not in compliance with the GTP. These are FDA regulations that govern the methods used in, and the facilities and controls used for, the manufacture of HCT/Ps, which are human cells or tissue intended for implantation, transplant, infusion, or transfer into a human recipient. The primary intent of the GTP requirements is to ensure that cell and tissue based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease. FDA regulations also require tissue establishments to register and list their HCT/Ps with the FDA and, when applicable, to evaluate donors through screening and testing. Additionally, before approving a BLA, the FDA may inspect one or more clinical sites to assure that the clinical trials were conducted in compliance with IND application study requirements and GCP. To assure GMP, GTP and GCP compliance, an applicant must incur significant expenditure of time, money and effort. If the FDA determines the manufacturing process or manufacturing facilities are not acceptable, it typically will outline the deficiencies and often will require the facility to take corrective action and provide documentation evidencing the implementation of such corrective action. This may significantly delay further review of the application. If the FDA finds that a clinical site did not conduct the clinical trial in accordance with GCP, the FDA may determine the data generated by the clinical site should be excluded from the primary efficacy analyses provided in the BLA and request additional testing or data. Additionally, notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

The FDA also has authority to require a Risk Evaluation and Mitigation Strategy (REMS) from manufacturers to ensure that the benefits of a biological product outweigh its risks. A sponsor may also voluntarily propose a REMS as part of the BLA submission. The need for a REMS is determined as part of the review of the BLA. Based on statutory standards, elements of a REMS may include "dear doctor letters," a medication guide, more elaborate targeted educational programs, and in some cases restrictions on distribution. These elements are negotiated as part of the BLA approval, and in some cases may delay the approval date. Once adopted, REMS are subject to periodic assessment and modification.

After the FDA completes its initial review of a BLA, it will communicate to the sponsor that the biological product will either be approved, or it will issue a complete response letter to communicate that the BLA will not be approved in its current form. The complete response letter 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 applicant 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.

The FDA may not grant approval on a timely basis, or at all. We may encounter difficulties or unanticipated costs in our efforts to secure necessary governmental approvals, which could delay or preclude us from marketing our products. The testing and approval process for a biological product usually takes several years to complete.

One of the performance goals agreed to by the FDA under PDUFA is to review 90% of standard BLAs within ten months of the 60-day filing date and 90% of priority BLAs within six months of the 60-day filing date, 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 data may be extended by three months if the FDA requests or the BLA applicant otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Even if a product candidate receives regulatory approval, the approval may be limited to specific disease states, patient populations 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 risk management plan, or otherwise limit the scope of any approval. In addition, the FDA may require Phase 4 post-marketing clinical trials, designed to further assess a biological product's safety and effectiveness, and testing and surveillance programs to monitor the safety of approved products that have been commercialized. Further, even after regulatory approval is obtained, later discovery of previously unknown problems with a product may result in the imposition of new restrictions on the product or even complete withdrawal of the product from the market. Delay in obtaining, or failure to obtain and maintain, regulatory approval for NeoCart, or obtaining approval but for significantly limited use, would harm our business.

FDA Post-Approval Requirements

Maintaining substantial compliance with applicable federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Rigorous and extensive FDA regulation of biological products continues after approval, particularly with respect to GMP. We may rely, in the future, on third parties for the production of clinical and commercial quantities of any future products that we may commercialize. Manufacturers of our products are required to comply with applicable requirements in the GMP regulations, including quality control and quality assurance and maintenance of records and documentation. We cannot be certain that we or our present or future suppliers will be able to comply with the GMP and other FDA regulatory requirements. Other post-approval requirements applicable to biological products include reporting of GMP deviations that may affect the identity, potency, purity and overall safety of a distributed product, record-keeping requirements, reporting of adverse effects, reporting updated safety and efficacy information and complying with electronic record and signature requirements. After a BLA is approved, the product also may be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA also may perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency and effectiveness of biological products.

Discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements, by us or our suppliers, may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions and adverse publicity. FDA sanctions could include refusal to approve pending applications, suspension or revocation of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution,

injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Biological product manufacturers and other entities involved in the manufacture and distribution of approved biological products are required to register their facilities with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with GMPs and other laws. In addition, changes to the manufacturing process or facility generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

Labeling, Marketing and Promotion

The FDA closely regulates the labeling, marketing and promotion of biological products, including direct-to-consumer advertising, promotional activities involving the internet, and industry-sponsored scientific and educational activities. While doctors are free to prescribe any product approved by the FDA for any use, a company can only make claims relating to safety and efficacy of a biological product that are consistent with FDA approval, and the company is allowed to market a biological product only for the particular use and treatment approved by the FDA. In addition, any claims we make for our products in advertising or promotion must be appropriately balanced with important safety and risk information and otherwise be adequately substantiated. Failure to comply with these requirements can result in adverse publicity, warning letters, corrective advertising, injunctions, seizures, potential civil and criminal penalties and exclusion from government healthcare programs.

Anti-Kickback and False Claims Laws

In the United States, the research, manufacture, distribution, sale and promotion of biological products are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare & Medicaid Services, other divisions of the U.S. Department of Health and Human Services (for example, the Office of Inspector General), the U.S. Department of Justice, state Attorneys General, and other federal, state and local government agencies. For example, sales, marketing and scientific/educational grant programs must comply with the Anti-Kickback Statute, the False Claims Act, the privacy regulations promulgated under the Health Insurance Portability and Accountability Act and similar state laws. Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act, and the Veterans Health Care Act. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to federal and state consumer protection and unfair competition laws.

As noted above, in the United States, we are subject to complex laws and regulations pertaining to healthcare “fraud and abuse,” including the Anti-Kickback Statute, the False Claims Act and other state and federal laws and regulations. The Anti-Kickback Statute makes it illegal for any person, including a biological product manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer, or pay any remuneration that is intended to induce the referral of business, including the purchase or order of an item for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. In addition, many states have adopted laws similar to the Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid. Due to the breadth of these federal and state anti-kickback laws and the potential for additional legal or regulatory change in this area, it is possible that our future sales and marketing practices or our future relationships with physicians might be challenged under anti-kickback laws, which could harm us. Because we intend to commercialize products that could be reimbursed under a federal healthcare program and other governmental healthcare programs, we plan to develop a comprehensive compliance program that establishes internal controls to facilitate adherence to the rules and program requirements to which we will or may become subject.

The False Claims Act prohibits anyone from, among other things, knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including biological products, that are false or fraudulent. Although we likely would not submit claims directly to payers, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers or promoting a product off-label. In addition, our future activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state and third-party coverage and reimbursement for our products and the sale and marketing of our products, are subject to scrutiny under this law. For example, pharmaceutical companies have been prosecuted under the False Claims Act in connection with their off-label promotion of drugs. Penalties for a False Claims Act violation include three times the actual damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each separate false claim, the potential for exclusion from participation in federal healthcare programs, and, although the federal False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes. If the government were to allege that we were, or convict us of, violating these false claims laws, we could be subject to a substantial fine and may suffer a decline in our stock price. In addition, private individuals have the ability to bring actions under the False Claims Act and certain states have enacted laws modeled after the False Claims Act.

There are also an increasing number of state laws that require manufacturers to make reports to states on pricing and marketing information. Many of these laws contain ambiguities as to what is required to comply with the laws. In addition, beginning in August 2013, a similar federal requirement requires manufacturers to track and report to the federal government certain payments made to physicians and teaching hospitals made in the previous calendar year. These laws may affect our sales, marketing, and other promotional activities by imposing administrative and compliance burdens on us. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state, and soon federal, authorities.

Other Regulations

We are also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

EU and EEA

Marketing authorization in the EU for products containing viable human tissues or cells such as NeoCart 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 establishes 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 the EMA which is required to provide an opinion regarding the application for marketing authorization. The European Commission grants or refuses marketing authorization in light of the opinion delivered by the EMA.

Applicants for marketing authorizations for medicinal products in the EEA are required to submit applications for marketing authorization in a form that is based on the ICH Common Technical Document, and must demonstrate the safety, quality and efficacy of the medicinal product for which the marketing authorization is sought. The application must include the results of pre-clinical tests and clinical trials conducted with the medicinal product.

The conduct of clinical trials in the EEA is governed by Directive 2001/20/EC which imposes obligations and procedures that are similar to those provided in applicable U.S. laws. The EU Good Clinical Practice rules and EU Good Laboratory Practice obligations must also be respected during conduct of the trials. Clinical trials must be approved by the competent regulatory authorities and the competent Ethics Committees in the EU Member States in which the clinical trials take place.

Moreover, applicants are required to provide evidence that studies have been conducted with the medicinal product in the pediatric population as provided by a Pediatric Investigation Plan approved by the Pediatric Committee of the EMA. Alternatively, confirmation that the applicant has obtained a waiver or deferral for the conduct of these studies must be provided.

Cell-based products must also comply with Directive 2004/23/EC of the European Parliament and of the Council of March 31, 2004 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells (Tissues and Cells Directive). This Directive describes the conditions and quality requirements which must be applied when sourcing the cells intended for manufacturing of the cell-based medicinal product. The EU Member States have transposed the Tissues and Cells Directive into their national laws.

Locally different interpretations of the Tissue and Cells Directive have occurred during adoption of the national legal implementations by individual EU Member States. This has led to some inconsistency of approach leading to additional complexity in complying with the all-over requirements in this already difficult regulatory field.

Given the specific nature of cell-based products, the clinical development paths are less standardized than for classic pharmaceutical or biological products. Phase 1 studies are often not relevant, in particular for autologous cell-based products, since cells often need to be directly implanted into a tissue defect only present in patients. As cellular therapy Phase 3 studies are very complex to organize, often limited numbers of patients can be enrolled and follow up times can be very long, so that the design and execution of these large confirmatory trials might not always be possible to the classical extent. Upfront discussions and agreement with the regulatory authorities are an important criterion to success. It is also expected that new regulatory guidance will become available in the near future, more clearly describing the regulatory expectations.

Facilities

Our corporate headquarters are currently located in Waltham, Massachusetts, for which we have a lease until December 2017, renewable for two additional five-year terms. We lease approximately 25,472 square feet of office, manufacturing and laboratory space, including 5,700 square feet of cGMP clean room space that is outfitted for NeoCart manufacturing. This facility also houses our quality staff, including quality control testing, necessary to support NeoCart manufacturing. We have subleased approximately 7,310 square feet of our facility to a tenant through March 2015, at which time this space will be returned for our use. The Waltham facility is expected to be adequate for a potential initial commercial launch of NeoCart in 2017.

Additionally, we are in the process of leasing office and laboratory space in the Waltham, Massachusetts area. We anticipate that this facility will include clean room space that is utilized for production of our CT3 adhesive components. We also anticipate that this facility will include necessary space for quality operations, including quality control testing. We plan to further utilize this facility for manufacturing of key components of NeoCart, including collagen and scaffolding.

Employees

As of September 30, 2013, we employed 29 full-time employees, including two in research and development, four in clinical development, two in regulatory, 16 in manufacturing and quality control and assurance, and five in executive, general and administrative. We have never had a work stoppage, and none of our employees is represented by a labor organization or under any collective bargaining arrangements.

Legal Proceedings

We are not a party to any material legal proceedings at this time. From time to time, we may be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Although the results of litigation and claims cannot be predicted with certainty, as of the date of this prospectus, we do not believe we are party to any claim or litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

MANAGEMENT

Executive Officers, Key Employees and Directors

Our executive officers, key employees, directors and their ages and positions as of December 31, 2013, are set forth below:

Name	Age	Position
Executive officers:		
Peter Greenleaf	43	Chief Executive Officer, President and Director
Kevin McArdle	42	Chief Financial Officer
Nancy Lynch, M.D.	49	Chief Medical Officer
Stephen Kennedy	56	Senior Vice President of Manufacturing, Operations and Supply Chain
Other key employees:		
Laura Mondano	52	Vice President of Regulatory and Quality
Vladimir Scerbin	55	Vice President of Clinical Affairs
Non-employee directors:		
Joshua Baltzell[1][2]	44	Director
John H. Johnson[1][3]	55	Director
Garheng Kong, M.D., Ph.D.[2]	38	Director, Chairman of the Board
Michael Lewis[2]	54	Director
Kevin Rakin[1][3]	53	Director

(1) Member of Compensation Committee.
(2) Member of Nominating and Corporate Governance Committee.
(3) Member of Audit Committee.

Each executive officer serves at the discretion of our board of directors and holds office until his successor is duly elected and qualified or until his earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Executive Officers

Peter Greenleaf has served as our Chief Executive Officer and President, as well as a member of our board of directors, since June 2013. Mr. Greenleaf recently notified our board of directors that he will be resigning as of February 28, 2014 from his positions with us, including as a member of the board. Prior to joining us, from 2008 to June 2013, Mr. Greenleaf was employed by MedImmune LLC, a biotechnology development company, where he most recently served as President. From January 2010 to June 2013, Mr. Greenleaf also served as the President of MedImmune Ventures, a venture capital fund. Mr. Greenleaf previously headed all global commercial operations and portfolio management at MedImmune and was part of the deal team that sold MedImmune to AstraZeneca in 2007. Prior to MedImmune, Mr. Greenleaf served in various positions of increasing responsibility at Centocor Biotech, Inc. (now Jansen Biotechnology, Johnson & Johnson) from 1998 to 2006 and prior to that Boehringer Mannheim G.m.b.H. (now Roche Holdings) from 1996 to 1998. Mr. Greenleaf has a B.S. from Western Connecticut State University and an M.B.A. from St. Joseph's University. We believe that Mr. Greenleaf's qualifications to serve as a director of our company include his extensive experience as an executive in the biotechnology industry and his prior service as a senior-level executive in both early stage and mature biotechnology companies.

Kevin McArdle has served as our Chief Financial Officer since May 2011. From January 2009 to May 2011, Mr. McArdle was the Chief Financial Officer of ProChon Biotech Ltd., an Israeli-based company focused on the treatment of cartilage defects that we acquired in May 2011. Mr. McArdle was contract Chief Financial Officer for two life science companies, Avedro, Inc. and INVO Bioscience, Inc., from January 2007 to January 2009. During this time, Mr. McArdle also started two seed-stage technologies of his own in the fields of cardiac

resynchronization therapy (Oxus Medical) and orthopedics (Tesa Medical). Mr. McArdle was Vice President of Worldwide Finance for Microsulis, an international, commercial stage company focused on ablation of unhealthy tissue for endometriosis, liver cancer and venous malformations from 2004 to 2007. From 1998 to 2004 Mr. McArdle was employed by BioSphere Medical. Mr. McArdle received his B.S. and M.B.A. from Boston College.

Nancy Lynch, M.D. has served as our Chief Medical Officer since September 2013. Dr. Lynch is also the President of Advisorthopædics, a consulting company focused on the orthopedics industry, which she founded in May 2010. Previously, Dr. Lynch was employed with Scale Venture Partners, a venture capital company, as a Principal and Associate from 2006 to April 2010. Dr. Lynch earned her M.D. from the Washington University School of Medicine in St. Louis and her M.B.A. from Duke University. Dr. Lynch completed her residency in orthopaedic surgery with the Mayo Graduate School of Medicine in 1995. Dr. Lynch is a Fellow of the American Academy of Orthopaedic Surgeons and is a board-certified orthopedic surgeon.

Stephen Kennedy has served as our Senior Vice President of Manufacturing, Operations and Supply Chain since August 2013. From May 2011 to August 2013, Mr. Kennedy served as the Executive Vice President, Research and Development, at Mascoma Corporation, a biofuel company. Mr. Kennedy served as Executive Director of the Novartis/MIT Center for Continuous Manufacturing at the Massachusetts Institute of Technology from October 2010 to May 2011. Mr. Kennedy also served as Senior Vice President of Biologics Operations at Genzyme Corporation from 2008 to October 2010, after having held a variety of technical operations positions with the company beginning in 1992. Prior to this, Mr. Kennedy managed process development at Genencor International in Helsinki, Finland from 1989 to 1992. Mr. Kennedy has a B.S. from the University of Michigan, an M.S. from the University of Rochester and an M.B.A. from Boston University.

Other Key Employees

Laura Mondano has served as our Vice President of Regulatory and Quality since July 2012. Prior to joining us, Ms. Mondano worked as a regulatory consultant from January 2011 to June 2012. From 2002 to November 2010, Ms. Mondano was with Genzyme Corporation serving most recently as Director of Global Regulatory Affairs. Prior to this, Ms. Mondano was the Director of Regulatory and Clinical Affairs at Anika Therapeutics from 2000 to 2002 and she held several positions in regulatory affairs at Boston Scientific from 1992 to 2000. Ms. Mondano has a B.S. from the University of New Hampshire and is Regulatory Affairs Certified.

Vladimir Scerbin has served as our Vice President of Clinical Affairs since August 2013. From 2006 to July 2013, Mr. Scerbin served as Vice President of International Clinical Affairs at Covidien, a global healthcare products company. Mr. Scerbin also served as the Director of Clinical Affairs for Confluent Surgical from 2001 to 2006 and as the Senior Manager of Clinical Affairs from 1999 to 2001. Mr. Scerbin has a B.S. from Cleveland State University.

Non-employee Directors

Joshua Baltzell has served as a member of our board of directors since July 2012. Mr. Baltzell joined Split Rock Partners at the firm's inception in 2004 as a Principal with the healthcare investment team and has served as a Managing Director since January 2009. From January 2009 to January 2010, Mr. Baltzell served as the Chief Executive Officer and President of Tarsus Medical, a developer of solutions and devices for unsolved problems within the field of podiatry. From 2005 to January 2009, Mr. Baltzell served as a Principal with St. Paul Venture Capital's healthcare team. Mr. Baltzell graduated from St. Olaf College and has an M.B.A. from the University of Minnesota's Carlson School of Management. We believe Mr. Baltzell's qualifications to serve as a director of our company include his extensive experience in the venture capital industry, his investment banking experience in the healthcare and medical devise industries with both public and privately held companies and his significant prior board experience.

John H. Johnson has served as a member of our board of directors since November 2013. Mr. Johnson has served as President and Chief Executive Officer of Dendreon Corporation since January 2012. Mr. Johnson

previously served as the Chief Executive Officer and a director of Savient Pharmaceuticals, Inc., a pharmaceutical company, from January 2011 until January 2012, and prior to that time, served as Senior Vice President and President of Eli Lilly and Company's oncology unit from November 2009 until January 2011. He was also Chief Executive Officer of ImClone Systems Incorporated from 2007 until November 2009, and served on ImClone's board of directors until it was acquired by Eli Lilly in 2008. Prior to joining ImClone, Mr. Johnson served as Company Group Chairman of Johnson & Johnson's Worldwide Biopharmaceuticals unit from 2005 until 2007, President of its Ortho Biotech Products LP and Ortho Biotech Canada units from 2003 until 2005, and Worldwide Vice President of its CNS, Pharmaceuticals Group Strategic unit from 2001 until 2003. Mr. Johnson currently serves as chairman of the board of directors of Tranzyme, Inc. and Dendreon Corporation, and as a director of Cempra, Inc., a clinical stage pharmaceutical company. He also serves as a member of the board of directors for the Pharmaceutical Research and Manufacturers of America and as a member of the Health Section Governing Board of Biotechnology Industry Organization. He earned his B.S. from the East Stroudsburg University of Pennsylvania. We believe that Mr. Johnson's qualifications to serve as a director of our company include his extensive experience as an executive in the biotechnology industry and his prior service as a senior-level executive in mature biotechnology companies.

Garheng Kong, M.D., Ph.D. has served as a member of our board of directors since July 2012. Dr. Kong has been the Managing Partner of Sofinnova HealthQuest, a healthcare investment firm, since July 2013. He was a general partner at Sofinnova Ventures, a venture capital firm focused on life sciences, from September 2010 to December 2013. From 2000 to September 2010, he was at Intersouth Partners, a venture capital firm, most recently as a general partner. Dr. Kong has served on the board of directors of Cempra, Inc., a NASDAQ-listed clinical-stage pharmaceutical company, since 2006 and as chairman of its board since 2008. Dr. Kong has also served on the board of directors of Alimera Sciences, Inc., a NASDAQ-listed biopharmaceutical company, since October 2012 and served on the board of Laboratory Corporation of America Holdings, a NYSE-listed healthcare company, since December 2013. Dr. Kong holds a B.S. from Stanford University. He holds an M.D., Ph.D. and an M.B.A. from Duke University. Among other experience, qualifications, attributes and skills, Dr. Kong's knowledge and experience in the venture capital industry and his medical training led to the conclusion of our board of directors that he should serve as a director of us in light of our business and structure.

Michael Lewis has served as a member of our board of directors since May 2011. Mr. Lewis has more than 25 years of experience in the investment management and retail industries. Mr. Lewis is currently Chairman of Oceana Investment Corporation Limited, a private U.K. investment company, and is also a Partner of Oceana Investment Partners LLP, a U.K. investment advisor. Mr. Lewis currently serves as Chairman of Strandbags Holdings Pty Limited, an Australian retail company comprising some 450 stores and a Non-Executive Director of The Foschini Group Limited, a South African retail company with some 2,000 stores. Mr. Lewis serves on the board of United Trust Bank Limited, a U.K.-based bank, and served on the Supervisory Board of Axel Springer AG in Germany from 2007 to September 2012. Mr. Lewis previously worked for Ivory and Sime, a money manager based in Scotland, and Lombard Odier, a money manager based in England. He has an undergraduate degree and a postgraduate degree from the University of Cape Town. We believe Mr. Lewis's qualifications to serve as a director include his extensive experience in money management, and as an investor and director of numerous biomedical companies.

Kevin Rakin has served as a member of our board of directors since October 2012. Mr. Rakin is a co-founder and Partner at HighCape Partners, a growth equity life sciences fund where he has served since November 2013. From June 2011 to November 2012, Mr. Rakin was the President of Regenerative Medicine at Shire plc, a leading specialty biopharmaceutical company. Prior to joining Shire, Mr. Rakin served as the Chairman and Chief Executive Officer of Advanced BioHealing from 2007 until its acquisition by Shire for $750 million in June 2011. Mr. Rakin currently serves on the executive committee for Connecticut United for Research Excellence (CURE), Connecticut's bioscience cluster and as a board member of CyVek, Inc, Cheetah Medical Inc. and Tela Bio, Inc. He has previously served as a board member for Ipsogen SA, Vion Pharmaceuticals, Inc., OMRIX Biopharmaceuticals, Inc. and Clinical Data, Inc. Mr. Rakin holds an M.B.A. from Columbia University and received his graduate and undergraduate degrees in commerce from the University of Cape Town, South

Africa. We believe that Mr. Rakin's qualifications to serve as a director of our company include his extensive experience as an executive in the biotechnology industry, as well as his service in positions in various companies as a Chief Executive Officer, Chief Financial Officer and President and his involvement in public and private financings and mergers and acquisitions in the biotechnology industry.

Board of Directors

Our business and affairs are managed under the direction of our board of directors, which is currently composed of six members. Our current directors were elected pursuant to an amended and restated stockholder agreement among certain of our preferred and common stock holders. This agreement will terminate upon the closing of this offering, at which time there will be no further contractual obligations regarding the election of our directors.

Independent Directors

We expect to apply to list our common stock on the NASDAQ Global Market. Under NASDAQ rules, independent directors must comprise a majority of a listed company's board of directors within 12 months from the date of listing. In addition, NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and governance committees be independent within 12 months from the date of listing. Audit committee members must also satisfy additional independence criteria, including those set forth in Rule 10A-3 under the Securities Exchange Act, and compensation committee members must also satisfy additional independence criteria, including those set forth in Rule 10C-1 of the Securities Exchange Act. Under NASDAQ rules, a director will qualify as an "independent director" only if, in the opinion of that 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 under the Securities Exchange Act, 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: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries, other than compensation for board service; or (2) 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 under the Securities Exchange Act, each member of the compensation committee must be a member of the board of directors of the listed company, and must otherwise be independent. In determining independence requirements for members of compensation committees, the national securities exchanges and national securities associations shall consider relevant factors, including: (1) the source of compensation of a member of the board of directors of a listed company, including any consulting, advisory or other compensatory fee paid by the listed company to such member of the board of directors; and (2) whether a member of the board of directors of a listed company is affiliated with the listed company, a subsidiary of the listed company or an affiliate of a subsidiary of the listed company.

In November 2013, our board of directors undertook a review of its composition and that of its committees, as well as the independence of each director who will serve following the consummation of this offering. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that each of Joshua Baltzell, John H. Johnson, Garheng Kong, M.D., Ph.D., Michael Lewis and Kevin Rakin qualify as independent directors in accordance with the rules of NASDAQ, each of Joshua Baltzell, John H. Johnson, Garheng Kong, M.D., Ph.D., Michael Lewis and Kevin Rakin qualify as independent directors in accordance with Rule 10C-1 under the Securities Exchange Act and each of John H. Johnson and Kevin Rakin qualify as independent directors in accordance with Rule 10A-3 under the Securities Exchange Act. The independent members of our board of directors will hold separate regularly scheduled executive session meetings at which only independent directors are present.

Classified Board

Immediately following this offering, in accordance with the terms of our certificate of incorporation and bylaws, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting

of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our current directors will be divided among the three classes as follows:

- The Class I directors will be Joshua Baltzell and Kevin Rakin, and their terms will expire at the annual meeting of stockholders to be held in 2015.
- The Class II directors will be Michael Lewis and Peter Greenleaf (until his resignation), and their terms will expire at the annual meeting of stockholders to be held in 2016.
- The Class III directors will be John H. Johnson and Garheng Kong, M.D., Ph.D., and their terms will expire at the annual meeting of stockholders to be held in 2017.

Each director's term will continue until the election and qualification of his successor, or his earlier death, resignation, retirement, disqualification or other removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as reasonably possible, each class will consist of one-third of our directors. We expect that any successor to Mr. Greenleaf will be appointed to the board as a Class II director.

The authorized number of directors may be changed only by resolution of the board of directors. This classification of the board of directors into three classes with staggered three-year terms may have the effect of delaying or preventing changes in our control or management.

Our directors may be removed only for cause and by the affirmative vote of the holders of two-thirds of our outstanding voting stock.

Board Leadership Structure

Our board of directors is currently led by its chairman, Garheng Kong, M.D., Ph.D. Our board of directors recognizes that it is important to determine an optimal board leadership structure to ensure the independent oversight of management as the company continues to grow. We separate the roles of chief executive officer and chairman of the board in recognition of the differences between the two roles. The chief executive officer is responsible for setting the strategic direction for the company and the day-to-day leadership and performance of the company, while the chairman of the board of directors provides guidance to the chief executive officer and presides over meetings of the full board of directors. We believe that this separation of responsibilities provides a balanced approach to managing the board of directors and overseeing the company.

Our board of directors has concluded that our current leadership structure is appropriate at this time. However, our board of directors will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

Board Oversight of Risk

Our board of directors has responsibility for the oversight of the company's risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes our board receiving regular reports from board committees and members of senior management to enable our board to understand the company's risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The audit committee of our board of directors reviews information regarding liquidity and operations, and oversees our management of financial risks. Periodically, the audit committee reviews our policies with respect to risk assessment, risk management, loss prevention and regulatory compliance. Oversight by the audit committee includes direct communication with our external auditors, and discussions with management regarding significant risk exposures and the actions management has taken to limit, monitor or control such

exposures. The compensation committee of our board of directors is responsible for assessing whether any of our compensation policies or programs has the potential to encourage excessive risk-taking. The nominating and corporate governance committee of our board of directors manages risks associated with the independence of the board, corporate disclosure practices, and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board is regularly informed through committee reports about such risks. Matters of significant strategic risk are considered by our board as a whole.

Code of Business Conduct

Our board of directors adopted a code of business conduct that applies to each of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The code addresses various topics, including:

- compliance with applicable laws, rules and regulations;
- conflicts of interest;
- public disclosure of information;
- insider trading;
- corporate opportunities;
- competition and fair dealing;
- gifts;
- discrimination, harassment and retaliation;
- health and safety;
- record-keeping;
- confidentiality;
- protection and proper use of company assets;
- payments to government personnel; and
- the reporting of illegal and unethical behavior.

Prior to the completion of this offering, the code of business conduct will be posted on the Investor Relations section of our website, which is located at www.histogenics.com. Any waiver of the code of business conduct for an executive officer or director may be granted only by our board of directors or a committee thereof and must be timely disclosed as required by applicable law. We intend to disclose future amendments to certain provisions of our code of business conduct, or waivers of those provisions, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions on our website, www.histogenics.com.

We have implemented whistleblower procedures that establish formal protocols for receiving and handling complaints from employees. Any concerns regarding accounting or audit matters reported under these procedures will be communicated promptly to the audit committee.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Prior to the completion of this offering, the composition of these committees will meet the criteria for independence under, and the functioning of these committees will comply with, the applicable requirements of the rules of NASDAQ and SEC rules and regulations. We intend to comply with future requirements as they become applicable to us.

Each committee operates under a charter that has been approved by our board of directors. Prior to the completion of this offering, copies of each committee's charter will be posted on the Investor Relations section of our website, which is located at www.histogenics.com. Each committee has the composition and responsibilities described below. Our board of directors may from time to time establish other committees.

Audit Committee

In November 2013, our board of directors adopted a revised charter for the audit committee of the board, which is currently comprised of John H. Johnson and Kevin Rakin, each of whom is a non-employee member of the board of directors. Kevin Rakin serves as the chair of the audit committee. The audit committee's main function is to oversee our accounting and financial reporting processes, internal systems of control, independent registered public accounting firm relationships and the audits of our financial statements. Pursuant to the audit committee charter, the functions of the committee include, among other things:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting and our disclosure controls and procedures;
- meeting independently with our registered public accounting firm and management;
- furnishing the audit committee report required by SEC rules;
- reviewing and approving or ratifying any related person transactions; and
- overseeing our risk assessment and risk management policies.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Kevin Rakin is an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable NASDAQ rules and regulations.

Our board of directors has determined that each of John H. Johnson and Kevin Rakin is independent under the applicable rules and regulations of NASDAQ, including Rule 10A-3 under the Securities Exchange Act. Prior to the completion of this offering, we expect to appoint an additional independent director to the audit committee.

Compensation Committee

In November 2013, our board of directors established a compensation committee, which is currently comprised of Joshua Baltzell, John H. Johnson and Kevin Rakin. John H. Johnson serves as the chair of the compensation committee. Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. Pursuant to the compensation committee charter, the functions of this committee include:

- evaluating the performance of our chief executive officer and determining the chief executive officer's salary and contingent compensation based on his or her performance and other relevant criteria;
- identifying the corporate and individual objectives governing the chief executive officer's compensation;
- approving the compensation of our other executive officers;
- making recommendations to our board with respect to director compensation;

- reviewing and approving the terms of material agreements between us and our executive officers;
- overseeing and administering our equity incentive plans and employee benefit plans;
- reviewing and approving policies and procedures relating to the perquisites and expense accounts of our executive officers;
- preparing the annual compensation committee report required by SEC rules; and
- conducting a review of executive officer succession planning, as necessary, reporting its findings and recommendations to our board of directors, and working with the Board in evaluating potential successors to executive officer positions.

In accordance with NASDAQ listing standards, our board of directors has granted our compensation committee the authority and responsibility required under Rules 10C-1(b)(2), (3) and (4) of the Securities Exchange Act, relating to the authority to retain or obtain the advice of compensation consultants, legal counsel and other compensation advisers, the authority to fund such advisers, and the responsibility to consider the independence factors specified under Rules 10C-1(b)(4)(i) through (vi) and any additional factors the compensation committee deems relevant.

Our board of directors has determined that each of Joshua Baltzell, John H. Johnson and Kevin Rakin is independent under the applicable rules and regulations of NASDAQ, including Rule 10C-1 under the Securities Exchange Act, is a “non-employee director” as defined in Rule 16b-3 promulgated under the Securities Exchange Act and is an “outside director” as that term is defined in Section 162(m) of the Internal Revenue Code.

Nominating and Corporate Governance Committee

In November 2013, our board of directors established a nominating and corporate governance committee of the board, which is currently comprised of Joshua Baltzell, Garheng Kong, M.D., Ph.D. and Michael Lewis. Dr. Kong serves as the chair of the nominating and corporate governance committee. Pursuant to the nominating and corporate governance committee charter, the functions of this committee include, among other things:

- identifying, evaluating, and making recommendations to our board of directors and our stockholders concerning nominees for election to our board, to each of the board’s committees and as committee chairs;
- annually reviewing the performance and effectiveness of our board and developing and overseeing a performance evaluation process;
- annually evaluating the performance of management, the board and each board committee against their duties and responsibilities relating to corporate governance;
- annually evaluating adequacy of our corporate governance structure, policies, and procedures; and
- providing reports to our board regarding the committee’s nominations for election to the board and its committees.

Compensation Committee Interlocks and Insider Participation

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

Limitations on Liability and Indemnification Matters

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

DIRECTOR COMPENSATION

Fiscal Year 2013 Director Compensation

We do not have any established policy with regard to cash or equity-based compensation of non-employee members of our board of directors. However, under our 2013 equity incentive plan (2013 Plan), pursuant to which we intend to issue awards beginning with the effective date of this offering, the maximum number of shares subject to equity awards, and the maximum size of performance cash awards, that may be granted or paid to participants in any calendar year is limited, as set forth in more detail under "Executive Compensation—Equity Plans" below. During the year ended December 31, 2013, our non-employee directors did not receive any cash compensation or stock awards for their service on our board of directors or committees of our board of directors, except that Kevin Rakin was granted the right to purchase 81,623 shares of our common stock in April 2013 in connection with his service as a member of our board of directors, and John H. Johnson was granted an option to purchase 100,000 shares of our common stock in December 2013 in connection with his appointment to our board of directors.

The following table presents certain information with respect to the compensation of all of our non-employee directors:

Name	Stock Awards($)[2][3]	Option Awards($)[2][3]	Total($)
Joshua Baltzell	—	—	—
John H. Johnson[1]	—	52,000[5]	52,000
Garheng Kong, M.D., Ph.D.	—	—	—
Michael Lewis	—	—	—
Kevin Rakin	8,979[4]	—	8,979

(1) Mr. Johnson was appointed to our board of directors effective November 13, 2013.

(2) The amounts in this column represent the aggregate grant date fair value of the option granted to Mr. Johnson on December 11, 2013, and the restricted shares sold to Mr. Rakin on April 23, 2013, computed in accordance with FASB ASC Topic 718. See Note 13 to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards.

(3) As of December 31, 2013, Mr. Johnson held an outstanding option to purchase 100,000 shares of our common stock, and Mr. Rakin held an aggregate of 127,444 restricted shares of our common stock and a non-compensatory warrant to purchase 2,624 shares of our common stock. None of our other non-employee directors held stock awards or options as of December 31, 2013.

(4) Mr. Rakin purchased 81,623 shares of our common stock at a price of $0.001 per share, subject to our repurchase right if his service terminates prior to his vesting in such shares. Such repurchase right lapses in equal annual installments upon the completion of each of four years of continuous service provided by Mr. Rakin as a director following April 23, 2013. Our repurchase right lapses in full if we are subject to a change of control (as defined under "Change in Control Benefits") prior to the termination of Mr. Rakin's director service.

(5) Mr. Johnson was granted an option to purchase 100,000 shares of our common stock at an exercise price of $0.66 per share. The option vests in equal annual installments upon the completion of each of four years of continuous service provided by Mr. Johnson as a director following November 13, 2013. In addition, the option will vest in full if we are subject to a change of control (as defined under "Change in Control Benefits") prior to the termination of Mr. Johnson's director service.

None of our executive officers who also served as a member of our board of directors during our fiscal year ended December 31, 2013, received any additional compensation for such service as a director.

We have a policy of reimbursing our directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

EXECUTIVE COMPENSATION

Fiscal Year 2013 Summary Compensation Table

The following table provides information concerning the compensation paid to Peter Greenleaf, our President and Chief Executive Officer, our next two most highly compensated executive officers during the year ended December 31, 2013, and Patrick O'Donnell, our former Chairman, President and Chief Executive Officer. We refer to these individuals as our named executive officers.

Name and Principal Position	Year	Salary ($)[5]	Bonus ($)	Option Awards ($)[7]	All Other Compensation ($)	Total ($)
Peter Greenleaf[1]	2013	196,575	—	230,967	28,957[9]	456,499
President and Chief Executive Officer						
Nancy Lynch, M.D.[2]	2013	71,233	25,000[6]	156,000	—	252,233
Chief Medical Officer						
Stephen Kennedy[3]	2013	116,342	—	156,000	—	272,342
Senior Vice President of Manufacturing, Operations and Supply Chain						
Patrick O'Donnell[4]	2013	46,466	—	7,088[8]	235,851[10]	289,405
Former Chairman, President and Chief Executive Officer						

(1) Employment commenced on June 10, 2013. Mr. Greenleaf has indicated to our board of directors that he will resign as our president and chief executive officer before the end of the first quarter of 2014.
(2) Employment commenced on September 23, 2013.
(3) Employment commenced on August 5, 2013.
(4) Resigned his employment on March 5, 2013.
(5) Represents prorated salary due to the commencement or termination of the officer's employment during the year ended December 31, 2013.
(6) Represents a sign-on bonus paid to Dr. Lynch in connection with the commencement of her employment. A prorated portion of the bonus is repayable to us if Dr. Lynch resigns her employment prior to September 23, 2014.
(7) Represents the aggregate grant date fair value of option awards granted to each of Messrs. Greenleaf and Kennedy and to Dr. Lynch, and the incremental fair value with respect to the modification of Mr. O'Donnell's option, during the year ended December 31, 2013, computed in accordance with FASB ASC Topic 718. See Note 13 to our consolidated financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the fair value of our equity awards.
(8) Represents incremental fair value related to the modification of the vesting schedule applicable to Mr. O'Donnell's option granted on August 5, 2012 in connection with his resignation of employment. Pursuant to his separation agreement, 354,395 shares subject to such option will vest in equal monthly installments during the 12-month period following March 19, 2013, provided that he continues to fulfill his obligations to us described in such separation agreement.
(9) Represents $24,000 paid to Mr. Greenleaf to cover estimated temporary housing and related expenses during his first six months of employment and $4,957 paid to Mr. Greenleaf as a gross-up with respect to taxes incurred on such payment. A prorated portion of such payment will be repayable to us upon Mr. Greenleaf's resignation on February 28, 2014, unless the board of directors determines otherwise.
(10) Represents severance benefits paid to Mr. O'Donnell pursuant to his separation agreement with us, including $218,534 in cash severance, $13,113 for health insurance premiums and $4,204 for accrued but unused vacation, in exchange for a release of claims.

Narrative Explanation of Certain Aspects of the Summary Compensation Table

The compensation paid to our named executive officers consists of the following components:

- base salary;
- performance-based cash bonuses; and
- long-term incentive compensation in the form of stock options.

Base Salaries

For the year ended December 31, 2013, the annual base salaries for our named executive officers were as follows: Peter Greenleaf—$350,000; Nancy Lynch, M.D.—$260,000; Stephen Kennedy—$285,000; and Patrick O'Donnell—$265,000. Except in connection with hiring new executive officers, neither our board of directors nor the compensation committee of our board of directors took any action during the year ended December 31, 2013, to increase or decrease the base salaries of our named executive officers.

Performance-Based Bonuses

Pursuant to employment agreements with Messrs. Greenleaf and O'Donnell and offer letters with Dr. Lynch and Mr. Kennedy, each named executive officer is eligible to earn an annual bonus equal to a specified percentage of their base salary (40% with respect to each of Mr. Greenleaf and Dr. Lynch and 35% with respect to each of Messrs. Kennedy and O'Donnell). The actual amount of bonus earned is determined by our board of directors based on our performance and the officer's achievement of objectives and goals determined by our chief executive officer (or, with respect to Messrs. Greenleaf and O'Donnell, our board of directors). As none of the performance objectives were met for the year ended December 31, 2013, no bonuses were earned or paid.

Long-Term Incentive Compensation

We offer stock options to our employees, including our named executive officers, as the long-term incentive component of our compensation program. Our stock options allow our employees to purchase shares of our common stock at a price equal to the fair market value of our common stock on the date of grant. Our stock options granted to newly hired employees generally vest as to 25% of the total number of option shares on the first anniversary of the award and in equal monthly installments over the following 36 months.

For information regarding the vesting acceleration provisions applicable to the options held by our named executive officers, please see "Severance Benefits" and "Change in Control Benefits" below.

Outstanding Equity Awards at 2013 Fiscal Year-End

The following table sets forth information regarding each unexercised option held by each of our named executive officers as of December 31, 2013.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable(#)	Number of Securities Underlying Unexercised Options Unexercisable(#)	Option Exercise Price ($)	Option Expiration Date
Peter Greenleaf	262,464	1,837,240(1)	0.07	7/15/2023
Nancy Lynch, M.D.	—	300,000(2)	0.66	12/10/2023
Stephen Kennedy	—	300,000(3)	0.66	12/10/2023
Patrick O'Donnell	265,796	88,599(4)	0.07	6/17/2014

(1) Option vests in equal monthly installments over 48 months of service following June 10, 2013.
(2) Option vests over four years of service following September 23, 2013, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.
(3) Option vests over four years of service following August 19, 2013, with 25% vesting upon completion of 12 months of service and in 36 equal monthly installments thereafter.
(4) Pursuant to his separation agreement, 354,395 of the shares subject to Mr. O'Donnell's option granted on August 15, 2012, vest and become exercisable in 12 equal monthly installments following March 19, 2013, provided that he continues to fulfill his obligations to us described in his separation agreement. Mr. O'Donnell has 90 days from March 19, 2014 to exercise his vested options. The remaining 1,063,184 shares originally subject to Mr. O'Donnell's option expired in connection with his resignation on March 5, 2013.

For information regarding the vesting acceleration provisions applicable to the options held by our named executive officers, please see “Change in Control Benefits” below.

Employment Agreements

Peter Greenleaf

In June 2013, we entered into an employment agreement with Peter Greenleaf in connection with his appointment as our president and chief executive officer. Under this agreement, Mr. Greenleaf’s initial base salary is $350,000 per year, and he is initially eligible to receive a cash bonus equal to 40% of his base salary, subject to satisfaction of objective or subjective criteria established by our board of directors or its compensation committee. For a period of 12 months after the termination of his employment, Mr. Greenleaf will be subject to certain restrictions on competition with us and on the solicitation of our employees and customers. Mr. Greenleaf has an at-will employment relationship with us. Mr. Greenleaf recently notified our board of directors that he will resign as of February 28, 2014.

In connection with the commencement of his employment, we paid Mr. Greenleaf $28,957 to assist with estimated temporary housing and related expenses, which amount includes a tax gross-up with respect to such expenses. Such amount will be subject to repayment to us upon Mr. Greenleaf’s resignation on February 28, 2014, because he will not have completed 12 months of employment unless otherwise determined by the board.

Pursuant to his agreement, Mr. Greenleaf received an option to purchase up to 2,099,704 shares of our common stock, as described in more detail above under “Outstanding Equity Awards at 2013 Fiscal Year-End.” In addition, if, prior to the effectiveness of this offering, we complete an equity financing for capital raising purposes, other than certain sales of our Preferred Stock, that results in Mr. Greenleaf’s option representing less than three percent of our fully diluted stock following the first closing of such financing, Mr. Greenleaf will be granted an additional option such that, in the aggregate, his options will represent three percent of our fully diluted stock. Such additional option will be subject to the same terms and conditions as his initial option, except that it will carry an exercise price equal to the fair market value of our common stock on its grant date. For information regarding the vesting acceleration provisions applicable to Mr. Greenleaf’s option, please see “Change in Control Benefits” below.

Nancy Lynch

In September 2013, we entered into a letter agreement with Nancy Lynch, M.D. in connection with her appointment as our chief medical officer. Under this agreement, Dr. Lynch’s initial base salary is $260,000 per year, and she is initially eligible to receive a cash bonus equal to 40% of her base salary, subject to satisfaction of objective or subjective criteria established by our board of directors. For a period of 12 months after the termination of her employment, Dr. Lynch will be subject to certain restrictions on competition with us and on the solicitation of our employees and customers. Dr. Lynch has an at-will employment relationship with us.

In connection with the commencement of her employment, we paid Dr. Lynch a sign-on bonus of $25,000, subject to repayment to us if she resigns before completing 12 months of employment.

Pursuant to her agreement, Dr. Lynch received an option to purchase up to 300,000 shares of our common stock, as described in more detail above under “Outstanding Equity Awards at 2013 Fiscal Year-End.” In addition, for information regarding the vesting acceleration provisions applicable to Dr. Lynch’s option, please see “Change in Control Benefits” below.

Stephen Kennedy

In July 2013, we entered into a letter agreement with Stephen Kennedy in connection with his appointment as our senior vice president of operations. Under this agreement, Mr. Kennedy’s initial base salary is $285,000 per year, and he is initially eligible to receive a cash bonus equal to 35% of his base salary, subject to satisfaction of

objective or subjective criteria established by our board of directors. For a period of 12 months after the termination of his employment, Mr. Kennedy will be subject to certain restrictions on competition with us and on the solicitation of our employees and customers. Mr. Kennedy has an at-will employment relationship with us.

Pursuant to his agreement, Mr. Kennedy received an option to purchase up to 300,000 shares of our common stock, as described in more detail above under “Outstanding Equity Awards at 2013 Fiscal Year-End.” In addition, for information regarding the vesting acceleration provisions applicable to Mr. Kennedy’s option, please see “Change in Control Benefits” below.

Severance Benefits

Peter Greenleaf

If we terminate Mr. Greenleaf’s employment without cause or if he resigns for good reason, we will continue to pay Mr. Greenleaf his base salary and the employer portion of premiums under COBRA for himself and his eligible dependents for a period of 12 months following such termination or resignation of employment. Such benefits are subject to Mr. Greenleaf’s execution of a general release of all claims he may have against us and certain related parties.

For purposes of his employment agreement, cause means Mr. Greenleaf’s unauthorized use or disclosure of our confidential information or trade secrets which causes material harm to us; material breach of any material agreement with us; material failure to comply with our written policies or rules after receiving written notification of such failure; sale, possession or use of illegal drugs or habitual intoxication on our premises or the premises of a customer or business partner while conducting our business; conviction of, or plea of guilty or no contest to, a felony; gross negligence or willful misconduct; continuing failure to perform reasonably assigned duties after receiving written notification of such failure; or failure to cooperate in good faith with a governmental or internal investigation of us, if so requested.

For purposes of his employment agreement, good reason means, without Mr. Greenleaf’s consent, a material reduction in his base salary, relocation of his principal workplace by more than 40 miles or a change in his title or position that materially reduces his level of authority or responsibility.

Mr. Greenleaf’s notice of resignation was not for good reason.

Nancy Lynch

If we terminate Dr. Lynch’s employment without cause or if she resigns for good reason, we will continue to pay Dr. Lynch her base salary and the employer portion of premiums under COBRA for herself and her eligible dependents for a period of 12 months following the termination of her employment. Such benefits are subject to Dr. Lynch’s execution of a general release of all claims she may have against us and certain related parties.

The definition of cause is the same as with respect to Mr. Greenleaf, as described above. For purposes of her letter agreement, good reason means, without Dr. Lynch’s consent, a material reduction in her base salary, material breach of our obligations under her letter agreement, or a change in her title or position that materially reduces her level of authority or responsibility.

Stephen Kennedy

If we terminate Mr. Kennedy’s employment without cause, we will continue to pay Mr. Kennedy his base salary, and he will be entitled to health benefits, for a period of nine months following the termination of his employment. In addition, his stock options will continue to vest during the nine-month period following his termination.

For purposes of his letter agreement, cause means Mr. Kennedy’s indictment or conviction of any felony or any crime involving dishonesty or moral turpitude, breach of his letter agreement or his proprietary information,

inventions and nonsolicitation agreement with us, refusal to abide by or comply with the legal directives of our board of directors, dishonesty, fraud or misconduct with respect to our affairs or business, gross negligence or failure to perform his duties or violation of our policies regarding business ethics, drug or alcohol use, equal employment opportunity or sexual or other unlawful harassment.

Patrick O'Donnell

In March 2013, we entered into a separation agreement and general release of all claims with Patrick O'Donnell in connection with his resignation of employment. Pursuant to such agreement, Mr. O'Donnell is entitled to receive continued payment of his base salary and payment of his premiums for healthcare continuation coverage under COBRA for 12 months. In addition, 354,395 shares subject to a 2012 option grant vest in equal monthly installments during the 12-month period following the effective date of the separation agreement. The remaining shares subject to such option expired on his resignation date. All of the benefits to which Mr. O'Donnell is entitled pursuant to such separation agreement are contingent on his providing continuing transition assistance to us during such 12-month period. The aggregate value of his cash severance is $275,000 and the estimated aggregate value of his COBRA premiums is $16,000.

Change in Control Benefits

In the event that we experience a change of control and, within 12 months after such change of control, an employee or other service provider (including one of our officers) is terminated by us without cause or such individual resigns for good reason, such individual's options will become fully vested and exercisable.

For purposes of the stock option agreements, change of control means an acquisition by any individual, entity or group of 50% or more of our voting stock, certain changes in the composition of our board of directors, our merger, consolidation, liquidation, dissolution or sale of all or substantially all of our assets.

For purposes of the stock option agreements, cause and good reason have substantially the same meanings as under Mr. Greenleaf's employment agreement, described above.

Retirement Benefits

We have established a 401(k) tax-deferred savings plan, which permits participants, including our named executive officers, to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. We are responsible for administrative costs of the 401(k) plan. We may, at our discretion, make matching contributions to the 401(k) plan. No employer contributions have been made to date.

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees. Although we generally do not provide our named executive officers with perquisites or other personal benefits, we offered temporary housing and related assistance to Mr. Greenleaf and a signing bonus to Dr. Lynch, each in connection with the commencement of their employment with us, as described in the Summary Compensation Table above.

In addition, as described above under "Change in Control Benefits," equity awards granted to our employees and other service providers, including our officers, generally become fully vested and (if applicable) exercisable if we are subject to a change of control and, within 12 months after such change of control, such individual is terminated by us without cause or such individual resigns for good reason.

Equity Plans

2013 Equity Incentive Plan

Our board of directors adopted our 2013 Plan in November 2013, and we expect our stockholders to approve the 2013 Plan prior to the completion of this offering. The 2013 Plan became effective immediately on adoption

although no awards will be made under it until the effective date of the registration statement of which this prospectus is a part. Our 2013 Plan will replace our 2012 Equity Incentive Plan described below (2012 Plan), and no further grants will be made under our 2012 Plan following completion of this offering. However, awards outstanding under the 2012 Plan will continue to be governed by their existing terms.

Share Reserve. The number of shares of our common stock available for issuance under our 2013 Plan will equal the sum of (a) shares, (b) the number of shares of our common stock remaining available for issuance under our 2012 Plan as of the effective date of the registration statement of which this prospectus is a part, and (c) the number of shares of our common stock subject to awards under our 2012 Plan that subsequently expire or lapse unexercised and shares issued pursuant to such awards that are forfeited or repurchased by us (such combined number not to exceed shares). The number of shares reserved for issuance under the 2013 Plan will be increased automatically on the first business day of each of our fiscal years during the term of the plan, commencing in 2015, by a number equal to the smallest of:

- shares;
- 3.5% of the number of shares of common stock outstanding on December 31 of the prior year; and
- the number of shares determined by our board of directors.

In general, to the extent that any awards under the 2013 Plan are forfeited, terminate, expire or lapse without the issuance of shares, or if we repurchase the shares subject to awards granted under the 2013 Plan, those shares will again become available for issuance under the 2013 Plan, as will shares applied to pay the exercise or purchase price of an award or to satisfy tax withholding obligations related to any award. All share numbers described in this summary of the 2013 Plan will automatically adjust in the event of a stock split, a stock dividend, a reverse stock split or similar occurrence.

Administration. The compensation committee of our board of directors administers the 2013 Plan. The compensation committee has complete discretion to make all decisions relating to the 2013 Plan and outstanding awards, including repricing outstanding options and modifying outstanding awards.

Eligibility. Employees, non-employee directors and consultants are eligible to participate in our 2013 Plan.

Types of Award. Our 2013 Plan provides for the following types of awards:

- incentive and nonstatutory stock options;
- stock appreciation rights;
- restricted share awards;
- stock unit awards; and
- performance cash awards.

Options and Stock Appreciation Rights. The exercise price for options granted under the 2013 Plan may not be less than 100% of the fair market value of our common stock on the grant date. Optionees may pay the exercise price in cash or, with the consent of the compensation committee and as set forth in the applicable option grant agreement:

- with shares of common stock that the optionee already owns;
- by an immediate sale of shares through a broker approved by us, if shares of our common stock are publicly traded;
- through a net exercise procedure;
- by delivery of a full-recourse promissory note; or
- by other methods permitted by applicable law.

An optionee who exercises a stock appreciation right receives the increase in value of our common stock over the exercise price. The exercise price for stock appreciation rights may not be less than 100% of the fair market value of our common stock on the grant date. The settlement value of a stock appreciation right may be paid in cash, shares of our common stock, or a combination.

Options and stock appreciation rights vest as determined by the compensation committee at the time of grant. In most cases, they will vest over a four-year period following the date of grant. Options and stock appreciation rights expire at the time determined by the compensation committee but in no event more than ten years after they are granted. These awards generally expire earlier if the participant's service terminates earlier. No participant may be granted stock options and stock appreciation rights under our 2013 Plan covering more than shares in any calendar year.

Restricted Shares and Stock Units. Restricted shares and stock units may be awarded under the 2013 Plan in return for any lawful consideration, and participants who receive restricted shares or stock units generally are not required to pay cash for their awards. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones or a combination of both, as determined by the compensation committee. No participant may be granted restricted share awards and stock units covering more than shares during any single calendar year. This annual limit is in addition to any stock options and stock appreciation rights the participant may receive during a calendar year. Settlement of vested stock units may be made in the form of cash, shares of common stock, or a combination.

Performance Cash Awards. Performance cash awards may be granted under the 2013 Plan that qualify as performance-based compensation that is not subject to the income tax deductibility limitations imposed by Section 162(m) of the Internal Revenue Code, if the award is approved by our compensation committee and the grant or vesting of the award is tied solely to the attainment of performance goals during a designated performance period. No participant may be paid more than $ in cash in any calendar year pursuant to a performance cash award granted under the 2013 Plan. Performance goals for the grant or vesting of awards under the 2013 Plan may be based on any one of, or combination of, the following:

Earnings (before or after taxes)
Earnings per share
Earnings before interest, taxes and depreciation
Earnings before interest, taxes, depreciation and amortization
Total stockholder return
Return on equity or average stockholders' equity
Return on assets, investment or capital employed
Operating income
Gross margin
Operating margin
Net operating income
Net operating income after tax
Return on operating revenue
Objective corporate or individual strategic goals
Sales or revenue (using a measure thereof that complies with Section 162(m))
Expense or cost reduction
Working capital
Economic value added (or an equivalent metric)
Market share
Cash measures including cash flow and cash balance
Operating cash flow
Cash flow per share
Share price
Debt reduction
Customer satisfaction
Stockholders' equity
Contract awards or backlog
Objective individual performance goals

To the extent a performance award is not intended to comply with Section 162(m) of the Internal Revenue Code, the compensation committee may select other measures of performance.

Corporate Transactions. In the event we are a party to a merger, consolidation or certain change in control transactions, outstanding awards granted under the 2013 Plan, and all shares acquired under the 2013 Plan, will be subject to the terms of the definitive transaction agreement (or, if there is no such agreement, as determined by

our compensation committee). Unless an award agreement provides otherwise, such treatment shall include any of the following with respect to each outstanding award:

- the continuation, assumption or substitution of an award by us or the acquiror or surviving corporation;
- the cancellation of the unvested portion of options and stock appreciation rights without payment of any consideration;
- the full exercisability of outstanding options and stock appreciation rights and full vesting of the common shares subject to options and stock appreciation rights, followed by cancellation of such options and stock appreciation rights;
- the cancellation of the vested portion of options and stock appreciation rights in exchange for a payment equal to the excess, if any, of the value that a holder of a share of our common stock receives in the transaction over the exercise or purchase price of such award;
- the cancellation of outstanding stock units (whether vested or unvested) in exchange for a payment equal to the value that a holder of a share of our common stock receives in such transaction, which payment may be subject to vesting based on the participant's continuing service with the surviving or acquiring entity; or
- the assignment of any repurchase or reacquisition rights held by us to the surviving or acquiring entity.

The compensation committee is not required to treat all awards, or portions thereof, in the same manner.

The compensation committee has the discretion to provide that an award granted under the 2013 Plan will vest on an accelerated basis if we are subject to a change in control or if the participant is subject to an involuntary termination, either at the time such award is granted or afterward.

A change in control includes:

- any person acquiring beneficial ownership of more than 50% of our total voting power;
- the sale or other disposition of all or substantially all of our assets; or
- our merger or consolidation after which our voting securities represent 50% or less of the total voting power of the surviving or acquiring entity.

Changes in Capitalization. In the event that there is a specified type of change in the capital structure of our common stock, such as a stock split, reverse stock split or dividend paid in common stock, proportionate adjustments will automatically be made to the kind and maximum number of shares:

- reserved for issuance under the 2013 Plan;
- by which the share reserve may increase automatically each year;
- that may be granted to a participant in a year (as established under the 2013 Plan pursuant to Section 162(m) of the Internal Revenue Code);
- that may be issued upon the exercise of incentive stock options; and
- covered by each outstanding option, stock appreciation right and stock unit, the exercise price applicable to each outstanding option and stock appreciation right, and the repurchase price, if any, applicable to restricted shares.

In the event that there is a declaration of an extraordinary dividend payable in a form other than our common stock in an amount that has a material effect on the price of our common stock, a recapitalization, a spin-off or a similar occurrence, the compensation committee may make such adjustments as it deems appropriate, in its sole discretion.

Amendments or Termination. Our board of directors may amend or terminate the 2013 Plan at any time and for any reason. If our board of directors amends the 2013 Plan, it does not need stockholder approval of the amendment unless required by applicable law, regulation or rules. The 2013 Plan will continue in effect for ten years, unless our board of directors decides to terminate the plan earlier or unless our board of directors and stockholders later approve an extension of this term.

2012 Equity Incentive Plan

Our board of directors adopted our 2012 Plan in July 2012, and it has been approved by our stockholders. The 2012 Plan became effective on adoption. No further awards will be made under our 2012 Plan following the completion of this offering; however, awards outstanding under our 2012 Plan will continue to be governed by their existing terms.

Share Reserve. As of December 31, 2013, up to 5,883,847 shares of our common stock have been reserved for issuance under the 2012 Plan. As of December 31, 2013, options to purchase 5,287,144 shares of common stock were outstanding under the 2012 Plan, and 428,671 shares of common stock remained available for future issuance under the 2012 Plan. Unissued shares subject to awards that expire, are terminated, surrendered or forfeited, and shares subject to awards that are repurchased by, or are surrendered or forfeited to, us at not more than the price paid for such shares, again become available for issuance under the 2012 Plan.

Administration. Our board of directors administers the 2012 Plan. The board of directors has complete discretion to make all decisions relating to the 2012 Plan and outstanding awards, including repricing outstanding options and modifying outstanding awards in other ways.

Eligibility. Employees, non-employee members of our board of directors, consultants and other persons determined by our board of directors to have made, or who are expected to make, contributions to us are eligible to participate in our 2012 Plan.

Types of Awards. Our 2012 Plan provides for the following types of awards:

- incentive and nonstatutory stock options;
- restricted share awards; and
- other stock-based awards.

Options. The exercise price for options granted under our 2012 Plan may not be less than 100% of the fair market value of our common stock on the grant date. Optionees may pay the exercise price in cash or in one, or by any combination of, the following forms of payment, as permitted by our board of directors in its sole discretion:

- by an immediate sale of the shares through a broker approved by us, if shares of our common stock are publicly traded;
- with shares of common stock that the optionee already owns;
- by delivery of a full-recourse promissory note; or
- by other methods permitted by applicable law.

Options vest as determined by our board of directors at the time of grant. In general, we have granted options that vest over a four-year period following the date of grant. Options expire at the time determined by our board of directors, but in no event more than ten years after they are granted. Options generally expire earlier if the optionee’s service terminates earlier.

Restricted Shares. Restricted shares may be awarded under the 2013 Plan in return for any lawful consideration. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones, or a combination, as determined by our board of directors.

Corporate Transactions. In the event that we are a party to a change of control, our board of directors shall, in its sole discretion, provide for one or any combination of the following with respect to outstanding awards:

- continuation, assumption or substitution of an award by us or the surviving or acquiring entity;
- acceleration of the date of exercise or vesting of an award;
- permit the exchange of an award for the right to participate in an equity or other employee benefit plan of any successor corporation;
- cancellation of the award in exchange for a payment equal to the excess, if any, of the value that a holder of a share of our common stock receives in the transaction over the exercise price of such award; or
- termination of the award immediately prior to the consummation of such transaction.

Our board of directors is not required to treat all awards, or portions thereof, in the same manner. Our board of directors has the discretion to provide that an award granted under the 2012 Plan will vest on an accelerated basis if we are subject to a change of control or if the participant is subject to an involuntary termination, either at the time such award is granted or afterward.

A change of control includes:

- any person acquiring beneficial ownership of 50% or more of our total voting power;
- a proxy contest that results in the replacement of a majority of our directors;
- a reorganization, merger or consolidation after which our stockholders own 50% or less of the surviving corporation;
- our complete liquidation or dissolution; or
- a sale or other disposition of all or substantially all of our assets.

Changes in Capitalization. In the event that there is a specified type of change in the capital structure of our common stock, such as a stock split, reverse stock split, stock dividend, extraordinary cash dividend, recapitalization, spin-off, split-up, or other similar change in capitalization or similar event, the number and class of shares available under our 2012 Plan, the number and class of securities, vesting schedule and exercise price per share subject to each outstanding option granted under the 2012 Plan, the repurchase price per security subject to repurchase, and the terms of each other outstanding award shall be adjusted by (or substituted awards may be made, if applicable) to the extent our board of directors determines that such an adjustment (or substitution) is appropriate.

2013 Employee Stock Purchase Plan

Our 2013 Employee Stock Purchase Plan (2013 ESPP) was adopted by our board of directors in November 2013 and we expect our stockholders to approve it prior to completion of this offering. The 2013 ESPP will become effective as of the effective date of the registration statement of which this prospectus is a part. Our 2013 ESPP is intended to qualify under Section 423 of the Internal Revenue Code.

Share Reserve. We have reserved shares of our common stock for issuance under the 2013 ESPP. The number of shares reserved for issuance under the 2013 ESPP will automatically be increased on the first business day of each of our fiscal years, commencing in 2015, by a number equal to the least of:

- shares;
- % of the shares of common stock outstanding on the last business day of the prior fiscal year; or
- the number of shares determined by our board of directors.

The number of shares reserved under the 2013 ESPP will automatically be adjusted in the event of a stock split, stock dividend or a reverse stock split (including an adjustment to the per-purchase period share limit).

Administration. The compensation committee of our board of directors will administer the 2013 ESPP.

Eligibility. All of our employees are eligible to participate if we employ them for more than 20 hours per week and for more than five months per year. Eligible employees may begin participating in the 2013 ESPP at the start of any offering period.

Offering Periods. Each offering period will last a number of months determined by the compensation committee, not to exceed 27 months. A new offering period will begin periodically, as determined by the compensation committee. Offering periods may overlap or may be consecutive. Unless otherwise determined by the compensation committee, two offering periods of six months' duration will begin each fiscal year on May 1 and November 1. However, the first offering period will start on the effective date of the registration statement related to this offering and will end on April 30, 2014, with the first purchase date occurring on April 30, 2014.

Amount of Contributions. Our 2013 ESPP permits each eligible employee to purchase common stock through payroll deductions. Each employee's payroll deductions may not exceed 15% of the employee's cash compensation. Each participant may purchase up to the number of shares determined by our board of directors on any purchase date, not to exceed shares. Each participant may not hold rights to purchase stock under our 2013 ESPP that would accrue at a rate that exceeds $25,000 worth of our stock for each calendar year that the rights remain outstanding. Participants may withdraw their contributions at any time before stock is purchased.

Purchase Price. The price of each share of common stock purchased under our 2013 ESPP will be the lower of:

- 85% of the fair market value per share of our common stock on the first day of the applicable offering period or, in the case of the first offering period, 85% of the fair market value of the price at which one share of common stock is offered to the public in this offering; or
- 85% of the fair market value per share of common stock on the purchase date.

Other Provisions. Employees may end their participation in the 2013 ESPP at any time. Participation ends automatically upon termination of employment with the company. If a change of control occurs and the acquirer does not continue or assume the 2013 ESPP, our 2013 ESPP will terminate and shares will be purchased with the payroll deductions accumulated to date by participating employees. Our board of directors or the compensation committee may amend or terminate the 2013 ESPP at any time. If we increase the number of shares of common stock reserved for issuance under the 2013 ESPP, except for the automatic increases described above, then we must seek the approval of our stockholders. The 2013 ESPP will terminate automatically 20 years after its adoption by our board of directors, unless it is extended by our board of directors and such extension is approved by our stockholders within 12 months thereafter.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2012 to which we have been a party, in which the amount involved exceeded or will exceed the lesser of $120,000 or one percent of the average of our total assets at year end for the last two years, and in which any of our directors, executive officers or beneficial owners of more than five percent of our convertible preferred stock or common stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest, other than compensation, termination and change-in-control arrangements.

All of the transactions set forth below were approved by a majority of our board of directors, including a majority of the independent and disinterested members of our board of directors. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates are approved by the audit committee and a majority of the members of our board of directors, including a majority of the independent and disinterested members of our board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Series A and Series A-1 Financings

On July 20, 2012, we entered into a stock purchase agreement with investors, including certain of our existing stockholders at the time (Series A Purchase Agreement), to raise up to $49.0 million through the sale of shares of our Series A convertible preferred stock, $0.001 par value per share (Series A Preferred Stock), at a purchase price of $1.00 per share (Series A Financing). In order to consummate the Series A Financing, we were required to effect a recapitalization pursuant to which Histogenics Finance Corporation, a Delaware corporation (Finance Corp), was formed and subsequently merged into our company (Recapitalization). Further, as described below, certain outstanding convertible promissory notes were converted into shares of Series A Preferred Stock or common stock. Pursuant to the Recapitalization and the Series A Purchase Agreement, the investors received the right to purchase shares of Finance Corp's Series A Preferred Stock. In addition, the investors agreed to purchase additional shares of our Series A Preferred Stock upon our achievement of certain milestones, as described below.

The Recapitalization

Pursuant to the Recapitalization, which was effected on July 20, 2012, each outstanding share of Finance Corp's common stock and all shares of our common stock and Series A Preferred Stock, and any options and warrants with respect to such shares, outstanding immediately prior to the closing of the Recapitalization were cancelled without consideration. All of the accrued interest on our convertible notes issued in the aggregate principal amount of $12.0 million pursuant to a note purchase agreement dated as of May 13, 2011 was cancelled, and the outstanding principal amount was converted into 6,250,001 shares of our common stock. All of the accrued interest on our convertible notes issued in the aggregate principal amount of $5.95 million pursuant to a note purchase agreement dated as of January 16, 2012 was cancelled, and the outstanding principal amount was converted into 5,950,000 shares of our Series A Preferred Stock and warrants to purchase an aggregate of 107,613 shares of our common stock. Each right to purchase shares of Finance Corp's Series A Preferred Stock was converted into a right to purchase shares of our Series A Preferred Stock at a price of $1.00 per share and a warrant to purchase 0.018085922 shares of our common stock at an exercise price of $0.07.

The Series A Purchase Agreement

Upon entry into the Series A Purchase Agreement, we issued an aggregate of 28,602,031 shares of Series A Preferred Stock for an aggregate consideration of $28.6 million, which included the conversion of certain convertible promissory notes. The Series A Purchase Agreement also provided for the purchase and sale of 20,547,968 additional shares of Series A Preferred Stock (Milestone Shares) to the investors in the Series A Financing upon the completion of certain milestones (Milestone Closing). The achievement of the following milestones was necessary for the Milestone Closing to occur: (1) 85% of the 245 patients in the NeoCart Phase 3

clinical trial must be enrolled; (2) 125 of such patients must reach the one-year end point in the NeoCart Phase 3 clinical trial; and (3) analysis indicating that NeoCart is likely to be approved by the FDA must be obtained (collectively, Milestones). Further, we are required to provide notice of the achievement of the Milestones to the investors in the Series A Financing, and the holders of at least a majority of the issued and outstanding Series A Preferred Stock purchased in the initial closing under the Series A Purchase Agreement must agree that the Milestones were met or waive the Milestones. The Series A Purchase Agreement also provides that each individual investor under the Series A Purchase Agreement could, in its sole discretion, waive the Milestones and purchase such investor's share of the Milestone Shares at any time without obligating other investors to purchase their share of the Milestone Shares. The obligation to effect the Milestone Closing will terminate upon the completion of this offering.

Rakin Stock Purchase Agreement

On October 31, 2012, our board of directors appointed Kevin Rakin to our board of directors. In connection with his appointment, we entered into a stock purchase agreement with Mr. Rakin pursuant to which Mr. Rakin purchased 150,000 shares of Series A Preferred Stock at a purchase price of $1.00 per share and a warrant exercisable for $0.07 per share to purchase up to 2,264 shares of our common stock (Rakin Stock Purchase Agreement), for an aggregate purchase price of $150,000. Pursuant to the Rakin Stock Purchase Agreement, Mr. Rakin also became a party to the Investors' Rights Agreement and the Stockholders' Agreement described below.

The Series A-1 Financing

On December 18, 2013, we amended and restated the Series A Purchase Agreement in order to, among other matters, waive the Milestones and raise an additional $10.3 million (Series A-1 Financing) from the sale of 10,323,988 shares of our Series A-1 preferred stock, $0.001 par value per share (Series A-1 Preferred Stock and, together with Series A Preferred Stock, Preferred Stock).

In connection with the Series A-1 Financing, we entered into a Royalty Agreement to pay to each of the purchasers of shares of our Preferred Stock and the common stock issuable upon the conversion thereof (Net Sales Payment Recipients) a payment equal to, in the aggregate, three percent of Net Sales (as defined below) during such calendar year (Net Sales Payment). The purchasers of Series A Preferred Stock were previously entitled to a payment equal to, in the aggregate, two percent of Net Sales during such calendar year. The Net Sales Payment is to be distributed among the Net Sales Payment Recipients pro rata based on percentages set forth in the Royalty Agreement. Pursuant to the Royalty Agreement, Net Sales means the gross amount received by us for or on account of sales of our products less: (1) amounts repaid or credited by reason of actual rejection or return of applicable products; (2) reasonable and customary trade, quantity or cash rebates or discounts to the extent allowed and taken; (3) amounts for outbound transportation, insurance, handling and shipping; and (4) taxes, customs duties and other governmental charges levied on or measured by sales of products, as adjusted for rebates and refunds. Excluded from Net Sales are amounts attributable to any sale of any product between or among us and any of our affiliates or subsidiaries.

At the election of the majority of the Net Sales Payment Recipients (Majority Recipients), all or a portion of the Net Sales Payments will be redeemed by us. The Majority Recipients can elect (Election) to have each Net Sales percentage point redeemed for $10.0 million payable in cash or our common stock. Cash payments will be subject to our ability to make such payments out of funds legally available under Delaware law. Subject to the foregoing, redemption would occur within 45 days following an Election. The Majority Recipients may make an Election any time after January 1, 2017 and prior to January 1, 2019, but each Election must be at least six months apart. Each redemption of a Net Sales percentage point will reduce by a percentage point the royalty rate used to calculate the Net Sales Payment Recipients' share of Net Sales based on the sales of our products. Once all three percentage points have been redeemed, the right of the Net Sales Payment Recipients to receive the Net Sales Payments will automatically terminate.

The right of the Net Sales Payment Recipients to receive the Net Sales Payments will continue after this offering and is personal to each Net Sales Payment Recipient such that the sale of the Net Sales Payment Recipient's Preferred Stock or underlying common stock will not transfer with such sale, but will remain with such Net Sales Payment Recipient.

Also in connection with the Series A-1 Financing, our amended and restated Series A Purchase Agreement, along with several other escrow agreements executed therewith, provides for the escrowing of certain shares of our capital stock that will be sufficient to satisfy the obligations of certain of our stockholders under that certain agreement with Purpose Co., Ltd. (f/k/a Takagi Sangyo Co. Ltd. and f/k/a Takagi Industrial Co., Ltd.) (Purpose) dated June 22, 2012 (Purpose Agreement).

The following table summarizes the purchases of our Preferred Stock and common stock by the beneficial holders of more than five percent of our capital stock or entities affiliated with them (excluding any issued and outstanding warrants to purchase our common stock):

Name of Stockholder	Histogenics Director	Number of Series A Preferred Stock Shares[1]	Number of Series A-1 Preferred Stock Shares	Number of Common Stock Shares[1]	Aggregate Purchase Price[2]
Entities affiliate with Altima Partners LLP	—	1,715,453	635,027	833,542	$ 3,198,305
Entities affiliated with Boston Millennia Partners	—	1,253,670	447,741	1,129,792	$ 2,850,563
ProChon Holdings BV	Michael Lewis	6,663,563	2,464,643	3,125,000	$ 12,306,758
Sofinnova Venture Partners VIII, L.P.	—	8,750,000	3,125,000	—	$ 11,875,000
Split Rock Partners II, LP	Joshua Baltzell	5,833,333	2,083,334	—	$ 7,916,667

(1) Includes shares issued upon the conversion of certain convertible promissory notes then outstanding, for which the converted principal and accrued interest are included in the aggregate purchase price.
(2) Excludes the consideration paid for any warrants.

ProChon Biotech Ltd. Acquisition Obligations

In May 2011, ProChon Biotech Ltd. (ProChon), an Israeli corporation, became our wholly owned subsidiary (ProChon Acquisition). As part of the transactions surrounding the ProChon Acquisition, we (as the successor in interest to ProChon) and ProChon Holdings BV (ProChon BV), a current stockholder, entered into an agreement with Professor Avner Yayon (Yayon Agreement). Under the Yayon Agreement, ProChon BV is obligated to transfer to Professor Yayon a number of shares equal to 1.5% of our issued and outstanding capital stock from its own holdings immediately prior to the completion of this offering. Pursuant to the Yayon Agreement we are not obligated to issue any additional shares of our common stock in this offering. Upon completion of this offering, all obligations of ProChon BV under the Yayon Agreement will be satisfied in full.

Investors' Rights Agreement

On December 18, 2013, we entered into a second amended and restated investors' rights agreement (Investors' Rights Agreement) with the purchasers of our outstanding Preferred Stock, including entities with which certain of our directors are affiliated. Under this agreement, we granted information and inspection rights that will terminate upon the closing of this offering. In addition, the holders of 38,926,019 shares of our common stock as of December 31, 2013, including the shares of common stock issuable upon automatic conversion of our Preferred Stock, who are parties to the Investors' Rights Agreement are provided rights to demand registration of shares of common stock issuable upon conversion of their preferred stock and to participate in a registration of our common stock that we may decide to do, from time to time. These registration rights will survive this offering and will terminate no later than the fifth anniversary of this offering. These demand registration rights,

however, may not be exercised until six months after the completion of this offering. Certain of the shares subject to this agreement are held by affiliates of certain of our directors and by holders of five percent of our capital stock. For more information regarding the Investors' Rights Agreement, see "Description of Capital Stock—Registration Rights."

Stockholders' Agreement

On December 18, 2013, we entered into a second amended and restated stockholders' agreement (Stockholders' Agreement) with certain holders of our common stock and Preferred Stock. Under the terms of the Stockholders' Agreement, the parties have agreed, subject to certain conditions, to vote their shares so as to elect as directors the nominees designated by certain of our investors, including Sofinnova Venture Partners VIII, L.P., which has designated Garheng Kong, Ph.D., M.D., Split Rock Partners II, L.P., which has designated Joshua Baltzell, and certain other investors (including ProChon Holdings BV), which have designated Michael Lewis. In addition, the majority of the foregoing designated directors have the right to designate a director and have designated John H. Johnson. In addition, the parties to the Stockholders' Agreement have agreed to vote their shares so as to elect to our board of directors our Chief Executive Officer and additional at-large directors nominated by the holders of our common stock and the holders of our Preferred Stock, voting together as a single class, which is currently vacant. The Stockholders' Agreement also provides for rights of first refusal and co-sale relating to the shares of our common stock and common stock issuable upon conversion of the shares of Preferred Stock held by the parties thereto. The Stockholders' Agreement will terminate immediately prior to the completion of this offering.

In addition, the Stockholders' Agreement contains provisions relating to the obligation of certain of our stockholders pursuant to the Purpose Agreement. Under the Purpose Agreement, if we were to enter into a merger, reorganization or consolidation in which our stockholders, prior to such event, do not retain a majority of the voting power in the surviving corporation, or a sale or exclusive license of all or substantially all of our assets or intellectual property, then, upon the closing of such event of liquidation, we or our stockholders will pay Purpose 7.8125% of the net proceeds of the event (Purpose Obligation). If we undertake an initial public offering of our common stock instead of undertaking an event of liquidation, then we or our stockholders shall pay the consideration in shares of our common stock. In order to determine the number of shares of our common stock to be issued to Purpose in the event of an initial public offering, pursuant to the Purpose Agreement, we will subtract the transaction costs of the initial public offering, the amount of indebtedness, if any, and the amount and preferences of our preferred stock from the pre-initial public offering value, as determined by our pricing committee. This amount will then be multiplied by 7.8125%, or such lesser amount as determined pursuant to the Purpose Agreement. Pursuant to the Stockholders' Agreement, certain of our stockholders have agreed to satisfy the Purpose Obligation by the transfer of shares of our common stock at the time of an event of liquidation or initial public offering.

Indemnification Agreements

We have entered, or will enter, into indemnification agreements with our directors, executive officers and certain key employees. Under these agreements, we agree to indemnify our directors, executive officers and certain key employees against any and all expenses incurred by them in connection with proceedings because of their status as one of our directors, executive officers or key employees to the fullest extent permitted by Delaware law, subject to certain limitations. In addition, these indemnification agreements provide that, to the fullest extent permitted by Delaware law, we will pay for all expenses incurred by our directors, executive officers and certain key employees in connection with a legal proceeding arising out of their service to us.

Policies and Procedures for Related Party Transactions

In November 2013, we adopted a related party transaction policy under which our directors and executive officers, including their immediate family members and affiliates, are not permitted to enter into a related party transaction with us without the prior consent of our audit committee or another independent committee of our board of directors where it is inappropriate for our audit committee to review such transaction due to a conflict of

interest. Any request for us to enter into a transaction with an executive officer, director, or any of such persons' immediate family members or affiliates, in which the amount involved exceeds $120,000 must first be presented to our audit committee for review, consideration and approval. All of our directors and executive officers are required to report to our audit committee any such related party transaction. In approving or rejecting the proposed agreement, our audit committee shall consider the relevant facts and circumstances available and deemed relevant to the audit committee, including costs, and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director's independence. Our audit committee shall approve only those agreements that, in light of known circumstances, are not inconsistent with our best interests, as our audit committee determines in the good faith exercise of its discretion.

PRINCIPAL STOCKHOLDERS

The following table provides information concerning beneficial ownership of our capital stock as of December 31, 2013, and as adjusted to reflect the sale of the common stock being sold in this offering, by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than five percent of our outstanding common stock (on an as-converted basis);
- each of our named executive officers;
- each of our directors; and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of December 31, 2013, are deemed outstanding and beneficially owned by the person holding such options or warrants for purposes of computing the number of shares and percentage beneficially owned by such person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated in the footnotes to the below table, and subject to applicable community property laws, the persons or entities named have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

The following table lists the percentage of shares beneficially owned before this offering based on 45,344,052 shares of common stock outstanding as of December 31, 2013, which includes 38,926,019 shares of common stock issuable upon the automatic conversion of all outstanding shares of convertible preferred stock upon the closing of this offering, as if the conversion had occurred as of December 31, 2013.

The table also lists the percentage of shares beneficially owned after this offering based on shares of common stock outstanding immediately after the completion of this offering, assuming no exercise of the underwriters' over-allotment option to purchase up to an additional shares of our common stock.

Unless otherwise indicated, the principal address of each of the stockholders below is c/o Histogenics Corporation, 830 Winter Street, 3rd Floor, Waltham, Massachusetts 02451.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned		Percentage of Shares Beneficially Owned	
	Before the Offering	After the Offering[11]	Before the Offering	After the Offering[11]
5% Stockholders				
ProChon Holdings BV[1] Stonehage SA, Rue du Puit-Godet 12, PO Box 126 2005 Neuchatel Switzerland	12,374,864		27.2%	
Sofinnova Venture Partners VIII, L.P.[2] 2800 Sand Hill Road, Suite 150 Menlo Park, CA 94025	12,032,413		26.4%	
Split Rock Partners II, LP[3] 1600 El Camino Real, Suite 290 Menlo Park, CA 94025	8,021,609		17.6%	
Entities affiliate with Altima Partners LLP[4] 11 Slingsby Place, 2nd Floor St. Martin's Courtyard WC2E 9AB London United Kingdom	3,215,353		7.1%	
Entities Affiliated with Boston Millennia Partners[5] 30 Rowes Wharf, Suite 400 Boston, MA 02110	2,853,757		6.3%	
Directors and Named Executive Officers				
Garheng Kong, M.D., Ph.D.	—		—	—
Joshua Baltzell[6]	8,021,609		17.6%	
Kevin Rakin[7]	345,342		*	
Michael Lewis[8]	12,374,864		27.2%	
John H. Johnson	—		—	—
Peter Greenleaf[9]	349,945		*	
Stephen Kennedy	—		—	—
Nancy Lynch, M.D.	—		—	—
All current executive officers and directors as a group (9 persons)[10]	21,203,997		46.8%	

* Less than one percent of the outstanding shares of common stock.

(1) Shareholdings consist of 9,128,206 shares of common stock issuable upon conversion of preferred stock, 3,125,000 shares of common stock and a warrant to purchase 121,658 shares of common stock held by ProChon Holdings BV (ProChon Holdings). ProChon Holdings' economic interest is owned in part by a family trust associated with Michael Lewis, who is referenced in footnote 8 below. ProChon Holdings has sole voting and investment power over the shares of capital stock owned.

(2) Shareholdings consist of 11,875,000 shares of common stock issuable upon conversion of preferred stock and a warrant to purchase 157,413 shares of common stock held by Sofinnova Venture Partners VIII, L.P. (SVP VIII). Sofinnova Management VIII, L.L.C. (SM VIII) is the general partner of SVP VIII and Anand Mehra, Michael Powell, Srinivas Akkarju and James I. Healy, are the managing members of SM VIII (Managing Members). SVP VIII, SM VIII and the Managing Members may be deemed to have shared voting and dispositive power over the shares owned by SVP VIII. Such persons and entities disclaim beneficial ownership over the shares owned by SVP VIII except to the extent of any pecuniary interest therein.

(3) Shareholdings consist of 7,916,667 shares of common stock issuable upon conversion of preferred stock and a warrant to purchase 104,942 shares of common stock. Voting and investment power over the shares is delegated to Split Rock Partners II Management, LLC, the general partner of Split Rock Partners II, LP. Split Rock Partners II Management, LLC has delegated voting and investment decisions to three individuals who require a two-thirds vote to act. Split Rock Partners II Management, LLC disclaims beneficial ownership of the shares except to the extent of any pecuniary interest.

(footnotes continued on following page)

(4) Shareholdings consist of 1,715,453 shares of common stock issuable upon conversion of preferred stock, 833,542 shares of common stock and a warrant to purchase 31,331 shares of common stock held by Altima Global Special Opportunities Master Fund Limited (AGSO) and 635,027 shares of common stock issuable upon conversion of preferred stock held by Altima Restructure Fund Limited (ARF). Altima Partners LLP (Altima Partners), a limited a limited liability partnership organized under the laws of England and Wales, which acts as investment advisor to AGSO and ARF, with respect to the shares of common stock directly beneficially owned by AGSO and ARF. Mark Donegan, a citizen of the United Kingdom serves as chief investment officer of Altima Partners. Dominic Redfern, a citizen of the United Kingdom serves as a portfolio manager with AGSO.

(5) Shareholdings consist of 1,412,717 shares of common stock issuable upon conversion of preferred stock, 938,090 shares of common stock and a warrant to purchase 18,727 shares of common stock held by Boston Millennia Partners II Limited Partnership; 67,673 shares of common stock issuable upon conversion of preferred stock, 44,937 shares of common stock and a warrant to purchase 897 shares of common stock held by Boston Millennia Partners II-A Limited Partnership; 201,172 shares of common stock issuable upon conversion of preferred stock, 133,585 shares of common stock and a warrant to purchase 2,667 shares of common stock held by Boston Millennia Partners GmbH & Co. KG; 12,703 shares of common stock issuable upon conversion of preferred stock, 8,435 shares of common stock and a warrant to purchase 95 shares of common stock held by Strategic Advisors Fund Limited Partnership; and 7,146 shares of common stock issuable upon conversion of preferred stock, 4,745 shares of common stock and a warrant to purchase 168 shares of common stock held by Boston Millennia Associates II Partnership. The securities owned by entities affiliated with Boston Millennia Partners are subject to the voting and investment control of Glen Partners II Limited Partnership, the sponsor of these entities, or its affiliates.

(6) Mr. Baltzell is affiliated with Split Rock Partners II, LP. Mr. Baltzell disclaims beneficial ownership of the shares held by the entities affiliated with Split Rock Partners II, LP. referenced in footnote 3 above, except to the extent of his pecuniary interest therein.

(7) Shareholdings include (a) 142,718 shares of restricted common stock that are subject to a right of repurchase by us in the event Mr. Rakin's service terminates prior to vesting of these shares, of which 15,274 shares are or will be vested within 60 days of December 31, 2013, (b) 120,000 shares of common stock issuable upon conversion of preferred stock owned directly by Mr. Rakin, (c) 80,000 shares of common stock issuable upon conversion of preferred stock owned by the Kevin L. Rakin Irrevocable Trust, of which Mr. Rakin disclaims beneficial ownership and (d) a warrant to purchase 2,624 shares of common stock.

(8) Mr. Lewis has a beneficial interest in certain trusts that own an economic interest in ProChon Holdings BV referenced in footnote 1 above. Mr. Lewis disclaims beneficial ownership of such economic interest.

(9) Shareholdings include options to purchase 349,945 shares of common stock that may be exercised within 60 days of December 31, 2013.

(10) Shareholdings include 462,182 shares of common stock issuable upon the exercise of options exercisable within 60 days of December 31, 2013 and 229,224 shares of common stock issuable upon the exercise of warrants exercisable within 60 days of December 31, 2013.

(11) The following stockholders will deliver the indicated numbers of shares of common stock to Purpose immediately prior to the effectiveness of this offering, pursuant to obligations under the Purpose Agreement to deliver to Purpose shares of common stock with a value, based upon the initial public offering price of this offering, equal to 7.8125% of the net proceeds of this offering (Consideration).

Name of Beneficial Owner	Percentage of Consideration Allocated under Purpose Agreement	Number of Shares of Common Stock Transferred
ProChon Holdings BV	30.94%	
Sofinnova Venture Partners VIII, L.P.	15.86%	
Split Rock Partners II, LP	10.58%	
Entities Affiliated with Altima Partners LLP	8.14%	
Entities Affiliated with Boston Millennia Partners	9.05%	
Kevin Rakin and Affiliates	0.27%	
Other Holders Not Listed Above	25.16%	

DESCRIPTION OF CAPITAL STOCK

General

Following the closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share. The following description summarizes some of the terms of our certificate of incorporation and bylaws. This description does not purport to be complete and is qualified in its entirety by the provisions of our certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part.

Common Stock

As of December 31, 2013, there were 45,344,052 shares of our common stock outstanding, held of record by 20 stockholders, assuming conversion of all outstanding shares of our Preferred Stock into, and exercise of all outstanding warrants for, shares of common stock immediately prior to the closing of this offering.

Voting Rights. Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws do not provide for cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividends. Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of our outstanding shares of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. At present, we have no plans to issue dividends. See the section titled “Dividend Policy” above.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Other Rights and Preferences. Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Fully Paid and Nonassessable. All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, we will have no shares of our preferred stock outstanding. Outstanding shares of Series A Preferred Stock will be converted into 28,602,031 shares of common stock and outstanding shares of Series A-1 Preferred Stock will be converted into 10,323,988 shares of common stock immediately prior to the closing of this offering.

Under the terms of our certificate of incorporation, our board of directors is authorized to issue preferred stock in one or more series, to establish the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of such shares and any qualifications, limitations or restrictions thereof. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the

holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others. At present, we have no plans to issue any preferred stock.

Options

As of December 31, 2013, options to purchase 5,287,144 shares of our common stock were outstanding under our 2012 Plan at a weighted-average exercise price of $0.22 per share, of which 991,563 were vested and exercisable as of that date.

Warrants

As of December 31, 2013, warrants to purchase 2,266,841 shares of our common stock were outstanding at an exercise price of $0.0167 per share.

The warrants issued in connection with the Series A Financing and pursuant to the Rakin Stock Purchase Agreement are exercisable following the occurrence of certain events for an aggregate of up to 516,841 shares of our common stock, at an exercise price of $0.07 per share (Warrants). The Warrants are exercisable in whole or in part dependent upon the amount of consideration paid to Purpose by the holder of such Warrant. Immediately prior to the closing of this offering, the Warrants will become exercisable for shares of common stock at an exercise price of $0.07 per share. We expect to enter into an agreement with holders of the Warrants whereby they agree to net exercise the warrants effective and contingent upon the consummation of this offering.

We issued warrants in connection with an amendment to our advisor agreement with Boston Equity Advisors, LLC (BEA) and the Series A Financing to certain BEA affiliates, namely, Arnold Freedman, Mark Butts and Oded Ben-Joseph (BEA Warrants). The BEA Warrants are immediately exercisable for 583,334 shares, 583,333 shares and 583,333 shares, respectively, of our common stock, at an exercise price of $0.01 per share. Immediately prior to the closing of this offering, these warrants will become exercisable for an aggregate of 1,750,000 shares of common stock at an exercise price of $0.01 per share. The holders of these warrants entered into an escrow agreement. Pursuant to the escrow agreement, a portion of the warrants will be exercised for shares of our common stock, which assumes an initial offering price of $, which is the midpoint of the range set forth on the cover of this prospectus. Upon exercise these shares of common stock will then be transferred to Purpose in partial satisfaction of the obligations of BEA and its affiliates to Purpose under the Stockholders' Agreement.

Registration Rights

Demand Registration Rights

Pursuant to the Investors' Rights Agreement, the holders of at least 50% of the registrable shares of our common stock issued or issuable upon conversion of our Preferred Stock can request that we file up to two registration statements registering all or a portion of their registrable shares. As of December 31, 2013, the holders of 38,926,019 shares of our common stock, including shares issuable upon the automatic conversion of our Preferred Stock, have demand registration rights. Under specified circumstances, we also have the right to defer filing of a requested registration statement for a period of not more than 90 days, which right may not be exercised more than once during any period of 12 consecutive months. These registration rights are subject to additional conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances.

Form S-3 Registration Rights

Pursuant to the Investors' Rights Agreement, if we are eligible to file a registration statement on Form S-3, the holders of at least ten percent of the registrable shares of common stock issued or issuable upon the conversion of preferred stock have the right to demand that we file additional registration statements, including a shelf registration statement, for such holders on Form S-3.

Piggyback Registration Rights

Pursuant to the Investors' Rights Agreement, whenever we propose to file a registration statement under the Securities Act, other than with respect to a registration related to employee benefit or similar plans, a registration on any form which does not include substantially the same information as would be required to be included in this registration statement, or a registration in which the only common stock being registered is common stock issuable upon conversion of debt securities which are also being registered, the holders of registrable shares of common stock issued or issuable upon conversion of our convertible preferred stock are entitled to notice of the registration and have the right to include their registrable shares in such registration. As of December 31, 2013, the holders of 38,926,019 shares of our common stock, including shares issuable upon the automatic conversion of our Preferred Stock, will be entitled to notice of this registration and will be entitled to include their shares of common stock in the registration statement but we anticipate that such right will be waived prior to this offering. The underwriters of any underwritten offering will have the right to limit the number of shares having registration rights to be included in the registration statement.

Expenses of Registration

We are required to pay all expenses relating to any demand, Form S-3 or piggyback registration, other than underwriting discounts and commissions, subject to certain limited exceptions. We will not pay for any expenses of any demand registration if the request is subsequently withdrawn by the holders of a majority of the shares requested to be included in such a registration statement, subject to limited exceptions.

Expiration of Registration Rights

The registration rights described above will expire for each holder upon the earlier of (1) five years after this offering is completed and (2) the closing of a deemed liquidation event as defined in our certificate of incorporation.

Holders of all of our shares with these registration rights have signed or are expected to sign agreements with the underwriters prohibiting the exercise of their registration rights for 180 days following the date of this prospectus. These agreements are described below under "Underwriting."

Other Stockholder Rights

The Stockholders' Agreement provides certain rights of first refusal and co-sale rights to certain of our stockholders. In addition, (1) the Stockholders' Agreement obligates certain of our stockholders regarding the voting of their shares in elections of our directors and provides certain rights of indemnification and (2) certain of our investors are entitled to observer rights pursuant to certain management rights letters that we entered into with such investors. The Stockholders' Agreement and the management rights letters will terminate upon the completion of this offering.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Delaware law, our certificate of incorporation and our bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability of our board of directors, without action by the stockholders, to issue up to shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. The existence of authorized but unissued shares of preferred stock may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Stockholder Action by Written Consent; Stockholder Meetings

Our certificate of incorporation and bylaws eliminate the right of stockholders to act by written consent without a meeting. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Our bylaws provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Staggered Board

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see “Management—Board of Directors—Classified Board.” This system of electing and removing directors may discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of holders of at least two-thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Board of Directors Vacancies

Our restated certificate of incorporation and amended and restated bylaws authorize our board of directors to fill vacant directorships. In addition, the number of directors constituting our board of directors is set only by resolution adopted by a majority vote of our entire board of directors. These provisions will prevent a stockholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.

Stockholders Not Entitled to Cumulative Voting

Our certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our certificate of incorporation and our bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Choice of Forum

Upon the completion of this offering, our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC.

NASDAQ Global Market

We expect to apply to list our common stock on the NASDAQ Global Market under the symbol "HSGX."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of shares of our common stock in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price of our common stock and our ability to raise equity capital in the future.

Upon completion of this offering, we will have shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option, the conversion of all outstanding shares of preferred stock and no exercise of outstanding options or warrants after September 30, 2013. All of the shares sold in this offering, including any of the shares sold upon the underwriters' exercise of their over-allotment option, will be freely transferable without restriction or registration under the Securities Act, except for any shares purchased by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining shares of common stock existing are "restricted securities" as defined in Rule 144. Restricted securities may be sold in the public market only if registered or if their resale qualifies for an exemption from registration under Rules 144 or 701 of the Securities Act.

As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144 and 701, these shares will be available for sale in the public market as follows:

- no restricted shares will be eligible for sale in the public market immediately upon completion of this offering; and
- shares will be eligible for sale in the public market beginning 180 days from the date of this prospectus (subject, in some cases, to volume limitations), upon the expiration of the 180-day lock-up and market standoff agreements entered into prior to our initial public offering and the lapse of our right of repurchase with respect to any unvested shares, if applicable.

Lock-up Agreements

We, all of our directors and officers and all of our other stockholders have agreed not to sell or otherwise transfer or dispose of any of our securities for a period of 180 days from the date of this prospectus, subject to certain exceptions. Cowen and Company LLC, as representative of the several underwriters, may permit early releases of shares subject to the lock-up agreements. See "Underwriting" for a description of the lock-up provisions.

Rule 144

In general, a person who has beneficially owned our restricted common shares for at least six months would be entitled to sell their securities subject only to the availability of current public information about us and subject to the lock-up agreements described above, provided that (1) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale, and (2) we are subject to the Securities Exchange Act periodic reporting requirements for at least 90 days before the sale. In addition, under Rule 144, any person who is not an affiliate of ours and has beneficially owned their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell such shares immediately upon the closing of this offering without regard to whether current public information about us is available. Persons who have beneficially owned restricted common shares for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell, upon expiration of the lock-up agreements described above, within any three-month period only a number of shares that does not exceed the greater of either of the following:

- one percent of the number of common shares then outstanding, which will equal approximately shares immediately after this offering assuming no exercise of the underwriters' option to purchase additional shares, based on the number of common shares outstanding as of September 30, 2013; or

- the average weekly trading volume of our common shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Securities Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by a person selling shares on behalf of our affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

Rule 701

In general, Rule 701 permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions, including the holding period requirement, of Rule 144. Any employee, officer or director of or consultant to us who purchased shares under a written compensatory plan or contract before the date of this prospectus may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their shares acquired pursuant to Rule 701 under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of shares issued under Rule 701 are required to wait until 90 days after the date of this prospectus before selling such shares. All Rule 701 shares are, however, subject to lock-up agreements and will only become eligible for sale upon the expiration of these lock-up agreements.

Registration Rights

Upon completion of this offering, the holders of 38,926,019 shares of our common stock and the holders of warrants to purchase up to 2,266,841 shares of our common stock have the right to have their shares registered under the Securities Act. See the “Description of Capital Stock – Registration Rights.” All such shares are covered by lock-up agreements. Following the expiration of the lock-up period, registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by our affiliates.

Equity Plan

We intend to file with the SEC one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock plans. We expect to file the registration statement covering shares offered pursuant to our stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144 but subject in each case to compliance with the lock-up agreements described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of our common stock as of the date hereof.

This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (Code), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly with retroactive effect, or subject to different interpretations. This discussion is limited to persons who hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). Moreover, this discussion does not address all the U.S. federal income tax consequences and does not address foreign, state, local, estate (except to the extent specifically provided herein) or other tax considerations that may be relevant to you in light of your personal circumstances. This discussion does not address special situations, including those of: brokers or dealers in securities; regulated investment companies; real estate investment trusts; persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle; traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; persons liable for alternative minimum tax; persons whose "functional currency" is not the U.S. dollar; investors in pass-through entities (such as a partnership); persons who acquired our common stock through the exercise of employee stock options or otherwise as compensation; U.S. expatriates, "controlled foreign corporations," "passive foreign investment companies," financial institutions, insurance companies, tax-exempt organizations, or entities or arrangements treated as partnerships or other pass-through entities for U.S. federal income tax purposes.

If you are a partnership holding our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, you should consult your tax advisor.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT A TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME, ESTATE AND OTHER TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR COMMON STOCK.

Consequences to United States Holders

The following is a summary of the U.S. federal income tax consequences that will apply to you if you are a United States Holder of shares of our common stock. A "United States Holder" of common stock means a beneficial owner of common stock that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

Distributions on Common Stock

In general, if you receive a distribution with respect to our common stock, such distributions will be treated as a dividend to the extent of our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. Any portion of a distribution that exceeds our current and accumulated earnings and profits will first be applied to reduce your tax basis in our common stock and, to the extent such portion exceeds your tax basis, the excess will be treated as gain from the disposition of the common stock, the tax treatment of which is discussed below under "Sale, Exchange or Other Disposition of Common Stock."

Under current legislation, dividend income may be taxed to an individual at rates applicable to long term capital gains, provided that a minimum holding period and other limitations and requirements are satisfied. Any dividends that we pay to a United States Holder that is a U.S. corporation will qualify for a deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations equal to a portion of any dividends received, subject to generally applicable limitations on that deduction. In general, a dividend distribution to a corporate United States Holder may qualify for the 70% dividends received deduction if the United States Holder owns less than 20% of the voting power and value of our stock. You should consult your tax advisor regarding the holding period and other requirements that must be satisfied in order to qualify for the dividends-received deduction and the reduced maximum tax rate on dividends.

Sale, Exchange or Other Disposition of Common Stock

You will generally recognize capital gain or loss on a sale, exchange or certain other dispositions of our common stock. Your gain or loss will equal the difference between your amount realized and your tax basis in the stock. Your amount realized will include the amount of any cash and the fair market value of any other property received for the stock. The gain or loss recognized on a sale or exchange of stock will be long-term capital gain or loss if you have held the stock for more than one year. Long-term capital gains of non-corporate taxpayers are generally taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to certain limitations.

Medicare Contribution Tax

Recently enacted legislation requires certain United States Holders who are individuals, estates or certain trusts to pay a 3.8% tax on the lesser of (1) the United States person's "net investment income" for the relevant taxable year and (2) the excess of the United States person's modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000 depending on the individual's circumstances). Net investment income generally includes, among other things, dividends and capital gains from the sale or other dispositions of stock, unless such dividend income or gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate or trust should consult its tax advisor regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our common stock.

Information Reporting and Backup Withholding

Under certain circumstances, U.S. Treasury regulations require information reporting and backup withholding on certain payments on common stock or on the sale thereof. When required, we will report to the Internal Revenue Service and to each United States Holder the amounts paid on or with respect to our common stock and the U.S. federal withholding tax, if any, withheld from such payments. A United States Holder will be subject to backup withholding on the dividends paid on the common stock and proceeds from the sale of the common stock at the applicable rate if the United States Holder (a) fails to provide us or our paying agent with a correct taxpayer identification number or certification of exempt status (such as a certification of corporate status), (b) has been notified by the Internal Revenue Service that it is subject to backup withholding as a result of the failure to properly report payments of interest or dividends, or (c) in certain circumstances, has failed to certify under penalty of perjury that it is not subject to backup withholding. A United States Holder may be eligible for an exemption from backup withholding by providing a properly completed Internal Revenue Service Form W-9 to us or our paying agent.

Backup withholding does not represent an additional U.S. federal income tax. Any amounts withheld from a payment to a United States Holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information or returns are timely furnished by the holder to the Internal Revenue Service.

Consequences to Non-United States Holders

The following is a summary of the U.S. federal income tax consequences that will apply to you if you are a Non-United States Holder of shares of our common stock. A "Non-United States Holder" is a beneficial owner of common stock (other than an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a United States Holder.

Distributions on Common Stock

If you receive a distribution in respect of shares of our common stock and such distribution is treated as a dividend (see "Consequences to United States Holders – Distributions on Common Stock"), as a Non-United States Holder, you will generally be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To claim the benefit of a lower rate under an income tax treaty, you must properly file with the payor an Internal Revenue Service Form W-8BEN, or successor form, certifying under penalty of perjury that you are not a United States person (as defined under the Code) and claiming an exemption from or reduction in withholding under the applicable tax treaty. Special certification and other requirements apply to you if you are a pass-through entity rather than a corporation or individual or if our common stock is held through certain foreign intermediaries.

If dividends are considered effectively connected with the conduct of a trade or business by you within the United States and, where a tax treaty applies, are attributable to a U.S. permanent establishment (or, if you are an individual, fixed base) of yours, those dividends will not be subject to withholding tax, but instead will be subject to U.S. federal income tax on a net basis at applicable graduated individual or corporate rates as if you were a United States person (as defined under the Code), unless an applicable income tax treaty provides otherwise, provided an Internal Revenue Service Form W-8ECI, or successor form, is filed with the payor. In addition, if you are required to provide an Internal Revenue Service Form W-8ECI or successor form, as discussed above, you must also provide your tax identification number. If you are a foreign corporation, any effectively connected dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

If you do not timely provide the relevant paying agent with the required certification but are eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Common Stock

Subject to the discussion below under "Foreign Account Legislation," as a Non-United States Holder, you generally will not be subject to U.S. federal income tax on any gain recognized on the sale or other disposition of our common stock (including a distribution with respect to our common stock that is treated as a sale or exchange) unless:

- the gain is considered effectively connected with the conduct of a trade or business by you within the United States and, where a tax treaty applies, is attributable to a U.S. permanent establishment (or, if you are an individual, fixed base) of yours, in which case, you will generally be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates as if you were a United States person (as defined in the Code) and, if you are a corporation, you may be subject to an additional branch profits tax equal to 30% or such lower rate as may be specified by an applicable income tax treaty;
- you are an individual who is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, in which case, you will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale, which may be offset by U.S. source capital losses; or
- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes at any time within the shorter of the five-year period ending on the date of disposition or

the period you held our common stock. As long as our common stock is regularly traded on an established securities market, within the meaning of section 897(c)(3) of the Code, these rules will apply only if you actually or constructively hold more than 5% of our common stock at any time during the applicable period that is specified in the Code. We believe that we are not currently, and are not likely to become, a United States real property holding corporation.

Information Reporting and Backup Withholding Tax

We must report annually to the Internal Revenue Service and to each of you the amount of dividends paid to you and the tax withheld with respect to those dividends, regardless of whether withholding was required. Copies of the information returns reporting those dividends and withholding may also be made available by the Internal Revenue Service to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty or other applicable agreements.

Backup withholding tax may also apply to dividend payments made to you on or with respect to our common stock unless you certify under penalty of perjury that you are a Non-United States Holder (and we do not have actual knowledge or reason to know that you are a United States person (as defined under the Code)) or you otherwise establish an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through United States-related financial intermediaries unless the beneficial owner certifies under penalty of perjury that it is a Non-United States Holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person (as defined under the Code)) or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your U.S. federal income tax liability provided that the required procedures are followed.

You should consult your tax advisor regarding the application of the information reporting and backup withholding rules to you.

U.S. Federal Estate Taxes

Common stock owned or treated as owned by an individual who is a Non-United States Holder (as specifically defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Foreign Account Legislation

Recently enacted legislation generally will impose a withholding tax of 30% on any dividends on our common stock paid to a "foreign financial institution" as defined in Section 1471(d)(4) of the Code, unless such institution enters into an agreement with the U.S. government to, among other things, collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). The legislation will also generally impose a withholding tax of 30% on any dividends on our common stock paid to a "non-financial foreign entity" as defined in Section 1472(d) of the Code unless such entity provides the withholding agent with either certification that such entity does not have any substantial U.S. owners or identification of the direct and indirect substantial U.S. owners of the entity. Finally, withholding of 30% also generally will apply to the gross proceeds of a disposition of our common stock paid to a foreign financial institution or to a non-financial foreign entity unless the reporting and certification requirements described above have been met. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify the requirements discussed above. Under certain circumstances, a Non-United

States Holder of our common stock may be eligible for refunds or credits of such taxes. You are encouraged to consult with your own tax advisor regarding the possible implications of this legislation on your investment in our common stock. Under current Treasury Regulations (as modified by recent guidance released by the Internal Revenue Service on July 12, 2103), withholding provisions described above will generally apply to payments of dividends on our common stock made on or after July 1, 2014 and to payments of gross proceeds from a sale or other disposition of such stock on or after January 1, 2017.

UNDERWRITING

Cowen and Company, LLC is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of our common stock set forth opposite its name below.

Name	Number of Shares
Cowen and Company, LLC	
Roth Capital Partners, LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act relating to losses or claims resulting from material misstatements in or omissions from this prospectus, the registration statement of which this prospectus is a part, certain free writing prospectuses that may be used in the offering and in any marketing materials used in connection with this offering and to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to Histogenics	$	$	$

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of

the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representative.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $ million, which includes legal, accounting and printing costs and various other fees associated with the registration and listing of our common stock. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $ as set forth in the underwriting agreement.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

No Sales of Similar Securities

We, our executive officers and directors and our other existing security holders have agreed not to sell or transfer any shares of our common stock or securities convertible into, exchangeable for, exercisable for, or repayable with shares of our common stock, for 180 days after the date of this prospectus without first obtaining the written consent of the representative. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, announce the intention to sell, sell or contract to sell any shares of our common stock;
- sell any option or contract to purchase any shares of our common stock;
- purchase any option or contract to sell any shares of our common stock;
- grant any option, right or warrant to purchase any shares of our common stock;
- dispose of or otherwise transfer any shares of our common stock;
- demand that we file a registration statement related to our common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any shares of our common stock, whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision also applies to securities convertible into or exchangeable or exercisable for or repayable with shares of our common stock. It also applies to shares of our common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Listing

We expect to apply to list our common stock on the NASDAQ Global Market under the symbol “HSGX.” In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representative. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representative believes to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after this offering the shares will not trade in the public market at or above the initial public offering price.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing shares of our common stock. However, the representative may engage in transactions that stabilize the price of our common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ over-allotment option described above. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. “Naked” short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of our common stock made by the underwriters in the open market prior to the closing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price

that might otherwise exist in the open market. The underwriters may conduct these transactions on NASDAQ, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Shares

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, one or more of the underwriters may facilitate Internet distribution for this offering to certain of their Internet subscription customers. Any such underwriter may allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the Internet websites maintained by any such underwriter. Other than the prospectus in electronic format, the information on the websites of any such underwriter is not part of this prospectus.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Selling Restrictions

European Economic Area

In relation to each country of the EEA that has implemented the Prospectus Directive (each, a Relevant Country) an offer to the public of any shares of our common stock may not be made in that Relevant Country, except that an offer to the public in that Relevant Country of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Country:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Country has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our common stock in any Relevant Country means the communication in any form and by any means of sufficient information

on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Relevant Country by any measure implementing the Prospectus Directive in that Relevant Country, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Country), and includes any relevant implementing measure in the Relevant Country, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Canada

The common stock may be sold only to purchasers purchasing as principal that are both "accredited investors" as defined in National Instrument 45-106 Prospectus and Registration Exemptions and "permitted clients" as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the common stock must be made in accordance with an exemption from the prospectus requirements and in compliance with the registration requirements of applicable securities laws.

Hong Kong

The common stock may not be offered or sold in Hong Kong by means of any document other than (1) in circumstances that do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (3) in other circumstances that do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares of common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of common stock that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of common stock may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA), (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor, as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of common stock pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than US$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(b) where no consideration is or will be given for the transfer; or

(c) where the transfer is by operation of law.

Switzerland

The common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares of common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the shares of common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of common stock.

United Arab Emirates

This offering has not been approved or licensed by the Central Bank of the United Arab Emirates (UAE), Securities and Commodities Authority of the UAE or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (DFSA), a regulatory authority of the Dubai International Financial Centre (DIFC). The offering does not constitute a public offer of securities in the UAE, DIFC or any other free zone in accordance with the Commercial Companies Law, Federal Law No 8 of 1984 (as amended), DFSA Offered Securities Rules and NASDAQ Dubai Listing Rules, accordingly, or otherwise. The common stock may not be offered to the public in the UAE or any of the free zones.

The common stock may be offered and issued only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned.

France

This prospectus (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier).

This prospectus has not been and will not be submitted to the French Autorité des marchés financiers (AMF) for approval in France and accordingly may not and will not be distributed to the public in France.

Pursuant to Article 211-3 of the AMF General Regulation, French residents are hereby informed that:

(1) the transaction does not require a prospectus to be submitted for approval to the AMF;

(2) persons or entities referred to in Point 2°, Section II of Article L.411-2 of the Monetary and Financial Code may take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the Monetary and Financial Code; and

(3) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

This prospectus is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this prospectus. This prospectus has been distributed on the understanding that such recipients will only participate in the issue or sale of our common stock for their own account and undertake not to transfer, directly or indirectly, our common stock to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

LEGAL MATTERS

The validity of the common stock being offered will be passed upon for us by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, Waltham, Massachusetts. Certain legal matters in connection with this offering will be passed upon for the underwriters by K&L Gates LLP, Boston, Massachusetts.

EXPERTS

The audited financial statements of Histogenics Corporation included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The financial statements of ProChon Biotech Ltd. included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Fahn Kanne & Co. Grant Thornton Israel, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock we are offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and

the consolidated financial statements and notes filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be reviewed for the complete contents of these contracts and documents.

A copy of the registration statement, including the exhibits and the financial statements and notes filed as a part of the registration statement, may be inspected without charge at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC upon the payment of fees prescribed by it. You may call the SEC at 1-800-SEC-0330 for more information on the operation of the public reference facilities. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding companies, such as Histogenics, that file electronically with it.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Securities Act and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We also maintain a website at www.histogenics.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our common stock.

Histogenics Corporation
(A Development Stage Company)

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Histogenics Corporation

We have audited the accompanying consolidated balance sheets of Histogenics Corporation (a Delaware corporation operating in the development stage) and subsidiary (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in convertible redeemable preferred stock and stockholders' deficit, and cash flows for each of the two years in the period ended December 31, 2012 and for the period from June 28, 2000 (date of inception) to December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Histogenics Corporation and subsidiary as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended and for the period from June 28, 2000 (date of inception) to December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has recurring significant cash flow deficits from operations and an accumulated deficit as of December 31, 2012, which raises substantial doubt about its ability to continue as a going concern. Management's plans related to these matters are also described in Note 1. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Grant Thornton LLP

Boston, Massachusetts
February 14, 2014

Histogenics Corporation
(A Development Stage Company)

Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2011	December 31, 2012	September 30, 2013 (unaudited)	Pro Forma September 30, 2013 (unaudited)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 339	$14,716	$ 4,071	
Prepaid expenses and other current assets	593	363	182	
Deferred tax assets, net	249	—	—	
Receivable due from stockholder	59	—	—	
Total current assets	1,240	15,079	4,253	
Property and equipment, net	2,874	2,315	2,429	
Intangible asset	630	630	630	
Deferred financing fees	196	—	—	
Noncurrent deferred tax assets, net	—	2,480	—	
Restricted cash	522	522	522	
Other assets	59	18	19	
Total assets	$ 5,521	$21,044	$ 7,853	
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$ 1,270	$ 1,042	$ 2,064	
Accrued expenses	1,544	418	282	
Current portion of deferred rent	168	168	168	
Current portion of deferred lease incentive	296	296	296	
Deferred tax liabilities, net	—	2,480	—	
Total current liabilities	3,278	4,404	2,810	
Related party convertible promissory notes	12,000	—	—	
Note payable to stockholder	670	—	—	
Deferred rent, long-term	719	551	434	
Deferred lease incentive, long-term	1,480	1,184	962	
Noncurrent deferred tax liabilities, net	249	—	—	
Warrant liability	—	129	226	
Other liabilities	—	4,868	4,967	
Total liabilities	18,396	11,136	9,399	

Histogenics Corporation
(A Development Stage Company)

Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2011	December 31, 2012	September 30, 2013 (unaudited)	Pro Forma September 30, 2013 (unaudited)
Commitments and contingencies (Note 9)				
Convertible redeemable preferred stock (Note 12):				
2011 Series A convertible redeemable preferred stock, $0.001 par value; authorized shares—18,000,000 at December 31, 2011, none at December 31, 2012 and September 30, 2013 (unaudited); issued and outstanding shares—16,086,493 at December 31, 2011, none at December 31, 2012 and September 30, 2013 (unaudited); liquidation preference of $28,169 at December 31, 2011; no shares issued and outstanding, pro forma (unaudited)	28,169	—	—	—
Series A convertible redeemable preferred stock, $0.001 par value; authorized shares—none at December 31, 2011, 49,250,000 at December 31, 2012 and at September 30, 2013 (unaudited); issued and outstanding shares—none at December 31, 2011, 28,602,031 at December 31, 2012 and at September 30, 2013 (unaudited); liquidation preference of $29,619 at December 31, 2012, and $31,396 at September 30, 2013 (unaudited); no shares issued and outstanding, pro forma (unaudited)	—	29,619	31,396	—
Stockholders' deficit:				
Common stock, $0.001 par value; authorized 20,000,000 at December 31, 2011, 65,000,000 at December 31, 2012 and at September 30, 2013 (unaudited); 32,180 shares issued and outstanding at December 31, 2011, 6,311,096 shares issued and outstanding at December 31, 2012 and 6,418,033 shares issued and outstanding at September 30, 2013 (unaudited); and issued and outstanding, pro forma (unaudited)	—	6	6	
Additional paid-in capital	27,057	65,319	63,641	
Deficit accumulated during the development stage	(68,101)	(85,036)	(96,589)	
Total stockholders' deficit	(41,044)	(19,711)	(32,942)	—
Total liabilities, convertible redeemable preferred stock and stockholders' deficit	$ 5,521	$ 21,044	$ 7,853	

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

Histogenics Corporation
(A Development Stage Company)

Consolidated Statements of Operations
(In thousands, except share and per share data)

	Years Ended December 31,		Nine Months Ended September 30,		Period From June 28, 2000 (Date of Inception) to December 31, 2012	Period From June 28, 2000 (Date of Inception) to September 30, 2013
	2011	2012	2012 (unaudited)	2013 (unaudited)		(unaudited)
Revenue	$ 123	$ 26	$ 12	$ 8	$ 393	$ 401
Total revenue	123	26	12	8	393	401
Operating expenses:						
Research and development	6,435	11,941	9,461	8,406	44,734	53,140
Selling, general and administrative	3,455	3,053	2,522	2,930	32,561	35,491
Impairment of goodwill and intangible assets	2,170	—	—	—	2,170	2,170
Total operating expenses	12,060	14,994	11,983	11,336	79,465	90,801
Loss from operations	(11,937)	(14,968)	(11,971)	(11,328)	(79,072)	(90,400)
Other (expense) income:						
Interest expense, net	(902)	(798)	(792)	—	(5,419)	(5,419)
Other expense, net	(30)	(13)	(16)	(29)	(81)	(110)
Gain on extinguishment of debt	—	687	687	—	687	687
Change in fair value of note payable to stockholder	(20)	(17)	(17)	—	(37)	(37)
Change in fair value of warrant liability and other liability	(21)	(1,826)	—	(196)	(1,114)	(1,310)
Total other expense, net	(973)	(1,967)	(138)	(225)	(5,964)	(6,189)
Net loss	$ (12,910)	$ (16,935)	$ (12,109)	$ (11,553)	$ (85,036)	$ (96,589)
Earnings (loss) attributable to common stockholders—basic (Note 4)	$ (24,817)	$ 2,805	$ 2,698	$ (13,330)		
Earnings (loss) attributable to common stockholders—diluted (Note 4)	$ (24,817)	$ 3,402	$ 3,295	$ (13,330)		
Earnings (loss) per common share (Note 4):						
Basic	$ (1,137.61)	$ 1.00	$ 1.62	$ (2.13)		
Diluted	$ (1,137.61)	$ 0.26	$ 0.23	$ (2.13)		
Weighted-average shares used to compute earnings (loss) per common share:						
Basic	21,815	2,818,293	1,666,041	6,257,697		
Diluted	21,815	12,898,629	14,301,439	6,257,697		
Pro forma earnings (loss) per common share, basic and diluted (unaudited)		$ —		$ —		
Weighted-average shares used to compute pro forma net earnings (loss) per common share, basic and diluted (unaudited)						

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

Histogenics Corporation
(A Development Stage Company)

Consolidated Statements of Convertible Redeemable Preferred Stock and Stockholders' Deficit
(In thousands, except share and per share data)

	2005 Series A Convertible Redeemable Preferred Stock $0.001 Par Value		2006 Series A-1 Convertible Redeemable Preferred Stock $0.001 Par Value		2008 Series B Convertible Redeemable Preferred Stock $0.001 Par Value		2011 Series A Convertible Redeemable Preferred Stock $0.001 Par Value		Series A Convertible Redeemable Preferred Stock $0.001 Par Value		Common Stock $0.001 Par Value		Restricted Stock $0.001 Par Value		Additional Paid- In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at Inception, June 28, 2000	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	591	—	598	—	10,527	—	10,527
Issuance of common stock for services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8	—	8
Conversion of common stock to convertible redeemable preferred stock	500	7,500	—	—	—	—	—	—	—	—	(500)	—	—	—	(7,500)	—	(7,500)
Issuance of preferred stock on various dates, net of amounts allocated to issuance costs of $2,453 (as restated)	167	5,800	2,345	13,376	6,480	8,129	—	—	—	—	—	—	—	—	(3,300)	—	(3,300)
Reissuance of 2006 Series A-1 convertible redeemable preferred stock in July 2008	—	—	2,345	8,441	—	—	—	—	—	—	—	—	—	—	(8,441)	—	(8,441)
Issuance of warrant in exchange for license	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,088	—	1,088
Extinguishment of preferred stock liquidation value on various dates	—	(13,300)	(2,345)	(14,950)	—	—	—	—	—	—	—	—	—	—	28,250	—	28,250
Extinguishment of accrued dividends	—	(1,483)	—	—	—	—	—	—	—	—	—	—	—	—	1,483	—	1,483
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	414	—	(414)	—	—	—	—
Repurchase of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	(98)	—	(1)	—	(1)
Conversion of convertible redeemable preferred stock to common stock	(667)	(14,988)	(471)	(5,275)	(450)	(960)	—	—	—	—	3,274	—	—	—	21,223	—	21,223
Repricing of stock warrant issued for licensing rights	—	—	—	—	—	—	—	—	—	—	—	—	—	—	163	—	163
Accruals of dividends and accretion to redemption value (as restated)	—	16,471	—	21,175	—	7,142	—	—	—	—	—	—	—	—	(41,436)	(3,352)	(44,788)
Beneficial conversion feature	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,019	—	1,019
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	418	—	418
Net loss during the period from inception to December 31, 2010 (as restated)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(55,191)	(55,191)
Balance at December 31, 2010 (as restated)	—	—	1,874	22,767	6,030	14,311	—	—	—	—	3,779	—	86	—	3,501	(58,543)	(55,042)
Issuance of common stock upon surrender of option in May 2011	—	—	—	—	—	—	—	—	—	—	3,000	—	—	—	—	—	—
Issuance of preferred stock upon conversion on notes payable, net of amounts allocated to issuance costs of $441 in May 2011	—	—	—	—	—	—	10,724,321	15,530	—	—	—	—	—	—	—	—	—
Issuance of convertible redeemable preferred stock and common stock upon acquisition May 2011	—	—	—	—	—	—	5,362,172	1,573	—	—	10,750	—	—	—	1	—	1
Vesting of restricted stock	—	—	—	—	—	—	—	—	—	—	26	—	(26)	—	—	—	—
Conversion of 2006 Series A-1	—	—	(1,874)	(23,271)	—	—	—	—	—	—	8,595	—	—	—	19,919	3,352	23,271

convertible redeemable preferred stock in May 2011																		
Conversion of 2008 Series B convertible redeemable preferred stock in May 2011	—	—	—	—	(6,030)	(14,648)	—	—	—	—	6,030	—	—	—	14,648	—	14,648
Accruals of dividends and accretion to redemption value	—	—	—	504	—	337	—	23,892	—	—	—	—	—	—	(24,733)	—	(24,733)
Beneficial conversion feature	—	—	—	—	—	—	—	—	—	—	—	—	—	—	21	—	21
Recapitalization	—	—	—	—	—	—	—	(12,826)	—	—	—	—	(60)	—	13,697	—	13,697
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	—	3
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(12,910)	(12,910)

Histogenics Corporation
(A Development Stage Company)

Consolidated Statements of Convertible Redeemable Preferred Stock and Stockholders' Deficit
(In thousands, except share and per share data)

	2005 Series A Convertible Redeemable Preferred Stock $0.001 Par Value		2006 Series A-1 Convertible Redeemable Preferred Stock $0.001 Par Value		2008 Series B Convertible Redeemable Preferred Stock $0.001 Par Value		2011 Series A Convertible Redeemable Preferred Stock $0.001 Par Value		Series A Convertible Redeemable Preferred Stock $0.001 Par Value		Common Stock $0.001 Par Value		Restricted Stock $0.001 Par Value		Additional Paid- In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2011	—	—	—	—	—	—	16,086,493	28,169	—	—	32,180	—	—	—	27,057	(68,101)	(41,044)
Issuance of new Series A convertible redeemable preferred stock, net of amounts allocated to issuance costs and warrants of $2,146 in July 2012	—	—	—	—	—	—	—	—	22,652,031	20,506	—	—	—	—	117	—	117
Recapitalization	—	—	—	—	—	—	(16,086,493)	(28,894)	5,950,000	5,950	6,217,821	6	—	—	42,019	—	42,025
Accruals of dividends and accretion to redemption value	—	—	—	—	—	—	—	725	—	3,163	—	—	—	—	(3,888)	—	(3,888)
Issuance of restricted common stock in October 2012	—	—	—	—	—	—	—	—	—	—	—	—	61,095	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14	—	14
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(16,935)	(16,935)
Balance at December 31, 2012	—	—	—	—	—	—	—	—	28,602,031	29,619	6,250,001	6	61,095	—	65,319	(85,036)	(19,711)
Accruals of dividends and accretion to redemption value	—	—	—	—	—	—	—	—	—	1,777	—	—	—	—	(1,777)	—	(1,777)
Issuance of restricted common stock in April 2013	—	—	—	—	—	—	—	—	—	—	—	—	81,623	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	97	—	97
Exercise of common stock options	—	—	—	—	—	—	—	—	—	—	25,314	—	—	—	2	—	2
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(11,553)	(11,553)
Balance at September 30, 2013 (unaudited)	—	$ —	—	$ —	—	$ —	—	$ —	28,602,031	$ 31,396	6,275,315	$ 6	142,718	$ —	$ 63,641	$ (96,589)	$ (32,942)

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

Histogenics Corporation
(A Development Stage Company)

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		Nine Months Ended September 30,		Period From June 28, 2000 (Date of Inception) to December 31, 2012	Period From June 28, 2000 (Date of Inception) to September 30, 2013
	2011	2012	2012 (unaudited)	2013 (unaudited)		(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net loss[1]	$(12,910)	$(16,935)	$ (12,109)	$ (11,553)	$ (85,036)	$ (96,589)
Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation	638	638	411	420	5,193	5,613
Deferred rent and lease incentive	(463)	(464)	(348)	(339)	(1,031)	(1,370)
Impairment of goodwill and intangible assets	2,170	—	—	—	2,170	2,170
(Gain) loss on sale of property and equipment	(12)	—	—	20	(12)	8
Stock-based compensation	3	14	4	97	435	532
Non-cash interest expense	(45)	—	—	—	206	206
Write-off of stockholder note receivable	—	—	—	—	100	100
Change in fair value of note payable to stockholder	20	17	17	—	37	37
Gain on extinguishment of debt	—	(687)	(687)	—	(687)	(687)
Non-cash consideration for licensed technology	—	3,115	3,115	—	4,367	4,367
Change in fair value of warrants[1]	21	1,826	—	196	1,114	1,310
Amortization of deferred financing costs	327	196	196	—	919	919
Amortization of debt discount[1]	—	—	—	—	1,936	1,936
Issuance of common stock for services	—	—	—	—	8	8
Other non-cash items	—	—	—	—	9	9
Changes in operating assets and liabilities:						
Prepaid expenses and other current assets	(386)	230	385	181	(184)	(3)
Other non-current assets	(60)	41	23	(1)	(539)	(540)
Accounts payable	(1,618)	(228)	187	1,022	(799)	223
Accrued expenses	(721)	5	259	(136)	2,180	2,044
Net cash used in operating activities	(13,036)	(12,232)	(8,547)	(10,093)	(69,614)	(79,707)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of property and equipment	(23)	(79)	(61)	(604)	(4,007)	(4,611)
Proceeds from sale of property and equipment	18	—	—	50	18	68
Advances on stockholder notes receivable	—	—	—	—	(100)	(100)
Cash acquired during ProChon acquisition	1,318	—	—	—	1,318	1,318
Net cash provided by (used in) investing activities	1,313	(79)	(61)	(554)	(2,771)	(3,325)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from the issuance of term note	—	—	—	—	1,500	1,500
Borrowings under equipment term loan	—	—	—	—	1,400	1,400
Repayments of term note and equipment term loan	(77)	—	—	—	(2,900)	(2,900)
Issuance of Series A convertible promissory notes	600	—	—	—	14,387	14,387
Issuance of Series B convertible promissory notes	11,941	59	59	—	12,000	12,000
Issuance of Series A-1 convertible promissory notes	—	5,950	5,950	—	5,950	5,950
Issuance of common stock to investors	—	—	—	—	10,525	10,525

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Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		Nine Months Ended September 30,		Period From June 28, 2000 (Date of Inception) to December 31, 2012	Period From June 28, 2000 (Date of Inception) to September 30, 2013
	2011	2012	2012 (unaudited)	2013 (unaudited)		(unaudited)
Issuance of 2005 Series A preferred stock	—	—	—	—	2,500	2,500
Issuance of 2006 Series A-1 preferred stock, net of issuance costs of $1,574	—	—	—	—	13,628	13,628
Issuance of 2008 Series B preferred stock, net of issuance costs of $879	—	—	—	—	8,351	8,351
Issuance of Series A preferred stock, net of issuance costs of $1,973	—	20,679	20,529	—	20,679	20,679
Deferred financing costs	(523)	—	—	—	(919)	(919)
Proceeds from the exercise of common stock options	—	—	—	2	—	2
Net cash provided by financing activities	11,941	26,688	26,538	2	87,101	87,103
Net increase (decrease) in cash and cash equivalents	218	14,377	17,930	(10,645)	14,716	4,071
Cash and cash equivalents—Beginning of period	121	339	339	14,716	—	—
Cash and cash equivalents—End of period	$ 339	$14,716	$ 18,269	$ 4,071	$ 14,716	$ 4,071
Supplemental disclosure of noncash investing and financing activities						
Conversion of common stock to 2005 Series A preferred stock	$ —	$ —	$ —	$ —	$ 7,500	$ 7,500
Conversions of preferred stock into common stock	$37,919	$ —	$ —	$ —	$ 59,142	$ 59,142
Recapitalization	$13,697	$42,025	$ 42,025	$ —	$ 55,722	$ 55,722
Warrant issued to an advisor in connection with the issuance of Series A Preferred stock	$ —	$ 117	$ —	$ —	$ 117	$ 117
Warrants issued to investors in connection with the issuance of Series A Preferred stock	$ —	$ 56	$ —	$ —	$ 56	$ 56
Accretion of dividends and redemption value on convertible preferred stock[1]	$24,733	$ 3,888	$ 3,316	$ 1,777	$ 73,409	$ 75,186
Conversion of convertible notes payable and accrued interest into preferred stock	$15,971	$19,081	$ —	$ —	$ 35,052	$ 35,052
Issuance of 2011 Series A preferred stock and common stock to acquire ProChon	$ 1,574	$ —	$ —	$ —	$ 1,574	$ 1,574
Issuance of a note payable as part of the consideration to acquire ProChon	$ 650	$ —	$ —	$ —	$ 650	$ 650
Leasehold improvements acquired through lease incentive	$ —	$ —	$ —	$ —	$ 3,184	$ 3,184

[1] As restated for the period from inception to December 31, 2010. Refer to Note 2 for details.

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

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1. NATURE OF BUSINESS

Organization

Histogenics Corporation (the "Company") was incorporated under the laws of the Commonwealth of Massachusetts on June 28, 2000 and has its principal operations in Waltham, Massachusetts. In 2006, the Company's board of directors approved a corporate reorganization pursuant to which the Company incorporated as a Delaware corporation. The Company is a regenerative medicine company engaged in developing and commercializing products in the musculoskeletal segment of the marketplace. The Company combines cell therapy and tissue engineering technologies to develop products for tissue repair and regeneration focusing on patients suffering from particular cartilage-derived pain and immobility. The Company is developing technology and products to reverse or prevent cartilage damage, including NeoCart for the repair of cartilage lesions. NeoCart is currently in a Phase 3 clinical trial in the United States under a special protocol assessment with the U.S. Food and Drug Administration ("FDA") for the treatment of knee cartilage damage.

Since its inception, the Company has devoted substantially all of its efforts to product development, recruiting management and technical staff, raising capital, starting up production and building infrastructure and has not generated revenues from its planned principal operations. In addition, expenses have primarily been for research and development and administrative costs. As a result, the Company is considered a development stage company.

The Company is subject to a number of risks similar to other entities in the development stage. The developmental nature of its activities is such that significant inherent risks exist in the Company's operations. Principal among these risks are the successful development of therapeutics, protection of proprietary therapeutics, compliance with government regulations, ability to obtain adequate financing, fluctuations in operating results, dependence on key personnel and collaborative partners, adoption of the Company's products by the physician community, rapid technological changes inherent in the markets targeted, and substitute products and competition from larger companies.

Basis of Accounting and Going Concern Uncertainty

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of Histogenics Corporation and its wholly-owned subsidiary, ProChon Biotech Ltd. ("ProChon"). All significant intercompany accounts and transactions are eliminated in consolidation.

The revenue and income potential of the Company's business and market are unproven. The Company has experienced net losses and negative cash flows from operating activities since its inception, and as of December 31, 2012 and September 30, 2013, had a deficit accumulated during the development stage of $85,036 and $96,589, respectively. The Company expects to continue to incur net losses in the foreseeable future. A successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company's cost structure.

On various dates in July and November 2012, the Company received $20,679 in net proceeds from the first tranche of the Series A Convertible Redeemable Preferred Stock ("Series A Preferred") financing. Upon the achievement of certain milestones (as described in Note 12) or the vote of at least a majority of the holders of the outstanding shares, the Company may be able to obtain funding in the form of future tranches of Series A Preferred of approximately

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$20,600. As described in further detail in Note 17, on December 18, 2013 the Company received $10,324 from the sale of Series A-1 Preferred Stock. As of September 30, 2013, the Company will continue to rely on external sources of funding for its operations for the foreseeable future. These sources of funding would primarily include public and private equity and debt offerings. If the Company is not able to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs, including clinical trials. Any of these actions could materially harm the Company's business, results of operations, and future prospects. Even if the Company is able to raise additional capital, such financings may only be available on unfavorable terms, or could result in significant dilution of stockholders' interests.

The Company's recurring losses from operations and negative cash flows raise substantial doubt about its ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company may never become profitable, or if it does, it may not be able to sustain profitability on a recurring basis.

2. RESTATEMENT OF HISTORICAL FINANCIAL INFORMATION

In connection with the preparation of these consolidated financial statements, the Company identified certain material errors in its previously reported financial statements for the period from inception to December 31, 2009.

Preferred Stock Dividend Accrual and Redemption Value Accretion Error

The Company misapplied accounting principles related to the accrual of dividends and accretion of various series of convertible redeemable preferred stock to their redemption value for the years ended December 31, 2005, 2006, 2007, 2008 and 2009. The Company was incorrectly accreting the convertible redeemable preferred stock to its redemption value on a ratable basis over the period from issuance to the date in which the holders had the right to redeem the shares for cash, as defined in the Company's Articles of Incorporation or Certificate of Incorporation, as applicable. The Articles of Incorporation or Certificate of Incorporation, as applicable also contained a provision in which each series of convertible redeemable preferred stock could be redeemed by the stockholders upon a deemed liquidation event. A deemed liquidation event for each of the series of convertible redeemable preferred stock issued during this period included a liquidation or winding up of the Company, a sale of substantially all of the Company's assets or a change of control. As the holders of the convertible redeemable preferred stock also controlled the Company's board of directors during the periods subject to restatement, they had the ability to control the occurrence of a deemed liquidation event, and therefore could trigger a redemption. The Company determined that this provision made the various series of convertible redeemable preferred stock immediately redeemable and accordingly the preferred stock should have been accreted to redemption value immediately upon issuance. The correction of these errors had no net impact on total stockholders' deficit, but materially impacted the carrying value of the various series of preferred stock, additional paid-in capital and deficit accumulated during the development stage. This error did not have any impact on the Company's results of operations or its cash flows.

Fair Market Value of Warrants Error

In addition to the error in the accounting for the accretion of the preferred stock, the Company identified an error in its previous financial statements related to its accounting for the carrying value of warrants issued in

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conjunction with convertible debt, which were presented on the Company's balance sheet as a warrant liability as of December 31, 2009. This error resulted from the misapplication of the valuation methodology used to determine the fair value of the warrant liability. The correction of this error has been reflected as a change in additional paid-in capital and deficit accumulated during the development stage in the accompanying consolidated statements of convertible redeemable preferred stock and stockholders' deficit. However, for inception to date periods presented in the accompanying consolidated statements of operations, certain income statement line items (including interest expense and change in fair value of warrant liability and other liability) have been adjusted. The adjustment did not have any impact on the Company's balance sheet for the years ended December 31, 2011 and 2012 or the nine months ended September 30, 2013. This warrant liability was subsequently cancelled on May 13, 2011 as part of the Company's recapitalization (Note 12).

The following tables set forth the effect of the restatement adjustments on the affected items within the Company's previously reported financial statements.

	Dividend and Accretion Adjustment	Warrant Liability Adjustment	As of December 31, 2010
Consolidated Statements of Convertible Redeemable Preferred Stock and Stockholders' Deficit:			
2006 Series A-1 convertible redeemable preferred stock	$ 6,658	$ —	$ 22,767
2008 Series B convertible redeemable preferred stock	4,852	—	14,311
Additional paid-in capital	(10,081)	182	3,501
Deficit accumulated during the development stage	(1,429)	65	(58,543)
Total stockholders' deficit	—	247	(55,042)

	Warrant Liability Adjustment	Period from Inception to December 31, 2012	Period from Inception to September 30, 2013 (Unaudited)
Consolidated Statement of Operations:			
Interest expense, net	$ 337	$ 5,419	$ 5,419
Change in fair value of warrant liability and other liability	(272)	(1,114)	(1,310)
Net loss	65	(85,036)	(96,589)
Consolidated Statement of Cash Flows			
Net loss	65	(85,036)	(96,589)
Change in fair value of warrant liability	272	1,114	1,310
Amortization of debt discount	(337)	1,936	1,936
Net cash used in operating activities	—	(69,614)	(79,707)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the Company's consolidated financial statements requires it to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses and the disclosure of

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contingent assets and liabilities in the Company's consolidated financial statements and accompanying notes. The most significant estimates in the Company's consolidated financial statements relate to the valuation of equity awards, fair value estimates of warrant liabilities and derivatives, purchase price allocations, estimated useful lives of fixed assets and intangible assets and accruals relating to clinical trials. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. The Company's actual results may differ from these estimates under different assumptions or conditions.

Foreign Currency Translation

The Company's consolidated financial statements are prepared in U.S. dollars. The Company's foreign subsidiary uses the U.S. dollar as its functional and reporting currency, as management determined that the U.S. dollar is the primary currency of the economic environment in which the subsidiary operates. When transactions are required to be paid in the local currency of the foreign subsidiary, any resulting foreign currency transaction gain or loss is recorded as a component of "Other expense, net" in the consolidated statements of operations.

Reverse Stock Split

Effective May 13, 2011, the Company's board of directors voted to approve a 1-for-15,000 reverse stock split. Accordingly, all historical share and per share amounts in the consolidated financial statements have been retroactively adjusted for all periods presented to give effect to a 1-for-15,000 reverse stock split of all of the Company's capital stock, including reclassifying an amount equal to the reduction in par value as a result of the decreased shares to additional paid-in capital.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of September 30, 2013, the consolidated statements of operations and consolidated statements of cash flows for the nine months ended September 30, 2012 and 2013 and the period from June 28, 2000 (inception) to September 30, 2013, the consolidated statements of convertible redeemable preferred stock and stockholders' deficit for the nine months ended September 30, 2013 and the related footnote disclosures are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with U.S. GAAP. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2013 and its results of operations and its cash flows for the nine months ended September 30, 2012 and 2013 and the period from June 28, 2000 (inception) to September 30, 2013. The results for the nine months ended September 30, 2013 are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

Unaudited Pro Forma Balance Sheet and Earnings (Loss) per Share Information

The unaudited pro forma consolidated balance sheet information as of September 30, 2013 assumes the conversion of all outstanding shares of convertible redeemable preferred stock into shares of the Company's common stock, assuming an initial public offering, or IPO, price of $ per share (the mid-point of the price range set forth on the cover of this prospectus). The pro forma consolidated balance sheet was prepared as though

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the completion of the IPO contemplated by this prospectus had occurred on September 30, 2013. Shares of common stock issued in such IPO and any related net proceeds are excluded from the pro forma information.

Unaudited pro forma earnings (loss) per share applicable to common stockholders is computed using the weighted-average number of common shares outstanding after giving effect to the conversion of all the outstanding convertible redeemable preferred stock into shares of common stock as if such conversion had occurred at the beginning of the period presented, or the date of original issuance, if later, and excludes the gain on extinguishment of preferred stock and the accretion of dividends.

Segment and Geographic Information

Operating segments are defined as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") or decision-making group in making decisions regarding resource allocation and assessing performance. The Company operates in two geographic regions: the United States (Waltham, Massachusetts) and Israel (Tel Aviv) and views its operations as two operating segments: Histogenics Corporation (United States) and ProChon (Israel) as the CODM reviews separate discrete financial information in making decisions regarding resource allocations and assessing performance. Operating segments that have similar economic characteristics can be aggregated. As the nature of the products, customers, and methods to distribute products are the same and the nature of the regulatory environment, the production processes and historical and estimated future margins are similar, the two operating segments have been aggregated into one reporting segment as they have similar economic characteristics.

Information about the Company's operations in different geographic regions is presented in the tables below:

	Years Ended December 31,		Nine Months Ended September 30,		Period from June 28, 2000 (Inception) to December 31, 2012	Period from June 28, 2000 (Inception) to September 30, 2013 (unaudited)
	2011	2012	2012 (unaudited)	2013 (unaudited)		
Revenues:						
United States	$ —	$ —	$ —	$ —	$ 244	$ 244
Israel	123	26	12	8	149	157
Total Revenues	$ 123	$ 26	$ 12	$ 8	$ 393	$ 401

	As of December 31,		As of September 30,
	2011	2012	2013
Long-lived assets:			
United States	$2,635	$2,179	$ 2,411
Israel	239	136	18
Total long-lived assets	$2,874	$2,315	$ 2,429

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Fair Value Measurements

The carrying amounts reported in the Company's consolidated financial statements for cash and cash equivalents, accounts payable and accrued liabilities approximate their respective fair values because of the short-term nature of these accounts.

Fair value is defined as the price that would be received if selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value should be based on the assumptions that market participants would use when pricing an asset or liability and is based on a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Company's assumptions (unobservable inputs). Fair value measurements should be disclosed separately by level within the fair value hierarchy. For assets and liabilities recorded at fair value, it is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with established fair value hierarchy.

Fair value measurements for assets and liabilities where there exists limited or no observable market data are based primarily upon estimates, and often are calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any valuation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values.

Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as assets held for sale and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1), and the lowest priority to unobservable inputs (Level 3). The Company's financial assets are classified within the fair value hierarchy based on the lowest level of inputs that is significant to the fair value measurement. The three levels of the fair value hierarchy, and its applicability to the Company's financial assets, are described below.

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets.

Level 2: Quoted prices for similar assets, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3: Pricing inputs are unobservable for the assets, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the assets. Level 3 includes private investments that are supported by little or no market activity.

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Level 3 valuations are for instruments that are not traded in active markets or are subject to transfer restrictions and may be adjusted to reflect illiquidity and/or non-transferability, with such adjustment generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The Company had no assets or liabilities classified as Level 1 or Level 2 as of December 31, 2011 and 2012 and September 30, 2013 other than the money market fund described in the "Cash and Cash Equivalents" section below and there were no material re-measurements of fair value with respect to financial assets and liabilities, during the periods presented, other than those assets and liabilities that are measured at fair value on a recurring basis.

Based on the borrowing rates currently available to the Company for debt with similar terms and consideration of default and credit risk, as well as the short-term maturity, the carrying value of the related party note payable to stockholder and the related party convertible promissory notes approximates its fair value at December 31, 2011. There were no transfers between Level 1 and Level 2 in any of the periods reported.

The Company has liabilities classified as Level 3 that are measured by management at fair value on a quarterly basis as described in Note 11.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to significant concentration of credit risk, consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. The Company has no financial instruments with off-balance sheet risk of loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash in readily available checking and savings accounts and money market funds. The Company considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

The Company's cash equivalents, which consist of money market funds, are measured at fair value on a recurring basis. As of December 31, 2011 and 2012 and September 30, 2013, the carrying amount of cash equivalents was $339, $14,716 and $4,071, respectively, which approximates fair value and was determined based upon Level 1 inputs. Money market funds are valued using quoted market prices with no valuation adjustments applied. Accordingly, these securities are categorized as Level 1.

Business Combinations

The Company assigns the value of the consideration transferred to acquire or merge with a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. The Company assesses the fair value of assets, including intangible assets, using a variety of methods, including present-value models. Each asset is measured at fair value from the perspective of

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a market participant. Transaction costs and restructuring costs associated with the transaction are expensed as incurred. Consideration transferred is measured on the date of the transaction. The consideration transferred in excess of the fair value of the assets acquired less the fair value of the liabilities assumed, if any, is recorded as goodwill on the Company's balance sheet. In the event the fair value of the assets acquired less the fair value of the liabilities assumed exceeds the value of the consideration transferred, a bargain purchase would be deemed to have occurred and a gain would be recorded on the Company's statement of operations.

Property and Equipment

Property and equipment are recorded at historical cost. Costs for capital assets not yet placed into service are capitalized as construction in progress, and will be depreciated in accordance with the below guidelines once placed into service. Maintenance and repair costs are expensed as incurred. Costs which materially improve or extend the lives of existing assets are capitalized. The Company provides for depreciation and amortization using the straight-line method over the estimated useful lives of the assets, which are as follows:

Asset Category	Estimated Useful Lives
Office equipment	3 to 5 years
Laboratory equipment	3 to 5 years
Leasehold improvements	Shorter of the remaining lease term or useful life

Upon retirement or sale, the cost of assets disposed and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is recorded in the consolidated statements of operations.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of property and equipment and identifiable intangible assets. When impairment indicators exist, the Company's management evaluates long-lived assets for potential impairment. An impairment loss is recorded if and when events and circumstances indicate that assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. While the Company's current and historical operating losses and negative cash flows are indicators of impairment, management believes that future cash flows to be received support the carrying value of its long-lived assets and, accordingly, has not recognized any impairment losses since inception, other than the write-off of an intangible asset as discussed further in Note 5.

Impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount over the undiscounted expected future cash flows.

As discussed in Note 5, the Company recorded an impairment charge of $330 related to its licensing agreement intangible asset during the year ended December 31, 2011.

Goodwill

Goodwill is recorded when the consideration paid for a business acquisition exceeds the fair value of net tangible and identifiable intangible assets acquired. Goodwill and other intangible assets with indefinite useful lives are not amortized, but rather tested annually on December 31, for impairment or more frequently if indicators are present or changes in circumstances suggest that impairment may exist.

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Goodwill could be impaired due to market conditions, reduced expected future cash flows, or other factors or events. Should the fair value of goodwill at the measurement date fall below its carrying value, a charge for impairment of goodwill could occur in that period. Impairment is assessed at the reporting unit level using a two-step approach. The first step of the impairment test involves comparing the fair value of the reporting unit with its aggregate carrying values, including goodwill. Management determines the fair value of a reporting unit using the income approach methodology of valuation that includes the multiple period discounting method ("MPDM") as well as other generally accepted valuation methodologies. If the carrying amount of the reporting unit exceeds the reporting unit's fair value, management performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying value of that goodwill.

As discussed in Note 5, the Company recorded a goodwill impairment charge in the ProChon operating segment of $1,840 during the year ended December 31, 2011.

Intangible Asset

The Company's intangible asset consists of acquired in-process research and development ("IPR&D") obtained through the acquisition of ProChon. IPR&D represents the fair value assigned to research and development assets that have not been completed at the date of acquisition. The value assigned to acquired IPR&D is determined by estimating the costs to develop the acquired technology into commercially viable products, estimating the resulting revenue from the projects, and discounting the net cash flows to present value. The revenue and costs projections used to value acquired IPR&D were, as applicable, reduced based on the probability of success of developing a new product. Additionally, the projections considered the relevant market sizes and growth factors, expected trends in technology and the nature and expected timing of new product introductions by the Company and its competitors. The rates utilized to discount the net cash flows to their present value were commensurate with the stage of development of the projects and uncertainties in the economic estimates used in the projections described above.

IPR&D is considered an indefinite-lived intangible asset and is assessed for impairment annually or more frequently if impairment indicators exist. When performing the impairment assessment, the Company first assesses qualitative factors to determine whether it is necessary to recalculate the fair value of its acquired IPR&D. If the Company believes, as a result of the qualitative assessment, that it is more likely than not that the fair value of acquired IPR&D is less than its carrying amount, it calculates the fair value using the same methodology as described above. If the carrying value of the Company's acquired IPR&D exceeds its fair value, then the intangible asset is written-down to its fair value. For the years ended December 31, 2011 and 2012 and for the nine months ended September 30, 2013, the Company determined that there was no impairment of its IPR&D.

Initial Public Offering Costs

The Company defers direct incremental costs attributable with the initial public offering ("IPO") of its common stock. These costs represent legal, accounting and other direct costs related to the Company's efforts to raise capital through a public sale of its common stock. Future costs will be deferred until the completion of the IPO, at which time they will be reclassified to additional paid-in capital as a reduction of the IPO proceeds. If the Company terminates its plan for an IPO or delays such plan for more than 90 days, any costs deferred will be

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expensed immediately. As of September 30, 2013, IPO costs were immaterial to the Company's consolidated financial statements.

Restricted Cash

Restricted cash represents cash held in a depository account at a financial institution to collateralize a conditional stand-by letter of credit related to the Company's Waltham, Massachusetts facility lease agreement. Restricted cash is reported as non-current unless the restrictions are expected to be released in the next twelve months.

Deferred Rent

Deferred rent consists of the difference between cash payments and the recognition of rent expense on a straight-line basis for the facilities the Company occupies. The Company's lease for its Waltham, Massachusetts facility provides for fixed increases in minimum annual rental payments. The total amount of rental payments due over the lease term is being charged to rent expense ratably over the life of the lease.

Convertible Redeemable Preferred Stock

The Company classifies convertible redeemable preferred stock that is redeemable outside of the Company's control outside of permanent equity. The Company recorded such redeemable preferred stock at fair value upon issuance, net of any issuance costs or discounts, and the carrying value is being increased by periodic accretion to its redemption value up to the date the preferred stock is determined to be redeemable. In the absence of retained earnings these accretion charges are recorded against additional paid in capital, if any, and then to accumulated deficit.

Financial Instruments Indexed to and Potentially Settled in the Company's Common Stock

The Company evaluates all financial instruments issued in connection with its equity offerings when determining the proper accounting treatment for such instruments in the Company's financial statements. The Company considers a number of generally accepted accounting principles under U.S. GAAP to determine such treatment and evaluates the features of the instrument to determine the appropriate accounting treatment. The Company utilizes the Probability Weighted Expected Return Method ("PWERM"), Option Pricing Model ("OM") or other appropriate methods to determine the fair value of its derivative financial instruments. For financial instruments indexed to and potentially settled in the Company's common stock that are determined to be classified as liabilities on the consolidated balance sheet, changes in fair value are recorded as a gain or loss in the Company's consolidated statement of operations with the corresponding amount recorded as an adjustment to the liability on its consolidated balance sheet.

Revenue Recognition

The Company's revenue has principally consisted of BioCart product revenue in Israel, license fee revenue from its collaboration with AT Grade and government grant funding received from the IRS as a qualifying therapeutic discovery project credit pursuant to the Patient Protection and Affordable Care Act. The Company's license and collaboration agreement contains multiple elements, all of which are accounted for as collaboration revenue. The Company recognizes revenue when all four of the following criteria are met: (1) persuasive evidence that an agreement exists; (2) delivery of the products and/or services has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured.

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Product Revenue

The Company generated product revenue through the commercial sale of BioCart in Israel. Revenue from sales of BioCart is recognized when the product has been delivered and the Company has have no significant obligations.

Collaboration Revenue

The Company entered into a collaborative arrangement for the exclusive right to produce, use, and market BioCart in Italy. The terms of this agreement included multiple deliverables by the Company (including license rights, and research and development services) in exchange for consideration to the Company for a combination of diligence milestone payments, minimum royalty payments and royalties for commercial activity in Italy.

Multiple-deliverable arrangements, such as license and development agreements, are analyzed to determine whether the deliverables can be separated or whether they must be accounted for as a single unit of accounting. When deliverables are separable, consideration received is allocated to the separate units of accounting based on the relative selling price method and the appropriate revenue recognition principles are applied to each unit. When the Company determines that an arrangement should be accounted for as a single unit of accounting, it must determine the period over which the performance obligations will be performed and revenue will be recognized.

The assessment of multiple-deliverable arrangements requires judgment in order to determine the appropriate unit of accounting, the estimated selling price of each unit of accounting and the point in time that, or period over which, revenue should be recognized.

The Company recognizes revenue from milestone payments when earned, provided that (1) the milestone event is substantive in that it can only be achieved based in whole or in part on either the Company's performance or on the occurrence of a specific outcome resulting from the Company's performance and its achievability was not reasonably assured at the inception of the agreement; (2) the Company does not have ongoing performance obligations related to the achievement of the milestone; and (3) it would result in the receipt of additional payments. A milestone payment is considered substantive if all of the following conditions are met: (a) the milestone payment is non-refundable; (b) achievement of the milestone was not reasonably assured at the inception of the arrangement; (c) substantive effort is involved to achieve the milestone; and (d) the amount of the milestone payment appears reasonable in relation to the effort expended, the other milestones in the arrangement and the related risk associated with the achievement of the milestone.

Collaboration arrangements providing for payments to the Company upon the achievement of research and development milestones generally involve substantial uncertainty as to whether any such milestone would be achieved. In the event a milestone is considered to be substantive, the Company expects to recognize future payments as revenue in connection with the milestone as it is achieved. Collaboration arrangements providing for payments to the Company upon the achievement of milestones that are solely contingent upon the performance of a collaborator also involve substantial uncertainty as to whether any such milestone would be achieved. For such contingent milestones, even if they do not meet the definition of a substantive milestone, since they are based solely upon a collaborator's effort, the Company expects to recognize future payments as revenue when earned under the applicable arrangement, provided that collection is reasonably assured.

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Government Grant Revenue

Revenue from government grants is recorded on a gross basis when reimbursable expenses are incurred under the grant in accordance with the terms of the grant award.

Research and Development Costs

Research and development costs are charged to expense as incurred. These costs include, but are not limited to: license fees related to the acquisition of in-licensed products; employee-related expenses, including salaries, benefits and travel; expenses incurred under agreements with contract research organizations and investigative sites that conduct clinical trials and preclinical studies; the cost of acquiring, developing and manufacturing clinical trial materials; facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies; and costs associated with preclinical activities and regulatory operations.

Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors with respect to their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the consolidated financial statements as prepaid or accrued research and development expense, as the case may be.

License Agreements

Costs associated with licenses of technology are expensed as incurred and are included in research and development expenses.

Patent Costs

Costs related to filing and pursuing patent applications are recorded as selling, general and administrative expense as incurred since the recoverability of such expenditures is uncertain.

Stock-Based Compensation

The Company accounts for grants of stock options and restricted stock based on their grant date fair value and recognizes compensation expense over their vesting period. The Company estimates the fair value of stock options as of the date of grant using the Black-Scholes option pricing model and restricted stock based on the fair value of the underlying common stock as determined by management or the value of the services provided, whichever is more readily determinable.

Stock-based compensation expense represents the cost of the grant date fair value of employee stock option grants recognized over the requisite service period of the awards (usually the vesting period) on a straight-line basis, net of estimated forfeitures. The expense is adjusted for actual forfeitures at year end. Stock-based compensation expense recognized in the consolidated financial statements is based on awards that are ultimately expected to vest.

For stock option grants with performance-based milestones, the expense is recorded over the remaining service period after the point when the achievement of the milestone is probable or the performance condition has been

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achieved. For stock option grants with both performance-based milestones and market conditions, expense is recorded over the derived service period after the point when the achievement of the performance-based milestone is probable or the performance condition has been achieved. The Company did not issue any performance-based or awards with market conditions from its inception through September 30, 2013.

The Company accounts for stock options and restricted stock awards to non-employees using the fair value approach. Stock options and restricted stock awards to non-employees are subject to periodic revaluation over their vesting terms.

Income Taxes

The Company accounts for income taxes under the liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes net deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If management determines that the Company would be able to realize its deferred tax assets in the future, in excess of its net recorded amount, management would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby (1) management determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more likely than not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes interest and penalties related to unrecognized tax benefits within income tax expense. Any accrued interest and penalties are included within the related tax liability.

Earnings (Loss) per Common Share

Earnings (loss) per common share is calculated using the two-class method, which is an earnings allocation formula that determines earnings (loss) per share for the holders of the Company’s common shares and participating securities. All series of preferred stock contain participation rights in any dividend paid by the Company and are deemed to be participating securities. Earnings available to common stockholders and participating convertible redeemable preferred shares is allocated to each share on an as-converted basis as if all of the earnings for the period had been distributed. The participating securities do not include a contractual obligation to share in losses of the Company and are not included in the calculation of net loss per share in the periods that have a net loss.

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Diluted earnings per share is computed using the more dilutive of (a) the two-class method, or (b) the if-converted method. The Company allocates earnings first to preferred stockholders based on dividend rights and then to common and preferred stockholders based on ownership interests. The weighted-average number of common shares included in the computation of diluted earnings (loss) gives effect to all potentially dilutive common equivalent shares, including outstanding stock options, warrants, convertible redeemable preferred stock and the potential issuance of stock upon the conversion of the Company's convertible notes. Common stock equivalent shares are excluded from the computation of diluted earnings (loss) per share if their effect is antidilutive.

Recently Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board issued guidance that eliminates diversity in practice surrounding the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An entity is required to net an unrecognized tax benefit with a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if the carryforward would be used to settle additional tax due upon disallowance of a tax position. The Company's adoption of this guidance on January 1, 2014 is not expected to have a material impact on the consolidated financial statements.

In July 2012, the Financial Accounting Standards Board issued an amendment to the accounting guidance for testing indefinite-lived intangible assets for impairment. The amendment to the guidance permits a company to first assess the qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. The Company adopted this guidance for the year ended December 31, 2012. The adoption did not have any impact on the Company's consolidated financial statements. As provided for in the amended guidance, the Company elected to bypass the qualitative assessment and instead performed the quantitative impairment test for its indefinite-lived intangible assets.

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4. EARNINGS (LOSS) PER COMMON SHARE

Basic and diluted earnings (loss) per common share are calculated as follows:

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012 (unaudited)	2013 (unaudited)
Numerator:				
Net loss	$ (12,910)	$ (16,935)	$ (12,109)	$ (11,553)
Recapitalization (Note 12)	12,826	41,588	41,588	—
Accretion of convertible redeemable preferred stock	(24,733)	(3,888)	(3,316)	(1,777)
Loss (earnings) attributable to participating restricted stock and preferred stock stockholders	—	(17,960)	(23,465)	—
Earnings (loss) attributable to common stockholders—basic	(24,817)	2,805	2,698	(13,330)
Effect of convertible notes	—	597	597	—
Earnings (loss) attributable to common stockholders—diluted	$ (24,817)	$ 3,402	$ 3,295	$ (13,330)
Denominator:				
Weighted-average number of common shares used in earnings (loss) per share—basic	21,815	2,818,293	1,666,041	6,257,697
Effect of dilutive convertible redeemable preferred stock	—	612,388	572,118	—
Effect of convertible notes	—	8,691,636	11,609,995	—
Effect of warrants to purchase common stock	—	776,312	453,285	—
Weighted-average number of common shares used in earnings (loss) per share—diluted	21,815	12,898,629	14,301,439	6,257,697
Earnings (loss) per share—basic	$(1,137.61)	$ 1.00	$ 1.62	$ (2.13)
Effect of convertible preferred stock dividends	—	(0.12)	(0.27)	—
Effect of convertible notes	—	(0.40)	(0.77)	—
Effect of warrants to purchase common stock	—	(0.22)	(0.35)	—
Earnings (loss) per share—diluted	$(1,137.61)	$ 0.26	$ 0.23	$ (2.13)

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The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares outstanding, as they would be anti-dilutive (in common stock equivalent shares):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
Convertible redeemable preferred stock and dividends	16,086,488	—	—	28,602,031
Convertible notes	12,534,449	—	—	—
Options to purchase common stock	—	1,054,702	469,612	4,097,239
Warrants	—	—	—	1,750,000

In addition to the potentially dilutive securities noted above, as of December 31, 2011 the Company had $12,000 of outstanding related party convertible promissory notes, which were issued in May 2011 and were convertible into convertible redeemable preferred stock upon the occurrence of various future events at prices that were not determinable until the occurrence of those future events. Because the necessary conditions for the conversion of these related party convertible promissory notes had not been satisfied during the year ended December 31, 2011, the Company has excluded these convertible promissory notes from the table above and the calculation of diluted earnings (loss) per common share for that period. See Note 10, “Related Party Convertible Promissory Notes,” for additional details.

The Company also had certain warrants and other liabilities outstanding as of September 30, 2012, December 31, 2012, and September 30, 2013, which could obligate the Company and/or its stockholders to issue shares of common stock upon the occurrence of various future events at prices and in amounts that are not determinable until the occurrence of those future events. Because the necessary conditions for the conversion or exercise of these instruments had not been satisfied during the year ended December 31, 2012 or the nine months ended September 30, 2012 and 2013, the Company has excluded these instruments from the table above and the calculation of diluted net income (loss) per share for those periods. The equity-classified warrants, which were issued on July 20, 2012 and are immediately exercisable into 1,750,000 shares of common stock, are not included in the calculation of diluted earnings per share for the year ended December 31, 2012 and nine months ended September 30, 2012, but are included in the table above for the nine months ended September 30, 2013 as they would be dilutive for this period. See Note 11, “Warrants and Other Liability,” for additional details.

5. ACQUISITION OF PROCHON BIOTECH LTD.

On May 13, 2011, the Company completed the acquisition of ProChon, a privately-held biotechnology company focused on modulating the fibroblast growth factor system to enable it to create more effective solutions for tissue regeneration. ProChon’s products combine cell regeneration technologies with proprietary growth factors and biocompatible scaffolds to restore injured or chronically damaged tissues to normal. The acquisition of ProChon provides the Company with access to a significant portfolio of intellectual property, including proprietary cell growth factors, in addition to furthering opportunities for the use of biomaterials to create more effective solutions for regenerating human tissue.

The Company acquired all of the outstanding shares of common stock and the rights to outstanding convertible notes of ProChon by issuing 5,362,172 shares of Series A Convertible Redeemable Preferred Stock (“2011 Series A Preferred”) and 10,750 shares of common stock, with fair values per share of $0.2933 and $0.1028, respectively, and a

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note payable with a fair value of $650. The note had a face amount of $750 and a 0% interest rate, payable only from the proceeds of a sale of all or substantially all of the assets of the Company (prior to any other distribution from such proceeds). Where the note was payable upon the occurrence of a future event, it was considered contingent consideration and the Company recorded the note at fair value and marked the note to market at each reporting period. In aggregate, the fair value of the consideration paid to acquire ProChon was $2,224.

The fair value of the equity issued to the stockholders was determined using the PWERM model. This valuation model probability weighted several exit scenarios including and eight scenarios totaling 80% probability of a change of control in 2014 and a 20% probability of liquidation. All scenarios included a forecasted financing in 2012 of $42,000 but included four scenarios with financings with a per share valuation equal to the valuation of the May 13, 2011 recapitalization (see Note 12) and four financings with a decreased per share valuation. The enterprise valuation upon a change of control ranged from $50,000 to $250,000.

The fair value of the note payable was determined using a probability weighted discounted cash flow analysis. This valuation included an assumption of an 80% probability of a change of control in 2014 triggering repayment of the note.

The ProChon acquisition was accounted for as a business combination, with the Company being the acquirer. The results of operations of ProChon have been included in the consolidated statements of operations since May 13, 2011, the date the Company obtained control of ProChon. Following the completion of the acquisition, ProChon became a wholly-owned subsidiary of the Company and was integrated into the Company's operations.

The components of the purchase price and net assets acquired in the ProChon acquisition are as follows:

	ProChon
Consideration	
Fair value of 2011 Series A Preferred and common stock issued	$ 1,574
Note payable	650
	$ 2,224
Net assets acquired	
Cash	$ 1,318
Accounts receivable	114
Prepaid expenses	65
Property and equipment	277
IPR&D	630
Licensing agreement	330
Goodwill	1,840
Accounts payable	(1,838)
Other liabilities	(512)
	$ 2,224

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Note Payable

On July 20, 2012, as part of the Company's sale of Series A Preferred (Note 12), the note payable was extinguished as an obligation of the Company for no consideration. The note payable had a fair value at the date of extinguishment of $687 and has been recorded as a gain on the extinguishment of debt in the accompanying consolidated statement of operations.

Intangible Assets Acquired

The fair value of the acquired IPR&D asset relates to BioCart, a product that was being developed by ProChon prior to the acquisition. The fair value was determined using an income approach, including a discount rate of 15%, applied to the probability-adjusted, after-tax cash flows. The Company believes the assumptions are representative of those a market participant would use in estimating the fair value of BioCart™. The IPR&D was determined to have an indefinite life.

As part of the ProChon acquisition, the Company acquired a license agreement that ProChon entered into with AT Grade S.R.L. ("AT Grade") in 2010. This license gave AT Grade the right to produce and market BioCart in the Italian market in exchange for fixed annual payments. The fair value of the intangible was determined using an income approach, including a discount rate of 15% applied to the probability-adjusted after-tax cash flows. This asset was determined to have an indefinite life based on the terms of the agreement.

Intangible assets, net of accumulated amortization and impairment charges are summarized as follows:

	As of December 31, 2011			As of December 31, 2012			As of September 30, 2013 (unaudited)		
	Cost	Accumulated Amortization and Impairments	Net Book Value	Cost	Accumulated Amortization and Impairments	Net Book Value	Cost	Accumulated Amortization and Impairments	Net Book Value
IPR&D	$630	$ —	$ 630	$630	$ —	$ 630	$630	$ —	$ 630
Licensing agreements	330	(330)	—	—	—	—	—	—	—
	$960	$ (330)	$ 630	$630	$ —	$ 630	$630	$ —	$ 630

Goodwill

The $1,840 of goodwill represents the excess of the consideration transferred over the fair values of assets acquired and liabilities assumed. The goodwill resulted from buyer specific synergies as a result of combining two leading companies in the cartilage regeneration field. The goodwill balance was allocated to the Company's ProChon reporting unit. None of the goodwill is expected to be deductible for income tax purposes.

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The following table provides a summary of the changes in the Company's goodwill balance:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Goodwill, beginning of period	$ —	$ —	$ —
Goodwill acquired during the period	1,840	—	—
Impairments and other changes	(1,840)	—	—
Goodwill, end of period	$ —	$ —	$ —

Pro Forma Information

The following unaudited pro forma information presents the combined results of the Company and ProChon as if the acquisition of ProChon had been completed on January 1, 2011. No adjustments were required in the preparation of the pro forma information. The unaudited pro forma results do not reflect any operating efficiencies or potential cost savings which may result from the consolidation of the operations of the Company and ProChon. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what actual results of operations of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations.

Pro forma information is as follows:

	Year Ended December 31, 2011
Total revenue	$ 146
Net loss	$ (16,714)

Impairment of Goodwill and Intangible Assets

During the year ended December 31, 2011, following the acquisition of ProChon, the Company temporarily suspended the production and commercialization of BioCart to focus on the development of its lead product candidate NeoCart. The Company determined that the suspension of BioCart related activities was an indicator of potential impairment and performed an impairment test for its goodwill and intangible assets balances. The fair value of the ProChon reporting unit was determined using an income approach, including a discount rate of 15%, applied to the probability-adjusted, after-tax cash flows. The Company believes the assumptions are representative of those a market participant would use in estimating the fair value of BioCart. As a result of the impairment test, the Company recorded a goodwill impairment charge of $1,840.

In December 2011, the Company and AT Grade determined that the licensing agreement relationship was no longer part of their strategic programs and the Company evaluated the licensing agreement for impairment. As a result of the impairment test, the Company recorded an impairment charge of $330 in the consolidated statement of operations for the year ended December 31, 2011. The Company and AT Grade agreed to formally terminate the license agreement in March 2012.

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The Company did not record any goodwill or intangible asset impairment charges during the year ended December 31, 2012 or the nine months ended September 30, 2013.

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Employee benefits	$ 360	$ 200	$ —
Rent	117	—	—
Deposits	10	10	160
Insurance	30	23	—
Other current assets	76	130	22
Prepaid expenses and other current assets	$ 593	$ 363	$ 182

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Office equipment	$ 457	$ 454	$ 461
Laboratory equipment	1,612	1,644	1,839
Leasehold improvements	5,323	5,364	5,490
Construction in progress	—	—	145
Total property and equipment	7,392	7,462	7,935
Less: accumulated deprecation	(4,518)	(5,147)	(5,506)
Property and equipment, net	$ 2,874	$ 2,315	$ 2,429

Depreciation expense related to property and equipment amounted to $638, $638, $411, $420 and $5,613 for the years ended December 31, 2011 and 2012, the nine months ended September 30, 2012 and 2013, and the period from June 28, 2000 (inception) to September 30, 2013, respectively.

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8. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Accrued compensation	$ 793	$ 320	$ 236
Accrued interest	534	—	—
Accrued professional fees	188	2	2
Other	29	96	44
Total accrued expenses	$ 1,544	$ 418	$ 282

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its office and research facilities in Waltham, Massachusetts under a non-cancellable operating lease, which expires in 2017. Terms of the agreement provide for an initial rent-free period and future rent escalation, and provide that in addition to minimum lease rental payments, the Company is responsible for a pro-rata share of common area operating expenses. The Company's wholly-owned subsidiary, ProChon, leases facilities in Woburn, Massachusetts and Israel. Aggregate minimum annual lease commitments of the Company under its non-cancellable operating leases as of December 31, 2012, including payments made through September 30, 2013, are as follows:

	Year Ending December 31,
2013	$ 1,117
2014	1,135
2015	1,013
2016	985
2017	968
Total minimum lease payments	$ 5,218

The preceding data reflects existing leases and does not include replacements upon their expiration. Rent expense under operating lease agreements amounted to approximately $670, $649, $485, $577 and $4,093 for the years ended December 31, 2011 and 2012, the nine months ended September 30, 2012 and 2013, and the period from June 28, 2000 (inception) to September 30, 2013, respectively. In addition, the Company maintained a stand-by letter of credit in connection with the Waltham facility lease of $522 at December 31, 2011, December 31, 2012, and September 30, 2013. This amount is classified as restricted cash in the consolidated balance sheets.

As an inducement to enter into its Waltham facility lease, the lessor agreed to provide the Company with a construction allowance of up to $3,184 for special tenant improvements. Amounts paid by the lessor related to tenant improvements are considered inducements to enter into the lease. The Company has recorded these costs

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in the consolidated balance sheet as leasehold improvements, with the corresponding liability as deferred lease incentive. This liability is amortized on a straight-line basis over the term of the lease as a reduction of rent expense.

In April 2012, the Company entered into an agreement with a third party ("Subtenant") to sublease a portion of its leased facility in Waltham ("Sublease"). The Sublease term extends from April 15, 2012 until March 31, 2015. The Subtenant has the option to request an extension of the sublease term after March 31, 2014. All improvements made to the space are subject to the terms of the primary lease between the Company and the landlord. The Subtenant is responsible for any improvements made to the space at its own cost. Under the terms of the Sublease, the Company receives $16 from the Subtenant in fixed rent payments per month, as well as an additional variable amount for reimbursement of utilities, operating expenses, and property taxes. As of September 30, 2013, the Company has received $288 in rent payments from the Subtenant throughout the sublease term. These payments are recorded as a reduction of rent expense in the consolidated statements of operations. The Company expects to receive future rent payments from the Subtenant over the remaining sublease term of approximately $296.

In addition, the Company entered into a sublease agreement for its Woburn, Massachusetts facility, with the term extending from October 28, 2009 until May 30, 2016. The Company receives $3 from the subtenant in fixed rent payments per month.

License Agreements

From time to time, the Company enters into various licensing agreements whereby the Company may use certain technologies in conjunction with its product research and development.

Licensing agreements and the Company's commitments under the agreements are as follows:

Hydrogel License

In May 2005, the Company entered into an exclusive license agreement with Angiotech Pharmaceuticals (US), Inc. for the use of certain patents, patent application, and knowledge related to the manufacture and use of a hydrogel material in conjunction with NeoCart and certain other products ("Hydrogel License Agreement"). As of September 30, 2013, the Company has paid an aggregate $3,100 in commercialization milestones under the terms of the Hydrogel License Agreement, which has been expensed to research and development, consisting of the following:

- An exclusivity payment of $1,000;
- A $2,000 revenue share reduction fee consisting of a reinstatement fee of $1,000 and an additional $1,000 paid in six equal quarterly payments of $167; and
- Annual patent maintenance fees of $50 for both 2011 and 2012, totaling $100.

Under the terms of the Hydrogel License Agreement, the Company's future commitments include:

- Annual patent maintenance fees of $50 for both 2013 and 2014, totaling $100;
- A one-time $3,000 payment upon approval of an eligible product by the United States Food and Drug Administration ("FDA"); and

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- Royalties in the single digits of the net sales of NeoCart and of certain other future products.

Tissue Regeneration License

In April 2001, the Company entered into an exclusive license agreement with The Board of Trustees of the Leland Stanford Junior University ("Stanford University") for the use of certain technology to develop, manufacture and sell licensed products in the field of growth and regeneration of cartilage ("Tissue Regeneration License Agreement"). The length of the license agreement extends to the expiration date of Stanford University's last to expire domestic or foreign patents as set forth in the Tissue Regeneration License Agreement. As of September 30, 2013, the Company has paid an aggregate $588 in patent reimbursement costs, royalty fees, and commercialization milestone payments under the terms of the Tissue Regeneration License Agreement, which has been recorded to research and development expense in the consolidated statements of operations, consisting of the following:

- Milestone payments of $85;
- Reimbursement of patent costs of $353; and
- An annual royalty fee of $10 from 2002 through 2013 (totaling $120) and a $30 royalty fee upon signing of the Tissue Regeneration License Agreement.

Under the terms of the Tissue Regeneration License Agreement, the Company's future commitments include:

- A one-time $300 payment upon approval of an eligible product by the FDA;
- An annual minimum non-refundable royalty fee of $10 for the life of the license that may be used to offset up to 50% of each earned royalty described below; and
- Royalties in the low single digits of net sales.

Honeycomb License

In March 2013, the Company entered into a license agreement with Koken Co., Ltd. ("Koken") for a non-exclusive, non-transferable and non-sublicensable right to use its know-how related to the process for manufacturing atelocollagen honeycomb sponge materials, which is used in scaffolds (the "Honeycomb License Agreement"). Pursuant to the Honeycomb License Agreement, the Company paid Koken a fee in March 2013 for such right. Under the terms of the Honeycomb License Agreement, future commitments will be based on the amount of materials supplied to the Company and may vary from period to period over the term of the agreement.

Plasmid License

In January 2008, the Company entered into an exclusive license agreement with Yeda Research and Development Co., Ltd. ("Yeda") for rights relating to high level expression of heterologous proteins and plasmid p80 BS (the "Plasmid License Agreement"), which rights are jointly owned by Yeda and the Company. Under the terms of the Plasmid License Agreement, the Company was granted an exclusive worldwide license under its rights for the manufacture, use and sale of heterologous proteins and plasmid p80 BS.

The Company is required to pay Yeda a yearly, non-refundable license fee of $2 which is creditable against royalties payable by the Company to Yeda during the one-year period in which such fee was paid. Yeda is

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entitled a royalty fee of a low single digit percentage rate of net sales of the licensed products, a low single digit percentage rate of net sales for combination products (meaning the combination of the licensed product with at least one other active ingredient, material or medical device that would have a clinical effect if administered independently) and a low double digit percentage rate of all of the Company's sublicensing receipts.

Tissue Processor Sub-License

In December 2005, the Company entered into an exclusive agreement to sub-license certain technology from Purpose, Co., which is owned by a stockholder of the Company ("Sub-License Agreement"). The original license agreement ("Original Agreement") was entered into in August 2001 with Brigham and Women's Hospital, Inc. ("Brigham and Women's"). The Original Agreement shall remain in effect for the licensed patents owned by Brigham and Women's unless extended or terminated as provided for in the agreement. The technology is to be used to develop, manufacture, use and sell licensed products that cultivate cell or tissue development. The Sub-License Agreement extends to the expiration date of the last to expire domestic or foreign patents covered by the agreement. As of September 30, 2013, the Company has paid an aggregate $657 over the term of the Sub-License Agreement in royalty and sub-license payments under the terms of the Sub-License Agreement, which was recorded to research and development expense in the consolidated statements of operations.

The Sub-License Agreement was amended and restated in June 2012. Under the amended and restated agreement, the Company made Purpose, Co., the sole supplier of equipment, which the Company uses in its manufacturing processes, and granted Purpose, Co. distribution rights of the Company's products for certain territories. In exchange, Purpose, Co. allowed for the use of its technology (owned or licensed) and manufactured and serviced exogenous tissue processors by the Company. Under the terms of the agreement, as amended, Purpose, Co. granted the Company (a) exclusive rights to all of Purpose, Co.'s technology (owned or licensed) related to the exogenous tissue processors, (b) continued supply of exogenous tissue processors during the Company's clinical trials, and (c) rights to manufacture the exogenous tissue processors at any location the Company chooses. In exchange for such consideration, the Company granted Purpose, Co. an exclusive license in Japan for the use of all of the Company's technology and a payment of $250 to reimburse Purpose, Co. for development costs on a next generation tissue processer.

Additionally, in conjunction with the amendment of the Sub-License Agreement, the Company granted Purpose, Co. the right to receive a portion of any consideration received by the Company and/or its stockholders as part of a liquidity event. The consideration payable to Purpose, Co. in the event of a liquidity event will equal 7.8125% of the net proceeds received by the Company and/or its stockholders. In the event that the Company requires financing in excess of $48,000, the percentage of the consideration required to be paid to Purpose, Co. is subject to dilution pursuant to the additional amount of equity investment beyond the $48,000. In the event the Company undertakes an IPO of its common stock, the Company and/or its stockholders will be obligated to pay Purpose, Co. the required compensation in shares of its common stock. In determining the aggregate number of shares to be issued to Purpose, Co. in such event, the shares to be issued will be calculated as the pre-IPO value determined by the Company less the transaction costs of the IPO, the amount of post-effective date indebtedness, and the amount of all rights and preferences of the investors multiplied by 7.1825%. This consideration payable to Purpose, Co. was determined to be a liability, which will be accounted for at fair value and remeasured at each reporting date. The initial value of the consideration payable to Purpose, Co. was $3,115, which was recorded to research and development expense during the year ended December 31, 2012. The value of the consideration payable to Purpose, Co., or the "Other Liability," was $4,868 and $4,967 at December 31, 2012 and

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September 30, 2013, respectively. The changes in the fair value of the consideration payable to Purpose, Co. were recorded to "change in fair value of warrant liability and other liability" in the consolidated statements of operations.

In addition to the above, the Company's future commitments under the terms of the Original Agreement and Sub-License Agreement include:

- A minimum non-refundable annual royalty fee of $20, for the life of the license;
- An annual payment of $25 through May 4, 2014;
- $200 of milestone payments; and
- Royalties in the low single digits of net sales of a licensed product.

The OCS Agreement

In connection with its research and development, the Company accrued and received grants from the Office of Chief Scientist of the Ministry of Industry and Trade in Israel ("OCS") in the aggregate of $1,100 for funding the fibroblast growth factor ("FGF") program. In consideration for this grant, the Company is committed to pay royalties at a rate of 3-5% of the sales of sponsored products developed using the grant money, up to the amount of the participation payments received. The Company committed to pay up to 100% of grants received plus interest according to the LIBOR interest rate if the sponsored product is produced in Israel. If the manufacturing of the sponsored product takes place outside of Israel, the royalties can increase up to but no more than 300% of grants received, depending on the percentage of the manufacturing of sponsored product that takes place outside of Israel.

Severance Agreement

In March 2013, the Company entered into a severance agreement with its former chief executive officer for a total of $275, payable in bi-weekly installments of approximately $11 through March 2014. The expense associated with this severance agreement has been included as a component of selling, general and administrative expense in the accompanying consolidated statements of operations. At September 30, 2013, the remaining accrual was $128.

Engineering Agreement

The Company entered into an agreement with ST3 Development Corporation to purchase a multi-unit bioreactor system, which is expected to allow the Company to add additional manufacturing capacity for its current NeoCart production process. Pursuant to the agreement, the Company will be required to make payments totaling $567, which are comprised of a deposit of $150 paid in May 2013 with the remaining $417 to be paid upon the Company's acceptance of the delivery of the system, which is expected in June 2014.

Legal Proceedings

The Company is not currently a party to any legal proceedings.

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10. RELATED PARTY CONVERTIBLE PROMISSORY NOTES

On various dates in 2006, the Company obtained bridge financing in the form of issuing promissory notes to existing investors totaling $1,100, convertible upon the closing of the next round of financing occurring prior to July 13, 2006. The notes bore interest at 3.0% per annum and converted upon the consummation of the next round of financing for which proceeds were greater than $1,000. On July 19, 2006, the Company issued 2,345 shares of Series A-1 Convertible Redeemable Preferred Stock ("2006 Series A-1 Preferred") at a purchase price of $6,375.27 per share, which effected the conversion of the $1,100 in promissory notes.

On various dates in 2008, the Company obtained bridge financing in the form of issuing promissory notes to existing investors totaling $3,010, which bore interest at 8.0% per annum, convertible upon the closing of the next round of financing. On July 19, 2008, the Company issued 6,480 shares of Series B Convertible Redeemable Preferred Stock ("2008 Series B Preferred") at a purchase price of $1,390.12 per share, which effected the conversion of the $3,010 in promissory notes into 6,480 shares of 2008 Series B Preferred.

On various dates in 2009, 2010 and February 2011, the Company issued promissory notes to existing investors totaling $14,387, which bore interest at 8.0% per annum, convertible upon the closing of the next round of financing. On May 13, 2011, in connection with the recapitalization, the Company converted the promissory notes and accrued interest of $1,584 into 10,724,321 shares of 2011 Series A Preferred.

As part of the issuance of the promissory notes in 2008, 2009, 2010 and 2011, the Company issued warrants to the existing investors to purchase 2,273 shares of 2008 Series B Preferred. The fair value of these warrants were originally recorded as a discount to the face value of the notes, and the Company accreted $1,936 of interest expense associated with this discount. The discount on the face value also created a beneficial conversion feature for the note holder and the Company allocated $1,040 to additional paid-in-capital. The warrants were recorded on the Company's consolidated balance sheet as a long-term liability at the fair value of the instrument at the date of issuance and were remeasured at each balance sheet date to their fair value.

On various dates beginning in May 13, 2011, the Company issued promissory notes to existing investors totaling $12,000. The promissory notes bore interest at 8.0% per annum and converted upon the earliest of the consummation of the next round of financing for which proceeds were greater than $27,000, the consummation of a deemed liquidation event, or May 1, 2012. As part of the recapitalization in July 2012 (Note 12), the notes and all accrued and unpaid interest were converted into 6,250,001 shares of common stock.

On various dates in 2012, the Company issued promissory notes to existing investors totaling $5,950. The promissory notes bore interest at 8.0% per annum and converted upon the earliest of the consummation of the next round of financing, the consummation of a deemed liquidation event, or May 1, 2012. On July 20, 2012, in conjunction with the Company's recapitalization of its equity and issuance of the Series A Preferred, the notes and all accrued and unpaid interest automatically converted into 5,950,000 shares of the Series A Preferred.

11. WARRANTS AND OTHER LIABILITY

Recurring Fair Value Measurements

As part of the issuance of convertible notes in 2008, 2009, 2010 and 2011, the Company issued warrants to purchase an aggregate of 4,582 shares of 2008 Series B Preferred with an exercise price of $1,350.00 per share.

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The shares of 2008 Series B Preferred had certain non-standard anti-dilution provisions which resulted in the warrants being recorded as a liability and remeasured at each period at fair value. The fair value of the warrant liability as of December 31, 2010 was $850. The warrants were cancelled as part of the 2011 recapitalization as discussed in Note 12. At the time of the cancellation the fair value of the warrant liability was $871. The warrant liability was valued using the PWERM. The valuation as of the 2011 recapitalization utilized several scenarios including: (a) 60% probability of various financings with enterprise valuations ranging from $50,000 to $250,000 for various levels of dilution and (b) a 40% probability of liquidation.

In connection with the issuance of Series A Preferred Stock on July 20, 2012, the Company issued Common Stock Warrants (the “Common Stock Warrants”) to each participating investor. The Common Stock Warrants are exercisable into an aggregate of 516,841 shares of the Company’s common stock upon a defined liquidity event of either a sale of the Company or an IPO. The number of common shares may be decreased in the event that the percentage of the total equity required to be paid as part of the contingent payment of the Other Liability (described in Note 9) is decreased. The Common Stock Warrants are exercisable at $0.07 per share and are only exercisable in the event that the contingent payment is required to be settled for the Other Liability. The fair value of the Common Stock Warrants is classified as a long-term liability in the accompanying consolidated balance sheets.

The warrant liability was initially recorded on July 20, 2012 at fair value using the Option Pricing Model (“OM”). The fair value of the liability was determined from the calculated equity value. At each reporting date, the fair value of the warrant liability is adjusted using the PWERM model. The PWERM considers the changes in timing, probability, and values of preferred and common stock and other equity-linked securities based upon developments in the Company and the market utilizing management’s assumptions and various future outcomes.

The change in valuation methodologies from the OM at July 20, 2012 to the PWERM at December 31, 2012 was made because the Company believed that there was a higher probability of a liquidity event in the following 15 months. As stated above, the PWERM is able to capture the changes in timing, probability, and values of the liquidity based upon developments in the Company and the markets which will better address the Company’s need to obtain quarterly updates in valuation.

The Other Liability was initially recorded based on a combination of the PWERM and OM, utilizing management’s assumptions. The fair value of the Other Liability is adjusted using PWERM at each reporting date. Changes in the fair value of the warrant liability and the Other Liability have been recorded as “change in the fair value of warrant liability and other liability” in the accompanying consolidated statements of operations.

The OM that was used to estimate the fair value of the warrant liability used the valuation of the Company’s common stock as of the issuance date, July 20, 2012, to establish a basis of the equity value of the Company. A series of breakpoints was then determined based upon the contractual rights of the Company’s outstanding instruments with an equity claim that can be settled upon a liquidity event. The Black-Scholes option pricing model was then used to determine the fair value of each equity value breakpoint. The model utilized the following inputs: (a) risk-free interest rate of 0.22%; (b) implied volatility of the Company’s common stock of 99%; and (c) the expected term to a liquidity event of 1.7 years.

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The table below summarizes the fair value of the note payable to stockholder (see Note 5, "Acquisition of ProChon Biotech Ltd." for additional details), warrant liability and the Other Liability as of December 31, 2011 and 2012 and September 30, 2013.

	Fair Value as of			Weighted Average Exercise Price Per Share
	December 31, 2011	December 31, 2012	September 30, 2013 (unaudited)	
Note payable to stockholder	$ 670	$ —	$ —	n/a
Common stock warrants	—	129	226	$ 0.07
Other Liability	—	4,868	4,967	n/a
Total fair value	$ 670	$ 4,997	$ 5,193	

The following table provides quantitative information about the fair value measurement, including the range of assumptions for the significant unobservable inputs used in the PWERM valuations of the warrant liability and Other Liability:

	Valuation Assumptions as of	
	December 31, 2012	September 30, 2013 (unaudited)
Acquisition scenarios		
Liquidity value	$50 to $250 million	$50 to $250 million
Probability of occurrence	10.00% to 50.00%	5.33% to 26.67%
Time to event	2.25 years	2.58 years
IPO scenarios		
Pre-money valuation	$75 to $150 million	$75 to $150 million
Probability of occurrence	0.67% to 3.33%	5.33% to 26.67%
Time to event	1.25 to 2.25 years	0.5 to 2.58 years
Probability of liquidation scenarios	20%	20%
Discount for lack of marketability	28%	31%

Significant increases (decreases) in the significant unobservable inputs used in the fair value measurement of the warrant liability and the Other Liability in isolation would result in a significantly higher (lower) fair value measurement.

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Liabilities measured at fair value on a recurring basis are as follows:

Description	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2011				
Note payable to stockholder	$ 670	$ —	$ —	$ 670
	$ 670	$ —	$ —	$ 670
December 31, 2012				
Warrant liability	$ 129	$ —	$ —	$ 129
Other Liability	4,868	—	—	4,868
	$4,997	$ —	$ —	$ 4,997
September 30, 2013 (unaudited)				
Warrant liability	$ 226	$ —	$ —	$ 226
Other Liability	4,967	—	—	4,967
	$5,193	$ —	$ —	$ 5,193

The following table provides a reconciliation of all liabilities measured at fair value using Level 3 significant unobservable inputs:

	Years ended December 31,		Nine months ended September 30,	
	2011	2012	2012 (unaudited)	2013 (unaudited)
Beginning balance	$ 850	$ 670	$ 670	$ 4,997
Issuance of warrants, other liability and note payable to stockholder	650	3,171	3,171	—
Change in fair value	41	1,843	17	196
Cancellation of preferred stock warrants	(871)	—	—	—
Extinguishment of note payable	—	(687)	(687)	—
Ending balance	$ 670	$4,997	$ 3,171	$ 5,193

Non-recurring Fair Value Measurement

In connection with the issuance of the Series A Preferred on July 20, 2012, the Company issued a warrant to purchase its common stock to affiliates of an advisor. The warrant provides the holders with the right to purchase an aggregate of 1,750,000 shares of the Company's common stock at a per share exercise price of $0.001. The warrants are exercisable, in whole or in part, immediately upon issuance and may be exercised on a cashless basis. The warrants expire on the tenth anniversary of issuance. The fair value of the warrants as of July 20, 2012 was estimated using the OM with the following inputs: (a) risk-free interest rate of 0.22%; (b) implied volatility of the Company's common stock of 99%; and (c) the expected term to a liquidity event of 1.7 years. The fair

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value of the warrants as of July 20, 2012 was $117, which was recorded as a reduction to Series A Preferred and a credit to additional paid-in capital.

12. CAPITAL AND CONVERTIBLE REDEEMABLE PREFERRED STOCK

As of December 31, 2012, the authorized capital stock of the Company included 65,000,000 shares of common stock, par value $0.001 per share, 6,311,096 of which were issued and outstanding. As of December 31, 2012, 49,250,000 shares of preferred stock were authorized, all of which have been designated as Series A Preferred, of which 28,602,031 were issued and outstanding.

On May 13, 2011, prior to the acquisition of ProChon (described in Note 5), the Company consummated a recapitalization of its outstanding equity in which it, among other actions, (a) redeemed all of the issued and outstanding shares of (1) 2006 Series A-1 Preferred (1,874 shares) into 8,595 shares of common stock and (2) 2008 Series B Preferred (6,030 shares) into 6,030 shares of common stock, (b) converted $14,387 of convertible notes and $1,584 of accrued interest into 10,724,321 shares of newly created 2011 Series A Preferred Stock, and (c) cancelled all warrants held by the investors. All prior dividends that had accrued on the 2006 Series A-1 Preferred and 2008 Series B Preferred through May 13, 2011 were forfeited by the holders as part of the recapitalization. All of the conversions of preferred stock were made in accordance with the contractual arrangements and were accounted for as conversions. The redemption of the convertible notes and accrued interest was considered an extinguishment and was accounted for as a capital contribution of $12,826.

Immediately after the conversions of the 2006 Series A-1 Preferred and 2008 Series B Preferred, the Company effected a reverse stock split in which each of the Company's stockholders received one share of common stock in exchange for 15,000 shares of common stock. Following the reverse stock split, the Company had 32,180 shares of common stock outstanding.

On July 20, 2012, in connection with the issuance of the Series A Preferred, the Company effected a recapitalization. The recapitalization resulted in (a) 32,180 shares of common stock and 16,086,493 shares of 2011 Series A Preferred being cancelled, (b) $12,000 in principal of the convertible notes issued in 2011 converted into 6,250,001 shares of common stock, and (c) $5,950 in principal of convertible notes issued in 2012 were converted into 5,950,000 shares of Series A Preferred. The accrued interest related to the convertible notes of $1,131 was cancelled as part of this transaction. As the holders of the convertible notes were also stockholders of the Company at the time of the recapitalization, the cancellation of the common and preferred stock and the conversion of the notes were accounted for as one capital transaction. The Company accounted for the cancellation of the common and preferred stock and conversion of the convertible notes as a capital transaction resulting in an increase to equity of $42,025, of which $41,588 is treated as earnings attributable to common stockholders in the calculation of net income (loss) per share. The difference of $437 is attributable to the issuance of common stock at its fair value.

Also on July 20, 2012, the Company entered into a stock purchase agreement with outside investors to issue an aggregate of up to 49,000,000 shares of Series A Preferred at $1.00 per share. The terms of the agreement require the investors to participate in multiple rounds of financing. The initial round closed on July 20, 2012 and in conjunction with this round on various dates in July and November 2012, the Company issued 22,562,031 shares of Series A Preferred and Common Stock Warrants to purchase up to 516,841 shares of common stock to the investors, and a warrant to purchase 1,750,000 shares of common stock to an advisor. Subject to the Company's achievement of certain milestones or the approval of at least a majority of the holders of the outstanding Series A

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Preferred shares to waive such milestone conditions, investors committed to invest an additional $20.6 million from the sale of Series A Preferred Stock, to close no later than March 2015. If an investor fails to participate in the second round of the financing, the previously issued shares of Series A Preferred will automatically convert to shares of common stock on a 10 to 1 basis.

Common Stock

General

The voting, dividend and liquidation rights of the holders of shares of common stock are subject to and qualified by the rights, powers and preferences of the holders of shares of preferred stock. Common stock has the characteristics described herein.

Voting

The holders of shares of common stock are entitled to one vote for each share of common stock held at all meetings of stockholders and written actions in lieu of meetings provided however that except as otherwise required by law, holders of common stock shall not be entitled to vote on any amendment to the corporation's certificate of incorporation that relates solely to the terms of one or more outstanding series of preferred stock.

Dividends

The holders of shares of common stock are not entitled to receive dividends.

Liquidation

After payment to the holders of shares of preferred stock of their liquidation preferences, the holders of shares of common stock are entitled to share ratably in the Company's assets available for distribution to stockholders in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or upon the occurrence of a deemed liquidation event.

Reserved for future issuance

The Company has reserved for future issuance the following number of shares of common stock:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Conversion of 2011 Series A Preferred	27,347,038	—	—
Conversion of Series A Preferred	—	28,602,031	28,602,031
Vesting of restricted stock	—	61,095	142,718
Options to purchase common stock	—	2,797,253	3,954,521
Common stock warrant (equity)	—	1,750,000	1,750,000
Common stock warrants (liability)	—	516,841	516,841
Total	27,347,038	33,727,220	34,966,111

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Convertible Redeemable Preferred Stock

Since inception, the Company has issued several series of convertible redeemable preferred stock. From and after the date of issuance of any shares of convertible preferred stock, dividends accrue at a rate of eight percent (8.0%) per annum payable in cash or shares at the option of the holder, when and as declared by the Company's board of directors, but in no event later than upon the earliest to occur of (a) a voluntary or involuntary liquidation, dissolution or winding up of the Company, (b) a deemed liquidation event, or (c) a redemption. The holders of shares of the convertible preferred stock are entitled to receive dividends, if and when declared by the board of directors on a pari passu basis, out of any funds legally available and prior and in preference to dividends to any other holder of capital stock. Dividends payable on each share of convertible preferred stock is determined as if such share had been converted into shares of common stock. As of September 30, 2013, no dividends have been declared or paid since the Company's inception. The Company has recorded cumulative accrued dividends for the convertible preferred stock of $1,775, $1,742 and $1,777 as of December 31, 2011, December 31, 2012, and September 30, 2013, respectively. The following describes each series of convertible redeemable preferred stock issued.

2005 Series A Convertible Redeemable Preferred Stock

On August 1, 2005, the Company exchanged 500 shares of common stock into 500 shares of Series A junior convertible preferred stock at $15,000.00 ("2005 Series A"). On various dates in 2005, the Company sold 167 shares of 2005 Series A to an investor for aggregate proceeds of $2,500. In 2006, upon the filing of the Certificate of Incorporation in Delaware, the Company extinguished the existing shares and reissued them deeming all accrued dividends no longer payable. Upon this transaction, the Company recalculated the fair value of the 2005 Series A to $4,947.53. The 2005 Series A was recorded at this new value. On July 23, 2008, the 2005 Series A was converted to common stock as a part of the 2008 Series B Preferred issuance. All cumulative dividends in arrears were reduced to zero and liquidation preferences were extinguished.

2006 Series A-1 Convertible Redeemable Preferred Stock

On July 19, 2006, the Company issued 2,345 shares of 2006 Series A-1 Preferred at a purchase price of $6,375.27 per share, resulting in proceeds of $13,376, net of issuance costs of $1,574. This issuance effected the conversion of the $1,100 in promissory notes to 2006 Series A-1 Preferred. On July 19, 2008, in conjunction with the issuance of the 2008 Series B Preferred, the holders of 2006 Series A-1 Preferred received the right to the liquidation value of 1.5 times the invested total. In conjunction with this additional benefit, the Company recalculated the fair value per share of the 2006 Series A-1 Preferred as $3,599.99. The 2006 Series A-1 Preferred was reissued to reflect this new value. In 2009, a holder of 2006 Series A-1 Preferred elected not to participate in a qualified financing round following the 2008 Series B financing, as required by the agreement, and was forced to convert their outstanding 2006 Series A-1 Preferred into common at approximately a 4:1 ratio. All cumulative dividends were reduced to zero and liquidation preferences were extinguished. On May 13, 2011, as part of the Company's recapitalization (described above), all outstanding shares of 2006 Series A-1 Preferred were converted to common stock. All cumulative dividends were reduced to zero and liquidation preferences were extinguished.

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2008 Series B Convertible Redeemable Preferred Stock

On July 19, 2008, the Company issued 6,480 shares of 2008 Series B Preferred at a purchase price of $1,390.12 per share, resulting in proceeds of $8,129, net of issuance costs of $879. This issuance effected the conversion of the $3,010 in promissory notes to 2008 Series B Preferred. In 2009, a holder of 2008 Series B Preferred elected not to participate in a qualified financing round following the 2008 Series B financing, as required by the agreement, and was forced to convert their outstanding 2008 Series B Preferred into common at approximately a 4:1 ratio. All cumulative dividends were reduced to zero and liquidation preferences were extinguished. On May 13, 2011, as part of the Company's recapitalization (described above), the 2008 Series B was converted to common stock. All cumulative dividends were reduced to zero and liquidation preferences were extinguished.

The general rights, preferences and privileges of the series of preferred stock outstanding as of December 31, 2011 and 2012 and September 30, 2013 are as follows:

2011 Series A Convertible Redeemable Preferred Stock

On May 13, 2011, in connection with and prior to the acquisition of ProChon (described in Note 5), the Company consummated a recapitalization in which it, among other actions, converted the principal amount of $14,387 of its outstanding convertible notes and accrued interest of $1,584 into 10,724,321 shares of 2011 Series A Preferred, $0.001 par value per share. Subsequent to the recapitalization, in connection with the acquisition of ProChon, the Company issued 5,362,172 shares of 2011 Series A Preferred, $0.001 par value per share.

Voting

The holders of shares of 2011 Series A Preferred are entitled to the number of votes equal to the number of whole shares of common stock into which the preferred are convertible on any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company or by written consent of stockholders in lieu of meetings. Except as provided by law or otherwise, the holders of shares of preferred stock vote together with the holders of shares of common stock as a single class.

Protective Provision

At any time shares of 2011 Series A Preferred are outstanding, a majority of holders of 2011 Series A Preferred must approve any of a list of significant changes to the existing Company's structure and business, including: (a) the liquidation, dissolution or winding up of the business or affairs of the Company, (b) any merger, reorganization, consolidation, acquisition or deemed liquidation event, (c) any amendment to the Company's certificate of incorporation, (d) altering any existing security that is pari passu with the 2011 Series A Preferred, (e) incurring indebtedness outside the ordinary course of business, (f) granting any exclusive license relating to the Company's material technology or intellectual property other than in the ordinary course of business, (g) any increase or decrease in the number of directors, or (h) any amendment to the Company's equity incentive plans.

Dividends

From and after the date of issuance of any shares of 2011 Series A Preferred, dividends accrue at a rate per annum of eight percent (8.0%), payable in cash or in shares at the option of the holder, when and as declared by the Company's board of directors but in no event later than upon the earliest to occur of (a) a voluntary or involuntary liquidation, dissolution or winding up of the Company, (b) a deemed liquidation event, or (c) a

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redemption. The holders of shares of the 2011 Series A Preferred are entitled to receive dividends, if and when declared by the board of directors on a pari passu basis. Dividends payable on each share of preferred stock is determined as if such share had been converted into shares of common stock. As of December 31, 2012 no dividends have been declared or paid since the Company's inception.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of 2011 Series A Preferred then outstanding are entitled to be paid out of the assets of the Company available for distribution to stockholders an amount per share equal to $1.70, subject to appropriate adjustment, plus any accrued but unpaid dividends, before any payment is made to holders of common stock.

In the event the assets of the Company available for distribution to stockholders are insufficient to permit payment of the full amount to which each stockholder is entitled, holders of shares of the 2011 Series A Preferred shall share ratably in any distribution of the remaining assets of the Company in proportion to the respective amounts which would otherwise be payable under the circumstances in the order of liquidation preference.

Conversion

Each share of 2011 Series A Preferred is convertible at the option of the holder, at any time and from time to time, into fully paid and nonassessable shares of common stock as is determined by dividing the original issuance price or $1.70 by the then applicable conversion price.

Each share of the 2011 Series A Preferred is automatically convertible into fully paid and nonassessable shares of common stock upon either: (a) the closing of the sale of shares of the Company's common stock to the public in an underwritten public offering resulting in at least $50,000 of gross proceeds to the Company or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of shares constituting a majority of the then outstanding shares of preferred stock and the holders of shares constituting a majority of the then outstanding shares of 2011 Series A Preferred.

Redemption

Upon written request from a majority of stockholders, shares of the 2011 Series A Preferred shall be redeemed by the Company out of funds lawfully available at a price equal to the 2011 Series A original issue price, plus any accrued but unpaid dividends, whether or not declared, in three equal annual installments commencing at any time on or after July 20, 2016. If the Company does not have sufficient funds legally available to redeem all shares on the redemption date, the Company shall redeem a pro rata portion of each stockholder's 2011 Series A Preferred shares out of funds that are legally available, based on the respective amounts which would otherwise by payable if sufficient funds were available to redeem all shares.

Series A Convertible Redeemable Preferred Stock

On July 20, 2012, the Company entered into a stock purchase agreement to raise up to $49,000 through the sale of shares of a Series A Preferred, $0.001 par value per share, at a purchase price per share of $1.00 per share. In conjunction with the closing of the financing, the Company sold 22,652,031 shares for net proceeds of $20,679. The stock purchase agreement contains a commitment by the purchasers to purchase the remaining available

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shares of the Series A Preferred upon the achievement of certain milestones ("Milestone") or the vote of at least a majority of the holders of the outstanding shares of Series A Preferred to waive the milestone conditions if not achieved prior to March 2015.

Voting

The holders of shares of preferred stock are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of the applicable series of preferred stock held by such holder are convertible on any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company or by written consent of stockholders in lieu of meetings. Except as provided by law or otherwise, the holders of shares of preferred stock vote together with the holders of shares of common stock as a single class.

Protective Provision

At any time prior to the Milestone closing, when at least 2,800,000 shares, or after the milestone closing when at least 4,900,000 shares of the Series A Preferred are outstanding, a majority of Series A Preferred stockholders must approve any of a list of significant changes to the existing Company's structure and business, including (a) the liquidation, dissolution or winding up of the business or affairs of the Company, (b) any merger, reorganization, consolidation, acquisition or deemed liquidation event, (c) any amendment to the Company's certificate of incorporation, (d) altering any existing security that is pari passu with the Series A Preferred, (e) incurring indebtedness outside the ordinary course of business, (f) granting any exclusive license relating to the Company's material technology or intellectual property other than in the ordinary course of business, (g) any increase or decrease in the number of directors, or (h) any amendment to the Company's equity incentive plans.

Dividends

From and after the date of issuance of any shares of Series A Preferred, dividends accrue at a rate per annum of eight percent (8.0%), payable in cash or in shares at the option of the holder, when and as declared by the Company's board of directors but in no event later than upon the earliest to occur of (a) a voluntary or involuntary liquidation, dissolution or winding up of the Company, (b) a Deemed Liquidation Event, or (c) a redemption. The holders of shares of the Series A Preferred are entitled to receive dividends, if and when declared by the board of directors on a pari passu basis. Dividends payable on each share of preferred stock is determined as if such share had been converted into shares of common stock. As of December 31, 2012, no dividends have been declared or paid since the Company's inception.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred then outstanding are entitled to be paid out of the assets of the Company available for distribution to stockholders an amount per share equal to $1.00, subject to appropriate adjustment, plus any accrued but unpaid dividends and any accrued but unpaid net sales distribution payment, as described below, before any payment is made to holders of common stock.

After the payment of all preferential amounts required to be paid to the holders of shares of the Series A Preferred and all amounts required to be paid pursuant to the Other Liability, as described in Note 9, the

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remaining assets of the Company available for distribution to stockholders, if any, will be distributed among the holders of shares of Series A Preferred and common stock pro rata based on the number of shares held by each such holder, with each share of Series A Preferred treated as if they had been converted to common stock immediately prior to such dissolution, liquidation, or winding up of the Company. In the event the assets of the Company available for distribution to stockholders are insufficient to permit payment of the full amount to which each stockholder is entitled, holders of shares of the Series A Preferred shall share ratably in any distribution of the remaining assets of the Company in proportion to the respective amounts which would otherwise be payable under the circumstances in the order of liquidation preference.

Conversion

Each share of Series A Preferred is convertible at the option of the holder, at any time and from time to time, into fully paid and nonassessable shares of common stock as is determined by dividing the original issuance price, or $1.00 by the then applicable conversion price.

Each share of the Series A Preferred is automatically convertible into fully paid and nonassessable shares of common stock upon either: (a) the closing of the sale of shares of the Company's common stock to the public in an underwritten public offering resulting in at least $30,000 of gross proceeds to the Company, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of shares constituting a majority of the then outstanding shares of preferred stock and the holders of shares constituting a majority of the then outstanding shares of Series A Preferred.

Redemption

Upon written request from a majority of the holders of shares of the Series A Preferred, shares of the Series A Preferred shall be redeemed by the Company out of funds lawfully available at a price equal to the Series A Preferred original issue price, plus any accrued but unpaid dividends, whether or not declared, and any accrued unpaid net sales distribution payments, described below, in three equal annual installments commencing at any time on or after July 20, 2016. If the Company does not have sufficient funds legally available to redeem all shares on the redemption date, the Company shall redeem a pro rata portion of each stockholder's Series A Preferred shares out of funds that are legally available, based on the respective amounts which would otherwise by payable if sufficient funds were available to redeem all shares.

Net Sales Distribution Payment

Within 45 days of the end of each calendar year, the Company shall pay to each holder of Series A Preferred, and the common stock issuable upon the conversion thereof, a payment equal to, in the aggregate, 2.0% of net sales during such calendar year ("Net Sales Distribution Payment"). The Net Sales Distribution Payment shall be distributed pro rata based on the number of shares of common stock held by each holder, on an as-converted basis.

Net sales shall mean the gross amount received by the Company, its affiliates and their sub-licensees for sales of the Company's products less (a) intercompany sales, (b) amounts repaid or credited by reason of actual rejection or return of applicable products, (c) reasonable and customary trade, quantity or cash rebates or discounts to the extent allowed, (d) amounts for outbound transportation, insurance, handling or shipping, and (e) taxes, customs duties and other governmental charges levied on or measured by sales of products, as adjusted for rebates and

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refunds. If any product is sold for non-cash consideration, net sales shall be calculated based on the average non-discounted cash amount charged to independent third parties for the product during the same period in the same country or based upon the fair value of the product.

13. STOCK-BASED COMPENSATION

Restricted Stock Awards and Stock Options

Until the Company's plan of recapitalization was executed in 2012, the Company operated two equity incentive plans: the 2001 Stock Option Plan and the 2006 Equity Incentive Plan. Both equity incentive plans provided for the grant of nonqualified stock options and restricted equity interests to employees, directors, consultants and advisors. In connection with the recapitalization of the Company's equity in 2011 (as discussed in Note 12), both plans were suspended and all options and restricted stock granted under the plans were cancelled or forfeited.

The Company adopted the 2012 Equity Incentive Plan, as amended ("2012 Plan") in July 2012 pursuant to which 5,483,847 shares of common stock are authorized for issuance to employees, officers, directors, consultants and advisors of the Company as of September 30, 2013. The 2012 Plan provides for the grant of incentive stock options, nonstatutory stock options, rights to purchase restricted stock, stock appreciation rights, phantom stock awards and stock units. In connection with the issuance of restricted common stock, the Company maintains a repurchase right and shares of restricted common stock are released from such repurchase right over a period of time of continued service by the recipient. Recipients of incentive stock options shall be eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair value of such stock on the date of grant. Stock options generally vest 25% on the first anniversary of the original vesting date, with the balance vesting monthly over the remaining three years, unless they contain specific performance and/or market-based vesting provisions. The maximum term of stock options granted under the 2012 Plan is ten years.

In determining the exercise prices for options granted, the board of directors considered the fair value of the common stock as of the measurement date. The fair value of the common stock was determined by the board of directors based on a variety of different factors, including valuations prepared by third party valuation specialists, Company's financial position, the status of development efforts within the Company, the composition and ability of the current scientific and management teams, the current climate in the marketplace, the illiquid nature of the Company's common stock, arm's length sale of the Company's preferred stock, the effect of the rights and preferences of the preferred stockholders, and the prospects of a liquidity event, among others.

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Stock option activity under the 2001, 2006, and 2012 plans is summarized as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at Inception (June 28, 2000)	—	$ —		
Granted	140	$5,400.00		
Exercised	—			
Cancelled	(52)	$4,200.00		
Outstanding at December 31, 2010	88	$6,150.00		
Granted	—			
Exercised	—			
Cancelled	(88)	$6,150.00		
Outstanding at December 31, 2011	—			
Granted	2,797,253	$ 0.07		
Exercised	—			
Cancelled	—			
Outstanding at December 31, 2012	2,797,253	$ 0.07	9.6	$ 168
Granted	3,529,464	$ 0.07		
Exercised	(25,314)	$ 0.07		$ 1
Cancelled	(2,346,882)	$ 0.07		
Outstanding at September 30, 2013 (unaudited)	3,954,521	$ 0.07	9.5	$ 564
Vested and expected to vest at:				
December 31, 2012	2,113,382	$ 0.07	9.6	$ 127
September 30, 2013 (unaudited)	2,819,938	$ 0.07	9.5	$ 451
Exercisable at:				
December 31, 2012	—			$ —
September 30, 2013 (unaudited)	736,755	$ 0.07	9.2	$ 118

As of December 31, 2012 and September 30, 2013, the unrecognized compensation cost related to outstanding options was $130 and $424, respectively, and is expected to be recognized as expense over approximately 3.28 years and 3.27 years, respectively. There was no unrecognized compensation cost related to stock options at December 31, 2011.

As of September 30, 2013, the weighted average fair value of vested options was $0.07.

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Additional information about the Company's stock option activity is as follows:

	As of December 31,		As of September 30,
	2011	2012	2013 (unaudited)
Weighted-average grant date fair value per share of employee option grants	$ —	$ 0.05	$ 0.08
Cash received upon exercise of options	—	—	2

Restricted stock awards under the 2001, 2006, and 2012 plans are summarized as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at Inception (June 28, 2000)	—	$ —
Sale of restricted stock	598	1,050.00
Vesting of restricted stock	(414)	1,050.00
Repurchase of restricted stock	(98)	1,050.00
Unvested at December 31, 2010	86	1,050.00
Sale of restricted stock	—	—
Vesting of restricted stock	(26)	1,050.00
Repurchase of restricted stock	—	—
Recapitalization	(60)	1,050.00
Unvested at December 31, 2011	—	—
Sale of restricted stock	61,095	0.07
Repurchase of restricted stock	—	—
Unvested at December 31, 2012	61,095	0.07
Sale of restricted stock	81,623	0.11
Repurchase of restricted stock	—	—
Unvested at September 30, 2013	142,718	$ 0.09

As of December 31, 2012 and September 30, 2013, the unrecognized compensation cost related to restricted stock awards was $4 and $15, respectively, and is expected to be recognized as expense over approximately 3.84 years and 3.36 years, respectively. There was no unrecognized compensation cost related to restricted awards at December 31, 2011.

As of December 31, 2012 and September 30, 2013, no restricted stock options had vested.

Stock-Based Compensation Expense

The Company granted stock options to employees for the year ended December 31, 2012 and for the nine months ended September 30, 2012 and 2013. The Company also granted stock options to non-employees for the nine

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months ended September 30, 2013. The Company estimates the fair value of stock options as of the date of grant using the Black-Scholes option pricing model and restricted stock based on the fair value of the award. Stock options and restricted stock issued to non-board member, non-employees are accounted for using the fair value approach and are subject to periodic revaluation over their vesting terms.

For all periods from inception to date, stock-based compensation for all options granted and restricted stock awards are classified as selling, general and administrative expense. Stock compensation expense amounted to $3, $14, $4, $97 and $532 for the years ended December 31, 2011 and 2012, the nine months ended September 30, 2012 and 2013, and the period from June 28, 2000 (inception) to September 30, 2013, respectively.

Stock-based compensation by award type is as follows:

	Years Ended December 31,		Nine Months Ended September 30,		Period from June 28, 2000 (Inception) to December 31,	Period from June 28, 2000 (Inception) to September 30,
	2011	2012	2012 (unaudited)	2013 (unaudited)	2012	2013 (unaudited)
Stock options	$ —	$ 14	$ 4	$ 95	$ 70	$ 165
Restricted stock	3	—	—	2	365	367
Total stock-based compensation expense	$ 3	$ 14	$ 4	$ 97	$ 435	$ 532

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the employee stock option grants were as follows, noting the Company had no employee stock option grants for the year ended December 31, 2011:

	Years ended December 31,		Nine months ended September 30,	
	2011	2012	2012 (unaudited)	2013 (unaudited)
Risk-free interest rate	—	0.93%	0.93%	0.77%
Expected volatility	—	89.0%	89.0%	82.0%
Expected term (in years)	—	6.08	6.08	4.39
Expected dividend yield	—	0.0%	0.0%	0.0%

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The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the non-employee stock option grants were as follows, noting the Company had no non-employee stock options granted for the years ended December 31, 2011 and 2012 or the nine months ended September 30, 2012:

	Years ended December 31,		Nine months ended September 30,	
	2011	2012	2012 (unaudited)	2013 (unaudited)
Risk-free interest rate	—	—	—	0.27%
Expected volatility	—	—	—	82.0%
Expected term (in years)	—	—	—	1.65
Expected dividend yield	—	—	—	0.0%

Risk-free Interest Rate. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the stock option grants.

Expected Volatility. Due to the Company's limited operating history and lack of company-specific historical or implied volatility, the expected volatility assumption is based on historical volatilities of a peer group of similar companies whose share prices are publicly available. The peer group was developed based on companies in the biotechnology and medical device industries.

Expected Term. The expected term represents the period of time that options are expected to be outstanding. Because the Company does not have historical exercise behavior, through December 31, 2012 it determined the expected life assumption using the simplified method, which is an average of the contractual term of the option and its vesting period. In 2013, the stock option grants were in-the-money, based on the retrospective fair value determinations, so the Company determined the expected life assumption using a risk-adjusted method, which adjusts the average of the contractual term of the option and its vesting period for risk, reducing the expected life.

Expected Dividend Yield. The expected dividend yield assumption is based on the fact that the Company has never paid cash dividends and has no present intention to pay cash dividends.

14. INCOME TAXES

For the years ended December 31, 2011 and 2012, the Company did not record a current or deferred income tax expense or benefit due to current and historical losses incurred by the Company.

The components of loss before income taxes were as follows:

	As of December 31,	
	2011	2012
U.S.	$ (9,164)	$(15,607)
Foreign	(3,746)	(1,328)
Total	$(12,910)	$(16,935)

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A reconciliation of income tax expense (benefit) computed at the statutory federal income tax rate to income taxes as reflected in the financial statements is as follows:

	As of December 31,	
	2011	2012
Federal income tax (benefit) at statutory rate	34.0%	34.0%
(Increase) decrease income tax benefit resulting from:		
Limitations on utilization of net operating losses	(123.5%)	(13.9%)
Permanent differences	(3.6%)	(13.2%)
Change in valuation allowance	95.6%	(6.2%)
Other	(2.5%)	(0.7%)
Income tax expense (benefit)	(0.0%)	(0.0%)

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The significant components of the Company's deferred tax assets are comprised of the following:

	As of December 31,	
	2011	2012
Deferred tax assets:		
Net operating loss carryforwards	12,874	12,832
Depreciation and amortization	2,967	3,234
Capitalized license agreement	611	216
Accrued expenses	333	2,202
Capitalized R&D	795	362
Other	6	—
Deferred tax assets before valuation allowance	17,586	18,846
Valuation allowance	(13,153)	(14,304)
	4,433	4,542
Deferred tax liabilities		
IPR&D	(145)	(149)
Cancellation of indebtedness income	(4,288)	(4,390)
Other	—	(3)
	(4,433)	(4,542)
Net deferred tax assets	$ —	$ —

The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. As of December 31, 2011 and 2012, based on the Company's history of operating losses, the Company has concluded that it is not more likely than not that the benefit of its deferred tax assets will be realized. Accordingly, the Company has provided a full valuation allowance for deferred tax assets as of December 31, 2011 and 2012. The valuation allowance decreased by $8,645 during the year ended December 31, 2011, due

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primarily to the use of net operating loss ("NOL") carryforwards to offset income from the forgiveness of debt as well as reductions of NOL carryforwards due to restrictions under Section 382 of the Internal Revenue Code ("Code"). The valuation allowance increased by $1,151 during the year ended December 31, 2012, due primarily to deductible temporary differences generated during the period partially offset by further restrictions on the use of NOL carryforwards under Section 382 of the Code.

The Company has recorded a noncurrent net deferred tax liability of $249 and a current net deferred tax asset of $249 on its consolidated balance sheet as of December 31, 2011, and a current net deferred tax liability of $2,480 and a noncurrent net deferred tax asset of $2,480 as of December 31, 2012. The classification of deferred tax assets and liabilities is primarily related to the timing of the reversal of the deferred tax liability for income from intercompany debt forgiveness in Israel.

As of December 31, 2011 and 2012, the Company had U.S. federal NOL carryforwards of $7,636 and $5,294, respectively, which may be available to offset future income tax liabilities and expire at various dates through 2032. As of December 31, 2011 and 2012, the Company also had U.S. state NOL carryforwards of $7,628 and $5,270, respectively, which may be available to offset future income tax liabilities and expire at various dates through 2032. At December 31, 2011 and 2012, the Company also had $39,450 and $43,015, respectively, of foreign NOL carryforwards which may be available to offset future income tax liabilities, which carryforwards do not expire.

Utilization of the NOL and research and development credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred or that could occur in the future, as required by Section 382 and Section 383 of the Code, as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders. The Company has completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since its formation. The results of this study indicated that the Company experienced ownership changes as defined by Section 382 of the Code. The Company has not recorded NOLs that, as a result of these restrictions, will expire unused. Accordingly, the Company has recorded NOL carryforwards net of these limitations, which are approximately $3,872, $30,471 and $36,726, in 2010, 2011 and 2012, respectively.

The changes in the Company's unrecognized tax benefits are summarized as follows:

	As of December 31,	
	2011	2012
Unrecognized tax benefit, beginning of year	$4,545	$5,253
Increase related to current year positions	708	324
Unrecognized tax benefit, end of year	$5,253	$5,577

Histogenics Corporation
(A Development Stage Company)

Notes to Consolidated Financial Statements

(Information as of September 30, 2013 and for the nine months ended September 30, 2012 and 2013 and the period from June 28, 2000 (inception) to September 30, 2013 is unaudited)
(In thousands, except share and per share data)

As of December 31, 2011 and 2012, the total amount of unrecognized tax benefits was $5,253 and $5,577, respectively. The uncertain tax positions giving rise to the unrecognized tax benefits relate primarily to methods of accounting, used in the Company's tax returns, which accelerated certain deductions for federal income tax purposes. The reversal of the unrecognized tax benefits would not have any impact on effective tax rates in future periods and are not expected to create cash tax liabilities upon settlement due to the Company's ability to utilize both pre-change and post-change NOLs. The Company believes that it is reasonably possible that $4,298 of its unrecognized tax benefits may be recognized by the end of 2013.

The Company will recognize interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2011 and 2012, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's consolidated statements of operations.

The Company files income tax returns in the United States, and various state and foreign jurisdictions. The federal, state and foreign income tax returns are generally subject to tax examinations for the tax years ended December 31, 2009 through December 31, 2012. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service, state or foreign tax authorities to the extent utilized in a future period.

15. EMPLOYEE BENEFITS

Effective January 1, 2009, the Company adopted a defined contribution 401(k) plan for employees who are at least 21 years of age. Employees are eligible to participate in the plan beginning on the first day of the calendar quarter following date of hire. Under the terms of the plan, employees may make voluntary contributions as a percent of compensation. No matching contributions have been made by the Company since the adoption of the 401(k) plan.

16. RELATED PARTIES

In June 2012, the Company entered into an agreement with Purpose, Co. to amend its previous agreements. In the previous agreements, Purpose, Co. granted the Company a perpetual license to its patents related to its exogenous tissue processor which is used in the development of the Company's products. In exchange, the Company granted Purpose, Co. a perpetual license to all of the Company's biotechnology and biomaterial for use in Japan. The agreement provides for Purpose, Co. to manufacture and sell machinery to the Company for cost until the Company's products become commercially viable. The Company has also agreed to pay royalties on any third-party revenue generated using Purpose, Co.'s licensed technology.

Under the June 2012 amendment, the Company received exclusive rights to all of Purpose, Co.'s technology related to the exogenous tissue processor, continued supply of exogenous tissue processors during the Company's clinical trials, and rights to manufacture the exogenous tissue processors at any location the Company chooses. In exchange for such consideration, the Company made Purpose, Co. the sole manufacturer of equipment and also clarified the geographic territories of the exclusive license that Purpose Co. was granted for use of the Company's technology. Also, the Company agreed to reimburse Purpose, Co. for $250 of development costs on a next generation tissue processer. Refer to the discussion under *Tissue Processor Sub-License* in Note 9.

The amounts that have been paid to Purpose, Co. under this agreement were $20, $410, $150, $107, and $537 for the years ended December 31, 2011 and 2012, the nine months ended September 30, 2012 and 2013, and the

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(Information as of September 30, 2013 and for the nine months ended September 30, 2012 and 2013 and the period from June 28, 2000 (inception) to September 30, 2013 is unaudited)
(In thousands, except share and per share data)

period from June 28, 2000 (inception) to September 30, 2013, respectively. There are no amounts due to Purpose, Co. at September 30, 2013.

Receivables due from stockholders

On various dates beginning in May 13, 2011, the Company issued promissory notes totaling $12,000 to existing stockholders. The promissory notes bore interest of 8.0% per annum and converted upon the earliest of the consummation of the next round of financing for which proceeds are greater than $27,000, the consummation of a deemed liquidation event, or May 1, 2012. Inflection Point Ventures II, LP, also a stockholder, participated in the purchase of $59 these promissory notes. At December 31, 2011 it had executed its note purchase agreement, but had not remitted its funds. The funds were received by the Company on March 6, 2012.

On May 9, 2008 the Company terminated the employment of its Chief Executive Officer, who was also a stockholder. The Company was owed $100 from this individual at the time of his termination from a promissory note that was accruing interest at 4.69% per annum. The terms of the former CEO's separation agreement forgave all outstanding principal and interest due under the promissory note.

17. SUBSEQUENT EVENTS

The Company has completed an evaluation of all subsequent events through February 14, 2014, the date these consolidated financial statements are available to be issued. The Company has concluded that no subsequent event has occurred that requires disclosure, except as noted below:

Reserve for Additional Shares

On December 11, 2013, the Company's board of directors approved an increase of 400,000 shares of common stock reserved for issuance under the 2012 Plan, effective immediately.

2013 Equity Incentive Plan

The Company's board of directors adopted the 2013 Equity Incentive Plan ("2013 Plan") in November 2013 and the Company expects its stockholders to approve the 2013 Plan prior to the completion of this offering. The 2013 Plan became effective immediately on adoption, although no awards will be made under it until the effective date of the registration statement. The 2013 Plan will replace the Company's 2012 Equity Incentive Plan ("2012 Plan"), and no further grants will be made under the 2012 Plan following completion of this offering. However, awards outstanding under the 2012 Plan will continue to be governed by their existing terms.

Issuance of Series A-1 Preferred Stock

On December 18, 2013, the Company entered into an Amended and Restated Series A and A-1 Preferred Stock Purchase Agreement (the "Stock Purchase Agreement"), whereby the Company sold 10,323,988 shares of Series A-1 Preferred Stock, par value $0.001, at a price of $1.00 per share, resulting in aggregate proceeds of $10,324.

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(In thousands, except share and per share data)

The general rights, preferences and privileges of the Series A and Series A-1 Preferred Stock (collectively, the "Preferred Stock") is as follows:

Voting

The holders of shares of Preferred Stock are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of the applicable series of Preferred Stock held by such holder are convertible on any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company or by written consent of stockholders in lieu of meetings. Except as provided by law or otherwise, the holders of shares of Preferred Stock vote together with the holders of shares of common stock as a single class.

Protective Provision

At any time when at least 9,700,000 shares of Preferred Stock are outstanding, a majority of preferred stockholders must approve any of a list of significant changes to the existing Company's structure and business, including (a) the liquidation, dissolution or winding up of the business or affairs of the Company, (b) any amendment to the Company's certificate of incorporation, (c) altering any existing security that is pari passu with the Preferred Stock, (d) incurring indebtedness outside the ordinary course of business, (e) granting any exclusive license relating to the Company's material technology or intellectual property other than in the ordinary course of business, (f) any increase or decrease in the number of directors, or (g) any amendment to the Company's equity incentive plans.

Dividends

From and after the date of issuance of any shares of Preferred Stock, dividends accrue at a rate per annum of eight percent (8.0%), payable in cash or in shares at the option of the holder, when and as declared by the board of directors but in no event later than upon the earliest to occur of (a) a voluntary or involuntary liquidation, dissolution or winding up of the Company, (b) a deemed liquidation event, or (c) a redemption. The holders of shares of Preferred Stock are entitled to receive dividends, if and when declared by the board of directors on a pari passu basis. Dividends payable on each share of preferred stock is determined as if such share had been converted into shares of common stock. As of December 31, 2012, no dividends have been declared or paid since the Company's inception.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock then outstanding are entitled to be paid out of the assets of the Company available for distribution to stockholders an amount per share equal to $1.00, plus any accrued but unpaid dividends.

Conversion

Each share of Preferred Stock is convertible at the option of the holder, at any time and from time to time, into fully paid and nonassessable shares of common stock as is determined by dividing the original issuance price, or $1.00 by the then applicable conversion price.

Each share of Preferred Stock is automatically convertible into fully paid and nonassessable shares of common stock upon either: (a) the closing of the sale of shares of the Company's common stock to the public in an

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(Information as of September 30, 2013 and for the nine months ended September 30, 2012 and 2013 and the period from June 28, 2000 (inception) to September 30, 2013 is unaudited)
(In thousands, except share and per share data)

underwritten public offering resulting in at least $30,000 of gross proceeds to the Company or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of shares constituting a majority of the then outstanding shares of preferred stock and the holders of shares constituting a majority of the then outstanding shares of Preferred Stock.

Redemption

Shares of Preferred Stock shall be redeemed by the Company out of funds lawfully available at a price per share equal to the original issue price, plus any accrued but unpaid dividends, whether or not declared, and any accrued unpaid net sales distribution payments, described below, in three equal annual installments commencing at any time on or after July 20, 2016. If the Company does not have sufficient funds legally available to redeem all shares on the redemption date, the Company shall redeem a pro rata portion of each stockholder's Preferred Shares out of funds legally available, based on the respective amounts which would otherwise be payable if sufficient funds were available to redeem all shares.

Royalty Agreement

In connection with the Stock Purchase Agreement, purchasers of Series A Preferred Stock forfeited their right to receive the net sales distribution payment described in Note 12. The net sales distribution payment was replaced with a new royalty agreement under which the current purchasers of Preferred Stock are entitled to receive a net sales distribution payment equal to 3% of net sales during the calendar year.

Net sales shall mean the gross amount received by the Company, its affiliates and their sub-licensees for sales of the Company's products less (a) intercompany sales, (b) amounts repaid or credited by reason of actual rejection or return of applicable products, (c) reasonable and customary trade, quantity or cash rebates or discounts to the extent allowed, (d) amounts for outbound transportation, insurance, handling or shipping, and (e) taxes, customs duties and other governmental charges levied on or measured by sales of products, as adjusted for rebates and refunds. If any product is sold for non-cash consideration, net sales shall be calculated based on the average non-discounted cash amount charged to independent third parties for the product during the same period in the same country or based upon the fair value of the product.

At the election of the royalty recipients, all or a portion of the net sales payments may be redeemed by the Company. The royalty recipients can elect to have each net sales percentage point redeemed for $10,000 payable in cash or the Company's common stock. If the royalty recipients choose to elect common stock, the fair value per share will be determined as follows: (a) if the Company is publicly-traded, the average of the 10-day trailing closing price, or (b) if not publicly-traded, the fair market value as determined by board of directors. The royalty recipients may exercise their redemption right any time after January 1, 2017 and prior to January 1, 2019, provided, however, that each election must be at least six months apart.

Sublease

In January 2014, the Company entered into an agreement with a third party to sublease an additional facility in Waltham, Massachusetts. The term of the sublease extends from February 1, 2014 through July 30, 2015. The Company expects to make fixed rent payments of $163 over the term of the sublease.

PROCHON BIOTECH LTD.

FINANCIAL STATEMENTS

MAY 12, 2011

PROCHON BIOTECH LTD.

Financial Statements
May 12, 2011

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
To the Stockholders of
ProChon Biotech Ltd.

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We have audited the accompanying balance sheet of ProChon Biotech Ltd. (an Israeli company) (the "Company"), as of May 12, 2011 and the related statement of operations, changes in Stockholders' deficit and cash flows for the period from January 1, 2011 through May 12, 2011, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material aspects, the financial position of the Company as of May 12, 2011 and the results of operations and cash flows of the Company for the period ended May 12, 2011, in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
Fahn Kanne & Co. is the Israeli member firm of Grant Thornton International Ltd

Other matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1C to the financial statements, as of May 12, 2011, the Company has incurred accumulated deficit of US$40,332,000 and has stockholders' deficit of US$ 19,161,000. The Company's ability to continue as a going concern depends on continuation of the financial support from the Company's shareholders and the Company's ability to obtain additional financing. These conditions among other matters as set forth in Note 1C raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

FAHN KANNE & CO.
Certified Public Accountants (Isr.)

Tel-Aviv, January 28, 2014

PROCHON BIOTECH LTD.

BALANCE SHEET

In thousands of US dollars except share and per share amounts

	May 12, 2011
Current assets	
Cash and cash equivalents	$ 1,318
Accounts receivable	17
Other current assets	58
Total current assets	1,393
Non-current assets	
Prepaid expenses	65
Funds in respect of employee rights upon retirement	380
Property and equipment, net	277
	722
Total assets	$ 2,115
Current liabilities	
Accounts payables	$ 1,700
Accrued expenses and other	198
	1,898
Long-term liabilities	
Liabilities for employee rights upon retirement	406
Convertible loans from stockholders	18,617
Long-term loan	355
Total liabilities	21,276
Commitments and contingent liabilities (Note 5)	
Stockholders' deficit	
Common Stock of NIS 0.01 par value 2,099,780,598 shares authorized; 3,090,494 shares issued and outstanding	9
Deferred Stock of NIS 0.01 par value 219,402 shares authorized, issued and outstanding	—
Additional paid in capital	21,162
Accumulated deficit	(40,332)
Total stockholders' deficit	(19,161)
Total liabilities and stockholders' deficit	$ 2,115

The accompanying notes are an integral part of the financial statements.

PROCHON BIOTECH LTD.

STATEMENT OF OPERATIONS
In thousands of US dollars

	Period from January 1 through May 12, 2011
Revenues	$ 23
Manufacturing expenses	(242)
Gross margin loss	(219)
Research and development expenses	(1,852)
General and administrative expenses	(1,265)
Operating loss	(3,336)
Interest expenses, net	(468)
Net loss for the period	$ (3,804)

The accompanying notes are an integral part of the financial statements.

PROCHON BIOTECH LTD.

STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
In thousands of US dollars

	Common stock	Additional paid in capital	Accumulated deficit	Total
Balance as of January 1,2011	$ 9	$ 21,112	$ (36,528)	$(15,407)
Stock-based compensation	—	50	—	50
Loss for the period	—	—	(3,804)	(3,804)
Balance as of May 12, 2011	$ 9	$ 21,162	$ (40,332)	$(19,161)

The accompanying notes are an integral part of the financial statements.

PROCHON BIOTECH LTD.

STATEMENT OF CASH FLOWS
In thousands of US dollars

	Period from January 1 through May 12, 2011
Cash flows used in operating activities	
Net loss for the period	$ (3,804)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	23
Noncash interest expense	455
Noncash expense for employee retirement liability	2
Stock-based compensation expense	50
Changes in operating assets and liabilities:	
Other current assets (including non-current assets prepaid expenses)	417
Accounts payable	121
Accrued expenses and other	(57)
Net cash used in operating activities	(2,793)
Cash flows used in investing activities	
Purchase of fixed assets	(41)
Net cash used in investing activities	(41)
Cash flows from financing activities	
Proceeds from convertible loans from stockholders	2,630
Proceeds from long-term loan	355
Net cash provided by financing activities	2,985
Increase of cash and cash equivalents	151
Cash and cash equivalents at beginning of period	1,167
Cash and cash equivalents at end of period	$ 1,318

The accompanying notes are an integral part of the financial statements.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 1—GENERAL

A. ProChon Biotech Ltd. (the "Company") is an Israeli corporation focused on using biomaterials to create more effective solutions for regenerating human tissue. The Company is engaged in the research and development and commercialization of products for acute and chronic articular cartilage focus lesions through internal development, collaborative partnerships and value building initiatives.

B. On May 13, 2011 the Company entered into a share exchange and note purchase agreement (the **"Purchase Agreement")** with Histogenics Corporation (hereafter **"Histogenics")** and the stockholders of the company. Pursuant to the agreement Histogenics will acquire 100% of the issued and outstanding capital stock of the Company and be assigned 100% of the rights and benefits of the stockholders' loans from the Company's note holders. The transaction reflected a fair value of US$ 2,200 for the Company. Pursuant to the agreement, all of the issued shares of the Company were exchanged in consideration of Histogenics' shares.

C. Liquidity and Operating Matters

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Ultimately, the continuation of the Company is dependent upon its ability to raise additional capital. The Company is devoting substantially all of its efforts conducting research and development, manufacturing its product and marketing its product for acute and chronic articular cartilage focal lesions. In the course of such activities, the Company has incurred accumulated deficit of US$ 40,332 and has stockholders' deficit of US$ 19,161.

As in Note IB above, on May 13, 2011, the Company was acquired by Histogenics. The Company's ability to continue as a going concern depends on continuation of the financial support from Histogenics.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Accounting principles

The financial statements are presented in accordance with accounting principles generally accepted in the United States ("US GAAP").

B. Reporting currency

Most of the Company's revenues are generated in U.S. dollars ($ or "dollar"). In addition, most of the Company's costs and expenses are incurred in dollars. The Company's management believes that the dollar is the primary currency of the economic environment in which the Company operates. Thus, the financial and reporting currency of the Company is the dollar.

Accordingly, transactions and balances originally denominated in dollars are presented in their original amounts. Transactions and balances in other currencies are translated into dollars in accordance with the principles set forth in ASC 830 Foreign Currency Matters.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICES—(Continued)

Exchange gains and losses from the aforementioned translation are reflected in the Statement of Operations as financial income or expenses.

C. Cash and cash equivalents

All highly liquid investments, which include unrestricted short-term bank deposits originally purchased with a maturity of three months or less are considered to be cash equivalents.

D. Property, plant and equipment

1. Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated according to the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated by the straight-method over the shorter of the term of the lease or the estimated useful life of the asset.

2. Years of depreciation:

	Years
Leasehold improvements	Lesser of lease term or 10
Laboratories and equipment	3-14
Furniture and electronic equipment	3-14

E. Stock-based compensation

The Company measures and recognizes compensation expense for share-based awards based on estimated fair value on the date of grant using the Black-Scholes option-pricing model. The Company has expensed such compensation expenses, net of estimated forfeitures, applying the accelerated vesting method, over the requisite service period.

F. Liabilities for employee rights upon retirement

The Company's liability for employee rights upon retirement with respect to its Israeli employees is calculated, pursuant to Israeli severance pay law, based on the most recent salary of each employee multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment, or a portion thereof.

The deposited funds include profits accumulated up to the balance sheet date. The deposited funds may be withdrawn upon the fulfillment of the Company's severance obligations pursuant to Israeli severance pay laws or labor agreements with its employees. The value of the deposited funds is based on the cash surrender value of these policies, and includes immaterial profits/losses.

G. Research and development expenses

Research and development expenses are charged to the Statement of Operations as incurred. Participations and grants in respect of research and development expenses are recognized as a reduction of research and development expenses as the related costs are incurred.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICES—(Continued)

H. Fair value of financial instruments

ASC Topic 825-10,*"Financial Instruments"* defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company considers the carrying amount of cash and cash equivalents, accounts receivable, other current assets, accounts payables and accrued expenses and other, to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization.

L Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates include the useful lives of property and equipment and accrued liabilities. Actual results may therefore differ from those estimates. In these financial statements there were no estimates considered as critical assumptions.

J. Revenue recognition

The Company derives revenue from sales of its Biocart product line. Revenue is recognized only when delivery has occurred and there is persuasive evidence of an agreement, the fee is fixed or determinable and collection of the related receivables is reasonably assured and no further obligations exist.

Revenues from sales of products are recognized when title and risk and rewards for the products are transferred to the customer. Payments from customers is due in accordance with the Company's standard payment terms.

K. Income taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which is the asset and liability method of accounting and reporting for income taxes. Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, ASC 740 requires a valuation allowance against net deferred tax assets if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. See Note 7 for additional information.

The Company accounts for uncertain tax positions in accordance with ASC Topic 740-10, which prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. According to ASC Topic 740-10, tax positions must meet a more-likely-than-not recognition threshold. The Company's accounting policy is to classify interest and penalties relating to uncertain tax positions under income taxes, however the Company did not recognize such items

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICES—(Continued)

in the period from January 1, 2011 through May 12, 2011 and did not recognize any liability with respect to unrecognized tax position in its balance sheet.

L. Impairment of long-lived assets

The Company's long-lived assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

M. Royalty-bearing grants

Royalty-bearing grants from the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor (the "OCS") and others for funding approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred and reduce research and development costs.

N. Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are deposited with major banks in Israel. Management believes that such financial institutions are financially sound and, accordingly, minimal credit risk exists with respect to these financial instruments.

The Company has no significant off-balance-sheet concentration of credit risk.

NOTE 3—PROPERTY AND EQUIPMENT, NET

	May 12, 2011
Leasehold improvements	$ 414
Laboratories and equipment	966
Furniture and electronic equipment	424
	1,804
Accumulated depreciation and amortization	(1,527)
Total property and equipment, net	$ 277

Related depreciation expense was US$ 23 for the period from January 1, 2011 through May 12, 2011.

NOTE 4—CONVERTIBLE LOANS—FROM STOCKHOLDERS

Convertible loans from stockholders

The Company has considered the provisions of ASC Topic 815, "Derivatives and Hedging", and determined that the conversion feature should not be separated from the host instrument.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 4—CONVERTIBLE LOANS—FROM STOCKHOLDERS—(Continued)

Furthermore, the Company applied ASC Topic 470-20, "Debt—Debt with Conversion and Other Options" which clarifies the accounting for instruments with beneficial conversion features or contingency adjustable conversion ratios and determined that the convertible notes did not provide beneficial conversion feature.

As of May 12, 2011 a total principal amount plus accrued interest Libor + 4%-9% of $18,617 in convertible loans of the Company were issued by the Company under (i) the Credit Agreement between the Company (as borrower) and MTF (as lender), dated January 4, 2010 (the **"Original MTF Credit Agreement"),** and amended by that certain First Amendment to Credit Agreement and Side Letter, dated March 8, 2011 and that Second Amendment to the Credit Agreement, Floating Charge Agreement and Side Letter dated May 13, 2011 (as amended, collectively, the **"MTF Credit Agreement")** and (ii) Credit Agreement between the Company (as borrower) and ProChon Holdings B. V, (as lender) **("ProChon BV").** dated January 4, 2010 (the **"Original BV Credit Agreement")** and amended by that certain First Amendment to Credit Agreement, dated August 23, 2010 and the Second Amendment to the Credit Agreement and Floating Charge Agreement, dated May 13, 2011 (as amended, collectively, the **"BV Credit Agreement"** and together with the MTF Credit Agreement, the **"Credit Agreements")**

The abovementioned convertible loans includes loans remitted by ProChon BV under the Convertible Loan Agreement between ProChon BV and the Company dated May 8, 2009 and by MTF under the Loan Agreement between MTF and the Company dated July 23, 2008, including interest accrued thereon. Both of those agreements were amended on January 4, 2010 and the loans remitted thereunder and the interest accrued thereon were consolidated into the BV Credit Agreement with and MTF Credit Agreement, respectively as "Convertible Loans". The Convertible Loans are now governed by the terms of the Credit Agreements and underlying loan agreements referred to in this paragraph above and were superseded by the Credit Agreements.

The original maturity dates of the loans remitted under the Original MTF Credit Agreement and the Original BV Credit Agreement was January 4, 2011. With respect to ProChon BV, per the terms of the First Amendment to Credit Agreement and the Second Amendment to the Credit Agreement and Floating Charge Agreement, the maturity dates for Discretionary Loans and Additional Loans (as defined therein) was August 23, 2012.

The Original MTF Credit Agreement and the Original BV Credit Agreement provided for different conversion prices depending upon when conversion occurred: (a) if conversion occurred as part of a financing round prior to the maturity date, then the conversion price was to be 85% of the price per share paid by the investor in said financing round; (b) if conversion occurred after a financing round, at the option of the BV or MTF (as applicable), then the conversion price was to be $8.23; and (c) if conversion occurred as part of a financing round after the maturity date, then the conversion price was 75% of the price per share paid by the investor in said financing round. However, upon conversion upon (i) an initial public offering, (ii) a merger in which the Company did not survive or (iii) a sale of all or substantially all of the Company's assets, the conversion price was to be $8.26. Furthermore, for each of MTF and B V, the conversion price of their respective Conversion Loan was $4.54.

Effective May 13, 2011, these loans will not bear interest.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 4—CONVERTIBLE LOANS—FROM STOCKHOLDERS—(Continued)

See Note 8F for the termination of the Credit Agreement.

NOTE 5—COMMITMENTS AND CONTINGENT LIABILITIES

A. In February 1996 (supplemented on February 1, 1996 and September 28, 1997), the Company entered into a research and license agreement with Yeda Research and Development Company Ltd. **("Yeda")** for the development, production and sale of therapeutic drugs for the treatment of bone related diseases in humans.

In consideration for the funding of research performed by the Company, Yeda granted the Company a worldwide exclusive license to use the results of its research for development, manufacture and sale of any future products derived from the licensed technology. In addition, the Company agreed to pay royalties to Yeda at a rate of up to 5% of sales of the products and up to 50% of consideration received from sublicensing. The Company will also pay certain amounts, up to a maximum of $425 upon achievement of specific milestones set forth in the agreement. The products the Company currently has under development do not fall within the scope of this license.

B. On December 17, 2006 the Company signed a rental agreement (the **"Original Agreement")** for use of its facility at Weizmann Science Park in Ness Ziona, Israel. The rental agreement is for a period of 5 years with an option for an additional 5 years. The annual rental fees were approximately $129 annually. On February 26, 2009, the Company entered into an amendment to the Original Agreement (the **"Amendment")** whereby ProCore Ltd., a related party, will lease part of premises that the Company was leasing under the Original Agreement.

On December 1, 2009 the Company signed a rental agreement for use of its facility at Woburn, Massachusetts, USA. The rental agreement is for a term of six years. The Company shall pay the lessor a base rent of $39 per year. In June 2011, the Company has subleased the facility for the same amount.

C. In connection with its research and development, the Company accrued and received grants from the Office of Chief Scientist of the Ministry of Industry and Trade in Israel ("OCS") in the aggregate amount of approximately $1,500 for funding the Achondroplasia Project and approximately $1,100 for funding the FGF program. In consideration for this grant, the Company is committed to pay royalties at a rate of 3-5% of the sales of products developed using the grant money, up to the amount of the participation payments received.

In September 2009, the Company entered into a Settlement and Waiver Agreement, ("2009 S&W Agreement") with Professor Avner Yayon and Hepacore Ltd. (hereafter "Hepacore"), a company owned by Professor Avner Yayon. Pursuant to the 2009 S&W Agreement, the Company assigned the Achondroplasia Project to Hepacore and Hepacore together with ProCore Ltd. ("ProCore") assumed all liabilities relating to the Achondroplasia Project vis-a-vis the OCS, including the payment of royalties thereto. For the FGF program, the Company committed to pay up to 100% of grants received plus interest according to the LIBOR interest

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 5—COMMITMENTS AND CONTINGENT LIABILITIES—(Continued)

rate. If the manufacturing of the sponsored product takes place outside of Israel, the royalties can increase up to 300% of grants received, depending on the percentage of the manufacturing of sponsored product taking place outside of Israel.

According to the terms of the 2009 S&W Agreement, the Company assigned to Hepacore certain intellectual property as defined in the agreement. In addition, Hepacore will pay the Company royalties of 20% of all revenues in connection with the use of certain intellectual property. This rate may be reduced with respect to combination products, but not below 10%. With respect to certain intellectual property which is owned by Hepacore, licensed under the S&W agreement, the Company is entitled to 1% of net sales of products by Hepacore and affiliates (reduced by 50% if there is no US patent), 10% of sublicensing receipts which constitute royalties on sales of products and 4% on all other licensing receipts.

According to a separate license agreement entered into between the Company and Hepacore dated September 1, 2009, with respect to certain intellectual property of the Company, the Company is entitled to 1% of net sales of products by Hepacore and affiliates, 10% of sublicensing receipts which constitute royalties on sales of products and 4% on all other sublicensing receipts.

If the Company sells or otherwise transfers the FGF technology outside of Israel, it will be required to repay the OCS the entire amount of the grant plus additional amounts as set forth in the Law for the Encouragement of Industrial Research and Development. The exact amount of the additional amounts varies depending on the type of transaction pursuant to which the FGF technology is sold or transferred.

Effective October 1998, the Company entered into an agreement with Israel-United States Binational Industrial Research and Development (“BIRD”) Foundation. According to this agreement, BIRD will assist in reimbursing the Company for expenses incurred during research for the treatment of achondroplasia. The cumulative proceeds received from BIRD in 2002 in respect to this agreement was $900. In consideration for this funding, the Company is obligated to pay royalties at a rate of 5-15% of sales of associated products, up to 150% of the total amount of grants received. Products were never developed under this project and as a result, the Company does not currently owe any royalties to BIRD.

In January 2005, the Company entered into a collaboration agreement with MTF for the development of two products based on the Company’s cell culture and growth factors, as amended on November 24, 2010 (the **“MTF Collaboration Agreement”).** According to the MTF Collaboration Agreement, MTF funded $230 of the Company’s expenses in exchange for an exclusive right and worldwide license for all jointly developed orthopedic allograft/fibroblast growth factor **(“FGF”)** combination products for use in all fields of orthopedics. Revenue sharing from the covered products will be as follows: each party shall be entitled to compensation of cost +10%, residual gross revenues shall be divided 66.67% to MTF and 33.33% to the Company. As of May 12, 2011, no revenue was generated under the MTF Collaboration Agreement.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 5—COMMITMENTS AND CONTINGENT LIABILITIES—(Continued)

D. On May 27, 2009, the Company entered into a Services Agreement with ProMotion Medical Management, Inc. formerly known as ProMotion Biologies, Inc., ("ProMotion") as amended on November 18, 2009 and May 27, 2010 (the "ProMotion Agreement"). In the event the Company undergoes during the 24 month period commencing on June 1, 2010 either (i) a merger; (ii) sale liquidation or other dispositions of all or substantially all of the Company's asset or shares; or (iii) an initial public offering, wherein the net proceeds are equal to or exceed $20,000, ProMotion is entitled to exit commissions ranging from 4.50% to 5.75%. See Note 8A for termination agreement.

E. On March 23, 2010, the Company entered into an Amended and Restated Licensing & Technology Transfer Contract with AT GRADE S.R.L., **("AT Grade"),** as amended in August 2010 (replacing the Licensing & Technology Transfer Contract executed on March 9, 2010) whereby AT Grade was granted (i) the right and license to use the Company's know-how, in exchange for which AT Grade is to remit to the Company lump sum payments throughout the term of the agreement totalling Euro 150,000, in accordance with the terms therein and (ii) the exclusive right and license to produce, use and market, BioCart™ in Italy, in exchange for which AT Grade is to remit to the Company lump sum payments throughout the term of the agreement totalling between Euro 2,544,000 and Euro 5,808,000, in accordance with the terms therein. See Note 8E for the termination of this agreement.

F. In September, 2009 the Company entered into a process development agreement with Lonza Sales Ltd. (hereafter "Lonza"), according to which Lonza will develop a FGF for the Company and MTF.

Pursuant to the MTF Credit Agreement and the Side Letter, MTF shall remit payment to cover all invoices under the agreement with Lonza, subject to the following: (1) MTF shall pay 25% of Lonza invoices as a cash payment, and (2) the remaining 75% of the Lonza Invoices shall be in the form of a convertible loan under the terms of the MTF Credit Agreement. MTF remitted the entire aforementioned 75% prior to the consummation of Histogenics Agreement and undertook to remit the remaining 25% upon receipt of invoices.

The Company may be subject to increased royalty payments to the OCS (up to 300%) as a result of the manufacture of FGF outside of Israel pursuant to the agreement with Lonza as well if the FGF is now to be used for commercial purposes as opposed to clinical as originally envisaged.

On February 15, 2011, the Company entered into a license agreement with Hepacore according to which the Company granted a license to Hepacore with respect to certain intellectual property of the Company, in exchange for which the Company is entitled to: (a) 1% of net sales of products by Hepacore and affiliates; (b) 0.5% of net sales of combination products by Hepacore and affiliates; (c) 10% of sublicensing receipts which constitute royalties on sales of products; (d) 4% of all other sublicensing receipts; and 5% of sublicensing receipts which constitute royalties on sales of combination products and 2% on all other sublicensing receipts.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 6—SHARE CAPITAL

On April 7, 2011, the stockholders of the Company, by Unanimous Written Consent, approved an increase of and change in the Company's share capital such that the share capital of the Company shall be NIS 21,000,000 divided into 2,099,789,838 ordinary shares of a nominal value of NIS 0.01 each and 210,162 deferred shares of a nominal value of NIS 0.01 each. On May 11, 2011 the stockholders of the Company, by Unanimous Written Consent, approved another change in the share capital of the Company such that the share capital of the Company is NIS 21,000,000 divided into 2,099,780,598 ordinary shares of a nominal value of NIS 0.01 each and 219,402 deferred shares of a nominal value of NIS 0.01 each.

A. Deferred Shares

The deferred shares confer upon the holders thereof no rights other than the right, upon liquidation or dissolution, to receive their par value out of any surplus assets of the Company legally available after payment of all debts and other liabilities of the Company, in accordance with the terms the Company's articles of association and the applicable law.

Deferred shares held by the trustee in order to fulfill exercises of stock-based compensation are not considered as issued and outstanding and confer no rights.

B. Stock-based compensation

Stock based compensation to employees is recognized in the statement of operations as an operating expense, based on the fair value of the award on the date of grant. The fair value of stock-based compensation is estimated using the Black Scholes option-pricing model. The Company has expensed compensation costs, net of estimated forfeitures, applying the accelerated vesting method, over the requisite service period.

Stock based payments awarded to consultants (non-employees) are accounted for in accordance with ASC Topic 505-50, "*Equity-Based Payments to Non-Employees*".

Stock-option plans

In April 2005, the Company's Board of Directors (the "ProChon Board") approved a second stock option plan for the grant, without consideration, of up to 254,300 options **("Plan"),** exercisable into 254,300 ordinary shares of the Company, NIS 0.01 par value each to employees, service providers, officers and directors of the Company. The exercise price and vesting period for each grantee of Options will be determined by the ProChon Board and specified in such grantee's option agreement. The options will vest over a period of 6-16 quarters based on each grantee's option agreement. Any option not exercised within 10 years after the date of grant thereof expires.

On April 27, 2009, the Company Board of Directors granted 110,200 options and an additional 15,000 options on August 24, 2009, exercisable into an aggregate amount of 125,200 ordinary shares of the Company. The exercise price of the options was US$ 8.26 and the vesting period was mainly 2 years. The fair value of this grant was estimated at the date of grant as US$ 207 and was expensed over the requisite service period.

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 6—SHARE CAPITAL—(Continued)

On June 10, 2010, the Company Board of Directors granted another 16,400 options, exercisable into 16,400 shares of the Company. The exercise price of the options was US$ 8.26 and the vesting period was 2 years. The fair value of this grant was estimated at the date of grant as US$ 27 and was expensed over the requisite service period.

On October 13, 2010, the Company Board of Directors granted another 18,800 options, exercisable into 18,800 ordinary shares of the Company. The exercise price of the options was US$ 8.26 for 16,000 options and NIS 0.3 for 2,800 options and the vesting period was 4 years. The fair value of this grant was estimated at the date of grant as US$ 26 and was expensed over the requisite service period.

The fair value of options granted under the plan was estimated at the date of grant using the Black-Scholes option pricing model.

	Number	Weighted average exercise price
Balance outstanding at January 1, 2011	173,000	$ 7.52
Granted	—	—
Exercised	(2,800)	NIS 0.3
Expired	(170,200)	$ 8.26
Balance outstanding and exercisable at May 12, 2011	—	—

As a result of the Purchase Agreement (defined in Note 1 B), the vesting periods for all unvested options were accelerated and all of the options in the Company expired (except for 2,800, which were exercised for less than $1).

NOTE 7—INCOME TAX

A. Measurement of results for tax purposes under the Israeli Income Tax (Inflationary Adjustments) Law, 1985 (the "Inflationary Adjustment Law")

Until December 31, 2007, the Company Israel reported for tax purposes in accordance with the provisions of the Inflationary Adjustments Law, whereby taxable income was measured in NIS, adjusted for changes in the Israeli Consumer Price Index.

Results of operations for tax purposes were measured in terms of earnings in NIS after adjustments for changes in the Israeli Consumer Price Index ("CPI"). Commencing January 1, 2008, the Inflationary Adjustment Law became void and in its place there are transition provisions, whereby the results of operations for tax purposes are to be measured on a nominal basis.

B. Corporate tax rates applicable to the income of the Company

As part of the Economic Efficiency Law (Legislative Amendments for the Implementation of the Economic Plan for the years 2009 and 2010)—2009 (the "Arrangements Law")

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 7—INCOME TAX—(Continued)

(hereinafter—the "Economic Efficiency Law for 2009"), article 126 of the Income Tax Ordinance (New Version)—1961 was amended, whereby the corporate tax rate would be reduced so that in 2011 the corporate tax rate was 24% and in the years 2012—2016 the tax rate was supposed to be gradually reduced.

C. Carryforward tax losses

As of May 12, 2011, the Company has carried forward losses for tax purposes in the approximate amount of US$ 41,243. Due to the uncertainty of recoverability, a deferred tax asset has not been recorded.

D. Deferred taxes result principally from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. Significant components of the Group's future tax assets are as follows:

	May 12, 2011
Composition of deferred tax assets:	
Provision for employee-related obligation	$ 26
Non-capital loss carry forwards	41,217
Valuation allowance	(41,243)
	$ —

E. Tax assessments

According and subject to the provisions of article 145 of the Income Tax Ordinance, the tax returns filed by the Company with the Israeli income tax authorities up to and including 2007 are considered final.

NOTE 8—SUBSEQUENT EVENTS

A. On May 13, 2011 the Company and ProMotion executed a Termination Agreement, pursuant to which ProMotion waived any exit fees or commissions upon termination of the ProMotion Agreement or for the transaction contemplated under the Histogenics Agreement.

B. On July 26, 2011, the Company entered into another amendment to the Original Agreement whereby the annual rental fees for the Company comes to approximately $75.

On June 3, 2012, the rental lease was updated. From June 1, 2012, the Company transferred to ProCore all its rights, debts, and obligations and according to the new rental agreement from June 3, 2012, ProCore will sublease certain part of the premises to the Company. The annual rental fees for the Company come to approximately $67. In October 2013, the Company entered into a new lease agreement commencing September 1, 2013, whereby the Company will lease 75 square meters. Regarding the agreement before the update, see Note 5B.

C. On May 13, 2011 the Company entered into a share exchange and note purchase agreement (the "Purchase Agreement") with Histogenics Corporation (hereafter "Histogenics") and the

PROCHON BIOTECH LTD.

NOTES TO THE FINANCIAL STATEMENTS—(Continued)
MAY 12, 2011

In thousands of US Dollars, except share and per share amounts and amounts in non-US Dollars

NOTE 8—SUBSEQUENT EVENTS—(Continued)

stockholders of the company. Pursuant to the agreement Histogenics will acquire 100% of the issued and outstanding capital stock of the Company and be assigned 100% of the rights and benefits of the stockholders' loans from the Company's note holders. Histogenics Corporation, headquartered in the United States, that utilizes a regenerative medicine platform and combines expertise in cell processing, scaffolding, tissue engineering, bioadhesives and growth factors to provide solutions that can be utilized individually or in concert to treat musculoskeletal-related conditions. Histogenics first product candidate, NeoCart, leverages its regenerative medicine platform to provide an innovative treatment in the orthopaedic space, specifically cartilage damage in the knee. NeoCart is currently enrolling a Phase 3 clinical trial in the United States under a Special Protocol Assessment. As the Histogenics NeoCart product is similar to BioCart, commercial and clinical activity was suspended related to BioCart in 2011 until further notice The Company will become a research and development center for Histogenics.

D. On December 6, 2011, the Law for the Change in the Tax Burden (Legislative Amendments)—2011 was publicized. As part of this law, among other things, commencing from 2012, the blueprint for the reduction in corporate tax rates set out in the Economic Efficiency Law for 2009 was cancelled and the corporate tax rate was increased to 25%. In addition, the tax rate on capital gains in real terms and the tax rate applicable to betterment in real terms were increased to 25%.

On July 30, 2013, the Israeli parliament approved the Law for the Change in National Priorities (Legislative Amendments to Achieve Budgetary Goals for 2013 and 2014)—2013 (hereinafter—the "Law for the Change in National Priorities"), which was published in the Official Gazette on August 5, 2013.

According to the Law for the Change in National Priorities the standard Israeli corporate income tax rate will be increased from 25% to 26.5% effective as of January 1,2014. This change of tax rate did not have material effect on the Company.

E. On August 2, 2012, the Company and AT Grade entered into a Settlement and Waiver Agreement whereby AT Grade would remit the total aggregate sum of Euro 20,000 in exchange for enough FGF Variant to treat 30 (thirty) patients.

F. In August 2013 Histogenics and the Company entered into termination agreement to waive repayment of all loan loans assigned to Histogenics as part of the Share Exchange and Note Purchase Agreement executed on May 13, 2011. The Company is relieved of any and all obligations under it. Any gain created by the relief of this debt was offset against the Company's accumulated tax losses.

G. For the purpose of the accompanying financial statements, subsequent events have been evaluated through January 28, 2014, which is the date these financial statements were available to be issued.

Table of Contents

Shares

Common Stock

PROSPECTUS

Until , 2014, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Cowen and Company

Roth Capital Partners

, 2014

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table presents the costs and expenses, other than underwriting discounts and commissions, payable in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee, the FINRA filing fee and the exchange listing fee. Except as otherwise noted, all the expenses below will be paid by us.

SEC registration fee	*
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous fees and expenses	*
Total	*

* To be completed by amendment

Item 14. Indemnification of Directors and Officers.

Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware provide that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, officer, employee or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

In connection with the completion of this offering, the Registrant's amended and restated certificate of incorporation will contain provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of the Registrant's directors for monetary damages for breach of their fiduciary duties as directors. The Registrant's amended and restated bylaws to be in effect immediately prior to the completion of this offering provide that the Registrant must indemnify its directors and officers and may indemnify its employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

The Registrant has entered into indemnification agreements with its directors and executive officers, in addition to the indemnification provided for in its amended and restated bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The Registrant has purchased and intends to maintain insurance on behalf of any person who is or was a director or officer of the Registrant against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement, the form of which is attached as Exhibit 1.1 hereto, provides for indemnification by the underwriters of the Registrant and its executive officers and directors, and by the Registrant of the

underwriters, for certain liabilities, including liabilities arising under the Securities Act and affords certain rights of contribution with respect thereto.

See also “Undertakings” set out in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding the shares of common stock and preferred stock and the warrant issued, and options granted, by us since February 14, 2011 that were not registered under the Securities Act of 1933.

(1) Under the 2012 Equity Incentive Plan, we granted stock options to purchase shares of our common stock to certain of our employees, officers, consultants and advisors, as follows: (a) from August 15, 2012 to July 16, 2013, we granted stock options to purchase an aggregate of 5,391,806 shares of our common stock at an exercise price of $0.07 per share; (b) on October 31, 2012, we issued 61,095 shares of restricted common stock at a price of $0.001 per share; (c) on April 23, 2013, we issued 81,623 shares of restricted common stock at a price of $0.001 per share; and (d) on December 11, 2013, we granted stock options to purchase an aggregate of 1,353,211 shares of our common stock at an exercise price of $0.66 per share.

(2) In 2012, we issued and sold an aggregate of 28,602,031 shares of Series A convertible preferred stock to investors for an aggregate purchase price of $26.5 million, net of issuance costs.

(3) In 2012, in connection with our Series A Financing, we issued warrants to investors and advisors exercisable for an aggregate of 2,266,841 shares of our common stock at a weighted average exercise price of $0.0167 per share. These warrants are or will be exercisable upon the occurrence of certain defined events for an aggregate of up 2,266,841 shares of our common stock. These warrants terminate ten years after the date issued.

(4) In December 2013, we issued and sold an aggregate of 10,323,988 shares of Series A-1 convertible preferred stock to investors for an aggregate purchase price of $10.3 million.

The offers, sales, grants and issuances of the securities described in paragraph (1) were deemed to be exempt from registration under the Securities Act in reliance on Rule 701. The recipients of such securities were our employees, officers, bona fide consultants and advisors and received the securities under our 2012 Equity Incentive Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offer, sale and issuance of the securities described in paragraphs (2), (3) and (4) were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act in that the issuance of the securities to the accredited investors did not involve a public offering. The recipients of the securities in this transaction acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in this transaction. The recipients of the securities in this transaction were accredited investors under Rule 501 of Regulation D.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit	Description
1.1*	Form of Underwriting Agreement
3.1	Fifth Amended and Restated Certificate of Incorporation, as amended (currently in effect)
3.2	Bylaws (currently in effect)
3.3*	Form of Sixth Amended and Restated Certificate of Incorporation (to be effective immediately prior to the closing of this offering)

Exhibit	Description
3.4*	Form of Amended and Restated Bylaws (to be effective immediately prior to the closing of this offering)
4.1*	Specimen stock certificate evidencing the shares of common stock
4.2	Second Amended and Restated Investors' Rights Agreement dated as of December 18, 2013
4.3	Second Amended and Restated Stockholders' Agreement dated as of December 18, 2013
5.1*	Opinion of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
10.1	Form of Indemnity Agreement for directors and officers
10.2+	Employment Agreement, dated June 5, 2013, between the Registrant and Peter Greenleaf
10.3+	Offer letter, effective as of May 15, 2011, between the Registrant and Kevin McArdle
10.4+	Offer letter, dated September 23, 2013, between the Registrant and Nancy Lynch, M.D.
10.5+	Offer letter, effective as of August 5, 2013, between the Registrant and Stephen Kennedy
10.6+	2012 Equity Incentive Plan, as amended, and form of option agreement thereunder
10.7+*	2013 Equity Incentive Plan and form of option agreement thereunder
10.8+*	2013 Employee Stock Purchase Plan
10.9+*	Independent Director Compensation Policy
10.10†	License Agreement dated as of May 12, 2005 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.11†	Amendment to License Agreement dated as of August 31, 2007 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.12†	Second Amendment to License Agreement dated as of January 1, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.13†	Third Amendment to License Agreement dated as of April 15, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.14†	Fourth Amendment to License Agreement dated as of November 1, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.15†	Fifth Amendment to License Agreement dated as of August 6, 2010 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.16†	Reinstatement Agreement and Sixth Amendment to License Agreement dated as of February 8, 2011 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.17†	Seventh Amendment to License Agreement dated as of March 31, 2011 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.18†	Eighth Amendment to License Agreement dated as of June 29, 2012 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.19†	Paid-up License Agreement dated as of March 6, 2013 between the Registrant and Koken Co., Ltd.
10.20†*	Agreement dated as of June 22, 2012 between the Registrant and Purpose Co., Ltd. f/k/a Takagi Sangyo Co. Ltd. and f/k/a Takagi Industrial Co., Ltd.
10.21†	Exclusive Agreement dated as of April 15, 2001 between the Registrant and The Board of Trustees of The Leland Stanford Junior University
10.22†	First Amendment to Exclusive Agreement dated as of October 26, 2005 between the Registrant and The Board of Trustees of The Leland Stanford Junior University

Exhibit	Description
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10.24†	Amendment No. 3 to the License Agreement Effective 4/15/2001 dated as of May 1, 2009 between the Registrant and The Board of Trustees of The Leland Stanford Junior University
10.25†	Amendment No. 4 to the License Agreement Effective 4/15/2001 dated as of April 29, 2010 between the Registrant and The Board of Trustees of The Leland Stanford Junior University
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10.27†*	Amendment to License Agreement dated as of March 23, 2010 between the Registrant (ProChon Biotech Ltd.) and Yeda Research and Development Company Limited
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21.1	List of Subsidiaries
23.1*	Consent of Grant Thornton LLP, independent registered public accounting firm
23.2*	Consent of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page)

* To be filed by amendment.

\+ Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment. The omitted portions of this exhibit have been filed with the SEC.

(b) Financial Statement Schedules

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

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

The undersigned Registrant hereby undertakes to provide the underwriters, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

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

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

3. For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

4. In a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

   (1) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

   (2) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Waltham, Commonwealth of Massachusetts, on this day of , 2014.

HISTOGENICS CORPORATION

By: _____

Peter Greenleaf
President and Chief Executive Officer

SIGNATURES AND POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Peter Greenleaf and Kevin McArdle, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments) and any registration statement related thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
Peter Greenleaf	Chief Executive Officer, President, and Director (Principal Executive Officer)	
Kevin McArdle	Chief Financial Officer (Principal Financial and Accounting Officer)	
Garheng Kong, M.D., Ph.D.	Chairman of the Board	
Joshua Baltzell	Director	
John H. Johnson	Director	
Michael Lewis	Director	
Kevin Rakin	Director	

EXHIBIT INDEX

Exhibit	Description
1.1*	Form of Underwriting Agreement
3.1	Fifth Amended and Restated Certificate of Incorporation, as amended (currently in effect)
3.2	Bylaws (currently in effect)
3.3*	Form of Sixth Amended and Restated Certificate of Incorporation (to be effective immediately prior to the closing of this offering)
3.4*	Form of Amended and Restated Bylaws (to be effective immediately prior to the closing of this offering)
4.1*	Specimen stock certificate evidencing the shares of common stock
4.2	Second Amended and Restated Investors' Rights Agreement dated as of December 18, 2013
4.3	Second Amended and Restated Stockholders' Agreement dated as of December 18, 2013
5.1*	Opinion of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
10.1	Form of Indemnity Agreement for directors and officers
10.2+	Employment Agreement, dated June 5, 2013, between the Registrant and Peter Greenleaf
10.3+	Offer letter, effective as of May 15, 2011, between the Registrant and Kevin McArdle
10.4+	Offer letter, dated September 23, 2013, between the Registrant and Nancy Lynch, M.D.
10.5+	Offer letter, effective as of August 5, 2013, between the Registrant and Stephen Kennedy
10.6+	2012 Equity Incentive Plan, as amended, and form of option agreement thereunder
10.7+*	2013 Equity Incentive Plan and form of option agreement thereunder
10.8+*	2013 Employee Stock Purchase Plan
10.9+*	Independent Director Compensation Policy
10.10†	License Agreement dated as of May 12, 2005 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.11†	Amendment to License Agreement dated as of August 31, 2007 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.12†	Second Amendment to License Agreement dated as of January 1, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.13†	Third Amendment to License Agreement dated as of April 15, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.14†	Fourth Amendment to License Agreement dated as of November 1, 2008 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.15†	Fifth Amendment to License Agreement dated as of August 6, 2010 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.16†	Reinstatement Agreement and Sixth Amendment to License Agreement dated as of February 8, 2011 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.17†	Seventh Amendment to License Agreement dated as of March 31, 2011 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH
10.18†	Eighth Amendment to License Agreement dated as of June 29, 2012 among the Registrant and Angiotech Pharmaceuticals (US), Inc. and Angiodevice International GmbH

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10.19†	Paid-up License Agreement dated as of March 6, 2013 between the Registrant and Koken Co., Ltd.
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* To be filed by amendment.
\+ Indicates management contract or compensatory plan.
† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment. The omitted portions of this exhibit have been filed with the SEC.

FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF HISTOGENICS CORPORATION

(Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware)

Histogenics Corporation, a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

That the name of this corporation is Histogenics Corporation and that this corporation was originally incorporated pursuant to the General Corporation Law on July 14, 2006 under the name Histogenics Corporation.

That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety as follows:

FIRST: The name of this corporation is Histogenics Corporation.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 70,000,000 shares of Common Stock, $0.001 par value per share ("**Common Stock**"), and (ii) 49,250,000 shares of Preferred Stock, $0.001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein and as may be designated by resolution of the Board of Directors of the Corporation (the "**Board of Directors**" or the "**Board**") with respect to any series of Preferred Stock as authorized herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Corporation's certificate of incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Corporation's certificate of incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding plus the number of shares issuable upon conversion of shares of Preferred Stock then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Corporation's certificate of incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

Preferred Stock may be issued from time to time in one or more series, each of such series to consist of such number of shares and to have such terms, rights, powers and preferences, and the qualifications and limitations with respect thereto, as stated or expressed herein.

A total of 28,602,031 shares of the Preferred Stock of the Corporation shall be designated "**Series A Preferred Stock**" and a total of 20,647,969 shares of the Preferred Stock of the Corporation shall be designated "**Series A-1 Preferred Stock**" Unless otherwise indicated, references to "Section" or "Sections" in this Part B of this Article Fourth refer to a section and sections of Part B of this Article Fourth.

1. Dividends.

(a) From and after the date of the issuance of any shares of Preferred Stock, dividends at the rate per annum of eight percent (8%) of the applicable Original Issue Price (as defined below) shall accrue on such shares of Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) (the "**Accruing Dividends**"), on a pari passu basis, payable in cash or in shares of such series of Preferred Stock at the option of the holder thereof, when and as declared by the Board but in no event later than upon the earliest to occur of: (i) the voluntary or

involuntary liquidation, dissolution or winding up of the Corporation, (ii) upon any Deemed Liquidation Event (as defined below), (iii) upon redemption in accordance with Section 6 and (iv) upon conversion in accordance with Section 4. Accruing Dividends shall accrue from day to day, whether or not declared, and shall be cumulative; provided, however, that except as set forth in this Section B.1, Section B.2, Section 4 and Section 6, the Corporation shall be under no obligation to pay such Accruing Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in this Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) the amount of the aggregate Accruing Dividends then accrued on such share of Preferred Stock plus (ii) that dividend per share of Preferred Stock as would equal the product of (1) the dividend payable on each share of Common Stock and (2) the number of shares of Common Stock issuable upon conversion of a share of such series of Preferred Stock calculated on the record date for determination of holders entitled to receive such dividend. The "**Original Issue Price**" shall mean $1.00 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock or Series A-1 Preferred Stock, as applicable.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1. Preferential Payments to Holders of Preferred Stock.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, on a pari passu basis, before any payment shall be made to the holders of Common Stock, an amount per share equal to the applicable Original Issue Price, plus any Accruing Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon. If upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled under this Section 2.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2. Distribution of Remaining Assets.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment of (i) all preferential amounts required to be paid to the holders of shares of Preferred Stock; and (ii) all amounts required to be paid pursuant to that that certain agreement, by and between the Corporation and Purpose Co., Ltd., f/k/a Takagi Sangyo Co. Ltd., and also f/k/a Takagi Industrial Co., Ltd., a Japanese corporation, dated as of June 25, 2012 (the "**Takagi Agreement**"), the remaining assets of the Corporation

available for distribution to its stockholders, if any, shall be distributed among the holders of the shares of Common Stock and Preferred Stock, pro rata based on the number of shares of Common Stock held by each such holder, with each share of Preferred Stock treated for this purpose as the number of shares of Common Stock into which such share of Preferred Stock is then convertible (the "**Participation Amount**").

(b) The aggregate amount which a holder of a share of Preferred Stock is entitled to receive under Section 2.1 and Section 2.2(a) is hereinafter referred to as the applicable "**Liquidation Amount**."

2.3. Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the Required Holders (as defined in Section 3.1) elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:

(a) a merger, reorganization or consolidation in which

(i) the Corporation is a constituent party; or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger, reorganization or consolidation,

except any such merger, reorganization or consolidation involving the Corporation or a subsidiary of the Corporation in which the shares of capital stock of the Corporation outstanding immediately prior to such merger, reorganization or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger, reorganization or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger, reorganization or consolidation, the parent corporation of such surviving or resulting corporation (provided, that, for the purpose of this Section 2.3.1, all shares of Common Stock issuable upon exercise of Options (as defined below) outstanding immediately prior to such merger, reorganization or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger, reorganization or consolidation shall be deemed to be outstanding immediately prior to such merger, reorganization or consolidation and, if applicable, converted or exchanged in such merger, reorganization or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged);

(b) the sale, lease, transfer, exclusive license or other disposition (in a single transaction or series of related transactions) by the Corporation or any subsidiary of the Corporation of all or substantially all the assets or all or substantially all of the intellectual property of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation; or

(c) a transaction or series of related transactions in which a person or a group of persons (as defined in Rule 13d-5(b) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) acquires beneficial ownership (as determined in accordance with Rule 13d-3 under the Exchange Act) of a majority of voting power of the voting shares of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event unless the agreement or plan of merger, reorganization or consolidation or other transaction documentation provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 2.1 and 2.2 above.

(b) In the event of a Deemed Liquidation Event referred to in Section 2.3.1(a)(ii) or 2.3.1(b) above, if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (ii) if the Required Holders so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation) (the "**Net Proceeds**"), to the extent legally available therefore, on the one hundred fiftieth (150th) day after such Deemed Liquidation Event (the "**Liquidation Redemption Date**"), to redeem, on a pari passu basis, all outstanding shares of Preferred Stock at a price per share equal to the applicable Liquidation Amount, provided, that, prior to the payment of the Participation Amount, the Corporation shall pay all amounts required to be paid pursuant to the Takagi Agreement. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Net Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, or if the Corporation does not have sufficient lawfully available funds to effect such redemption, the Corporation shall redeem a pro rata portion of each holder's shares of Preferred Stock, to the fullest extent of such Net Proceeds or such lawfully available funds, as the case may be, on a pari passu basis, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The provisions of Sections 6.1 through 6.4 below shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Preferred Stock pursuant to this Section B.2.3.2(b). Prior to the distribution or redemption provided for in this Section B.2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, reorganization, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors. In the event that any consideration payable to the Corporation or its stockholders in connection with any Deemed Liquidation Event is contingent upon the occurrence of any future event or the passage of time (including, without limitation, any deferred purchase price payments, installment payments, payments made in respect of any promissory note issued in such transaction, purchase price adjustment payments or payments in respect of "earnouts", escrows or holdbacks), such consideration shall not be deemed received by the Corporation or its stockholders or available for distribution to such stockholders unless and until such consideration is indefeasibly received by the Corporation or its stockholders in accordance with the terms of such Deemed Liquidation Event.

3. Voting.

3.1. General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which such shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of this Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class. For purposes of this Certificate of Incorporation, the term "**Required Holders**" shall mean the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Preferred Stock, voting as a separate class and on an as-converted to Common Stock basis.

3.2. Election of Directors. Subject to the provisions of this Section 3.2, (i) the holders of record of the shares of Preferred Stock, voting together exclusively and as a separate class and on an as-converted to Common Stock basis, shall be entitled to elect four (4) directors of the Corporation (the "**Preferred Directors**"), and (ii) the holders of record of the shares of Common Stock, voting together exclusively and as a separate class, by vote of the holders of a majority of the then outstanding shares of Common Stock, shall be entitled to elect one (1) director of the Corporation. The holders of record of the shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted into Common Stock basis, shall be entitled, by vote of the holders of a majority of the then outstanding shares of Common Stock and Preferred Stock (calculated on an as-if-converted to Common Stock basis), to elect all remaining members of the Board of Directors, if any, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors. Any director elected as provided in the preceding sentence may be removed without

cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series of capital stock entitled to elect such director shall constitute a quorum for the purpose of electing such director. A vacancy in any directorship filled by the holders of any class or series of capital stock shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series of capital stock or by any remaining director or directors elected by the holders of such class or series pursuant to this Section 3.2.

3.3. Protective Provisions. At any time when at least 9,700,000 shares of Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), the Corporation shall not, and shall not permit its subsidiaries, in either case either directly or indirectly by amendment, merger, reorganization, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate of Incorporation) the written consent or affirmative vote of the Required Holders, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a single class on an as-converted into Common Stock basis, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(a) (i) liquidate, dissolve or wind-up the business and affairs of the Corporation, (ii) effect any merger, reorganization, consolidation or acquisition of another entity or its assets, or Deemed Liquidation Event, (iii) transfer, assign or otherwise dispose of any shares of capital stock or other equity securities of the Corporation's subsidiary ProChon Biotech Ltd. to any person or entity, (iv) permit the Corporation's subsidiary ProChon Biotech Ltd. to liquidate, dissolve or wind up its business or affairs, to effect any merger, consolidation or sale, lease, transfer, exclusive license or other disposition of all or substantially all the assets or all or substantially all of the intellectual property of such subsidiary or to issue any shares of capital stock or other equity securities to any person or entity other than the Corporation, or (vi) consent to any of the foregoing;

(b) amend, alter or repeal any provision of this Certificate of Incorporation or Bylaws of the Corporation;

(c) create, or authorize the creation of, issue or obligate itself to issue shares of, or issue warrants or options to purchase shares of, any class or series of capital stock, or create, or authorize the creation of, issue or obligate itself to issue shares of, or issue warrants

or options to purchase shares of, any other security, unless the same ranks junior to the Series A Preferred Stock and Series A-1 Preferred Stock in respect of any right, preference or privilege, or increase the authorized number of shares of the Preferred Stock or increase the authorized number of shares of any class or series of shares of capital stock unless the same ranks junior to the Series A Preferred Stock and Series A-1 Preferred Stock in respect of any right, preference or privilege;

(d) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A Preferred Stock and Series A-1 Preferred Stock if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock or Series A-1 Preferred Stock in respect of any right, preference or privilege, or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A Preferred Stock or Series A-1 Preferred Stock if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A Preferred Stock or Series A-1 Preferred Stock in respect of any right, preference or privilege;

(e) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock or other equity securities of the Corporation other than (i) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of capital stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof and (iv) payments pursuant to the Takagi Agreement;

(f) create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) all or substantially all of the assets of the subsidiary;

(g) incur, or permit any subsidiary to incur, any indebtedness that is not already included in a budget approved by the Board of Directors, other than trade credit incurred in the ordinary course of business, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $500,000, without the approval of the Board of Directors of the Corporation, including at least a majority of the Preferred Directors;

(h) grant, or authorize the grant of, an exclusive license relating to all or substantially all of the material technology or intellectual property of the Corporation or any subsidiary thereof (in a single transaction or series of related transactions) other than in the ordinary course of business;

(i) increase or decrease the authorized number of directors constituting the Board of Directors;

(j) change the Corporation's principal line or lines of business;

(k) enter into or modify any agreement, transaction or arrangement with any of the Corporation's officers, directors or employees, except for customary compensation, benefit or indemnification arrangements as approved by the Board of Directors; or

(l) amend the Corporation's equity incentive plan (the "**2012 Equity Incentive Plan**") or approve any new equity incentive plan.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1. Right to Convert.

4.1.1. Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the applicable Original Issue Price by the Conversion Price (as defined below) in effect at the time of the conversion. The "**Series A Conversion Price**" shall initially be equal to $1.00 and the "**Series A-1 Conversion Price**" shall initially be equal to $1.00. Unless otherwise specified herein, "Conversion Price" shall refer to the Series A Conversion Price and Series A-1 Conversion Price, as applicable. Such initial Conversion Price and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a notice of redemption of any shares of Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the applicable redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at such time.

4.2. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock then held by the holder at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3. Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, and cash as provided in Section 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and payment of any declared but unpaid dividends on the shares of Preferred Stock converted and payment of any accrued but unpaid Accruing Dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common

Stock issuable upon conversion of such Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon and to receive payment of any accrued but unpaid Accruing Dividends. Any shares of Preferred Stock so converted shall be retired and cancelled and shall not be reissued as shares of any such series, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on such Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion; provided that any such dividends and any accrued but unpaid Accruing Dividends shall be paid upon such conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4. Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

"**Series A-1 Original Issue Date**" shall mean the date on which the first share of Series A-1 Preferred Stock was issued.

"**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

"**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

"**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Section 4.4.3 below, deemed to be issued) by the Corporation on or after the Series A-1 Original Issue Date, other than the following shares of Common Stock, and shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (collectively "**Exempted Securities**"):

(i) (x) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on the Preferred Stock or (y) upon conversion of the Preferred Stock in accordance with the terms of this Certificate of Incorporation;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Sections 4.5, 4.6, 4.7 or 4.8 below;

(iii) up to 5,883,847 shares of Common Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation;

(iv) shares of Common Stock issued upon the exercise of warrants issued (A) pursuant to the merger of the Corporation and Histogenics Finance Corporation and (B) to Boston Equity Advisors, LLC or its designees pursuant to the agreement between it and the Corporation dated June 6, 2011 as amended July 19; 2012;

(v) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Options or Convertible Securities;

(vi) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation (including a majority of the Preferred Directors);

(vii) shares of Common Stock, Options or Convertible Securities issued in connection with a bona fide business acquisition by the Corporation, whether by merger, reorganization, consolidation, purchase of assets, exchange of stock, or otherwise, provided, however, that such acquisition is approved by the Board of Directors of the Corporation (including a majority of the Preferred Directors);

(viii) shares of Common Stock issued pursuant to the Takagi Agreement; or

(ix) shares of Common Stock issued in connection with a Qualified IPO (as defined below).

4.4.2 No Adjustment of Conversion Price. No adjustment in the applicable Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Required Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time on or after the Series A-1 Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Section 4.4.4 or Section 4.4.5 below, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, such Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to the Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the applicable Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the applicable Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the applicable Conversion Price pursuant to the terms of Section 4.4.4 or Section 4.4.5 below (either because the consideration per share (determined pursuant to Section 4.4.6 hereof) of the Additional Shares of Common Stock subject thereto was

equal to or greater than such applicable Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series A-1 Original Issue Date), are revised after the Series A-1 Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 4.4.3(a) above) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the applicable Conversion Price pursuant to the terms of Section 4.4.4 or Section 4.4.5 below, such applicable Conversion Price shall be readjusted to such applicable Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the applicable Conversion Price provided for in this Section 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Section 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to such applicable Conversion Price that would result under the terms of this Section 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (assuming for purposes of calculating such adjustment to such Conversion Price that such issuance or amendment took place at the time such calculation can first be made).

4.4.4 Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock.

(a) Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A-1 Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to such issue, then the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) / (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(i) “CP2” shall mean the Series A Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(ii) “CP1” shall mean the Series A Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(iii) “A” shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock, treating for this purpose as outstanding all shares of Common Stock issuable upon conversion or exchange of Preferred Stock outstanding immediately prior to such issue but excluding any shares of Common Stock issuable upon conversion or exchange of other Convertible Securities or Options;

(iv) “B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(v) “C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(b) Notwithstanding the foregoing, the Required Holders may amend or waive the adjustment provided for in Section B.4.4.4(a).

4.4.5 Adjustment of Series A-1 Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A-1 Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the applicable Series A-1 Conversion Price in effect immediately prior to such issuance, then the Series A-1 Conversion Price shall be reduced, concurrently with such issuance, to the consideration per share received by the Corporation for such issue or deemed issuance of the Additional Shares of Common Stock; provided that if such issuance or deemed issuance was without consideration, then the Corporation shall be deemed to have received an aggregate of $.001 of consideration for all such Additional Shares of Common Stock issued or deemed to be issued. Notwithstanding the foregoing, the Required Holders may amend or waive the adjustment provided for in Section B.4.4.5.

4.4.6 Determination of Consideration. For purposes of this Section 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) The maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.7 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the applicable Conversion Price pursuant to the terms of Section 4.4.4 or Section 4.4.5 above then, upon the final such issuance, such applicable Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5. Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series A-1 Original Issue Date effect a subdivision of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such Preferred Stock shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series A-1 Original Issue Date combine the outstanding shares of Common Stock, the applicable Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such Preferred Stock shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this Section 4.5 shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6. Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A-1 Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each such applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each such applicable Conversion Price shall be adjusted pursuant to this Section 4.6 as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made to the applicable Conversion Price if the holders of such Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of such Preferred Stock had been converted into Common Stock on the date of such event.

4.7. Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A-1 Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock), or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of such Preferred Stock had been converted into Common Stock on the date of such event.

4.8. Adjustment for Merger or Reorganization, etc. Subject to the provisions of Section 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Sections 4.4, 4.6 or 4.7, then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of such Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock.

4.9. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the applicable Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the applicable Conversion Price held by such holder then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such Preferred Stock.

4.10. Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1. Trigger Events. Upon (a) the closing of the sale of shares of Common Stock to the public at a price of at least three (3) times the Original Issue Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least thirty million dollars ($30,000,000) of gross proceeds (a "**Qualified IPO**") or (b) the vote or written consent of the Required Holders (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective Conversion Price and (ii) such shares may not be reissued by the Corporation.

5.2. Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 5.

At the Mandatory Conversion Time, all outstanding shares of Preferred Stock shall be deemed to have been converted into shares of Common Stock, which shall be deemed to be outstanding of record, and all rights with respect to such Preferred Stock so converted, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the last sentence of this Section 5.2. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for shares of Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Section 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted and the payment of any accrued but unpaid Accruing Dividends on the shares of Preferred Stock converted.

5.3. Effect of Mandatory Conversion. All certificates evidencing shares of Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the Mandatory Conversion Time, be deemed to have been retired and cancelled and the shares of Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. Such converted Preferred Stock may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redemption.

6.1. Redemption. Shares of Preferred Stock shall be redeemed by the Corporation out of funds lawfully available therefor, on a pari passu basis, at a price equal to the Original Issue Price, plus any Accruing Dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon (the "**Redemption Price**"), in three (3) substantially equal annual installments commencing sixty (60) days after receipt by the Corporation at any time on or after July 20, 2016, of written notice from the Required Holders requesting redemption of all shares of Preferred Stock (the date of each such installment being referred to as a "**Redemption Date**"). On each Redemption Date, the Corporation shall redeem on a pro rata basis in accordance with the number of shares of Preferred Stock owned by each Preferred Stock holder, that number of outstanding shares of Preferred Stock determined by dividing (i) the total number of shares of Preferred Stock immediately prior to such Redemption Date by (ii) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies). Notwithstanding the foregoing, with respect to each Redemption Date, if the Corporation has accumulated earnings and profits or is reasonably likely to have earnings and profits in the year of redemption, in each case as described in Section 316(a) of the Internal Revenue Code of 1986, as amended (the

"**Code**"), then with respect to each holder, the Corporation shall redeem at least an amount of Preferred Stock to cause the redemption to be treated as a payment in exchange for such Preferred Stock under Section 302(a) of the Code. If the Corporation does not have sufficient funds legally available to redeem on any Redemption Date all shares of Preferred Stock to be redeemed on such Redemption Date, the Corporation shall redeem a pro rata portion of each holder's redeemable shares of Preferred Stock out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares of Preferred Stock to have been redeemed as soon as practicable after the Corporation has funds legally available therefor.

6.2. Redemption Notice. Written notice of the mandatory redemption (the "**Redemption Notice**") shall be sent to each holder of record of Preferred Stock not less than forty (40) days prior to each Redemption Date. Each Redemption Notice shall state:

(a) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(b) the Redemption Date and the Redemption Price;

(c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Section 4.1); and

(d) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

6.3. Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Preferred Stock shall promptly be issued to such holder.

6.4. Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such

shares of Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock which are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

8. Waiver. Any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the Required Holders.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by this Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by this Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article Tenth, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article Tenth or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article Tenth is not paid in full within thirty (30) days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a

director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article Tenth shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation or the Corporation's Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article Tenth; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article Tenth.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ELEVENTH: The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any

holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation or arising directly from such Covered Person's interest in the Corporation.

TWELFTH: Notwithstanding any provision of law, the Corporation may, by contract, grant to some or all of the security holders of the Corporation pre-emptive rights to acquire stock of the Corporation, but no stockholder shall have any pre-emptive rights except as specifically so granted.

****

IN WITNESS WHEREOF, this Fifth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation this 18th day of December 2013.

/s/ Peter Greenleaf
Peter Greenleaf
Chief Executive Officer

Exhibit 3.2

BYLAWS

of

HISTOGENICS CORPORATION

A Delaware Corporation

Adopted: July 14, 2006
Date

/s/ Laurence J.B. Tarrant
Secretary

BYLAWS

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BYLAWS
OF
HISTOGENICS CORPORATION

(A Delaware Corporation)

ARTICLE I

STOCKHOLDERS

Section 1.1 Annual Meeting. The annual meeting of the stockholders of the corporation shall be held on such date as shall be fixed by the Board of Directors, at such time and place within or without the State of Delaware as may be designated in the notice of meeting. If the day fixed for the annual meeting shall fall on a legal holiday, the meeting shall be held on the next succeeding day not a legal holiday. If the annual meeting is omitted on the day herein provided, a special meeting may be held in place thereof, and any business transacted at such special meeting in lieu of annual meeting shall have the same effect as if transacted or held at the annual meeting. At the discretion of the Board of Directors, the meeting may be conducted by remote communication to the extent permitted by law.

Section 1.2 Special Meetings. Special meetings of the stockholders may be called at any time by the president or by the board of directors. Special meetings of the stockholders shall be held at such time, date and place within or outside of the State of Delaware as may be designated in the notice of such meeting. At the discretion of the Board of Directors, the meeting may be conducted by remote communication to the extent permitted by law.

Section 1.3 Notice of Meeting.

(a) A written notice stating the place, if any, date, and hour of each meeting of the stockholders, and, in the case of a special meeting, the purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting, and to each stockholder who, under the Certificate of Incorporation or these Bylaws, is entitled to such notice, by delivering such notice to such person or leaving it at their residence or usual place of business, or by mailing it to such stockholder at his address as it appears upon the books of the corporation at least ten days and not more than 60 days before the meeting. Such notice shall be given by the secretary, an assistant secretary, or any other officer or person designated either by the secretary or by the person or persons calling the meeting.

(b) The requirement of notice to any stockholder may be waived (i) by a written waiver of notice, executed before or after the meeting by the stockholder or his attorney thereunto duly authorized, and filed with the records of the meeting, (ii) if communication with such stockholder is unlawful, (iii) by attendance at the meeting without protesting prior thereto or at its commencement the lack of notice, or (iv) as otherwise excepted by law. A waiver of notice of any regular or special meeting of the stockholders need not specify the purposes of the meeting.

(c) If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.4 Quorum. The holders of a majority in interest of all stock issued, outstanding and entitled to vote at a meeting shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present.

Section 1.5 Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the books of the corporation, unless otherwise provided by law or by the Certificate of Incorporation. Stockholders may vote either in person or by written proxy, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies shall be filed with the secretary of the meeting, or of any adjournment thereof. Except as otherwise limited therein, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by one of them unless at or prior to exercise of the proxy the corporation receives a specific written notice to the contrary from any one of them.

Section 1.6 Action at Meeting. When a quorum is present at any meeting, a plurality of the votes properly cast for election to any office shall elect to such office, and a majority of the votes properly cast upon any question other than election to an office shall decide such question, except where a larger vote is required by law, the Certificate of Incorporation or these Bylaws. No ballot shall be required for any election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

Section 1.7 Action Without Meeting. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of the minimum number of votes necessary to authorize or take such action at a meeting at which shares entitled to vote thereon were present and voted and copies are delivered to the corporation in the manner prescribed by law.

Section 1.8 Voting of Shares of Certain Holders.

(a) Shares of stock of the corporation standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

(b) Shares of stock of the corporation standing in the name of a deceased person, a minor ward or an incompetent person, may be voted by his administrator, executor,

court-appointed guardian or conservator without a transfer of such shares into the name of such administrator, executor, court appointed guardian or conservator. Shares of capital stock of the corporation standing in the name of a trustee or fiduciary may be voted by such trustee or fiduciary.

(c) Shares of stock of the corporation standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

(d) A stockholder whose shares are pledged shall be entitled to vote such shares unless in the transfer by the pledger on the books of the corporation he expressly empowered the pledgee to vote thereon, in which case only the pledgee or its proxy shall be entitled to vote the shares so transferred.

(e) Shares of its own stock belonging to this corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by the corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares.

Section 1.9 Stockholder Lists. The secretary (or the corporation's transfer agent or other person authorized by these Bylaws or by law) shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at (i) the corporation's principal place of business, (ii) at the place where the meeting is to be held, or (iii) by making it available on an electronic network. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Powers. Except as reserved to the stockholders by law, by the Certificate of Incorporation or by these Bylaws, the business of the corporation shall be managed under the direction of the board of directors, who shall have and may exercise all of the powers of the corporation. In particular, and without limiting the foregoing, the board of directors shall have the power to issue or reserve for issuance from time to time the whole or any part of the capital stock of the corporation which may be authorized from time to time to such person, for such consideration and upon such terms and conditions as they shall determine, including the granting of options, warrants or conversion or other rights to stock.

Section 2.2 Number of Directors; Qualifications. The board of directors shall consist of seven directors, or as shall be determined thereafter by the board of directors. No director need be a stockholder.

Section 2.3 Nomination of Directors.

(a) Nominations for the election of directors may be made by the board of directors or by any stockholder entitled to vote for the election of directors. Nominations by stockholders shall be made by notice in writing to the secretary of the corporation not less than 14 days nor more than 60 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 written days' notice of the meeting is given to stockholders, such notice of nomination by a stockholder shall be given to the secretary of the corporation not later than the close of the fifth day following the day on which notice of the meeting was mailed to stockholders.

(b) Each notice under subsection (a) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, and (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee.

(c) The chairman of the meeting of stockholders shall determine whether or not a nomination was made in accordance with the procedures of this Section, and if he shall determine that it was not, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2.4 Election of Directors. The initial board of directors shall be designated in the certificate of incorporation, or if not so designated, elected by the incorporator(s) at the first meeting thereof. Thereafter, directors shall be elected by the stockholders at their annual meeting or at any special meeting the notice of which specifies the election of directors as an item of business for such meeting.

Section 2.5 Vacancies; Reduction of the Board. Any vacancy in the board of directors, however occurring, including a vacancy resulting from the enlargement of the board of directors, may be filled by the stockholders or by the directors then in office or by a sole remaining director. In lieu of filling any such vacancy the stockholders or board of directors may reduce the number of directors, but not to a number less than three. When one or more directors shall resign from the board of directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Section 2.6 Enlargement of the Board. The board of directors may be enlarged by the stockholders at any meeting or by vote of a majority of the directors then in office.

Section 2.7 Tenure and Resignation. Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, directors shall hold office until the next annual meeting of stockholders and thereafter until their successors are chosen and qualified. Any director may resign by delivering or mailing postage prepaid a written resignation to the

corporation at its principal office or to the president, secretary or assistant secretary, if any. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 2.8 Removal. A director, whether elected by the stockholders or directors, may be removed from office with or without cause at any annual or special meeting of stockholders by vote of a majority of the stockholders entitled to vote in the election of such directors, or for cause by a vote of a majority of the directors then in office; provided, however, that a director may be removed for cause only after reasonable notice and opportunity to be heard before the body proposing to remove him.

Section 2.9 Meetings. Regular meetings of the board of directors may be held without call or notice at such times and such places within or without the State of Delaware as the board may, from time to time, determine, provided that notice of the first regular meeting following any such determination shall be given to directors absent from such determination. A regular meeting of the board of directors shall be held without notice immediately after, and at the same place as, the annual meeting of the stockholders or the special meeting of the stockholders held in place of such annual meeting, unless a quorum of the directors is not then present. Special meetings of the board of directors may be held at any time and at any place designated in the call of the meeting when called by the president, treasurer, or one or more directors. Members of the board of directors or any committee elected thereby may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at the meeting.

Section 2.10 Notice of Meeting. It shall be sufficient notice to a director to send notice (i) by mail at least 72 hours before the meeting addressed to such person at his usual or last known business or residence address, or (ii) in person, by telephone, facsimile transmission or electronic transmission to the extent provided in Article VIII, at least 24 hours before the meeting. Notice shall be given by the secretary, or in his absence or unavailability, may be given by an assistant secretary, if any, or by the officer or directors calling the meeting. The requirement of notice to any director may be waived by a written waiver of notice, executed by such person before or after the meeting or meetings, and filed with the records of the meeting, or by attendance at the meeting without protesting prior thereto or at its commencement the lack of notice. A notice or waiver of notice of a directors' meeting need not specify the purposes of the meeting.

Section 2.11 Agenda. Any lawful business may be transacted at a meeting of the board of directors, notwithstanding the fact that the nature of the business may not have been specified in the notice or waiver of notice of the meeting.

Section 2.12 Quorum. At any meeting of the board of directors, a majority of the directors then in office shall constitute a quorum for the transaction of business. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

Section 2.13 Action at a Meeting. Any motion adopted by vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, except where a different vote is required by law, by the Certificate of Incorporation or by these Bylaws. The assent in writing of any director to any vote or action of the directors taken at any meeting, whether or not a quorum was present and whether or not the director had or waived notice of the meeting, shall have the same effect as if the director so assenting was present at such meeting and voted in favor of such vote or action.

Section 2.14 Action Without Meeting. Any action by the directors may be taken without a meeting if all of the directors consent to the action in writing and the consents are filed with the records of the directors' meetings. Such consent shall be treated for all purposes as a vote of the directors at a meeting.

Section 2.15 Committees. The board of directors may, by the affirmative vote of a majority of the directors then in office, appoint an executive committee or other committees consisting of one or more directors and may by vote delegate to any such committee some or all of their powers except those which by law, the Certificate of Incorporation or these Bylaws they may not delegate. In the absence or disqualification of a member of a committee, the members of the committee present and not disqualified, whether or not they constitute a quorum, may by unanimous vote appoint another member of the board of directors to act at the meeting in place of the absence or disqualified member. Unless the board of directors shall otherwise provide, any such committee may make rules for the conduct of its business, but unless otherwise provided by the board of directors or such rules, its meetings shall be called, notice given or waived, its business conducted or its action taken as nearly as may be in the same manner as is provided in these Bylaws with respect to meetings or for the conduct of business or the taking of actions by the board of directors. The board of directors shall have power at any time to fill vacancies in, change the membership of, or discharge any such committee at any time. The board of directors shall have power to rescind any action of any committee, but no such rescission shall have retroactive effect.

ARTICLE III

OFFICERS

Section 3.1 Enumeration. The officers shall consist of a chief executive officer, a secretary and such other officers and agents (including chairman of the board, president, treasurer, one or more vice-presidents, assistant treasurers and assistant secretaries), as the board of directors may, in their discretion, determine.

Section 3.2 Election. The officers shall be appointed annually by the directors at their first meeting following the annual meeting of the stockholders or any special meeting held in lieu of the annual meeting. Other officers may be chosen by the directors at such meeting or at any other meeting.

Section 3.3 Qualification. The chairman of the board shall be elected from among the directors. Except for the foregoing exception, an officer may, but need not, be a director or stockholder. Any two or more offices may be held by the same person. Any officer may be

required by the directors to give bond for the faithful performance of his duties to the corporation in such amount and with such sureties as the directors may determine. The premiums for such bonds may be paid by the corporation.

Section 3.4 Tenure. Except as otherwise provided by the Certificate of Incorporation or these Bylaws, the term of office of each officer shall be for one year or until his successor is elected and qualified or until his earlier resignation or removal.

Section 3.5 Removal. Any officer may be removed from office, with or without cause, by the affirmative vote of a majority of the directors then in office; provided, however, that an officer may be removed for cause only after reasonable notice and opportunity to be heard by the board of directors prior to action thereon.

Section 3.6 Resignation. Any officer may resign by delivering or mailing postage prepaid a written resignation to the corporation at its principal office or to the president, secretary, or assistant secretary, if any, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some event.

Section 3.7 Vacancies. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the board of directors.

Section 3.8 Chairman of the Board. The chairman of the board shall, if there be such an officer, preside at meetings of the board of directors and preside at meetings of the stockholders, The chairman of the board shall counsel with and advise the president and perform such other duties as the president or the board or the executive committee may from time to time determine. Except as otherwise provided by resolution of the board, the chairman of the board shall be ex-officio a member of all committees of the board. The chairman of the board may sign and execute in the name of the corporation any and all deeds, mortgages, bonds, contracts, agreements, certificates or other instruments or documents authorized by the board or any committee thereof empowered to authorize the same.

Section 3.9 President. Except as otherwise voted by the board of directors, the president shall be the chief executive officer of the corporation. Except as otherwise voted by the board of directors, the president shall preside at all meetings of the stockholders and of the board of directors at which present. The president shall have such duties and powers as are commonly incident to the office and such duties and powers as the board of directors shall from time to time designate.

Section 3.10 Vice-President(s). The vice-president(s), if any, shall have such powers and perform such duties as the board of directors may from time to time determine.

Section 3.11 Treasurer and Assistant Treasurers. The treasurer, if there be such an officer, subject to the direction and under the supervision and control of the board of directors, shall have general charge of the financial affairs of the corporation. The treasurer shall have custody of all funds, securities and valuable papers of the corporation, except as the board of directors may otherwise provide. The treasurer shall keep or cause to be kept full and accurate records of account which shall be the property of the corporation, and which shall be always open to the inspection of each elected officer and director of the corporation. The treasurer shall

deposit or cause to be deposited all funds of the corporation in such depository or depositories as may be authorized by the board of directors. The treasurer shall have the power to endorse for deposit or collection all notes, checks, drafts, and other negotiable instruments payable to the corporation. The treasurer shall perform such other duties as are incidental to the office, and such other duties as may be assigned by the board of directors.

Assistant treasurers, if any, shall have such powers and perform such duties as the board of directors may from time to time determine.

Section 3.12 Secretary and Assistant Secretaries. The secretary shall record, or cause to be recorded, all proceedings of the meetings of the stockholders and directors (including committees thereof) in the book of records of this corporation. The record books shall be open at reasonable times to the inspection of any stockholder, director, or officer. The secretary shall notify the stockholders and directors, when required by law or by these Bylaws, of their respective meetings, and shall perform such other duties as the directors and stockholders may from time to time prescribe. The secretary shall have the custody and charge of the corporate seal, and shall affix the seal of the corporation to all instruments requiring such seal, and shall certify under the corporate seal the proceedings of the directors and of the stockholders, when required. In the absence of the secretary at any such meeting, a temporary secretary shall be chosen who shall record the proceedings of the meeting in the aforesaid books.

Assistant secretaries, if any, shall have such powers and perform such duties as the board of directors may from time to time designate.

Section 3.13 Other Powers and Duties. Subject to these Bylaws and to such limitations as the board of directors may from time to time prescribe, the officers of the corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the board of directors.

ARTICLE IV

CAPITAL STOCK

Section 4.1 Stock Certificates.

(a) Each stockholder shall be entitled to a certificate representing the number of shares of the capital stock of the corporation owned by such person in such form as shall, in conformity to law, be prescribed from time to time by the board of directors. Each certificate shall be signed by the president or vice-president and treasurer or assistant treasurer or such other officers designated by the board of directors from time to time as permitted by law, shall bear the seal of the corporation, and shall express on its face its number, date of issue, class, the number of shares for which, and the name of the person to whom, it is issued. The corporate seal and any or all of the signatures of corporation officers may be facsimile if the stock certificate is manually counter-signed by an authorized person on behalf of a transfer agent or registrar other than the corporation or its employee.

(b) If an officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed on, a certificate shall have ceased to be such before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the time of its issue.

Section 4.2 Transfer of Shares. Title to a certificate of stock and to the shares represented thereby shall be transferred only on the books of the corporation by delivery to the corporation or its transfer agent of the certificate properly endorsed, or by delivery of the certificate accompanied by a written assignment of the same, or a properly executed written power of attorney to sell, assign or transfer the same or the shares represented thereby. Upon surrender of a certificate for the shares being transferred, a new certificate or certificates shall be issued according to the interests of the parties.

Section 4.3 Record Holders. Except as otherwise may be required by law, by the Certificate of Incorporation or by these Bylaws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these Bylaws. It shall be the duty of each stockholder to notify the corporation of his post office address.

Section 4.4 Record Date.

(a) In order that the corporation may determine the stockholders entitled to receive notice of or to vote at any meeting of stockholders or any adjournments thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty days prior to any other action. In such case only stockholders of record on such record date shall be so entitled notwithstanding any transfer of stock on the books of the corporation after the record date.

(b) If no record date is fixed: (i) the record date for determining stockholders entitled to receive notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed; and (iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Section 4.5 Transfer Agent and Registrar for Shares of Corporation. The board of directors may appoint a transfer agent and a registrar of the certificates of stock of the corporation. Any transfer agent so appointed shall maintain, among other records, a stockholders' ledger, setting forth the names and addresses of the holders of all issued shares of stock of the corporation, the number of shares held by each, the certificate numbers representing such shares, and the date of issue of the certificates representing such shares. Any registrar so

appointed shall maintain, among other records, a share register, setting forth the total number of shares of each class of shares which the corporation is authorized to issue and the total number of shares actually issued. The stockholders' ledger and the share register are hereby identified as the stock transfer books of the corporation; but as between the stockholders' ledger and the share register, the names and addresses of stockholders, as they appear on the stockholders' ledger maintained by the transfer agent shall be the official list of stockholders of record of the corporation. The name and address of each stockholder of record, as they appear upon the stockholders' ledger, shall be conclusive evidence of who are the stockholders entitled to receive notice of the meetings of stockholders, to vote at such meetings, to examine a complete list of the stockholders entitled to vote at meetings, and to own, enjoy and exercise any other property or rights deriving from such shares against the corporation. Stockholders, but not the corporation, its directors, officers, agents or attorneys, shall be responsible for notifying the transfer agent, in writing, of any changes in their names or addresses from time to time, and failure to do so will relieve the corporation, its other stockholders, directors, officers, agents and attorneys, and its transfer agent and registrar, of liability for failure to direct notices or other documents, or pay over or transfer dividends or other property or rights, to a name or address other than the name and address appearing in the stockholders' ledger maintained by the transfer agent.

Section 4.6 Loss of Certificates. In case of the loss, destruction or mutilation of a certificate of stock, a replacement certificate may be issued in place thereof upon such terms as the board of directors may prescribe, including, in the discretion of the board of directors, a requirement of bond and indemnity to the corporation.

Section 4.7 Restrictions on Transfer. Every certificate for shares of stock which are subject to any restriction on transfer, whether pursuant to the Certificate of Incorporation, the Bylaws or any agreement to which the corporation is a party, shall have the fact of the restriction noted conspicuously on the certificate and shall also set forth on the face or back either the full text of the restriction or a statement that the corporation will furnish a copy to the holder of such certificate upon written request and without charge.

Section 4.8 Multiple Classes or Series of Stock. The amount and classes of the capital stock and the par value, if any, of the shares, shall be as fixed in the Certificate of Incorporation. At all times when there are two or more classes or series of stock, the several classes or series of stock shall conform to the description and the terms and have the respective preferences, voting powers, restrictions and qualifications set forth in the Certificate of Incorporation and these Bylaws. Every certificate issued when the corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either (i) the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class and series authorized to be issued, or (ii) a statement of the existence of such preferences, powers, qualifications and rights, and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

ARTICLE V

DIVIDENDS

Section 5.1 Declaration of Dividends. Except as otherwise required by law or by the Certificate of Incorporation, the board of directors may, in its discretion, declare what, if any, dividends shall be paid from the surplus or from the net profits of the corporation for the current or preceding fiscal year, or as otherwise permitted by law. Dividends may be paid in cash, in property, in shares of the corporation's stock, or in any combination thereof. Dividends shall be payable upon such dates as the board of directors may designate.

Section 5.2 Reserves. Before the payment of any dividend and before making any distribution of profits, the board of directors, from time to time and in its absolute discretion, shall have power to set aside out of the surplus or net profits of the corporation such sum or sums as the board of directors deems proper and sufficient as a reserve fund to meet contingencies or for such other purpose as the board of directors shall deem to be in the best interests of the corporation, and the board of directors may modify or abolish any such reserve.

ARTICLE VI

POWERS OF OFFICERS TO CONTRACT WITH THE CORPORATION

Any and all of the directors and officers of the corporation, notwithstanding their official relations to it, may enter into and perform any contract or agreement of any nature between the corporation and themselves, or any and all of the individuals from time to time constituting the board of directors of the corporation, or any firm or corporation in which any such director may be interested, directly or indirectly, whether such individual, firm or corporation thus contracting with the corporation shall thereby derive personal or corporate profits or benefits or otherwise; provided, that (i) the material facts of such interest are disclosed or are known to the board of directors or committee thereof which authorizes such contract or agreement; (ii) if the material facts as to such person's relationship or interest are disclosed or are known to the stockholders entitled to vote thereon, and the contract is specifically approved in good faith by a vote of the stockholders; or (iii) the contract or agreement is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the stockholders. Any director of the corporation who is interested in any transaction as aforesaid may nevertheless be counted in determining the existence of a quorum at any meeting of the board of directors which shall authorize or ratify any such transaction. This Article shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common or statutory law applicable thereto.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Definitions. For purposes of this Article VII the following terms shall have the meanings indicated:

"Corporate Status" describes the status of a person who is or was a director, officer, employee, agent, trustee or fiduciary of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the express written request of the corporation.

"Court" means the Court of Chancery of the State of Delaware, or any other court in which a Proceeding in respect of indemnification may properly be brought.

"Covered Person" means any person who has a Corporate Status who the corporation, pursuant to the provisions of Section 7.9 hereof, determines is entitled to indemnification as provided herein. It shall in each case include such person's legal representatives, heirs, executors and administrators.

"Disinterested" describes any individual, whether or not that individual is a director, officer, employee or agent of the corporation who is not and was not and is not threatened to be made a party to the Proceeding in respect of which indemnification, advancement of expenses or other action, is sought by a Covered Person.

"Expenses" shall include, without limitation, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating or being or preparing to be a witness in a Proceeding.

"Good Faith" shall mean a Covered Person having acted in good faith and in a manner such Covered Person reasonably believed to be in or not opposed to the best interests of the corporation or, in the case of an employee benefit plan, the best interests of the participants or beneficiaries of said plan, as the case may be, and, with respect to any Proceeding which is criminal in nature, having had no reasonable cause to believe such Covered Person's conduct was unlawful.

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and may include law firms or members thereof that are regularly retained by the corporation but not by any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the standards of professional conduct then prevailing and applicable to such counsel, would have a conflict of interest in representing either the corporation or the Covered Person in an action to determine the Covered Person's rights under this Article.

"Proceeding" includes any actual, threatened or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation (including any internal corporate investigation), administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, other than one initiated by the Covered Person, but including one initiated by a Covered Person for the purpose of enforcing such Covered Person's rights under this Article to the extent provided in Section 7.14 of this Article. "Proceeding" shall not include any counterclaim brought by any Covered Person other than one arising out of the same transaction or occurrence that is the subject matter of the underlying claim.

Section 7.2 Right to Indemnification in General. The corporation may indemnify, and advance Expenses to, each Covered Person who is, was or is threatened to be made a party or is otherwise involved in any Proceeding, as provided in this Article and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

Section 7.3 Proceedings Other Than Proceedings in the Right of the Corporation. Each Covered Person may be indemnified if, by reason of such Covered Person's Corporate Status, such Covered Person is or is threatened to be made a party to or is otherwise involved in any Proceeding, other than a Proceeding by or in the right of the corporation. Such Covered Person may be indemnified against Expenses, judgments, penalties, fines and amounts paid in settlements, actually and reasonably incurred by such Covered Person or on such Covered Person's behalf in connection with such Proceeding or any claim, issue or matter therein, if such Covered Person acted in Good Faith.

Section 7.4 Proceedings by or in the Right of the Corporation. Each Covered Person may be indemnified if, by reason of such Covered Person's Corporate Status, such Covered Person is, or is threatened to be made, a party to or is otherwise involved in any Proceeding brought by or in the right of the corporation to procure a judgment in its favor. Such Covered Person may be indemnified against Expenses, judgments, penalties, and amounts paid in settlement, actually and reasonably incurred by such Covered Person or on such Covered Person's behalf in connection with such Proceeding if such Covered Person acted in Good Faith. Notwithstanding the foregoing, no such indemnification shall be made in respect of any claim, issue or matter in such Proceeding as to which such Covered Person shall have been adjudged to be liable to the corporation if applicable law prohibits such indemnification; provided, however, that, if applicable law so permits, indemnification shall nevertheless be made by the corporation in such event if and only to the extent that the Court which is considering the matter shall so determine.

Section 7.5 Indemnification of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Article, to the extent that a present or former director or officer or any other person who has a Corporate Status is, by reason of such Corporate Status, a party to or is otherwise involved in and is successful, on the merits or otherwise, in any Proceeding, such person shall be indemnified to the maximum extent permitted by law, against all Expenses, judgments, penalties, fines, and amounts paid in settlement, actually and reasonably incurred by such person or on such person's behalf in connection therewith. If such person is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the corporation shall indemnify such person to the maximum extent permitted by law, against all Expenses, judgments, penalties, fines, and amounts paid in settlement, actually and reasonably incurred by such person or on such person's behalf in connection with each successfully resolved claim, issue or matter. The termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 7.6 Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Article, to the extent that a Covered Person is, by reason of such Covered Person's Corporate Status, a witness in any Proceeding, such Covered Person shall be indemnified against all Expenses actually and reasonably incurred by such Covered Person or on such Covered Person's behalf in connection therewith.

Section 7.7 Advancement of Expenses.

(a) Notwithstanding any provision to the contrary in this Article, the corporation may advance all reasonable Expenses which were incurred by or on behalf of a present director or officer by reason of such person's Corporate Status, in connection with any Proceeding, within 20 days after the receipt by the corporation of a statement or statements from such person requesting such advance or advances, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by the person and shall include or be preceded or accompanied by an undertaking by or on behalf of the person to repay any Expenses if such person shall be adjudged to be not entitled to be indemnified against such Expenses. Any advance and undertakings to repay made pursuant to this paragraph shall be unsecured and interest-free. Advancement of Expenses pursuant to this paragraph shall not require approval of the board of directors or the stockholders of the corporation, or of any other person or body. The secretary of the corporation shall promptly advise the Board in writing of the request for advancement of Expenses, of the amount and other details of the advance and of the undertaking to make repayment provided pursuant to this paragraph.

(b) Advancement of expenses to any other Covered Person shall be upon such terms and conditions as the board of directors may determine appropriate.

Section 7.8 Notification and Defense of Claim.

(a) Promptly after receipt by any person who has a Corporate Status of a notice of the commencement of any Proceeding, such person shall, if a claim is to be made against the corporation under this Article, notify the corporation of the commencement of the Proceeding. The omission of such notice will not relieve the corporation from any liability which it may have to such person otherwise than under this Article. With respect to any such Proceedings as to which the corporation determines to provide indemnification:

(i) The corporation will be entitled to participate in the defense at its own expense.

(ii) Except as otherwise provided below, the corporation (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense with counsel reasonably satisfactory to the Covered Person. After notice from the corporation to the Covered Person of its election to assume the defense of a suit, the corporation will not be liable to the Covered Person under this Article for any legal or other expenses subsequently incurred by the Covered Person in connection with the defense of the Proceeding other than reasonable costs of investigation or as otherwise provided below.

(b) The Covered Person shall have the right to employ his own counsel in such Proceeding but the fees and expenses of such counsel incurred after notice from the corporation of its assumption of the defense shall be at the expense of the Covered Person except as follows. The fees and expenses of counsel shall be at the expense of the corporation if (i) the employment of counsel by the Covered Person has been authorized by the corporation, (ii) the Covered Person shall have concluded reasonably that there may be a conflict of interest between the corporation and the Covered Person in the conduct of the defense of such action and such conclusion is confirmed in writing by the corporation's outside counsel regularly employed by it in connection with corporate matters, or (iii) the corporation shall not in fact have employed counsel to assume the defense of such Proceeding. The corporation shall be entitled to participate in, but shall not be entitled to assume the defense of, any Proceeding brought by or in the right of the corporation or as to which the Covered Person shall have made the conclusion provided for in (ii) above and such conclusion shall have been so confirmed by the corporation's said outside counsel.

(c) Notwithstanding any provision of this Article to the contrary, the corporation shall not be liable to indemnify the Covered Person under this Article for any amounts paid in settlement of any Proceeding effected without its written consent. The corporation shall not settle any Proceeding or claim in any manner which would impose any penalty, limitation or disqualification of the Covered Person for any purpose without such Covered Person's written consent. Neither the corporation nor the Covered Person will unreasonably withhold their consent to any proposed settlement.

(d) If it is determined that the Covered Person is entitled to indemnification other than as afforded under subparagraph (b) above, payment to the Covered Person of the additional amounts for which he is to be indemnified shall be made within 10 days after such determination.

Section 7.9 Procedures.

(a) Method of Determination For Present Officers and Directors. A determination (as provided for by this Article or if required by applicable law in the specific case) with respect to entitlement to indemnification by a person who at the date of determination is a director or officer shall be made either (i) by a majority vote of Disinterested directors, even though less than a quorum, or (ii) a committee of Disinterested directors designated by a majority of disinterested Directors, even though less than a quorum, or (iii) if there are no such Disinterested directors, or if the Disinterested directors so direct, by Independent Counsel in a written determination to the board of directors, a copy of which shall be delivered to the Covered Person seeking indemnification, or (iv) by the vote of the holders of a majority of the corporation's capital stock outstanding at the time entitled to vote thereon.

(b) Method of Determination For Others. A determination (as provided for in this Article or if required by applicable law in the specific case) with respect to indemnification of any person other than a present director or officer may be made by the board of directors in such manner as it may determine appropriate.

(c) Initiating Request. A person who seeks indemnification under this Article shall submit a request for indemnification, including such documentation and information as is reasonably available to such person and is reasonably necessary to determine whether and to what extent such person is entitled to indemnification.

(d) Effect of Other Proceedings. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty or of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Article) of itself adversely affect the right of a Covered Person to indemnification or create a presumption that a Covered Person did not act in Good Faith.

Section 7.10 Action by the Corporation. Any action, payment, advance determination (other than a determination made pursuant to Section 7.9 above), authorization, requirement, grant of indemnification or other action taken by the corporation pursuant to this Article shall be effected exclusively through any Disinterested person so authorized by the board of directors of the corporation, including the president or any vice president of the corporation.

Section 7.11 Non-Exclusivity. The rights to indemnification and to receive advancement of Expenses as provided by this Article shall not be deemed exclusive of any other rights to which a person may at any time be entitled under applicable law, the Certificate of Incorporation, these Bylaws, any agreement, a vote of stockholders, a resolution of the board of directors, or otherwise.

Section 7.12 Insurance. The corporation may maintain, at its expense, an insurance policy or policies to protect itself and any director, officer, employee or agent of the corporation or another enterprise against liability arising out of this Article or otherwise, whether or not the corporation would have the power to indemnify any such person against such liability under the Delaware General Corporation Law.

Section 7.13 No Duplicative Payment. The corporation shall not be liable under this Article to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that a Covered Person has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 7.14 Expenses of Adjudication. In the event that any Covered Person seeks a judicial adjudication, or an award in arbitration, to enforce such Covered Person’s rights under, or to recover damages for breach of, this Article, the Covered Person shall be entitled to recover from the corporation, and shall be indemnified by the corporation against, any and all Expenses actually and reasonably incurred by such Covered Person in seeking such adjudication or arbitration, but only if such Covered Person prevails therein. If it shall be determined in such adjudication or arbitration that the Covered Person is entitled to receive part but not all of the indemnification of expenses sought, the expenses incurred by such Covered Person in connection with such adjudication or arbitration shall be appropriately prorated.

Section 7.15 Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

(a) the validity, legality and enforceability of the remaining provisions of this Article (including without limitation, each portion of any Section of this Article containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and

(b) to the fullest extent possible, the provisions of this Article (including, without limitation, each portion of any Section of this Article containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 7.16 No Retroactive Amendment. No amendment or repeal of this Article or any provision hereof shall affect any right of any person to be indemnified hereunder with respect to any actions, omissions or state of facts existing prior to the date of such amendment or repeal.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1 Certificate of Incorporation. All references in these Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

Section 8.2 Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 8.3 Corporate Seal. The board of directors shall have the power to adopt and alter the seal of the corporation.

Section 8.4 Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes, and other obligations authorized to be executed by an officer of the corporation on its behalf shall be signed by the president or the treasurer except as the board of directors may generally or in particular cases otherwise determine.

Section 8.5 Voting of Securities. Unless the board of directors otherwise provides, the president or the treasurer may waive notice of and act on behalf of this corporation, or appoint another person or persons to act as proxy or attorney in fact for this corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by this corporation.

Section 8.6 Evidence of Authority. A certificate by the secretary or any assistant secretary as to any action taken by the stockholders, directors or any officer or representative of the corporation shall, as to all persons who rely thereon in good faith, be conclusive evidence of such action. The exercise of any power which by law, by the Certificate of Incorporation, or by these Bylaws, or under any vote of the stockholders or the board of directors, may be exercised by an officer of the corporation only in the event of absence of another officer or any other contingency shall bind the corporation in favor of anyone relying thereon in good faith, whether or not such absence or contingency existed.

Section 8.7 Corporate Records. The original, or attested copies, of the Certificate of Incorporation, Bylaws, records of all meetings of the incorporators and stockholders, and the stock transfer books (which shall contain the names of all stockholders and the record address and the amount of stock held by each) shall be kept in Delaware at the principal office of the corporation, or at an office of the corporation, or at an office of its transfer agent or of the secretary or of the assistant secretary, if any. Said copies and records need not all be kept in the same office. They shall be available at all reasonable times to inspection of any stockholder for any purpose but not to secure a list of stockholders for the purpose of selling said list or copies thereof or for using the same for a purpose other than in the interest of the applicant, as a stockholder, relative to the affairs of the corporation.

Section 8.8 Communication of Notices. Any notices required to be given under these Bylaws may be given (i) by delivery in person, (ii) by mailing it, postage prepaid, first class, (iii) by mailing it by nationally or internationally recognized second day or faster courier service, (iv) by facsimile transmission, or (v) by electronic transmission, in each case, to the addressee; provided, however that facsimile transmission or electronic transmission may only be used if the addressee has consented to such means.

Section 8.9 Electronic Transmissions. Notwithstanding any reference in these Bylaws to written instruments, all notices, meetings, consents and other communications contemplated by these Bylaws may be conducted by means of an electronic transmission, to the extent permitted by law, if specifically authorized by the board of directors of the corporation.

Section 8.10 Charitable Contributions. The board of directors from time to time may authorize contributions to be made by the corporation in such amounts as it may determine to be reasonable to corporations, trusts, funds or foundations organized and operated exclusively for charitable, scientific or educational purposes, no part of the net earning of which inures to the private benefit of any stockholder or individual.

ARTICLE IX

AMENDMENTS

Section 9.1 Amendment by Stockholders. Prior to the issuance of stock, these Bylaws may be amended, altered or repealed by the incorporator(s) by majority vote. After stock has been issued, these Bylaws may be amended altered or repealed by the stockholders at any annual or special meeting by vote or a majority of all shares outstanding and entitled to vote, except that where the effect of the amendment would be to reduce any voting requirement otherwise required by law, the Certificate of Incorporation or these Bylaws, such amendment shall require the vote that would have been required by such other provision. Notice and a copy of any proposal to amend these Bylaws must be included in the notice of meeting of stockholders at which action is taken upon such amendment.

Section 9.2 Amendment by Board of Directors.

(a) These Bylaws may be amended or altered by the board of directors at a meeting duly called for the purpose by majority vote of the directors then in office, except that directors shall not amend the Bylaws in a manner which:

(i) changes the stockholder voting requirements for any action;

(ii) alters or abolishes any preferential right or right of redemption applicable to a class or series of stock with shares already outstanding;

(iii) alters the provisions of Article IX hereof; or

(iv) permits the board of directors to take any action which under law, the Certificate of Incorporation, or these Bylaws is required to be taken by the stockholders.

(b) Any amendment of these Bylaws by the board of directors may be altered or repealed by the stockholders at any annual or special meeting of stockholders.

HISTOGENICS CORPORATION

SECOND AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

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SECOND AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT

THIS SECOND AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT ("**Agreement**") is made as of the 18th day of December 2013 (the "**Effective Time**"), by and among Histogenics Corporation, a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**" and collectively as the "Investors**").**

RECITALS

WHEREAS, certain of the Investors purchased at an Initial Closing (as defined in that certain Series A Preferred Stock Purchase Agreement dated as of July 20, 2012 by and among the Investors, Histogenics Financing Corporation and the Company (the "**Original Purchase Agreement**")) shares of the Company's Series A Preferred Stock, $0.001 par value ("**Series A Preferred Stock**");

WHEREAS, certain of the Investors (the "Existing Investors") hold shares of Series A Preferred Stock and possess registration rights, information rights and certain other rights pursuant to the Amended and Restated Investors' Rights Agreement dated as of July 20, 2012 among the Company and such Existing Investors (the "Prior Agreement");

WHEREAS, pursuant to Section 6.6 of the Prior Agreement, the Prior Agreement may be amended, and any provision therein waived, with the consent of the Company and the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate series (the "**Requisite Holders**");

WHEREAS, the undersigned, constituting the Requisite Holders, desire to terminate the Prior Agreement and to accept the rights created pursuant hereto in lieu of the rights granted to them under the Prior Agreement; and

WHEREAS, certain Investors are parties to that certain Amended and Restated Series A and A-1 Preferred Stock Purchase Agreement of even date herewith by and among the Company and certain of the Investors (the "**Purchase Agreement**"), which provides that as a condition to the Second Closing and Third Closing (as defined in the Purchase Agreement) for the sale and issuance to the Purchasers of shares of the Company's Series A-1 Preferred Stock, $0.001 par value ("**Series A-1 Preferred Stock**"), this Agreement must be executed and delivered by such Investors and the Company.

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement and the Purchase Agreement, the parties mutually agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto further mutually agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including without limitation any partner, officer, director, manager or employee of such Person and any venture capital or private equity fund now or hereafter existing that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, such Person.

1.2 "**Certificate of Incorporation**" means the Company's Fifth Amended and Restated Certificate of Incorporation, as may be amended or restated from time to time.

1.3 "**Common Stock**" means shares of the Common Stock of the Company, $0.001 par value per share.

1.4 "**Damages**" means any loss, claim, damage, or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, claim, damage, or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by any other party hereto of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.5 "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for, Common Stock, including options and warrants.

1.6 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.7 "**Excluded Registration**" means a registration relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase, or similar plan or to an SEC Rule 145 transaction; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.8 "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.9 "**GAAP**" means generally accepted accounting principles in the United States.

1.10 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.11 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

1.12 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.13 "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.14 "**Key Employee**" means any executive-level employee (including division director and vice president-level positions) as well as any employee who, either alone or in concert with others, develops, invents, programs, or designs any intellectual property.

1.15 "**Major Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 1,000,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof). Additionally, for the purposes of Sections 3.1, 3.4, 3.5, 4.1 and 4.2, "Major Investor" shall include Kevin Rakin and his Affiliates until such time as Kevin Rakin and his Affiliates hold less than 50,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.16 "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities, that are issued pursuant to, or are offered subsequent to, the closings under the Purchase Agreement.

1.17 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.18 "**Preferred Director**" means the directors of the Company that the holders of record of the Series A Preferred Stock, voting as a separate series, are entitled to elect pursuant to the Company's Certificate of Incorporation and the Company's Second Amended and Restated Stockholders' Agreement of even date herewith.

1.19 "**Preferred Stock**" means, collectively, all shares of Series A Preferred Stock and Series A-1 Preferred Stock.

1.20 "**Register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

1.21 "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock; (ii) any Common Stock issued to the Investors as of the date hereof, and any Common Stock issued to, or issuable upon conversion of any capital stock of the Company acquired by the Investors after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i), and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the rights under Section 2 hereof are not assigned or any shares for which registration rights have terminated pursuant to Section 2.15 of this Agreement. A Holder of Registrable Securities need not convert such Registrable Securities into Common Stock prior to requesting registration hereunder but may make such request in contemplation of conversion of such Registrable Securities into Common Stock prior to the effectiveness of such registration.

1.22 "**Registrable Securities then outstanding**" means the number of shares determined by adding the Common Stock outstanding and the Common Stock issuable pursuant to then exercisable or convertible securities that are Registrable Securities.

1.23 "**Restricted Securities**" means the securities of the Company required to bear the legend set forth in Section 2.14(b) hereof.

1.24 "**Required Holders**" shall have the meaning ascribed to it in the Certificate of Incorporation.

1.25 "**SEC**" means the Securities and Exchange Commission.

1.26 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.27 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.28 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.29 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except as provided in Section 2.7.

1.30 "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock (as defined in the recitals), par value $0.001 per share.

1.31 "**Series A-1 Preferred Stock**" means shares of the Company's Series A-1 Preferred Stock (as defined in the recitals), par value $0.001 per share.

1.32 "**Takagi Agreement**" means that certain agreement by and between the Company and Purpose Co., Ltd., f/k/a Takagi Sangyo Co. Ltd., and also f/k/a Takagi Industrial Co., Ltd., a Japanese corporation, dated as of June 25, 2012.

2. Registration Rights. The Company covenants and agrees as follows:

2.1. Demand Registration.

(a) If at any time after the earlier of (A) July 20, 2015 and (B) one hundred eighty (180) days after the effective date of the registration statement for an IPO, the Company receives a request from Holders of at least fifty percent (50%) of the Registrable Securities then outstanding that the Company effect a registration with respect to at least ten percent (10%) of the Registrable Securities then outstanding, then the Company shall (i) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(b) and Section 2.4.

(b) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Section 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than ninety (90) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than twice in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such ninety (90) day period other than pursuant to an Excluded Registration.

(c) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 2.1 (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two (2) registrations under this Section 2.1; or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.3. A registration shall not be counted as "effected" for purposes of this Section 2.1 until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Section 2.7, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 2.1.

2.2. Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Securities Act in connection with the public offering of such securities (other than an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 2.4, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.7.

2.3. Form S-3 Registration. If the Company receives a request from Holders of at least ten percent (10%) of the Registrable Securities then outstanding that the Company effect a registration on Form S-3 with respect to all or a part of the Registrable Securities owned by such Initiating Holders, then the Company shall:

(a) within ten (10) days after the date such request is given, give notice of the proposed registration to all Holders other than the Initiating Holders (the "**S-3 Notice**"); and

(b) as soon as practicable, use its best efforts to effect such registration as would permit or facilitate the sale and distribution of all or such portion of such Initiating Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a request given to the Company within thirty (30) days after the S-3 Notice is given; provided, however, that the Company shall not be obligated to effect any such registration pursuant to this Section 2.3 (i) if Form S-3 is not then available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to and requesting inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of Selling Expenses) of less than $500,000; (iii) if the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that in the good-faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders under this Section 2.3; provided, however, that the Company shall not invoke this right more than twice in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such ninety (90) day period other than pursuant to an Excluded Registration; or (iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two registrations on Form S-3 for the Holders pursuant to this Section 2.3.

(c) Registrations effected pursuant to this Section 2.3 shall not be counted as demands for registration or registrations effected pursuant to Section 2.1.

2.4. Underwriting Requirements.

(a) If, pursuant to Section 2.1 or Section 2.3, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 2.1(a) or Section 2.3, and the Company shall include such information in the Demand Notice or the S-3 Notice, as the case may be. The underwriter will be selected by the Initiating Holders, subject only to the reasonable approval of the Company. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.5(e)) enter into an underwriting agreement in customary form with the managing underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.4, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among all Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities of the Company owned by each Holder; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest hundred shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Section 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then, subject to this Section 2.4(b), only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then, subject to this Section 2.4(b), the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. In no event shall any Registrable Securities be excluded from such offering unless all other stockholders' securities have been first excluded. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling

Holders. Notwithstanding the foregoing, in no event shall the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Section 2.4(b) concerning apportionment, for any selling stockholder that is a Holder and a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Section 2.1 and Section 2.3, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Section 2.4(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.5. Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall use its best efforts to, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to sixty (60) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) comply with Rule 172 of the Securities Act and (i) advise the selling Holders promptly of any failure by the Company to satisfy the conditions of such Rule 172 and (ii) promptly furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of the Registrable Securities;

(d) use its best efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

(f) use its best efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent in connection with any such registration statement;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed, and furnish to the Holders such numbers of copies of a prospectus, including any supplement to the prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus;

(k) promptly notify each selling Holder of any stop order issued or threatened by the SEC or any state securities commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(l) use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness and, if such order is issued, obtain the withdrawal of any such order at the earliest possible moment;

(m) take such other actions as the selling Holders or the underwriters reasonably request in order to expedite or facilitate the disposition of the Registrable Securities, including, without limitation, preparing for, and participating in, such number of "road shows" and all such other customary selling efforts as the selling Holders or the underwriters reasonably request in order to expedite or facilitate such disposition;

(n) comply in all material respects with all applicable rules and regulations under the Securities Act and the Exchange Act;

(o) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. As promptly as practicable thereafter, the Company will prepare and file with the SEC, and furnish without charge to the appropriate Holders and managing underwriter(s), if any, an amendment or supplement to such registration statement or prospectus in order to cause such registration statement or prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and will furnish such copies thereof as the Holders or any underwriters may reasonably request; and

(p) use its best efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters.

2.6. Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.7. Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of one counsel for the

selling Holders, shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 or Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 2.1 or Section 2.3, as the case may be; provided further that if, at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Section 2.1 or Section 2.3. All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.8. Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.9. Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder, legal counsel and accountants for each such Holder, any underwriter (as defined in the Securities Act) for each such Holder, and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating any matter or defending any proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.9(a) shall not apply to amounts paid in settlement of any such investigation or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other

Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating any investigation or defending any proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such investigation or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld, conditioned or delayed; and provided further that in no event shall any indemnity under this Section 2.9(b) plus any contribution under Section 2.9(e) exceed the proceeds from the offering (net of any Selling Expenses) received by such Holder, except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if, in the written opinion of counsel to such indemnified party, representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action.

(d) The foregoing indemnity agreements of the Company and the selling Holders are subject to the condition that, insofar as they relate to any Damages arising from any untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, a preliminary prospectus or any prospectus delivered along with written notice that the Company does not meet the conditions for using Rule 172 of the Securities Act (or necessary to make the statements therein not misleading) that has been corrected in the form of prospectus included in the registration statement at the time it becomes effective, or any amendment or supplement thereto filed with the SEC pursuant to Rule 424(b) under the Securities Act (the "**Final Prospectus**"), such indemnity agreement shall not inure to the benefit of any Person if a copy of the Final Prospectus was furnished to the indemnified party and such indemnified party failed to deliver, at or before the confirmation of the sale of the shares registered in such offering, a copy of the Final Prospectus to the Person asserting the loss, liability, claim, or damage in any case in which such delivery was required by the Securities Act.

(e) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and

the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.9, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Section 2.9(e), when combined with the amounts paid or payable by such Holder pursuant to Section 2.9(b), exceed the proceeds from the offering (net of any Selling Expenses) received by such Holder, except in the case of willful misconduct or fraud by such Holder.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(g) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.10. Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for an IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for an IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other periodic reports filed by the Company with the SEC under the Exchange Act; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to such Form S-3 (at any time after the Company so qualifies to use such form).

2.11. Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included or (ii) to demand registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to any Investor who becomes a party to this Agreement in accordance with Section 6.9.

2.12. "Market Stand-off" Agreement. Each Investor hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) after the effective date of the Company's IPO (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Investor or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.12 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, transfers pursuant to Section 6 of the Second Amended and Restated Stockholders Agreement by and among the Company and the parties set forth therein, dated as of even date herewith, or the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers and directors and

stockholders individually (together with their Affiliates) owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are subject to the same restrictions. Any release from the lock-up restrictions as described in this Subsection 2.12 will be done pro rata among the Holders of Registrable Securities, so that each Holder of Registrable Securities may sell, transfer or otherwise dispose of an equal percentage of his, her or its shares originally subject to the lock-up restrictions. The underwriters in connection with such registration are intended third party beneficiaries of this Subsection 2.12 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.12 or that are necessary to give further effect thereto.

2.13. Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned (but only with all related obligations) by a Holder to a transferee of such Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a partner or a retired partner of a Holder that is a partnership; (iii) holds after such transfer at least 100,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof); or (iv) is an individual Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such registration rights are being transferred; and (y) such transferee agrees in writing to be bound by and subject to the terms and conditions of this Agreement. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate of a Holder; (2) that is a partner or retired partner of a Holder that is a partnership; (3) who is an individual Holder's Immediate Family Member; or (4) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Section 2.

2.14. Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Section 2.14(c)) be stamped or otherwise imprinted with a legend in the following form:

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.14.

(c) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with Rule 144 or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration provided that each transferee agrees in writing to be subject to the terms of this Section 2.14(c). Each certificate evidencing the Restricted Securities transferred as above provided shall bear,

except if such transfer is made pursuant to Rule 144, the appropriate restrictive legend set forth in Section 2.14(b), except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.15. Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.1, Section 2.2, or Section 2.3 shall terminate upon the earlier of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation; or

(b) the date five (5) years after the consummation of a Qualified IPO.

3. Information and Observer Rights.

3.1. Delivery of Financial Statements. The Company shall deliver to each Major Investor:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Section 3.1(c)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders' equity as of the end of such year; with such balance sheet, statements of income and cash flows and statement of stockholders' equity audited and certified by independent public accountants of nationally recognized standing selected by the Company, unless such requirement for a nationally recognized independent public accounting firm is waived by the Company's Board of Directors;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, (i) unaudited statements of income and of cash flows for such fiscal quarter; (ii) an unaudited balance sheet; and (iii) a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within thirty (30) days of the end of each month, (i) an unaudited income statement and statement of cash flows for such month, (ii) an unaudited balance sheet and (iii) a statement of stockholders' equity as of the end of such month, all prepared in accordance with GAAP (except that the financial report may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(d) as soon as practicable, but in any event at least thirty (30) days before the end of each fiscal year, a capital and operating budget for the next fiscal year (the "**Budget**"), prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(e) with respect to the financial statements called for in Section 3.1(a), Section 3.1(b) and Section 3.1(c), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (except as otherwise set forth in Section 3.1(b)) and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Section 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company) or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

(g) If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

3.2. Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's and its subsidiaries' properties; examine their books of account and records; and discuss the Company's and its subsidiaries' affairs, finances, and accounts with its officers, during normal business hours of the Company or such subsidiary as may be reasonably requested by the Major Investor; provided, however, that the Company or such subsidiary shall not be obligated pursuant to this Section 3.2 to provide access to any information that it reasonably considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company or such subsidiary and its counsel.

3.3. Observer Rights. As long as such Investor (together with its Affiliates) continues to own at least 1,000,000 shares of Preferred Stock (as adjusted for stock splits, stock dividends, recapitalizations, reclassifications, reorganizations, combinations and the like) (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite (i) a representative of Sofinnova Venture Partners VIII, L.P. ("**Sofinnova**"), initially David Kabakoff, (ii) a representative of Altima Global Special Opportunities Master Fund Limited, initially Dominic Redfern, (iii) a representative of ProChon Holdings BV, initially Philip Press, (iv) a representative of Boston Millennia Partners II Limited Partnership, initially Robert Jeron, (v) a representative of FinTech Gimv Fund LP, initially Goro Takeda and (vi) a representative of Split Rock Partners II, LP, initially David Allison, to attend all meetings of its Board of Directors in a non-voting observer capacity and, in this respect, shall give such representatives copies of all notices, minutes, consents and other materials that it provides to its directors; provided, however,

that such representatives shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representatives from any meeting or portion thereof if access to such information or attendance at such meeting would reasonably be likely to adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest. Notwithstanding the foregoing, an Investor shall no longer have any rights pursuant to this Section 3.3 if such Investor is offered by the Company the opportunity to purchase New Securities pursuant to Section 4 hereof (and is not requested by the Company to decline such offer) and such Investor is not a Fully Exercising Investor with respect to such New Securities.

3.4. Termination of Information and Observer Rights. The covenants set forth in Section 3.1, Section 3.2 and Section 3.3 shall terminate and be of no further force or effect (i) immediately before the consummation of an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

3.5. Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.5 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information as evidenced by pre-existing written documentation, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Section 3.5; (iii) to any Affiliate of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; (iv) for internal market, industry and investment analyses; (v) to officers, employees, agents, directors, partners, parent, subsidiaries or limited partners on a need-to-know basis and who agree to be bound by the provisions of this Section 3.5; or (vi) as may otherwise be required by law, statutes, rules or regulations or pursuant to any direction, request or requirement (whether or not having the force of law but if not having the force of law being of a type with which institutional investors in the relevant jurisdiction are accustomed to comply) of any self-regulating organization or any governmental, fiscal, monetary or other authority, provided that, to the extent allowed by applicable law, the Investor promptly notifies the Company of such disclosure so as to permit the Company to obtain a protective order against such disclosure and such Investor limits the extent of any such disclosure to that which is legally required. The Company acknowledges that certain of the Investors are in the business of venture capital or private equity investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises that may have products or services that

compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise, regardless of whether such enterprise has products or services that compete with those of the Company.

4. Rights to Future Stock Issuances.

4.1. Right of First Offer. Subject to the terms and conditions of this Section 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted to it among itself and its Affiliates in such proportions as it deems appropriate.

(a) The Company shall give notice (the "**Offer Notice**") to each Major Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within forty-five (45) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock issued and held, or issuable upon conversion of the Preferred Stock and any other Derivative Securities then held, by such Major Investor bears to the total Common Stock of the Company then outstanding (assuming full conversion and exercise of all Derivative Securities). At the expiration of such forty-five (45) day period, the Company shall promptly notify each Major Investor that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Major Investors were entitled to subscribe but that were not subscribed for by the Major Investors which is equal to the proportion that the Common Stock issued and held, or issuable upon conversion of Preferred Stock then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Section 4.1(b) shall occur within sixty (60) days of the date that the Offer Notice is given.

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Section 4.1(b), the Company may, during the thirty (30) day period following the expiration of the periods provided in Section 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Section 4.1.

(d) The right of first offer in this Section 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Certificate of Incorporation), (ii) securities of the Company that otherwise are excluded by the affirmative vote or consent of the Required Holders or (iii) any issuances of securities required in order to comply with the Takagi Agreement.

4.2. Termination. The covenants set forth in Section 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the Company's initial underwritten IPO at a public offering price of not less than $3.00 per share (as adjusted for stock splits, stock dividends, recapitalization, mergers, consolidations or similar events) and for a total gross public offering amount of not less than $30,000,000 (a "**Qualified IPO**"); or (ii) upon a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

5. Additional Covenants.

5.1. Insurance. The Company shall use its commercially reasonable efforts to obtain, within ninety (90) days of the date hereof, from financially sound and reputable insurers (i) Directors and Officers liability insurance to the maximum extent permitted by law and providing for at least $5,000,000 in coverage and (ii) term "key-person" life insurance on the Company's chief executive officer, in the aggregate amount of $1,000,000, and will use commercially reasonable efforts to cause such insurance policies to be maintained until such time as the Board of Directors (including a majority of the Preferred Directors) determines that such insurance should be discontinued. The key-person policy shall name the Company as loss payee, and neither policy shall be cancelable by the Company without prior approval of the Board of Directors (including a majority of the Preferred Directors).

5.2. Employee Agreements. The Company will cause (i) each Person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement and (ii) each Key Employee to enter into a one (1)-year noncompetition and nonsolicitation agreement, in the form attached hereto as Exhibit A.

5.3. Employee Vesting. Unless otherwise approved by the Board of Directors (including a majority of the Preferred Directors), all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, and (ii) a one hundred eighty (180) day lockup period in connection with an IPO. The Company shall upon termination of employment of a holder of restricted stock for any reason have the right to repurchase unvested shares at the lower of cost or the fair market value of such shares at the time of repurchase.

5.4. Matters Requiring Investor Director Approval. So long as the holders of Preferred Stock are entitled to elect one or more Preferred Directors, the Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board of Directors, which approval must include the affirmative vote of a majority of the Preferred Directors or if there is only one Preferred Director, the affirmative vote of such remaining Preferred Director:

(a) make, or permit any subsidiary to make, any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company;

(b) make, or permit any subsidiary to make, any loan or advance to any Person, including, without limitation, any employee or director of the Company or any subsidiary, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) make any investment inconsistent with any investment policy approved by the Board of Directors;

(e) incur any aggregate indebtedness in excess of $500,000 that is not already included in a Budget approved by the Board of Directors, other than trade credit incurred in the ordinary course of business;

(f) otherwise enter into or be a party to any transaction with or materially modify any agreement with any director, officer, or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, except for transactions contemplated by this Agreement, the Purchase Agreement**, the Second Amended and Restated Stockholders' Agreement of even date herewith and the Takagi Agreement,** and transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors;

(g) hire, terminate, or change the compensation of the executive officers, including approving any option grants or stock awards to executive officers;

(h) change the principal business of the Company, enter into any material new line of business, or exit the current line of business;

(i) sell, assign, license, pledge, or encumber material technology or intellectual property of the Company or of any subsidiary, other than licenses granted in the ordinary course of business;

(j) enter into any corporate strategic relationship involving the payment, contribution, or assignment by the Company or to the Company of money or assets in excess of $500,000;

(k) grant of any stock option or stock equivalent providing for vesting provisions that differ from the Company's standard vesting schedule or acceleration of vesting upon a change of control of the Company, sale of all or substantially all assets of the Company, termination or similar event;

(l) increase the number of shares of the Company's capital stock reserved in the employee pool;

(m) acquire any businesses (whether by stock or asset purchase, merger, consolidation or otherwise) or permit any subsidiary to do so; or

(n) approve of the Company's annual Budget.

5.5. Meetings of the Board of Directors; Chairman of the Board. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least five (5) times each year in accordance with an agreed-upon schedule. One of the Preferred Directors, as such term is defined in the Company's Certificate of Incorporation, shall serve as the Chairman of the Board of Directors.

5.6. Successor Indemnification. If the Company or any of its successors or assignees (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent reasonably necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Certificate of Incorporation, or elsewhere, as the case may be.

5.7. Board and Observer Expenses; Compensation of Directors. The Company shall reimburse each non-employee director (and any person affiliated with an Investor who has observer rights as provided in Section 3.3) for (i) all reasonable expenses incurred while working for the benefit of the Company, and (ii) out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board of Directors. If any non-employee director is compensated for his or her services as a director of the Company, each other non-employee director shall be entitled to compensation on the same basis.

5.8. Committees. The Board of Directors shall appoint and maintain (i) an Audit Committee, and (ii) a Compensation Committee. The Audit Committee and the Compensation Committee shall have such duties and responsibilities as designated by, and with such members as appointed by, the Board of Directors. The Board of Directors shall have the power to accept or reject any recommendations of the Audit Committee or the Compensation Committee. Notwithstanding the foregoing, the director, if any, designated by Sofinnova, pursuant to the Amended and Restated Stockholders' Agreement, shall be a member of each committee of the Board.

5.9. Qualifying Investments. Any future purchases of Company securities by any Investor in connection with or upon a registered public offering of the Company shall constitute a qualifying investment, as such term is defined in Rule 203(l)-1 promulgated under the Investment Advisers Act of 1940, as amended.

5.10. Royalty Agreement. The Company and the Investors have entered into a Royalty Agreement with respect to certain payments to the Investors as of even date herewith. The Company hereby covenants that the Company shall ensure that any successor entity to the Company shall assume and continue the Company's obligations under the Royalty Agreement. The right of the Investors under the Royalty Agreement to receive payments thereunder shall survive an initial public offering, voluntary or involuntary liquidation, dissolution or winding up of the Company, the conversion of the Preferred Stock into Common Stock or any Deemed Liquidation Event, as defined in the Company's Certificate of Incorporation, and the Company shall at all times take such necessary actions to ensure that such right remains in place.

5.11. Reservation of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

5.12. Small Business Stock. For so long as any of the shares of Preferred Stock are held by an Investor (or a transferee in whose hands such shares are eligible to qualify as "Qualified Small Business Stock" as defined in Section 1202(c) of the Internal Revenue Code of 1986, as amended (the "**Code**")), the Company will use its reasonable efforts to comply with the reporting and recordkeeping requirements of Section 1202 of the Code, any regulations promulgated thereunder and any similar state laws and regulations.

5.13. Termination of Covenants. The covenants set forth in this Section 5, except for Section 5.6, Section 5.9 and Section 5.10, shall terminate and be of no further force or effect (i) immediately before the consummation of a Qualified IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of section 12(g) or 15(d) of the Exchange Act or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

6. Miscellaneous.

6.1. Successors and Assigns. Each Investor hereby agrees that it shall not, and may not, assign any of its rights and obligations hereunder, unless such rights and obligations are assigned by such Investor to any Person to which Registrable Securities are transferred by such Investor pursuant to Section 2.13, and such assignee shall be deemed an "Investor" for purposes of this Agreement; provided that such assignment of rights shall be contingent upon the assignee providing a written instrument to the Company notifying the Company of such assignment and agreeing in writing to be bound by the terms of this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to its principles of conflicts of laws.

6.3. 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. This Agreement may also be executed and delivered by facsimile signature and 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.

6.4. Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5. Notices. All notices, requests, and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the Investors at their addresses as set forth on the signature page or Schedule A hereto, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, a copy shall also be sent to Gunderson Dettmer et al., LLP, 850 Winter Street, Waltham, Massachusetts 02451, Attention: Marc Dupré. If notice is given to the Investors, a copy shall also be sent to O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, CA 94025, Attention: Brian E. Covotta, Esq.

6.6. Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Required Holders; provided that the Company may in its sole discretion waive compliance with Section 2.14(c) (and the Company's failure to object promptly in writing to a proposed assignment allegedly in violation of Section 2.14(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7. Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8. Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

6.9. Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series A-1 Preferred Stock after the date hereof, any purchaser of such shares of Series A-1 Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Holder, so long as such additional Holder has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

6.10. Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the Effective Time of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

6.11. Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of the State of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of the State of California or the United States District Court for the Northern District of California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL

6.12. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such non-breaching or non-defaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13. Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

HISTOGENICS CORPORATION

By: /s/ Peter Greenleaf
Name: Peter Greenleaf
Title President and Chief Executive Officer

Address: 830 Winter Street, 3rd Floor
Waltham, MA 02451

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

ALTIMA RESTRUCTURE FUND LIMITED

By: /s/ Malcolm Goddard
Name: Malcolm Goddard
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

SPLIT ROCK PARTNERS II, LP
By: Split Rock Partners II Management, LLC,
its General Partner

/s/ Steven L.P. Schwen
By: Steven L.P. Schwen
Its: Chief Financial Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

/s/ Gene McGrevin

GENE MCGREVIN

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

BOSTON MILLENNIA ASSOCIATES II PARTNERSHIP

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

BOSTON MILLENNIA PARTNERS GMBH & CO. KG
By: Boston Millennia Verwaltungs GmbH

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: Managing Director
Date:

BOSTON MILLENNIA PARTNERS II LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

BOSTON MILLENNIA PARTNERS II-A LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

STRATEGIC ADVISORS FUND LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

FOUNDATION MEDICAL PARTNERS II, L.P.

By: Foundation Medical Managers II, LLC,
its general partner

By: /s/ Lee Wrubel
Name: Lee Wrubel
Title: General Partner

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

FINTECH GIMV FUND LP

By: FGF (GP) Management Limited
Its General Partner

By: /s/ Angela Keeney
Name: Angela Keeney
Title: Director

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

/s/ Ian Rosenberg
IAN ROSENBERG

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

KEVIN L. RAKIN IRREVOCABLE TRUST

By: /s/ Lloyd Hoffman
Name: Lloyd Hoffman
Title: Trustee

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

KEVIN RAKIN

/s/ Kevin Rakin
Kevin Rakin

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

BMV DIRECT LP

By: /s/ Greg Lubushkin
Name: Greg Lubushkin
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

WILMSLOW ESTATES LIMITED

/s/ Ian Crosby /s/ Ian Ferguson
By: Chaumont (Directors) Limited

Name:
Title: Directors: Wilmslow Estates Limited

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

PROCHON HOLDINGS BV

By: /s/ Ian Crosby /s/ Ian Ferguson
Chaumont (Directors) Limited
Directors: Prochon Holding BV

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

SOFINNOVA VENTURE PARTNERS VIII, L.P.
By: Sofinnova Management VIII, L.L.C.
Its General Partner

By: _/s/ Garheng Kong
Partner Name: Garheng Kong
Managing Member

Address: 2800 Sand Hill Road, Suite 150
Menlo Park, CA 94025

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

INFLECTION POINT VENTURES II, L.P.
By: Inflection Point SBIC Associates LLC,
its general partner

By: /s/ Michael E. A. O'Malley
Managing Director

SCHEDULE A

INVESTORS

Name/Address	Initial Closing		Second Closing		Third Closing
	Shares of Series A Preferred Stock	*Number of Shares of Common Stock underlying Warrants*	*Shares of Series A-1 Preferred Stock*	*Purchaser Holdback Shares*	*Shares of Series A-1 Preferred Stock*
Sofinnova Venture Partners VIII, L.P. *2800 Sand Hill Road, Suite 150* *Menlo Park, CA 94025*	8,750,000	157,413	3,125,000	636,314	3,125,000
Split Rock Partners II, LP *10400 Viking Drive, Suite 550* *Minneapolis, MN 55344*	5,833,333	104,942	2,083,334	424,192	2,083,333
FinTech Gimv Fund LP *c/o FGT (GP) Management Limited* *La Motte Chambers* *St. Helier, Jersey* *Channel Islands* *JE1 1BJ*	1,690,171	30,406	603,633	122,932	603,632
BMV Direct LP *17190 Bernardo Center Drive* *San Diego, CA 92128* *Attn: Corp Legal*	1,000,000	20,988	500,000	72,704	500,000
Boston Millennia Partners II Limited Partnership *30 Rowes Wharf* *Boston, MA 02110*	1,040,949	18,727	371,768	300,851	371,768
Boston Millennia Partners II-A Limited Partnership *30 Rowes Wharf* *Boston, MA 02110*	49,864	897	17,809	14,438	17,808
Boston Millennia Partners GmbH & Co. KG *30 Rowes Wharf* *Boston, MA 02110*	148,232	2,667	52,940	42,855	52,940
Boston Millennia Associates II Partnership *30 Rowes Wharf* *Boston, MA 02110*	5,265	168	1,881	1,484	1,880

Name/Address	Initial Closing		Second Closing		Third Closing
	Shares of Series A Preferred Stock	*Number of Shares of Common Stock underlying Warrants*	*Shares of Series A-1 Preferred Stock*	*Purchaser Holdback Shares*	*Shares of Series A-1 Preferred Stock*
Strategic Advisors Fund Limited Partnership *30 Rowes Wharf* *Boston, MA 02110*	9,360	95	3,343	2,713	3,343
ProChon Holdings BV Stonehage SA *Rue du Puit-Godet 12, PO Box* *126* *2005 Neuchatel 5* *Switzerland*	6,663,563	121,658	2,464,643	1,234,586	2,464,642
Altima Global Special Opportunities Master Fund Limited (Altima Restructure Fund Limited purchased Series A-1 Preferred Stock as the successor entity to Altima Global Special Opportunities Master Fund Limited) *Altima Partners LLP* *11 Slingsby Place, 2nd Floor* *St. Martin's Courtyard* *London, UK WC2E 9AB*	1,715,453	31,331	635,027	324,813	635,026
Foundation Medical Partners II, L.P. *105 Rowayton Avenue* *Rowayton, CT 06853*	363,800	3,818	0	0	0
Inflection Point Ventures II, L.P. *30 Washington Street* *Wellesley, MA 02481*	376,877	6,517	122,084	71,322	122,083
Gene McGrevin *10697 Bell Road* *Duluth, GA 30097*	454,053	8,293	168,081	85,964	168,081
Wilmslow Estates Limited *c/o Stonehage Group* *2 The Forum* *Grenville Street* *St Helier* *Jersey* *JE1 4HH*	146,296	2,624	51,852	10,650	51,852
Ian Rosenberg *4712 Spyglass Drive* *Dallas, Texas 75287*	204,815	3,673	72,593	14,899	72,592
Kevin Rakin *14 Side Hill Road* *Westport, CT 06880*	90,000	2,624	30,000	6,543	30,000
Kevin L. Rakin Irrecvocable Trust *14 Side Hill Road* *Westport, CT 06880*	60,000	0	20,000	4,362	20,000

EXHIBIT A

Form of Noncompetition and Nonsolicitation Agreement

Histogenics

CONFIDENTIAL INFORMATION AND
INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Confidential Information and Intellectual Property Assignment Agreement (hereafter referred to as "Agreement") dated as of by and between HISTOGENICS CORPORATION (hereinafter referred to as the "Company"), a Delaware Corporation having a place of business at 830 Winter Street, Waltham, MA 02451, and (hereinafter referred to as the "Employee"), a United States citizen/legal resident having a residence at .

The Company has requested that the Employee execute this Agreement, and the Employee has agreed to execute this Agreement as part of the terms of Employee being hired, or continued employment of Employee, by the Company;

The Company possesses certain Confidential Information, as defined below in Section 1.5 of this Agreement, that is confidential and proprietary to the Company;

The Employee may receive or come into possession of Confidential Information from time to time to carry out the Employee's duties under the direction of the Company;

In furtherance of the foregoing, and in consideration of employment of Employee by the Company, the Company and the Employee agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 "**Company**" means HISTOGENICS CORPORATION, its present or future subsidiaries, affiliates and any entity owned or controlled by or under common control, including any businesses that may be acquired or established after the execution of this Agreement and employment with the Company, and any successor-in-interest thereto or assignee thereof.

1.2 "**Business of the Company**" includes any services or products (including both generic and specific products) used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company at any time during the Employee's employment or used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company using Confidential Information, Intellectual Property or Work Product after termination of the Employee's employment either by the Employee or the Company.

1.3 "**Person**" and "**Persons**" mean all individuals, partnerships, corporations, limited liability companies, firms, businesses, organizations and other entities.

1.4 "**Field of Research**" means the development of procedures and products related to *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body such as the human body, including, by way of example and without limitation, methods of cartilage, ligament and tendon culture, autologous cultured cell technology, the biology of chondrocyte implantation, the applicability of such technology in the treatment of new indications and disease states, the development and identification of new indications and usages for the Company's products and procedures, and any and all other procedures and products associated or used with *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body.

1.5 "**Confidential Information**" means:

(a) All information, ideas, trade secrets and all other confidential and proprietary information of the Company, including without limitation any and all information relating in any manner whatsoever to the Field of Research or the Business of the Company, financial information of the Company, the terms and formats of the Company's contracts and agreements, information pertaining to the Company's methods of operation, processes, strategies and techniques, customer lists, customer information, and information relating to employees of the Company, including but not limited to employees' identities, home and business telephone and pager numbers, and addresses;

(b) Provided that the information: (i) becomes known to Employee as a consequence of Employee's employment with the Company, or was wrongfully obtained by Employee, regardless of whether the information became known to Employee during or after working hours, or whether the information came into the Company's possession through the efforts of Employee or others; and (ii) is not readily available to the public; and

(c) The definition of "Confidential Information" is intended to have the broadest meaning as permitted by law and extends beyond the definition of "trade secrets" as set forth in the Uniform Trade Secrets Act.

1.6 "**Employee**" means the individual signing this Agreement who is either currently employed by the Company or becoming an employee of the Company concurrently with the execution of this Agreement.

1.7 "**Intellectual Property**" means any and all ideas, Inventions, know how, improvements, discoveries, techniques, processes, original works of authorship, trade secrets and other subject matter developed or made by the Employee (solely or jointly with others) that may be protected, at least in part, by one or more of a patent, trademark, copyright, trade secret, trade dress or other legal protection in the United States or in any foreign country.

1.8 "**Inventions**" means any and all discoveries, concepts, ideas, whether patentable or not patentable, including but not limited to processes, methods, formulae, software, techniques, algorithms, cells, tissues, organs, cell cultures, cell parts, organisms, natural or non-naturally occurring genetic materials such as DNA constructs, products, such as proteins, antibodies and the like, that are derived from or produced using natural or non-naturally occurring genetic materials, as well as improvements thereof or know-how related thereto, concerning any present or prospective activities of the Company with which the Employee becomes acquainted or gains knowledge of as a result of the Employee's employment by the Company.

1.9 "Competing Organization" means any Person engaged in or about to become engaged in research on, development of, production, marketing, selling of, or offering for sale a Competing Product.

1.10 "Competing Product" means any product, process, good or service of any Person other than the Company, in existence or under development, which competes, directly or indirectly, with a product, process, good or service on or with which the Employee has worked for the Company or about which the Employee has Confidential Information.

1.11 "Work Product" means designs, drawings, software, photographs, plans, records, improvements, ideas and other subject matter relating thereto that is not considered by the Company to be Intellectual Property.

2. EMPLOYEE'S REPRESENTATIONS AND AGREEMENTS

2.1 Confidential Information and Goodwill: Solely as a result of employment with the Company, Employee will be given access to, become familiar with, and will acquire knowledge of the Company, its employees, operations, methods, sources of supply, financial information, the Field of Research, the Business of the Company and other Confidential Information of the Company. The Confidential Information has been and will continue to be developed through the Company's investment of substantial time, effort and money. Employee recognizes that disclosure or use of Confidential Information for any purpose to any third party or Competing Organization would be greatly prejudicial and detrimental to the Company and would cause the Company to suffer immediate and irreparable injury. Employee further recognizes that Employee is in a position to unfairly convert or otherwise use the Company's business and goodwill for use by Employee and a Competing Organization to produce, make, have made, sell, offer for sale, or import a Competing Product, and that such conversion or use would be greatly prejudicial to the Company, and would cause the Company to suffer immediate and irreparable injury.

2.2 Ownership of Employee Work Product: The Company and Employee agree:

(a) that the Company shall own in its entirety and have the entire right to use, made, have made, sell, offer for sale or import without the payment to the Employee of any royalty or amount or the provision of any consideration to Employee, other than

continued employment of the Employee by the Company, all Work Product and all results of the performance by Employee of Employee's duties and responsibilities as an employee of the Company. Employee specifically agrees that any Work Product made or conceived by Employee during the period of employment of Employee by the Company shall be delivered to and become the property of the Company; and

(b) that Employee is obligated to assign and will assign all right, title and interest in and to the Work Product to the Company, without the payment of any royalty or amount or the provision of any consideration to the Employee other than continued employment by the Company.

2.3 Employee Intellectual Property: Employee agrees that with respect to Intellectual Property made or conceived by the Employee, whether or not during the hour of Employee's engagement or with the use of assistance of any Company facility, material, or personnel, either solely or jointly with others during Employee's employment with the Company or within one year after termination of such employment, without payment, royalty or any other consideration to the Employee other than Employee's wages or salary, therefore:

(a) The Employee shall inform the Company promptly and fully of all such Intellectual Property by written reports, setting forth in detail the procedures, steps, materials and the like employed and the results achieved. The Employee shall submit an invention disclosure report promptly after completion of any studies or research projects undertaken on the Company's behalf, or funded at least in part by the Company, whether or not in the Employee's opinion or view a given project has resulted in any Invention;

(b) The Employee hereby transfers, assigns and agrees to assign to the Company, without any royalty, payment or consideration other than Employee's wages or salary which shall be considered full and adequate consideration, his or her entire right, title and interest in and to all Intellectual Property and to applications for United States and foreign patent applications and patents granted thereon and to any trademarks, trade dress or copyrightable material related thereto;

(c) The Employee agrees for himself or herself and his or her heirs, representatives, successors in interest, and assigns, upon request of the Company, at all times to perform such acts, such as providing testimony in support of the Employee's inventorship and to execute and deliver promptly to the Company such papers, instruments and documents, without expense to him or her, as from time to time may be necessary or useful in the Company's opinion to apply for, secure, maintain, enforce, reissue, extend or defend the Company's worldwide rights in any Intellectual Property so as to secure to the Company the full benefits of the Intellectual Property and otherwise to carry into full force and effect the text and the assignment described above;

(d) The Employee warrants and represents to the Company that he or she is not subject to any agreement, government contract, government grant or university policy inconsistent with this Agreement. The Employee agrees not to conduct any research or other work subject to this Agreement other than at the Company's facilities and further agrees not to use any such research facilities, materials or personnel of any university or other Person not rented, leased or otherwise hired by the Company in connection with such work; and

(e) The Employee acknowledges that any copyrightable work created by Employee during the period of Employee's employment relationship with the Company shall be considered a work made for hire, and rights therein shall be the exclusive property of the Company as author and owner of the copyright in and to such work.

2.4 Shop Rights: Notwithstanding any provision herein that may create greater rights, Employee acknowledges that the Company shall have the royalty-free right to use in its business, and to make, have made, use, sell, offer for sale or import products, processes and services derived from or related to any Intellectual Property or Work Product that are made or conceived by the Employee during his or her employment by the Company or with the use or assistance of the Company's facilities or funded, at least in part, with Company funds.

3. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION: At no time, either during or after the termination of employment, shall Employee directly or indirectly obtain, disclose, reveal or use for Employee or any Person or Competing Organization, or aid others in obtaining, disclosing, revealing or using any Confidential Information of the Company, other than as may be required in the performance of duties for and as authorized by the Company. All Confidential Information is and shall remain the sole property of the Company.

4. NONDISCLOSURE OF OTHER INFORMATION: The Company and Employee acknowledge and agree that:

(a) Employee may be aware of certain other confidential information of one or more third parties (the "Third Party Confidential Information").

(b) The Company and Employee further acknowledge and agree that the Company has not requested that Employee disclose to the Company any Third Party Confidential Information and, in fact, the Company requires that Employee refrain at all times during the period of the employment relationship between the Company and Employee from using, disclosing or revealing to the Company any Third Party Confidential Information.

(c) Employee agrees that at all times during the period of the employment relationship between Employee and the Company, Employee shall refrain from using, disclosing or revealing to the Company any Third Party Confidential Information.

5. NON-SOLICITATION COVENANT: During Employee's employment and for the one (1) year period following the termination thereof, Employee will not:

(a) directly or indirectly, on behalf of Employee or for any other Person (other than the Company), hire, entice, induce, encourage or solicit, or attempt to hire, entice, induce, encourage or solicit any employee to leave the Company's employ; or

(b) cause or attempt to cause any employee of the Company to become employed by any Person associated with a Competing Organization or engaged in the Business of the Company; or

(c) solicit or accept business, directly or indirectly, related to product or services competitive with those of the Company, from any of the Company's customers with whom the Employee has contact within one (1) year prior to Employee's termination.

6. NON-COMPETE COVENANT: Employee agrees that for a period of one (1) year after termination of employment, Employee will not compete, directly or indirectly, with the Company in the Field of Cartilage Regeneration and Repair. Competition includes, but is not limited to, the design, development, production, promotion, offering for sale or sale of product or services competitive with those of the Company in the Field of Cartilage Regeneration and Repair.

7. RETURN OF COMPANY PROPERTY AND CONFIDENTIAL INFORMATION: All records, files photo/videographic materials, customer lists, supplier lists, software, keys, equipment, credit cards or other tangible material, and all other documents, including but not limited to Confidential Information, relating to the Business of the Company (collectively "property") that Employee receives, acquires, produces or has access to during employment, are the exclusive property of the Company. Upon termination of Employee's employment, Employee shall return to the Company all property and all Confidential Information of the Company and all copies thereof in Employee's possession or control regardless of how such property or Confidential Information is obtained or maintained.

8. REMEDIES FOR BREACH: Employee agrees that any breach of this Agreement by Employee will cause the Company to suffer immediate and irreparable injury, for which there is no adequate remedy at law. In the event of a breach or threatened breach of any of the terms of the Agreement, the Company shall be entitled to seek and obtain enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without posting a bond or the requirement of any other guarantee, and any other form of equitable relief. Employee consents to the entry of such an order. This provision is in addition to and does not replace any other remedies the Company may have at law or in equity, including the right to receive monetary damages. Employee shall reimburse the Company for all reasonable attorneys' fees and costs incurred by the Company in enforcing this Agreement.

9. SURVIVAL; SEVERABILITY AND ENFORCEABILITY: This Agreement shall survive the termination of Employee's employment with the Company. It is the intention of the parties that this Agreement shall be enforceable to the fullest extent allowed by law. This Agreement is devisable and separable so that if any provision shall be held to be invalid, unlawful or enforceable, such holding shall not impair the remaining provisions. If any provision is held to be too broad or unreasonable in duration, scope or character of restriction to be enforced, such provision shall be amended or modified (including "blue pencilled") to the extent necessary to legally enforce such provision to the fullest extent permitted by law. This Agreement, including the rights and obligations hereunder including all rights of enforcement, may be transferred and/or assigned to the Company.

10. EMPLOYEE'S OPPORTUNITY OF INDEPENDENT REVIEW OF THIS AGREEMENT PRIOR TO EXECUTION: Employee acknowledges that he or she has been provided the opportunity by the Company to have this Agreement reviewed by an attorney or counsel of Employee's own choosing prior to signing this Agreement.

11. APPLICABLE LAW: This Agreement shall be construed and governed for all purposes under the laws of the Commonwealth of Massachusetts without regard to conflict of law principles.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings, oral or written discussions and representations ever made, and agreements executed by Employee relating to this subject matter. No amendment, waiver or revocation of this Agreement shall be effective unless set forth in writing expressly stating the amendment, waiver or revocation and signed by Employee and an authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year noted above.

For: _____	**For: HISTOGENICS CORPORATION**
_____	By: _____
_____	_____
Date	Title

HISTOGENICS CORPORATION
SECOND AMENDED AND RESTATED
STOCKHOLDERS' AGREEMENT

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SECOND AMENDED AND RESTATED
STOCKHOLDERS' AGREEMENT

THIS SECOND AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT (the "**Agreement**") is made as of the 18th day of December 2013 (the "**Effective Time**") by and among (i) Histogenics Corporation, a Delaware corporation (the "**Company**"); (ii) the Key Holders; (iii) the Investors listed on Schedule A ("**Investors**"); and (iv) any Additional Stockholder (as defined below), who upon acquiring one percent (1%) or more of the Company's then outstanding Common Stock on a fully diluted basis shall execute and deliver a counterpart signature page to this Agreement, (together with the Key Holders, the Investors and the Additional Stockholders, the "**Stockholders**").

RECITALS

WHEREAS, certain of the Investors purchased at an Initial Closing (as defined in that certain Series A Preferred Stock Purchase Agreement dated as of July 20, 2012 by and among the Investors and the Company (the "**Original Purchase Agreement**")) shares of the Company's Series A Preferred Stock, $0.001 par value ("**Series A Preferred Stock**");

WHEREAS, certain of the Stockholders (the "**Existing Stockholders**") entered into that certain Amended and Restated Stockholders' Agreement dated as of July 20, 2012 among the Company and such Existing Stockholders (the "**Prior Agreement**");

WHEREAS, the Company and certain of the Investors (the "**2011 Investors**") previously entered into that certain Stockholders' Agreement dated as of May 13, 2011 among the Company and such 2011 Investors (the "**2011 Agreement**");

WHEREAS, pursuant to Section 10.8 of the Prior Agreement, the Prior Agreement may be amended, and any provision therein waived, with the consent of the Company and the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate series (the "**Requisite Holders**");

WHEREAS, the undersigned, constituting the Requisite Holders, desire to terminate the Prior Agreement and to accept the rights created pursuant hereto in lieu of the rights granted to them under the Prior Agreement; and

WHEREAS, certain Investors are parties to that certain Amended and Restated Series A and A-1 Preferred Stock Purchase Agreement of even date herewith by and among the Company and certain of the Investors (the "**Purchase Agreement**"), which provides that as a condition to the Second Closing and Third Closing (as defined in the Purchase Agreement) for the sale and issuance to the Purchasers of shares of the Company's Series A-1 Preferred Stock, $0.001 par value ("**Series A-1 Preferred Stock**"), this Agreement must be executed and delivered by such Investors and the Company.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Stockholders hereby agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto further agree as follows:

1. Definitions.

"**Affiliate**" or "**Affiliated**" means, with respect to any specified Stockholder, any other Person who or which, directly or indirectly, controls, is controlled by or is under common control with such Stockholder, including without limitation any partner, member, officer, director or employee of such Stockholder, and any venture capital or private equity fund now or hereafter existing which is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, such Stockholder. Notwithstanding the foregoing, any Person constituting a portfolio investment of any of the Stockholders that are venture capital investors shall not be considered an Affiliate of such Stockholder solely as a result of such relationship.

"**BEA Warrants**" means the warrants to purchase shares of Common Stock issued pursuant to that certain First Amendment dated July 19, 2012 by and between the Company and Boston Equity Advisors., LLC amending the agreement dated June 6, 2011 between such parties (the "**BEA Agreement**").

"**Capital Stock**" means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Stockholder, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by a Stockholder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then applicable conversion ratio.

"**Certificate of Incorporation**" means the Company's Fifth Amended and Restated Certificate of Incorporation, as it may be amended or restated from time to time.

"**Common Stock**" means shares of Common Stock of the Company, $0.001 par value per share.

"**Investor Notice**" means written notice from a Series A Holder notifying the selling Key Holders that the Series A Holder intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Transfer.

"**Key Holders**" means Peter Greenleaf, Kevin McArdle, Peter Hamilton, Patrick O'Donnell and any Additional Stockholder.

"**Person**" means an individual, firm, corporation, partnership, association, limited liability company, trust or any other entity.

"**Preferred Stock**" means, collectively, all shares of Series A Preferred Stock and Series A-1 Preferred Stock.

"**2011 Investors**" means those parties to the agreement that are indicated as such on Schedule A hereto.

"**Prochon Holdings BV Note**" means that certain promissory note dated May 13, 2011 in the principal amount of $750,000 issued by the Company to Prochon Holdings BV.

"**Proposed Transfer**" means any assignment, transfer, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.

"**Proposed Transfer Notice**" means written notice from a Key Holder setting forth the terms and conditions of a Proposed Transfer.

"**Prospective Transferee**" means any person to whom a Key Holder proposes to make a Proposed Transfer.

"**Qualified IPO**" means the Company's initial underwritten public offering of its Common Stock at a public offering price of not less than $3.00 (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof) and for total gross proceeds of at least $30,000,000.

"**Required Holders**" has the meaning ascribed to it in the Certificate of Incorporation.

"**Right of Co-Sale**" means the right, but not an obligation, of a Series A Holder to participate in a Proposed Transfer on the terms and conditions specified in the Proposed Transfer Notice.

"**Right of First Refusal**" means the right, but not an obligation, of each Series A Holder, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

"**Series A Holder**" means each of the individuals holding any shares of the Company's Series A Preferred Stock and Series A-1 Preferred Stock, and collectively ("**Series A Holders**").

"**Series A Preferred Stock**" means all shares of the Company's Series A Preferred Stock, par value $0.001 per share.

"**Series A-1 Preferred Stock**" means all shares of the Company's Series A-1 Preferred Stock, par value $0.001 per share.

"**Shares**" means and includes any securities of the Company the holders of which are entitled to vote for members of the Company's Board of Directors, including without limitation, all shares of Common Stock, Series A Preferred Stock and Series A-1 Preferred Stock, by whatever name called, now owned or subsequently acquired by a Stockholder, however acquired, whether through stock splits, stock dividends, reclassifications, recapitalizations, similar events or otherwise.

"**Takagi**" means Purpose Co., Ltd., f/k/a Takagi Sangyo Co. Ltd., and also f/k/a Takagi Industrial Co., Ltd., a Japanese corporation.

"**Takagi Agreement**" means that certain agreement, by and between the Company and Takagi dated as of June 25, 2012.

"**Transfer Stock**" means shares of Capital Stock owned by a Key Holder.

"**Yayon Agreement**" means that certain (i) Settlement and Waiver Agreement by and between the Company, ProChon Holdings BV, and Prof. Avner Yayon dated as of February 15, 2011, (ii) Agreement by and between ProChon and Musculoskeletal Transplant Foundation, Inc. dated as of May 5, 2011 and (iii) an escrow agreement contemplated to be entered into pursuant to the agreements listed in (i) and (ii) of this definition by and between ProChon, Prof. Avner Yayon and an escrow agent.

2. Agreement Among the Company and the Stockholders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Series A Holders a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Transfer must deliver a Proposed Transfer Notice to each Series A Holder and the Company no later than forty-five (45) days prior to the consummation of such Proposed Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Transfer and the identity of the Prospective Transferee. To exercise its Right of First Refusal under this Section 2, a Series A Holder must deliver an Investor Notice to the selling Key Holder and the Company within fifteen (15) days after delivery of the Proposed Transfer Notice. In the event of a conflict between this Agreement and any other agreement that may have been entered into by a Key Holder with the Company that contains a preexisting right of first refusal, the Company and the Key Holder acknowledge and agree that the terms of this Agreement shall control; provided, however, that the other provisions of any such agreements shall remain in full force and effect. If, however, this Agreement shall terminate, the right of first refusal provisions contained in such other agreements shall be in full force and effect in accordance with its terms.

(c) Undersubscription of Transfer Stock. If options to purchase have been exercised by Series A Holders with respect to some but not all of the Transfer Stock by the end of the fifteen (15)-day period specified in Section 2.1(b) (the "**Notice Period**"), then the selling Key Holder shall, immediately after the expiration of the Notice Period, send written notice (the "**Undersubscription Notice**") to the Company and those Series A Holders who fully

exercised their Right of First Refusal within the Notice Period (the "**Exercising Holders**"). Each Exercising Holder shall, subject to the provisions of this Section 2.2(c), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Holder must deliver an Investor Notice to the selling Key Holder within ten (10) days after the expiration of the Notice Period. In the event that, at any time, there are two (2) or more Series A Holders that choose to exercise the Right of First Refusal for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Section 2.2 shall be allocated to such Series A Holders pro rata based on the number of shares of Transfer Stock such Series A Holders have elected to purchase pursuant to the Right of First Refusal (without giving effect to any shares of Transfer Stock that any such Series A Holder has elected to purchase pursuant to the Undersubscription Notice). The selling Key Holder shall immediately notify all of the Exercising Holders of the number of remaining shares that the Exercising Holders elect to purchase pursuant to the Undersubscription Notice.

(d) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Company's Board of Directors (the "**Board**") and as set forth in the Notice. Any Series A Holder may for any reason elect not to pay for the Transfer Stock in the same form of non-cash consideration, and instead such Series A Holder may pay the cash value equivalent thereof, as determined in good faith by the Board and as set forth in the Notice. The closing of the purchase of Transfer Stock by the Series A Holders shall take place, and all payments from the Series A Holders shall be delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Transfer and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Transfer is not purchased pursuant to Section 2.1 above and thereafter is to be sold to a Prospective Transferee, each Series A Holder may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Transfer as set forth in Section 2.2(b) below and otherwise on the same terms and conditions specified in the Proposed Transfer Notice (provided that if a Series A Holder wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock). Each Series A Holder who desires to exercise its Right of Co-Sale must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Investor Notice described above, and upon giving such notice such Series A Holder shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable. Each Series A Holder who timely exercises such Series A Holder's Right of Co-Sale by delivering the written notice provided for above in Section 2.2(a) may include in the Proposed Transfer all or any part of such Series A Holder's Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Transfer (excluding shares purchased by the Series A

Holders pursuant to the Right of First Refusal) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Series A Holder immediately before consummation of the Proposed Transfer (including any shares that such Series A Holder has agreed to purchase pursuant to the Right of First Refusal) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Series A Holders immediately prior to the consummation of the Proposed Transfer. To the extent one or more of the Series A Holders exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Transfer shall be correspondingly reduced.

(c) Delivery of Certificates. Each Series A Holder shall effect its participation in the Proposed Transfer by delivering to the selling Key Holder, no later than fifteen (15) days after such Series A Holder's exercise of the Right of Co-Sale, one or more stock certificates, properly endorsed for transfer to the Prospective Transferee, representing:

(i) the number of shares of Common Stock that such Series A Holder elects to include in the Proposed Transfer; or

(ii) the number of shares of Preferred Stock that is at such time convertible into the number of shares of Common Stock that such Series A Holder elects to include in the Proposed Transfer; provided, however, that if the Prospective Transferee objects to the delivery of convertible Preferred Stock in lieu of Common Stock, such Series A Holder shall first convert the Preferred Stock into Common Stock and deliver Common Stock as provided above. The Company agrees to make any such conversion concurrent with and contingent upon the actual transfer of such shares to the Prospective Transferee.

(d) Purchase Agreement. The parties hereby agree that the terms and conditions of any sale pursuant to this Section 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with customary terms and provisions for such a transaction and the parties further covenant and agree to enter into such an agreement as a condition precedent to any sale or other transfer pursuant to this Section 2.2.

(e) Deliveries. Each stock certificate a Series A Holder delivers to the selling Key Holder pursuant to Section 2.2(c) above will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice and the purchase and sale agreement, and the selling Key Holder shall concurrently therewith remit or direct payment to each Series A Holder the portion of the sale proceeds to which such Series A Holder is entitled by reason of its participation in such sale. If any Prospective Transferee or Transferees refuse(s) to purchase securities subject to the Right of Co-Sale from any Series A Holder exercising its Right of Co-Sale hereunder, no Key Holder may sell any Transfer Stock to such Prospective Transferee or Transferees unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-Sale from such Series A Holder on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice.

(f) Additional Compliance. If any Proposed Transfer is not consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Series A Holders, the Key Holder proposing the Proposed Transfer may not sell any Transfer Stock unless it complies in full again with each provision of this Section 2. The exercise or election not to exercise any right by any Series A Holder hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Section 2.2.

(g) Different Securities. With respect to a Series A Holder's Right of Co-Sale, if a Series A Holder holds shares of a different series, class or type of Capital Stock than the Transfer Stock or if the selling Key Holder holds shares of Capital Stock subject to forfeiture or repurchase, such Series A Holder, the selling Key Holder and the Prospective Transferee shall negotiate appropriate valuation adjustments with respect to such shares so that the proposed consideration for the Transfer Stock is equitably allocated so that such Series A Holder and the selling Key Holder each receives fair value for its shares. If the parties are not able to agree on an appropriate valuation, then the Board shall in good faith determine the fair value. A Series A Holder shall be required to exercise any warrants or options prior to their inclusion in any Proposed Transfer.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to any Series A Holder under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, such Series A Holder may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of such Series A Holder (or request that the Company effect such transfer in the name of a Series A Holder) on the Company's books the certificate or certificates representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a "**Prohibited Transfer**"), each Series A Holder who desires to exercise its Right of Co-Sale under Section 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Series A Holder the type and number of shares of Capital Stock that such Series A Holder would have been entitled to sell to the Prospective Transferee under Section 2.2 had the Prohibited Transfer been effected pursuant to and in compliance with the terms of

Section 2.2. The sale will be made on the same terms and subject to the same conditions as would have applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Series A Holder learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Section 2.2. Such Key Holder shall also reimburse each Series A Holder for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Series A Holder's rights under Section 2.2.

3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2.1 and 2.2 shall not apply: (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners, other equity holders, or to any venture capital fund or private equity fund now or hereafter existing which is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, such Key Holder, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock, provided that the pledgee thereof agrees in writing in advance to be bound by and comply with all applicable provisions of this Agreement to the same extent as if it were the Key Holder making such pledge, (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse) (all of the foregoing collectively referred to as "**family members**"), or any other person approved by the Board, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by, such Key Holder or any such family members, (e) pursuant to the terms of the Yayon Agreement, or (f) any transfers pursuant to Section 6 or Section 7; provided that in the case of clause(s) (a), (c), (d) or (e), the Key Holder shall deliver prior written notice to the Series A Holders of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a condition to such issuance, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Stockholder (but only with respect to the securities so transferred to the transferee), including the obligations of a Stockholder with respect to Proposed Transfers of such Transfer Stock pursuant to Section 2; and provided, further, in the case of any transfer pursuant to clause (a) or (d) above, that such transfer is made pursuant to a transaction in which there is no consideration actually paid for such transfer.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in a Qualified IPO or (b) pursuant to a Deemed Liquidation Event (as defined in the Certificate of Incorporation).

3.3 Prohibited Transferees. Notwithstanding the foregoing, except in connection with (i) a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company; or (ii) a transaction that qualifies as a "Deemed Liquidation Event" as defined in the Certificate of Incorporation, no Key Holder shall transfer any Transfer Stock to (a) any entity which, in the determination of the Board, directly or indirectly competes with the Company or (b) any customer, distributor or supplier of the Company, if the Board should determine that such transfer would result in such customer, distributor or supplier receiving information that would place the Company at a competitive disadvantage with respect to such customer, distributor or supplier.

4. Bring-Along Right.

4.1 Definitions. A "**Sale of the Company**" shall mean either: (i) a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company (a "**Stock Sale**"); or (ii) a transaction that qualifies as a "Deemed Liquidation Event" as defined in the Certificate of Incorporation.

4.2 Actions to be Taken. In the event that the Board and the holders of at least a majority of the outstanding shares of Preferred Stock (the "**Selling Stockholders**"), voting as a separate class and on an as-converted to Common Stock basis, approve a Sale of the Company in writing and specify that this Section 4 shall apply to such transaction (each an "**Approved Transaction**"), then subject to Section 6 and Section 7, each Key Holder and each Series A Holder hereby agrees:

(a) if such Approved Transaction requires stockholder approval, with respect to all Shares that such Stockholder owns or over which such Stockholder otherwise exercises voting power, to vote (in person, by proxy or by action by written consent, as applicable) all Shares in favor of, and adopt, such Approved Transaction and to vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Approved Transaction;

(b) if such Approved Transaction is a Stock Sale, to sell the same proportion of shares of Capital Stock beneficially held by such Stockholder as is being sold by the Selling Stockholders to the Person to whom the Selling Stockholders propose to sell their Shares, and, except as permitted in Section 4.3 below, on the same terms and conditions as the Selling Stockholders;

(c) to execute and deliver all related documentation and take such other action in support of the Approved Transaction as shall reasonably be requested by the Company or the Selling Stockholders in order to carry out the terms and provision of this Section 4, including without limitation executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents; provided, however, no Stockholder shall be required to execute or deliver any agreements, instruments and documents that are substantially different from the agreements, instruments and documents executed and delivered by the Selling Stockholders or the other Stockholders;

(d) not to deposit, and to cause their Affiliates not to deposit, except as provided in this Agreement, any Shares owned by such party or Affiliate in a voting trust or subject any Shares to any arrangement or agreement with respect to the voting of such Shares, unless specifically requested to do so by the acquirer in connection with the Sale of the Company; and

(e) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Approved Transaction.

4.3 Exceptions. Notwithstanding the foregoing, a Stockholder will not be required to comply with Subsection 4.2 above in connection with any proposed Approved Transaction (the "**Proposed Transaction**") unless:

(a) the liability for indemnification, if any, of such Stockholder in the Proposed Transaction and for the inaccuracy of any representations and warranties made by the Company or its Stockholders in connection with such Proposed Transaction, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any Stockholder of any of identical representations, warranties and covenants provided by all Stockholders), and is pro rata in proportion to, and does not exceed, the amount of consideration paid to such Stockholder in connection with such Proposed Transaction; and

(b) upon the consummation of the Proposed Transaction and subject to Section 6 and Section 7, (i) each holder of each class or series of the Company's stock will receive the same form of consideration for their shares of such class or series as is received by other holders in respect of their shares of such same class or series of stock, (ii) each holder of a series of preferred stock will receive the same amount of consideration per share of such series of preferred stock as is received by other holders in respect of their shares of such same series, (iii) each holder of Common Stock will receive the same amount of consideration per share of Common Stock as is received by other holders in respect of their shares of Common Stock, and (iv) unless the Required Holders elect to receive a lesser amount by written notice given to the Company at least ten (10) days prior to the effective date of any such Proposed Transaction, the aggregate consideration receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock on the basis of the relative liquidation preferences to which the holders of the Preferred Stock and the holders of Common Stock are entitled in a Deemed Liquidation Event (assuming for this purpose that the Proposed Transaction is a Deemed Liquidation Event) in accordance with the Takagi Agreement and Section 6 and Section 7 hereof and the Certificate of Incorporation in effect immediately prior to the Proposed Transaction; provided, however, that, notwithstanding the foregoing, if the consideration to be paid in exchange for the Transfer Stock pursuant to this Subsection 4.3(b) includes any securities and due receipt thereof by any Stockholder would require under applicable law (x) the registration or qualification of such securities or of any person as a broker or dealer or agent with respect to such securities or (y) the provision to any Stockholder of any information other than such information as a prudent issuer would generally furnish in an

offering made solely to "accredited investors" as defined in Regulation D promulgated under the Securities Act of 1933, as amended, the Company may cause to be paid to any such Stockholder in lieu thereof, against surrender of the Transfer Stock, as applicable, which would have otherwise been sold by such Stockholder, an amount in cash equal to the fair value (as determined in good faith by the Company) of the securities which such Stockholder would otherwise receive as of the date of the issuance of such securities in exchange for the Transfer Stock, as applicable.

4.4 Restrictions on Sales of Control of the Company. No Stockholder shall be a party to any Stock Sale unless all holders of Preferred Stock are allowed to participate in such transaction and the consideration received pursuant to such transaction is allocated among the parties thereto in the manner specified in the Takagi Agreement, Section 6 and the Certificate of Incorporation in effect immediately prior to the Stock Sale (as if such transaction were a Deemed Liquidation Event), unless the Required Holders elect otherwise by written notice given to the Company at least ten (10) days prior to the effective date of any such transaction or series of related transactions, provided that such agreement by the Required Holders may not contravene with Section 6 hereof.

5. Voting Provisions Regarding Board of Directors and Increases of Authorized Shares.

5.1 Size of the Board. Each Stockholder agrees to vote, or cause to be voted, all Shares owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that the size of the Board shall be set and remain at seven (7) directors.

5.2 Board Composition. Each Stockholder agrees to vote, or cause to be voted, all Shares owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders, the following persons shall be elected to the Board:

(a) At each election of directors in which the holders of the Preferred Stock (the four (4) directors so elected, the "**Preferred Directors**"), voting as a separate class, are entitled to elect directors of the Company:

(i) one (1) individual designated by Sofinnova Venture Partners VIII, L.P. ("**Sofinnova**"), which individual shall initially be Garheng Kong, MD., Ph.D., for so long as Sofinnova or its Affiliates continue to own at least 1,000,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of the Series A Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like;

(ii) one (1) individual designated by Split Rock Partners II, LP ("**Split Rock**"), which individual shall initially be Joshua Baltzell, for so long as Split Rock or its Affiliates continue to own at least 1,000,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of the Series A Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like;

(iii) one (1) individual designated by the 2011 Investors, which individual shall initially be Michael Lewis, for so long as the 2011 Investors and their Affiliates continue to own at least 1,000,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of the Series A Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like; and

(iv) One (1) individual who is either (i) not employed by, or otherwise Affiliated with, the Company, any subsidiary of the Company, any Stockholder or any Affiliate of any Stockholder who is designated by a majority of the Preferred Directors or (ii) designated by the 2011 Investors, which individual shall initially be Kevin Rakin (the parties acknowledge that Mr. Rakin shall not be excluded from this seat by virtue of his status as a stockholder of the Company); and

(b) At each election of directors in which the holders of Common Stock, voting as a separate class, are entitled to elect directors of the Company, one (1) individual designated by such holders who shall at all times be the Company's Chief Executive Officer, who initially shall be Peter Greenleaf (the "**CEO Director**"), provided that if for any reason the CEO Director shall cease to serve as the Chief Executive Officer of the Company, each of the Stockholders shall promptly vote their respective Shares (i) to remove the former Chief Executive Officer from the Board if such person has not resigned as a member of the Board and (ii) to elect such person's replacement as Chief Executive Officer of the Company as the new CEO Director;

(c) To the extent that any one of clause (a) or (b) above shall not be applicable, any member of the Board who would otherwise have been designated in accordance with the terms thereof shall instead be voted upon by all the stockholders of the Company entitled to vote thereon in accordance with, and pursuant to, the Certificate of Incorporation.

5.3 Failure to Designate a Board Member. In the absence of any designation from the Person(s) or groups with the right to designate a director as specified above, the director previously designated by them and then serving shall be reelected if still eligible to serve as provided herein.

5.4 Removal of Board Members. Each Stockholder also agrees to vote, or cause to be voted, all Shares owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that:

(a) no director elected pursuant to Sections 5.2 or 5.3 of this Agreement may be removed from office other than for cause unless (i) such removal is directed or approved by the affirmative vote of the Person or Persons entitled under Section 5.2 to designate that director or (ii) the Person or Persons originally entitled to designate or approve such director pursuant to Section 5.2 is no longer so entitled to designate or approve such director; and

(b) any vacancies created by the resignation, removal or death of a director elected pursuant to Sections 5.2 or 5.3 shall be filled pursuant to the provisions of this Section 4.

(c) All Stockholders agree to execute any written consents required to perform the obligations of this Agreement, and the Company agrees at the request of any party entitled to designate directors to call a special meeting of stockholders for the purpose of electing directors.

5.5 No Liability for Election of Recommended Directors. No party, nor any Affiliate of any such party, shall have any liability as a result of designating a person for election as a director for any act or omission by such designated person in his or her capacity as a director of the Company, nor shall any party have any liability as a result of voting for any such designee in accordance with the provisions of this Agreement.

5.6 Board of Directors of Subsidiary. The board of directors of any subsidiary of the Company shall be comprised of the same members as the Board of Directors of the Company.

5.7 Vote to Increase Authorized Common Stock. Each Stockholder agrees to vote or cause to be voted all Shares owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to increase the number of authorized shares of Common Stock from time to time to ensure that there will be sufficient shares of Common Stock available for conversion of all of the shares of Preferred Stock outstanding at any given time.

5.8 Change in Number of Directors. Each party hereby agrees that it will not vote for any amendment or change to the Company's Certificate of Incorporation or Bylaws providing for the election of more or less than seven (7) directors, or any other amendment or change to the Company's Certificate of Incorporation or Bylaws inconsistent with the terms of this Agreement.

5.9 Covenants of the Company. The Company agrees to use its best efforts to ensure that the rights granted hereunder are effective and that the parties hereto enjoy the benefits thereof. Such actions include, without limitation, the use of the Company's best efforts to cause the nomination and election of the directors as provided above. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all of the provisions of this Agreement and in the taking of all such actions as may be necessary, appropriate or reasonably requested by the holders of a majority of the outstanding voting securities held by the parties hereto assuming conversion of all outstanding securities in order to protect the rights of the parties hereunder against impairment.

6. Distributions to Takagi upon a Sale of the Company or an IPO.

6.1 Sale of the Company. The parties hereto acknowledge the Takagi Agreement, a copy of which is attached to this Agreement as Exhibit B. The parties further acknowledge the rights of Takagi to Consideration (as that term is defined in the Takagi Agreement) in the event of a Sale of the Company. The parties agree that upon a Sale of the Company, the Company shall deduct from the proceeds of such sale that portion of the proceeds that constitutes the Consideration. The Company shall charge the cost of the Consideration to the Stockholders, or their respective successors and assigns, in accordance with the following percentages:

Stockholder	Following Second Closing % of Consideration	Following Third Closing % of Consideration	IPO Pro Rata Pro Rata % of Shares
Series A Holders, to be allocated among each holder and its respective Affiliates as follows:	**4.0625% (52%)**	**3.9594% (52%)**	**52%**
Sofinnova	1.2393%	1.2059%	15.8376%
Split Rock	0.8262%	0.8039%	10.5584%
ProChon Holdings BV	0.9527%	0.9320%	12.2402%
Altima Global Special Opportunities Master Fund Limited	0.2453%	0.2400%	3.1522%
Boston Millennia Associates II Partnership	0.0007%	0.0007%	0.0095%
Boston Millennia Partners GmbH & Co. KG	0.0210%	0.0204%	0.2683%
Boston Millennia Partners II Limited Partnership	0.1474%	0.1435%	1.8841%
Boston Millennia Partners II-A Limited Partnership	0.0071%	0.0069%	0.0903%
Strategic Advisors Fund Limited Partnership	0.0013%	0.0013%	0.0169%
Inflection Point Ventures II, L.P.	0.0521%	0.0499%	0.6557%
Foundation Medical Partners II, L.P.	0.0380%	0.0292%	0.3841%
Gene McGrevin	0.0649%	0.0635%	0.8343%
FinTech Gimv Fund LP	0.2394%	0.2329%	
Ian Rosenberg	0.0290%	0.0281%	0.3695%
Wilmslow Estates Limited	0.0207%	0.0201%	0.2640%
BMV Direct LP	0.1565%	0.1608%	2.1117%
Kevin Rakin	0.0125%	0.0121%	0.1584%

Kevin L. Rakin Irrevocable Trust	0.0083%	0.0080%	0.1056%
The Common Stockholders, to be allocated among each such holder and its respective Affiliates as follows:	**3.7500% (48%)**	**3.6548% (48%)**	**48%**
ProChon Holdings BV	1.4648%	1.4277%	18.7500%
Altima Global Special Opportunities Master Fund Limited	0.3907%	0.3808%	5.0013%
Boston Millennia Associates II Partnership	0.0022%	0.0022%	0.0285%
Boston Millennia Partners GmbH & Co. KG	0.0626%	0.0610%	0.8015%
Boston Millennia Partners II Limited Partnership	0.4397%	0.4286%	5.6285%
Boston Millennia Partners II-A Limited Partnership	0.0211%	0.0205%	0.2696%
Strategic Advisors Fund Limited Partnership	0.0040%	0.0039%	0.0506%
Inflection Point Ventures II, L.P.	0.0858%	0.0837%	1.0987%
Foundation Medical Partners II, L.P.	0.3553%	0.3463%	4.5475%
Mark Butts*	0.2734%	0.2665%	3.5000%
Oded Ben-Joseph*	0.2734%	0.2665%	3.5000%
Arnold Freedman*	0.2734%	0.2665%	3.5000%
Gene McGrevin	0.1034%	0.1008%	1.3237%

* These individuals were issued BEA Warrants. Pursuant to the BEA Agreement, such holders will agree to exercise the number of shares necessary to satisfy their obligations under this Agreement immediately prior to an IPO or, in the alternative, assign such number of shares of Common Stock subject to each holders' BEA Warrant to Takagi as is necessary to satisfy each holders pro-rata obligation to Takagi together with a check payable to Takagi equal to the exercise price for the underlying shares.

6.2 IPO. The parties hereto acknowledge the rights of Takagi to the conversion of the Consideration to Common Stock in the event of an initial public offering (an "**IPO**"). The parties agree that upon an IPO, the Consideration shall be converted to Common Stock pursuant to the terms of the Takagi Agreement and the Consideration is to be paid by the Stockholders identified in the table in Section 6.1 above. At the time of the IPO, each such Stockholder shall transfer such number of shares of the Company's Common Stock to Takagi equal to the aggregate number of shares of Common Stock issuable to Takagi pursuant to the Takagi Agreement multiplied by each Stockholder's pro rata portion of the aggregate percentage set forth next to all of Stockholder's names in the table in Section 6.1 above for no consideration payable by Takagi.

7. Prochon Holdings BV Note. The parties hereto agree to the following in connection with the Prochon Holdings BV Note. This Section 7 shall amend, supersede and replace the terms and conditions of the Prochon Holdings BV Note to the extent inconsistent therewith. Notwithstanding anything to the contrary in the Prochon Holdings BV Note, Prochon Holdings BV shall have no recourse against the Company for any obligation in the Prochon Holdings BV Note except as specifically provided in this Section 7. Prochon Holdings BV's sole recourse with respect to the Prochon Holdings BV Note shall be as set forth in this Section 7. Accordingly, in no event shall the Prochon Holdings BV Note be convertible into equity securities of the Company, and the Company shall have no obligations to make any cash payments with respect to the Prochon Holdings BV Note except as described in this Section 7 and then only to the extent that there are sufficient proceeds to do so. Each 2011 Investor, and only such 2011 Investors, agrees that upon a Sale of the Company with gross proceeds of $750,000 or more, the Company shall deduct from the proceeds from such sale that would be payable to the 2011 Investors, and only such 2011 Investors, pro rata based on their shares of Common Stock (without regard to the conversion of any shares of Preferred Stock), if any, the outstanding principal amount of the Prochon Holdings BV Note and pay such amount in the same form of consideration as paid in the Sale of the Company to Prochon Holdings BV in full satisfaction of the Prochon Holdings BV Note. Notwithstanding anything to the contrary in the Prochon Holdings BV Note, in no other event shall Prochon Holdings BV have any right to any payments on the Prochon Holdings BV Note. The 2011 Investors will indemnify and hold the Company and any other party to this Agreement other than the 2011 Investors harmless from, and will defend the Company and any other party to this Agreement other than the 2011 Investors against, any and all loss, liability, damage, claims, demands or suits and related costs and expenses that arise, directly or indirectly, from the Prochon Holdings BV Note.

8. Legend. Each certificate representing shares of Transfer Stock held by a Key Holder or issued to any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof or issued to any permitted transferee in connection with a transfer permitted by Section 3.1 hereof shall be endorsed with the following legend:

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN SECOND AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. BY ACCEPTING ANY INTEREST IN SUCH SECURITIES THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF THAT SECOND AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER, OWNERSHIP AND VOTING SET FORTH THEREIN. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in this Section 8 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

9. Lock-Up.

9.1 Agreement to Lock-Up. Each Stockholder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement of Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed l80 days) after the effective date of the Company's IPO (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Stockholder or are thereafter acquired) or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 8.1 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, transfers pursuant to Section 6 hereof, or the transfer of any shares to any trust for the direct or indirect benefit of the Stockholder or the immediate family of the Stockholder provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Stockholders only if all officers and directors and stockholders individually (together with their Affiliates) owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are subject to the same restrictions. Any release from the lock-up restrictions as described in this Subsection 9.1 will be done pro rata among the Stockholders holding Registrable Securities, so that each such Stockholder of Registrable Securities may sell, transfer or otherwise dispose of an equal percentage of his, her or its shares originally subject to the lock-up restrictions. The underwriters in connection with such registration are intended third party beneficiaries of this Subsection 9.1 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Stockholder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 9.1 or that are necessary to give further effect thereto.

9.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Stockholder (and transferees and assignees thereof) until the end of such restricted period.

10. Miscellaneous.

10.1 Term. This Agreement shall automatically terminate upon the earlier of (a) immediately prior to the consummation of the Qualified IPO (except that Section 8 and Section 9 shall survive for the 180 day period set forth in Section 9.1) and (b) the consummation of a Deemed Liquidation Event (as defined in the Certificate of Incorporation) (except that Section 4 shall survive such Deemed Liquidation Event), provided in each case that the rights of Takagi pursuant to Section 6 hereof and the rights of Prochon Holdings BV pursuant to Section 7 hereof shall be complied with in connection with such IPO or Deemed Liquidation Event.

10.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

10.3 Ownership. Each Key Holder represents and warrants that such Stockholder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

10.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of the State of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of the State of California or the United States District Court for the Northern District of California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

10.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given and received: (a) upon personal delivery to the party to be notified, (b) when sent, if sent by confirmed electronic mail or facsimile during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Investors at their address as set forth on Schedule A hereof, as the case may be, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 10.5. If notice is given to the Company, it shall be sent to Histogenics Corporation, 830 Winter Street, 3rd Floor, Waltham, MA 02451, Attention: Chief Executive Officer; and a copy (which shall not constitute notice) shall also be sent to Gunderson Dettmer et al., LLP, 850 Winter Street, Waltham, Massachusetts 02451, Attention: Marc Dupré. If notice is given to an Investor, it shall be sent to the address of such Investor as set forth on Schedule A hereto; and a copy (which shall not constitute notice) shall also be sent to O'Melveny & Myers LLP, 2765 Sand Hill Road, Menlo Park, CA 94025, Attention: Brian E. Covotta, Esq.

10.6 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing among the parties are expressly canceled. Upon the Effective Time of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

10.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement upon any breach or default of any other party under this Agreement shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

10.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant to Section 10.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by the Company and the Required Holders; provided that any amendment, modification, termination or waiver of the rights of (i) Sofinnova under Section 5 shall also require the prior written consent of Sofinnova, (ii) Split Rock under Section 5 shall also require the prior written consent of Split Rock; (iii) 2011 Investors under Section 5 shall also require the prior written consent of such 2011 Investors; and (iv) Sofinnova, Split Rock, the 2011 Investors, respectively, set forth in this sentence shall require the prior written consent of Sofinnova, Split Rock, and the 2011 Investors, respectively. Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Stockholders, and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Stockholder without the written consent of such Stockholder unless such amendment, modification, termination or waiver applies to all Stockholders in the same fashion. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

10.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Stockholder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Stockholders, as a condition to any transfer or assignment, a counterpart signature page hereto or instrument of accession pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

10.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

10.11 Additional Stockholders. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of Series A-1 Preferred Stock after the date hereof, any purchaser of such shares of Series A-1 Preferred Stock shall become a party to this Agreement by executing and delivering an additional counterpart signature page or instrument of accession to this Agreement and thereafter shall be deemed a "Stockholder" and Series A Holder, as applicable for all purposes hereunder. In the event that after the date of this Agreement, the Company issues shares of Capital Stock, or options to purchase Capital Stock, to any Person, which shares or options would collectively constitute with respect to such Person (taking into account all shares of Capital Stock, options and other purchase rights held by such Person) one percent (1%) or more of the Company's then outstanding Capital Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such Person to execute a counterpart signature page or instrument of accession hereto as a Stockholder, and such Person (an "**Additional Stockholder**") shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Stockholder.

10.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to its principles of conflicts of laws.

10.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

10.14 Counterparts; Facsimile. 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. This Agreement may also be executed and delivered by facsimile signature and 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.

10.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and the exercise of any such rights may be allocated among such Affiliated entities in such manner as such Affiliated entities may determine in their discretion.

10.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each of the parties hereto shall be entitled to specific performance of the agreements and obligations of the other parties hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

10.17 Consent of Spouse. If any individual Stockholder is married on the date of this Agreement, such Stockholder's spouse shall execute and deliver to the Company a consent of spouse in the form of Exhibit A hereto ("**Consent of Spouse**"), effective on the date hereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Stockholder's shares of Transfer Stock that do not otherwise exist by operation of law or the agreement of the parties. If any individual Stockholder should marry or remarry subsequent to the date of this Agreement, such Stockholder shall within thirty (30) days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Agreement and agreeing and consenting to the same.

10.18 Irrevocable Proxy. Each party hereby constitutes and appoints the Secretary and the Chief Executive Officer of the Company and a designee of the Investors, and each of them, with full power of substitution, as the proxies of the party with respect to the matters set forth herein, including without limitation, election of persons as members of the Board in accordance with Section 5 of this Agreement and votes regarding any Sale of the Company pursuant to Section 4 of this Agreement, and hereby authorizes each of them to represent and to vote, if and only if the party attempts to vote (whether by proxy, in person or by written consent), or to fail to vote, in a manner which is inconsistent with the terms of this Agreement, all of such party's shares of the Company's capital stock in favor of the election of persons as members of the Board determined pursuant to and in accordance with the terms and provisions of this Agreement or approval of any Sale of the Company pursuant to and in accordance with the terms and provisions of Section 4 of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and

covenants of the Company and the parties in connection with the transactions contemplated by this Agreement and, as such, is coupled with an interest and will be irrevocable unless and until this Agreement terminates or expires pursuant to Section 10.1 hereof. Each party hereby revokes any and all previous proxies with respect to the shares of the Company's capital stock and will not hereafter, unless and until this Agreement terminates or expires pursuant to Section 10.1 hereof, purport to grant any other proxy or power of attorney with respect to any shares of the Company's capital stock, deposit any such shares into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of such shares, in each case, with respect to any of the matters set forth herein.

10.19 Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including, without limitation, to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including, without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

HISTOGENICS CORPORATION

By: /s/ Peter Greenleaf
Name: Peter Greenleaf
Title: President and Chief Executive Officer
Address: 830 Winter Street, 3rd Floor
Waltham, MA 02451

[Histogenics – Signature Page to Second Amended and Restated Stockholders' Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

KEY HOLDERS:

PETER GREENLEAF

/s/ Peter Greenleaf

KEVIN MCARDLE

/s/ Kevin McArdle

PATRICK O'DONNELL

/s/ Patrick O'Donnell

PETER HAMILTON

/s/ Peter Hamilton

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

BEA WARRANT HOLDERS*:
*Solely for the obligations set forth in Section 6.1 and Section 6.2 hereof.

MARK BUTTS

/s/ Mark Butts

ODED BEN-JOSEPH

/s/ Oded Ben-Joseph

ARNOLD FREEDMAN

/s/ Arnold Freedman

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

ALTIMA RESTRUCTURE FUND LIMITED

By: /s/ Malcolm Goddard
Name: Malcolm Goddard
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

SPLIT ROCK PARTNERS II, LP
By: Split Rock Partners II Management, LLC,
its General Partner

/s/ Steven L.P. Schwen
By: Steven L.P. Schwen
Its: Chief Financial Officer

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

/s/ Gene McGrevin
Gene McGrevin

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

BOSTON MILLENNIA ASSOCIATES II PARTNERSHIP

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

BOSTON MILLENNIA PARTNERS GMBH & CO. KG
By: Boston Millennia Verwaltungs GmbH

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: Managing Director
Date:

BOSTON MILLENNIA PARTNERS II LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

BOSTON MILLENNIA PARTNERS II-A LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

STRATEGIC ADVISORS FUND LIMITED PARTNERSHIP
By: Glen Partners II Limited Partnership

By: /s/ Martin J. Hernon
Name: Martin J. Hernon
Title: General Partner
Date:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

FOUNDATION MEDICAL PARTNERS II, L.P.
By: Foundation Medical Managers II, LLC,
its general partner

By: /s/ Lee Wrubel
Name: Lee Wrubel
Title: General Partner

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

FINTECH GIMV FUND LP

By: FGF (GP) Management Limited
Its General Partner

By: /s/ Angela Keeney
Name: Angela Keeney
Title: Director

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

IAN ROSENBERG

/s/ Ian Rosenberg
Ian Rosenberg

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

KEVIN L. RAKIN IRREVOCABLE TRUST

By: /s/ Lloyd Hoffman
Name: Lloyd Hoffman
Title: Trustee

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

KEVIN RAKIN

/s/ Kevin Rakin
Kevin Rakin

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

BMV DIRECT LP

/s/ Greg Lubushkin

By: Greg Lubushkin
Title: Chief Financial Officer

[Histogenics – Signature Page to Second Amended and Restated Stockholders' Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

WILMSLOW ESTATES LIMITED

/s/ Ian Crosby /s/ Ian Ferguson
By: Chaumont (Directors) Limited

Name:
Title: Directors: Wilmslow Estates Limited

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

SOFINNOVA VENTURE PARTNERS VIII, L.P.

By: Sofinnova Management VIII, L.L.C.
Its General Partner

By: /s/ Garheng Kong

Partner Name: Garheng Kong
Managing Member

Address: 2800 Sand Hill Road, Suite 150
Menlo Park, CA 94025

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

PROCHON HOLDINGS BV

By: /s/ Ian Crosby /s/ Ian Ferguson
Chaumont (Directors) Limited
Directors: Prochon Holding BV

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTORS:

INFLECTION POINT VENTURES II, L.P.
By: Inflection Point SBIC Associates LLC,
its general partner

By: /s/ Michael E. A. O'Malley
Managing Director

[Histogenics – Signature Page to Second Amended and Restated Stockholders' Agreement]

SCHEDULE A

INVESTORS

NAME/ADDRESS	INITIAL CLOSING		SECOND CLOSING		THIRD CLOSING
	Shares of Series A Preferred Stock	*Number of Shares of Common Stock underlying Warrants*	*Shares of Series A-1 Preferred Stock*	*Purchaser Holdback Shares*	*Shares of Series A-1 Preferred Stock*
Sofinnova Venture Partners VIII, L.P. *2800 Sand Hill Road, Suite 150* *Menlo Park, CA 94025*	8,750,000	157,413	3,125,000	636,314	3,125,000
Split Rock Partners II, LP *10400 Viking Drive, Suite 550* *Minneapolis, MN 55344*	5,833,333	104,942	2,083,334	424,192	2,083,333
FinTech Gimv Fund LP *c/o FGT (GP) Management Limited* *La Motte Chambers* *St. Helier, Jersey* *Channel Islands* *JE1 1BJ*	1,690,171	30,406	603,633	122,932	603,632
BMV Direct LP *17190 Bernardo Center Drive* *San Diego, CA 92128* *Attn: Corp Legal*	1,000,000	20,988	500,000	72,704	500,000
Boston Millennia Partners II Limited Partnership* *30 Rowes Wharf* *Boston, MA 02110*	1,040,949	18,727	371,768	300,851	371,768
Boston Millennia Partners II-A Limited Partnership* *30 Rowes Wharf* *Boston, MA 02110*	49,864	897	17,809	14,438	17,808
Boston Millennia Partners GmbH & Co. KG* *30 Rowes Wharf* *Boston, MA 02110*	148,232	2,667	52,940	42,855	52,940
Boston Millennia Associates II Partnership* *30 Rowes Wharf* *Boston, MA 02110*	5,265	168	1,881	1,484	1,880
Strategic Advisors Fund Limited Partnership* *30 Rowes Wharf* *Boston, MA 02110*	9,360	95	3,343	2,713	3,343

NAME/ADDRESS	INITIAL CLOSING		SECOND CLOSING		THIRD CLOSING
	Shares of Series A Preferred Stock	*Number of Shares of Common Stock underlying Warrants*	*Shares of Series A-1 Preferred Stock*	*Purchaser Holdback Shares*	*Shares of Series A-1 Preferred Stock*
ProChon Holdings BV* *Stonehage SA* *Rue du Puit-Godet 12, PO Box 126* *2005 Neuchatel 5* *Switzerland*	6,663,563	121,658	2,464,643	1,234,586	2,464,642
Altima Global Special Opportunities Master Fund Limited* (Altima Restructure Fund Limited purchased Series A-1 Preferred Stock as the successor entity to Altima Global Special Opportunities Master Fund Limited) *Altima Partners LLP* *11 Slingsby Place, 2nd Floor* *St. Martin's Courtyard* *London, UK WC2E 9AB*	1,715,453	31,331	635,027	324,813	635,026
Foundation Medical Partners II, L.P.* *105 Rowayton Avenue* *Rowayton, CT 06853*	363,800	3,818	0	0	
Inflection Point Ventures II, L.P.* *30 Washington Street* *Wellesley, MA 02481*	376,877	6,517	122,084	71,322	122,083
Gene McGrevin* *10697 Bell Road* *Duluth, GA 30097*	454,053	8,293	168,081	85,964	168,081
Wilmslow Estates Limited *c/o Stonehage Group* *2 The Forum* *Grenville Street* *St Helier* *Jersey* *JE1 4HH*	146,296	2,624	51,852	10,650	51,852
Ian Rosenberg *4712 Spyglass Drive* *Dallas, Texas 75287*	204,815	3,673	72,593	14,899	72,592
Kevin L. Rakin Irrecvocable Trust *14 Side Hill Road* *Westport, CT 06880*	60,000	0	20,000	4,362	20,000
Kevin Rakin *14 Side Hill Road* *Westport, CT 06880*	150,000	2,624	30,000	6,543	30,000

*** 2011 Investor**

EXHIBIT A
CONSENT OF SPOUSE

I, [_____], spouse of [_____], acknowledge that I have read the Second Amended and Restated Stockholders' Agreement, dated as of December 18, 2013, to which this Consent is attached as Exhibit A (the "**Agreement**"), and that I know the contents of the Agreement. I am aware that the Agreement contains provisions regarding certain rights to certain other holders of Capital Stock of the Company upon a Proposed Transfer of shares of Transfer Stock of the Company which my spouse may own including any interest I might have therein.

I hereby agree that my interest, if any, in any shares of Transfer Stock of the Company subject to the Agreement shall be irrevocably bound by the Agreement and further understand and agree that any community property interest I may have in such shares of Transfer Stock of the Company shall be similarly bound by the Agreement.

I am aware that the legal, financial and related matters contained in the Agreement are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Agreement carefully that I will waive such right.

Dated as of the [__] day of [_____, _____].

_____
Signature

_____
Print Name

EXHIBIT B
TAKAGI AGREEMENT

(Filed as Exhibit 10.20)

EXHIBIT 10.1

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "Agreement") dated as of _____, 201__, is made by and between Histogenics Corporation, a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS:

A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

B. The Company's bylaws (the "Bylaws") require that the Company indemnify its directors, and empowers the Company to indemnify its officers, employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "Code"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

D. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

E. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

F. [Indemnitee has certain rights to indemnification and/or insurance provided by _____ ("[Venture Fund]") which Indemnitee and [Venture Fund] intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Company's Board of Directors].

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For purposes of this Agreement, the term "agent" of the Company means any person who: (i) is or was a director, officer, employee or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the convenience of, or representing the interests of, the Company or a subsidiary of the Company, as a director, officer, employee or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise.

(b) Expenses. For purposes of this Agreement, the term "expenses" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys', witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise, and amounts paid in settlement by or on behalf of Indemnitee, but shall not include any judgments, fines or penalties actually levied against Indemnitee for such individual's violations of law. The term "expenses" shall also include reasonable compensation for time spent by Indemnitee for which he is not compensated by the Company or any subsidiary or third party (i) for any period during which Indemnitee is not an agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which expenses are incurred, for Indemnitee while an agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(c) Proceedings. For purposes of this Agreement, the term "proceeding" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact that any action taken by Indemnitee or of any action on Indemnitee's part while acting as director, officer, employee or agent of the Company; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses may be provided under this Agreement.

(d) Subsidiary. For purposes of this Agreement, the term "subsidiary" means any corporation or limited liability company of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(e) Independent Counsel. For purposes of this Agreement, the term "independent counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "independent counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

2. Agreement to Serve. Indemnitee will serve, or continue to serve, as a director, officer, employee or agent of the Company or any subsidiary, as the case may be, faithfully and to the best of his or her ability, at the will of such corporation (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of such corporation, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws or other applicable charter documents of such corporation, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as a director, officer, employee or agent of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Company.

3. Indemnification.

(a) Indemnification in Third Party Proceedings. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, for any and all expenses, actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding.

(b) Indemnification in Derivative Actions and Direct Actions by the Company. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings.

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred in connection with the investigation, defense or appeal of such proceeding.

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses actually and reasonably incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Advancement of Expenses. To the extent not prohibited by law, the Company shall advance the expenses incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice) and upon request of the Company, an undertaking to repay the advancement of expenses if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the expenses. Advances shall include any and all expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement, or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. This Section 6 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 10(b).

7. Notice and Other Indemnification Procedures.

(a) Notification of Proceeding. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

(b) Request for Indemnification and Indemnification Payments. Indemnitee shall notify the Company promptly in writing upon receiving notice of nay demand, judgment or other requirement for payment that Indemnitee reasonably believes to the subject to indemnification under the terms of this Agreement, and shall request payment thereof by the Company. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company no later than sixty (60) days after receipt of the written request of Indemnitee. Claims for advancement of expenses shall be made under the provisions of Section 6 herein.

(c) Application for Enforcement. In the event the Company fails to make timely payments as set forth in Sections 6 or 7(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove by that indemnification or advancement of expenses to Indemnitee is not required under this Agreement or permitted by applicable law. Any determination by the Company (including its Board of Directors, stockholders or independent counsel) that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of expenses hereunder.

(d) Indemnification of Certain Expenses. The Company shall indemnify Indemnitee against all expenses incurred in connection with any hearing or proceeding under this Section 7 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

8. Assumption of Defense. In the event the Company shall be requested by Indemnitee to pay the expenses of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of expenses provisions of this Agreement.

9. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any subsidiary ("D&O Insurance"), Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of

the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

10. Exceptions.

(a) Certain Matters. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to (i) remuneration paid to Indemnitee if it is determined by final judgment or other final adjudication that such remuneration was in violation of law (and, in this respect, both the Company and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication, as indicated in Section 10(d) below); (ii) a final judgment rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee's conduct from which Indemnitee received monetary personal profit pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; (iii) a final judgment or other final adjudication that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment or other adjudication may be reached in either the underlying proceeding or action in connection with which indemnification is sought or a separate proceeding or action to establish rights and liabilities under this Agreement.

(b) Claims Initiated by Indemnitee. Any provision herein to the contrary notwithstanding, the Company shall not be obligated to indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its directors, officers, employees or other agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Board of Directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors determines it to be appropriate.

(c) Unauthorized Settlements. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent to any proposed settlement; provided, however, that the Company may in any event decline to consent to (or to otherwise admit or agree to any liability for indemnification hereunder in respect of) any proposed settlement if the Company is also a party in such proceeding and determines in good faith that such settlement is not in the best interests of the Company and its stockholders.

(d) Securities Act Liabilities. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee or otherwise act in violation of any undertaking appearing in and required by the rules and regulations promulgated under the Securities Act of 1933, as amended (the "Act"), or in any registration statement filed with the SEC under the Act. Indemnitee acknowledges that paragraph (h) of Item 512 of Regulation S-K currently generally requires the Company to undertake in connection with any registration statement filed under the Act to submit the issue of the enforceability of Indemnitee's rights under this Agreement in connection with any liability under the Act on public policy grounds to a court of appropriate jurisdiction and to be governed by any final adjudication of such issue. Indemnitee specifically agrees that any such undertaking shall supersede the provisions of this Agreement and to be bound by any such undertaking.

11. Nonexclusivity; Priority of Payment and Survival of Rights.

(a) The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Company's Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an agent of the Company, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(b) The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by [Venture Fund] and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full

amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Certificate of Incorporation or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 11(b).

(c) No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of expenses than would be afforded currently under the Company's Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

12. Term. This Agreement shall continue until and terminate upon the later of: (a) five (5) years after the date that Indemnitee shall have ceased to serve as a director or and/or officer, employee or agent of the Company; or (b) one (1) year after the final termination of any proceeding, including any appeal then pending, in respect to which Indemnitee was granted rights of indemnification or advancement of expenses hereunder.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of five (5) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

13. Subrogation. Except as provided in Section 11(b) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitor), who, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

14. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

15. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 14 hereof.

16. Amendment and Waiver. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by telegram, telecopy or telex, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company.

18. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the Commonwealth of Massachusetts, as applied to contracts between Massachusetts residents entered into and to be performed entirely within Massachusetts.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Company's Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

22. Amendment and Restatement of Prior Agreement. Upon the effectiveness of this Agreement, the Prior Agreement shall be amended and restated in its entirety and be of no further force and effect, and shall be superseded and replaced in its entirety by this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date first above written.

COMPANY

HISTOGENICS CORPORATION

By: _____

Name: _____

Title: _____

INDEMNITEE

_____

[Name]

Address:

SIGNATURE PAGE TO HISTOGENICS CORPORATION
INDEMNITY AGREEMENT

Exhibit 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into as of June 5, 2013, by and between Peter Greenleaf (the "Employee") and Histogenics Corporation, a Delaware corporation (the "Company").

1. Duties and Scope of Employment.

(a) **Position**. For the term of the Employee's employment under this Agreement (the "Employment"), the Company agrees to employ the Employee in the position of President and Chief Executive Officer. While he serves as Chief Executive Officer, the Employee shall be appointed as a member of the Company's board of directors (the "Board"). The Employee shall report to the Board.

(b) **Obligations to the Company**. During the Employee's Employment, the Employee (i) shall devote his or her full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Employee represents and warrants to the Company that the Employee is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with the Employee's obligations under this Agreement. The Employee represents and warrants that the Employee will not use or disclose, in connection with his or her Employment, any trade secrets or other proprietary information or intellectual property in which the Employee or any other person has any right, title or interest and that his or her Employment will not infringe or violate the rights of any other person. The Employee represents and warrants to the Company that the Employee has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Employee shall commence full-time Employment on June 10, 2013 (the "Commencement Date").

(e) **Definitions**. Certain capitalized terms are defined in Section 10.

2. **Cash and Incentive Compensation**.

(a) **Salary**. The Company shall pay the Employee as compensation a base salary at a gross annual rate of not less than $350,000. Such salary shall be payable in accordance with the Company's standard payroll procedures.

(b) **Incentive Bonuses**. The Employee shall be eligible to be considered for an annual incentive bonus with a target amount equal to 40% of the Employee's Base Salary. Such bonus (if any) shall be awarded based on objective or subjective criteria established in advance by the Board or the Compensation Committee of the Board. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

Any incentive bonus for a fiscal year shall in no event be paid later than 2 ½ months after the close of such fiscal year. The Employee shall not be entitled to an incentive bonus if he or she is not employed by the Company on the date when such bonus is payable. The amount of any incentive bonus for the fiscal year in which the Employee's Employment begins shall be prorated, based on the number of days of Employment during such fiscal year.

(c) **Temporary Housing Expenses**. Upon commencement of the Employee's Employment, the Employee will be paid $24,000 to cover estimated temporary housing and related expenses during the first six months of Employment (the "Housing Expense Payment"). To the extent the Housing Expense Payment is taxable income to the Employee, the Company will pay the Employee an additional payment (the "Gross-up Payment" and, together with the Housing Expense Payment, the "Payments") sufficient to cover (i) all income tax liabilities that the Employee incurs as a result of the Housing Expense Payment and (ii) all income tax liabilities that the Employee incurs as a result of the Gross-up Payment. If the Employee voluntarily terminates his Employment prior to the first anniversary of his Employment start date, then the Employee agrees to repay a pro-rata portion of the Payments equal to the full amount of the Payments less 1/12 of the Payments for each full month of Employment completed.

(d) **Stock Option**.

Subject to the approval of the Board or the Compensation Committee of the Board, the Company shall grant the Employee an option to purchase 2,099,704 shares of the Company's Common Stock (the "Option"). The Option shall be granted as soon as reasonably practicable after the date of this Agreement. The per-share exercise price of the Option shall be equal to the fair market value per share of the Company's Common Stock on the date the Option is granted, as determined by the Board or its Compensation Committee. The term of the Option shall be 10 years, subject to earlier expiration in the event of the termination of the Employee's Employment. The grant of the Option shall be subject to the terms and conditions set forth in the Plan and in the Company's standard form of Stock Option Agreement. The Employee shall vest in 25% of the Option shares after the first 12 months of continuous service and shall vest in the remaining Option shares in equal monthly installments over the next three years of continuous service. Vesting of the Option shall accelerate in full if (i) the Company is subject to a Change in Control before the Employee's service with the Company terminates and (ii) the Employee is subject to an Involuntary Termination within 12 months after such Change in Control.

If, prior to an IPO, the Company completes an Unplanned Equity Financing and the Option represents less than 3.0% of the Company's Common Stock calculated on a Fully-Diluted Basis immediately following the first closing of such Unplanned Equity Financing, then the Company shall, as soon as practicable following such closing, grant another option (the "Top-Off Option") to the Employee such that the Option and the Top-Off Option together represent 3.0% of the Company's outstanding Common Stock calculated on a Fully-Diluted Basis immediately following the first closing of the Unplanned Equity Financing. The Top-Off Option shall be subject to the terms and conditions set forth in the Plan and in the Company's standard form of Stock Option Agreement. The vesting and other terms of the Top-Off Option shall be identical to those of the Option except that the per-share exercise price of the Top-Off Option shall be equal to the fair market value per share of the Company's Common Stock on the date the Top-Off Option is granted, as determined by the Board of its Compensation Committee.

3. **Vacation and Employee Benefits**. During his or her Employment, the Employee shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time; provided, however, that in no event will the Employee be entitled to fewer than three weeks' paid vacation per year. During his or her Employment, the Employee shall also be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses**. During his or her Employment, the Employee shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with the Employee's duties hereunder. The Company shall reimburse the Employee for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies. Any reimbursement shall (a) be paid promptly but not later than the last day of the calendar year following the year in which the expense was incurred, (b) not be affected by any other expenses that are eligible for reimbursement in any calendar year and (c) not be subject to liquidation or exchange for another benefit.

5. **Term of Employment**.

(a) **Employment at Will**. The Employee's Employment with the Company shall be "at will," meaning that either the Employee or the Company shall be entitled to terminate the Employee's Employment at any time and for any reason, with or without Cause. Any contrary representations that may have been made to the Employee shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between the Employee and the Company on the "at will" nature of the Employee's Employment, which may only be changed in an express written agreement signed by the Employee and a duly authorized officer of the Company. The termination of the Employee's Employment shall not limit or otherwise affect his or her obligations under Section 7 below.

(b) **Rights upon Termination**. Except as expressly provided in Section 6 below, upon the termination of the Employee's Employment, the Employee shall be entitled only to the compensation, benefits and expense reimbursements that the Employee has earned under this Agreement before the effective date of the termination. The payments under this Agreement shall fully discharge all responsibilities of the Company to the Employee.

6. **Termination Benefits**.

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, the remaining Subsections of this Section 6 shall not apply unless each of the following requirements is satisfied:

(i) The Employee has executed a general release of all claims in a form prescribed by the Company. The Employee shall execute and return the release on or before the date specified by the Company in the prescribed form (the "Release Deadline"). The Release Deadline shall in no event be later than 50

days after the Employee's Separation. If the Employee fails to return the release on or before the Release Deadline, or if the Employee revokes the release, then the Employee shall not be entitled to the benefits described in this Section 6.

(ii) The Employee has returned all property of the Company in the Employee's possession.

(iii) If requested by the Board, the Employee has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

(b) **Severance Pay**. If, during the term of this Agreement, the Employee is subject to an Involuntary Termination, then the Company shall pay the Employee an amount equal to the Employee's Base Salary for a period of 12 months following the Separation (the "Continuation Period"). Such severance payments shall be paid at the Base Salary rate in effect at the time of the Separation and in accordance with the Company's standard payroll procedures. The severance payments shall commence within 60 days after the Employee's Separation and, once they commence, shall include any unpaid amounts accrued from the date of the Employee's Separation. However, if the 60-day period described in the preceding sentence spans two calendar years, then the payments shall in any event begin in the second calendar year.

(c) **Health Insurance**. If, during the term of this Agreement, the Employee is subject to an Involuntary Termination, and if the Employee elects to continue health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") for the Employee and, if applicable, his or her dependents following the Separation, then the Company shall pay the employer portion of the monthly premium under COBRA for the Employee and, if applicable, such dependents until the earliest of (i) the close of the Continuation Period, (ii) the expiration of the Employee's continuation coverage under COBRA or (iii) the date when the Employee receives substantially equivalent health insurance coverage in connection with new employment or self-employment.

7. **Confidential Information and Intellectual Property Assignment Agreement**. The Employee has entered into the Company's standard form of Confidential Information and Intellectual Property Assignment Agreement, which is incorporated herein by this reference.

8. **Successors**.

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Employee hereunder shall inure to the benefit of, and be enforceable by, the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Definitions**. The following terms shall have the meaning set forth below wherever they are used in this Agreement:

(a) **Base Salary**. The term "Base Salary" shall mean the annual compensation specified in Section 2(a), together with any increases in such compensation that the Company may grant from time to time.

(b) **Cause**. The term "Cause" shall mean a good faith determination by the Board of any of the following:

(i) An unauthorized use or disclosure by the Employee of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Employee of any agreement between the Employee and the Company;

(iii) A material failure by the Employee to comply with the Company's written policies or rules after receiving written notification of such failure from the Board;

(iv) The sale, possession or use of illegal drugs by the Employee or habitual intoxication of the Employee on the premises of the Company or a customer or business partner of the Company or while conducting Company business;

(v) The Employee's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(vi) The Employee's gross negligence or willful misconduct in the course of performing service to the Company;

(vii) A continuing failure by the Employee to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(viii) A failure by the Employee to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Employee's cooperation.

(c) **Change in Control**. The term "Change in Control" shall have the meaning ascribed to it in the Histogenics Corporation 2012 Equity Incentive Plan.

(d) **Code**. The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) **Fully-Diluted Basis**. The term "Fully-Diluted Basis" shall mean that the total number of issued and outstanding shares of the Company's Common Stock shall be

calculated to include conversion of all issued and outstanding securities then convertible into Common Stock, the exercise of all then outstanding options and warrants to purchase shares of Common Stock, and shall assume the issuance or grant of all securities reserved for issuance pursuant to the Plan or any other equity compensation plan of the Company in effect on the date of the calculation.

(f) **Involuntary Termination**. The term "Involuntary Termination" shall mean either (a) the Employee's Termination Without Cause or (b) the Employee's Resignation for Good Reason.

(g) **IPO**. The term "IPO" shall mean the Company's first underwritten public offering of its Common Stock under the Securities Act of 1933, as amended.

(h) **Plan**. The term "Plan" shall mean the Histogenics Corporation 2012 Equity Incentive Plan.

(i) "**Resignation for Good Reason**" means a Separation as a result of the Employee's resignation after one of the following conditions has come into existence without the Employee's consent:

(i) A material reduction in the Employee's Base Salary;

(ii) A change in the Employee's title or position with the Company that materially reduces the Employee's level of authority or responsibility; or

(iii) A relocation of the Employee's principal workplace by more than 40 miles.

A Resignation for Good Reason shall not be deemed to have occurred unless the Employee gives the Company written notice of the condition within 15 days after the condition comes into existence and the Company fails to remedy the condition within 15 days after receiving the Employee's written notice.

(j) **Separation**. The term "Separation" shall mean a "separation from service," as defined in the regulations under Section 409A of the Code.

(k) "**Termination Without Cause**" means a Separation as a result of a termination of the Employee's employment by the Company without Cause, provided the Employee is willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

(l) "**Unplanned Equity Financing**" means the first financing transaction after the date of this Agreement pursuant to which the Company sells preferred stock or other equity securities for capital raising purposes; provided, however, that an Unplanned Equity Financing shall not include (a) the sale by the Company of Series A Preferred Stock pursuant to the second tranche of its Series A Preferred Stock financing or (b) the issuance by the Company of stock options or Common Stock pursuant to the Plan or otherwise for equity compensation purposes.

10. **Miscellaneous Provisions**.

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Employee, mailed notices shall be addressed to the Employee at the home address that he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Company (other than the Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. This Agreement supersedes all other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Confidential Information and Intellectual Property Assignment Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Tax Matters**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. For purposes of Section 409A of the Code, each periodic salary continuation payment under Section 6(b) is hereby designated as a separate payment. If the Company determines that the Employee is a “specified employee” under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his or her Separation, then (i) the salary continuation payments under Section 6(b), to the extent that they are subject to Section 409A of the Code, shall commence on the first business day following (A) expiration of the six-month period measured from the Employee’s Separation or (B) the date of the Employee’s death and (ii) the installments that otherwise would have been paid prior to such date shall be paid in a lump sum when such salary continuation payments commence. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Employee’s tax liabilities, and the Employee shall not make any claim against the Company or the Board related to tax liabilities arising from the Employee’s compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration

of its coverage or any other reason, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Employee hereunder are personal to the Employee and may not be transferred or assigned by the Employee at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **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.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

/s/ Peter Greenleaf
Peter Greenleaf

HISTOGENICS CORPORATION

By: /s/ Garheng Kong
Title: Chairman

Histogenics

CONFIDENTIAL INFORMATION AND
INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Confidential Information and Intellectual Property Assignment Agreement (hereafter referred to as "Agreement") dated as of 6/6/13 and between HISTOGENICS CORPORATION (hereinafter referred to as the "Company"), a Delaware Corporation having a place of business at 830 Winter Street, Waltham, MA 02451, and Peter Greenleaf hereinafter referred to as the "Employee"), a United States citizen/legal resident having a residence at 7307 Burdette Court, Bethesda, MD, 20817.

The Company has requested that the Employee execute this Agreement, and the Employee has agreed to execute this Agreement as part of the terms of Employee being hired, or continued employment of Employee, by the Company;

The Company possesses certain Confidential Information, as defined below in Section 1.5 of this Agreement, that is confidential and proprietary to the Company;

The Employee may receive or come into possession of Confidential Information from time to time to carry out the Employee's duties under the direction of the Company;

In furtherance of the foregoing, and in consideration of employment of Employee by the Company, the Company and the Employee agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 "**Company**" means HISTOGENICS CORPORATION, its present or future subsidiaries, affiliates and any entity owned or controlled by or under common control, including any businesses that may be acquired or established after the execution of this Agreement and employment with the Company, and any successor-in-interest thereto or assignee thereof.

1.2 "**Business of the Company**" includes any services or products (including both generic and specific products) used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company at any time during the Employee's employment or used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company using Confidential Information, Intellectual Property or Work Product after termination of the Employee's employment either by the Employee or the Company.

1.3 "**Person**" and "**Persons**" mean all individuals, partnerships, corporations, limited liability companies, firms, businesses, organizations and other entities.

1.4 "**Field of Research**" means the development of procedures and products related to *ex corpus, in situ, in vitro or in vivo* growth of cells or tissue for use in a mammalian body such as the human body, including, by way of example and without limitation, methods of cartilage, ligament and tendon culture, autologous cultured cell technology, the biology of chondrocyte implantation, the applicability of such technology in the treatment of new indications and disease states, the development and identification of new indications and usages for the Company's products and procedures, and any and all other procedures and products associated or used with *ex corpus, in situ, in vitro or in vivo* growth of cells or tissue for use in a mammalian body.

1.5 "**Confidential Information**" means:

(a) All information, ideas, trade secrets and all other confidential and proprietary information of the Company, including without limitation any and all information relating in any manner whatsoever to the Field of Research or the Business of the Company, financial information of the Company, the terms and formats of the Company's contracts and agreements, information pertaining to the Company's methods of operation, processes, strategies and techniques, customer lists, customer information, and information relating to employees of the Company, including but not limited to employees' identities, home and business telephone and pager numbers, and addresses;

(b) Provided that the information: (i) becomes known to Employee as a consequence of Employee's employment with the Company, or was wrongfully obtained by Employee, regardless of whether the information became known to Employee during or after working hours, or whether the information came into the Company's possession through the efforts of Employee or others; and (ii) is not readily available to the public; and

(c) The definition of "Confidential Information" is intended to have the broadest meaning as permitted by law and extends beyond the definition of "trade secrets" as set forth in the Uniform Trade Secrets Act.

1.6 "**Employee**" means the individual signing this Agreement who is either currently employed by the Company or becoming an employee of the Company concurrently with the execution of this Agreement.

1.7 "**Intellectual Property**" means any and all ideas, Inventions, know how, improvements, discoveries, techniques, processes, original works of authorship, trade secrets and other subject matter developed or made by the Employee (solely or jointly with others) that may be protected, at least in part, by one or more of a patent, trademark, copyright, trade secret, trade dress or other legal protection in the United States or in any foreign country.

1.8 "**Inventions**" means any and all discoveries, concepts, ideas, whether patentable or not patentable, including but not limited to processes, methods, formulae, software, techniques, algorithms, cells, tissues, organs, cell cultures, cell parts, organisms, natural or non-naturally occurring genetic materials such as DNA constructs, products, such as proteins, antibodies and the like, that are derived from or produced using natural or non-naturally occurring genetic materials, as well as improvements thereof or know-how related thereto, concerning any present or prospective activities of the Company with which the Employee becomes acquainted or gains knowledge of as a result of the Employee's employment by the Company.

1.9 "**Competing Organization**" means any Person engaged in or about to become engaged in research on, development of, production, marketing, selling of, or offering for sale a Competing Product.

1.10 "**Competing Product**" means any product, process, good or service of any Person other than the Company, in existence or under development, which competes, directly or indirectly, with a product, process, good or service on or with which the Employee has worked for the Company or about which the Employee has Confidential Information.

1.11 "**Work Product**" means designs, drawings, software, photographs, plans, records, improvements, ideas and other subject matter relating thereto that is not considered by the Company to be Intellectual Property.

2. EMPLOYEE'S REPRESENTATIONS AND AGREEMENTS

2.1 Confidential Information and Goodwill: Solely as a result of employment with the Company, Employee will be given access to, become familiar with, and will acquire knowledge of the Company, its employees, operations, methods, sources of supply, financial information, the Field of Research, the Business of the Company and other Confidential Information of the Company. The Confidential Information has been and will continue to be developed through the Company's investment of substantial time, effort and money. Employee recognizes that disclosure or use of Confidential Information for any purpose to any third party or Competing Organization would be greatly prejudicial and detrimental to the Company and would cause the Company to suffer immediate and irreparable injury. Employee further recognizes that Employee is in a position to unfairly convert or otherwise use the Company's business and goodwill for use by Employee and a Competing Organization to produce, make, have made, sell, offer for sale, or import a Competing Product, and that such conversion or use would be greatly prejudicial to the Company, and would cause the Company to suffer immediate and irreparable injury.

2.2 Ownership of Employee Work Product: The Company and Employee agree:

(a) that the Company shall own in its entirety and have the entire right to use, made, have made, sell, offer for sale or import without the payment to the Employee of any royalty or amount or the provision of any consideration to Employee, other than continued employment of the Employee by the Company, all Work Product and all results of the performance by Employee of Employee's duties and responsibilities as an employee of the Company. Employee specifically agrees that any Work Product made or conceived by Employee during the period of employment of Employee by the Company shall be delivered to and become the property of the Company; and

(b) that Employee is obligated to assign and will assign all right, title and interest in and to the Work Product to the Company, without the payment of any royalty or amount or the provision of any consideration to the Employee other than continued employment by the Company.

2.3 Employee Intellectual Property: Employee agrees that with respect to Intellectual Property made or conceived by the Employee, whether or not during the hour of Employee's engagement or with the use of assistance of any Company facility, material, or personnel, either

solely or jointly with others during Employee's employment with the Company or within one year after termination of such employment, without payment, royalty or any other consideration to the Employee other than Employee's wages or salary, therefore:

(a) The Employee shall inform the Company promptly and fully of all such Intellectual Property by written reports, setting forth in detail the procedures, steps, materials and the like employed and the results achieved. The Employee shall submit an invention disclosure report promptly after completion of any studies or research projects undertaken on the Company's behalf, or funded at least in part by the Company, whether or not in the Employee's opinion or view a given project has resulted in any Invention;

(b) The Employee hereby transfers, assigns and agrees to assign to the Company, without any royalty, payment or consideration other than Employee's wages or salary which shall be considered full and adequate consideration, his or her entire right, title and interest in and to all Intellectual Property and to applications for United States and foreign patent applications and patents granted thereon and to any trademarks, trade dress or copyrightable material related thereto;

(c) The Employee agrees for himself or herself and his or her heirs, representatives, successors in interest, and assigns, upon request of the Company, at all times to perform such acts, such as providing testimony in support of the Employee's inventorship and to execute and deliver promptly to the Company such papers, instruments and documents, without expense to him or her, as from time to time may be necessary or useful in the Company's opinion to apply for, secure, maintain, enforce, reissue, extend or defend the Company's worldwide rights in any Intellectual Property so as to secure to the Company the full benefits of the Intellectual Property and otherwise to carry into full force and effect the text and the assignment described above;

(d) The Employee warrants and represents to the Company that he or she is not subject to any agreement, government contract, government grant or university policy inconsistent with this Agreement. The Employee agrees not to conduct any research or other work subject to this Agreement other than at the Company's facilities and further agrees not to use any such research facilities, materials or personnel of any university or other Person not rented, leased or otherwise hired by the Company in connection with such work; and

(e) The Employee acknowledges that any copyrightable work created by Employee during the period of Employee's employment relationship with the Company shall be considered a work made for hire, and rights therein shall be the exclusive property of the Company as author and owner of the copyright in and to such work.

2.4 Shop Rights: Notwithstanding any provision herein that may create greater rights, Employee acknowledges that the Company shall have the royalty-free right to use in its business, and to make, have made, use, sell, offer for sale or import products, processes and services derived from or related to any Intellectual Property or Work Product that are made or conceived by the Employee during his or her employment by the Company or with the use or assistance of the Company's facilities or funded, at least in part, with Company funds.

3. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION: At no time, either during or after the termination of employment, shall Employee directly or indirectly obtain, disclose, reveal or use for Employee or any Person or Competing Organization, or aid others in obtaining, disclosing, revealing or using any Confidential Information of the Company, other than as may be required in the performance of duties for and as authorized by the Company. All Confidential Information is and shall remain the sole property of the Company.

4. NONDISCLOSURE OF OTHER INFORMATION: The Company and Employee acknowledge and agree that:

(a) Employee may be aware of certain other confidential information of one or more third parties (the "Third Party Confidential Information").

(b) The Company and Employee further acknowledge and agree that the Company has not requested that Employee disclose to the Company any Third Party Confidential Information and, in fact, the Company requires that Employee refrain at all times during the period of the employment relationship between the Company and Employee from using, disclosing or revealing to the Company any Third Party Confidential Information.

(c) Employee agrees that at all times during the period of the employment relationship between Employee and the Company, Employee shall refrain from using, disclosing or revealing to the Company any Third Party Confidential Information.

5. NON-SOLICITATION COVENANT: During Employee's employment and for the one (1) year period following the termination thereof, Employee will not:

(a) directly or indirectly, on behalf of Employee or for any other Person (other than the Company), hire, entice, induce, encourage or solicit, or attempt to hire, entice, induce, encourage or solicit any employee to leave the Company's employ; or

(b) cause or attempt to cause any employee of the Company to become employed by any Person associated with a Competing Organization or engaged in the Business of the Company; or

(c) solicit or accept business, directly or indirectly, related to product or services competitive with those of the Company, from any of the Company's customers with whom the Employee has contact within one (1) year prior to Employee's termination.

6. NON-COMPETE COVENANT: Employee agrees that for a period of one (1) year after termination of employment, Employee will not compete, directly or indirectly, with the Company in the Field of Cartilage Regeneration and Repair. Competition includes, but is not limited to, the design, development, production, promotion, offering for sale or sale of product or services competitive with those of the Company in the Field of Cartilage Regeneration and Repair.

7. TURN OF COMPANY PROPERTY AND CONFIDENTIAL INFORMATION: All records, files photo/videographic materials, customer lists, supplier lists, software, keys, equipment, credit cards or other tangible material, and all other documents, including but not limited to Confidential Information, relating to the Business of the Company (collectively "property") that Employee receives, acquires, produces or has access to during employment, are the exclusive property of the Company. Upon termination of Employee's employment, Employee shall return to the Company all property and all Confidential Information of the Company and all copies thereof in Employee's possession or control regardless of how such property or Confidential Information is obtained or maintained.

8. REMEDIES FOR BREACH: Employee agrees that any breach of this Agreement by Employee will cause the Company to suffer immediate and irreparable injury, for which there is no adequate remedy at law. In the event of a breach or threatened breach of any of the terms of the Agreement, the Company shall be entitled to seek and obtain enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction

without posting a bond or the requirement of any other guarantee, and any other form of equitable relief. Employee consents to the entry of such an order. This provision is in addition to and does not replace any other remedies the Company may have at law or in equity, including the right to receive monetary damages. Employee shall reimburse the Company for all reasonable attorneys' fees and costs incurred by the Company in enforcing this Agreement.

9. SURVIVAL; SEVERABILITY AND ENFORCEABILITY: This Agreement shall survive the termination of Employee's employment with the Company. It is the intention of the parties that this Agreement shall be enforceable to the fullest extent allowed by law. This Agreement is devisable and separable so that if any provision shall be held to be invalid, unlawful or enforceable, such holding shall not impair the remaining provisions. If any provision is held to be too broad or unreasonable in duration, scope or character of restriction to be enforced, such provision shall be amended or modified (including "blue pencilled") to the extent necessary to legally enforce such provision to the fullest extent permitted by law. This Agreement, including the rights and obligations hereunder including all rights of enforcement, may be transferred and/or assigned to the Company.

10. EMPLOYEE'S OPPORTUNITY OF INDEPENDENT REVIEW OF THIS AGREEMENT PRIOR TO EXECUTION: Employee acknowledges that he or she has been provided the opportunity by the Company to have this Agreement reviewed by an attorney or counsel of Employee's own choosing prior to signing this Agreement.

11. APPLICABLE LAW: This Agreement shall be construed and governed for all purposes under the laws of the Commonwealth of Massachusetts without regard to conflict of law principles.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings, oral or written discussions and representations ever made, and agreements executed by Employee relating to this subject matter. No amendment, waiver or revocation of this Agreement shall be effective unless set forth in writing expressly stating the amendment, waiver or revocation and signed by Employee and an authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year noted above.

For: Peter Greenleaf	**For: HISTOGENICS CORPORATION**
/s/ Peter Greenleaf	By: /s/ Garheng Kong
June 6, 2013	Chairman
Date	Title

Exhibit 10.3

Histogenics

May 23, 2011

Kevin McArdle
19 Radmore Street
Worcester, MA 01602

Re: Offer of Employment as Chief Financial Officer

Dear Kevin:

I am pleased to offer you employment in the position of Chief Financial Officer of Histogenics, Inc. ("the Company"), commencing on May 15, 2011. The purpose of this letter is to describe the general terms and conditions of your employment with the Company.

Duties and Responsibilities

Your duties and responsibilities shall include those normally associated with the position of Chief Financial Officer and such other duties and responsibilities as reasonably may be assigned to you from time to time by the President, Chief Executive Officer of the Company. Your employment with the Company will be on a full-time basis. You will be expected to devote full time and effort to the business of the Company.

Salary Compensation

Your annual salary will be $190,000 ("Base Salary"), less applicable tax withholdings, payable in installments in accordance with the Company's regular payroll practices. Your compensation and benefits will terminate upon termination of your employment.

Bonus Compensation

You will be eligible for an annual bonus ("Bonus") as determined by the Board of Directors, based upon the recommendation of the President & Chief Executive Officer, to be determined and paid within 90 days from the end of the Company's fiscal year, in an amount up to 20% of your Base Salary. The Bonus, if any, shall be determined by the Board of Directors in its sole discretion based on your performance and the Company's performance during the course of the preceding year and your success at achieving objectives and goals set for you individually and the Company's success at achieving its objectives and goals. Such goals and objectives will be determined by the President and Chief Executive Officer.

Equity/Stock Options

Subject to your acceptance of this offer of employment, upon approval of the Board of Directors which is anticipated to occur at the time the Company closes its Series B financing, you will be issued stock options to purchase 179,097 shares of the common stock of the Company (the "Options). The exercise price of the Options will be equal to the fair market value

of the Company's Common stock on the date of grant, which will be determined upon completion of the Series B Preferred Stock financing. Assuming your continued employment by the Company, the Options will vest over four years, with 25% vesting on a 'cliff' basis one year after the date of grant and the remainder vesting in equal quarterly installments each year thereafter.

Vacation

You shall be eligible to take up to 15 days of paid vacation time per year, calculated from the anniversary date of the commencement of your employment and consistent with the Company's vacation policy. Such vacation time is accrued during employment on a monthly basis. Consistent with the Company's vacation policy, you may carryover 50% of accrued but unused vacation time into subsequent years, but no more than 20 days may be carried over into any year.

Expenses

The Company will reimburse you for all actual, necessary and reasonable expenses you incur in the course of the Company's business, subject to the Company's expense policy.

Benefits

You will be entitled to receive the fringe benefits generally available to the Company's employees. The Company, of course, may amend, terminate or enhance the benefits provided to you and our other employees from time to time as it deems appropriate.

Internal Policies

During your employment with the Company, you will be required to follow all of the Company's internal policies and to conduct your business activities at all times in accordance with the highest legal, ethical and professional standards.

Employment At Will

Your employment with the Company shall be at-will. As such, your employment is for no definite period of time, and you or the Company may terminate your employment relationship with or without notice at any time and for any or no reason or cause. This offer of employment should not be construed as a guarantee of employment for any specific duration, and the terms of your employment may be changed by the Company at any time.

Severance

In the event that your employment is terminated by either the Company or you for any reason, the Company shall pay to you all unpaid Base Salary and unused vacation earned through the date of termination of employment. You will also be reimbursed for any reasonable business expenses that you incurred prior to the termination of employment, as long as you properly account for the expenses and submit appropriate documentation to the Company pursuant to the "Expenses" section above. You will also be entitled to, and the Company shall pay you, any Bonus previously awarded to you by the Board of Directors but unpaid for any period of employment prior to the termination of employment.

In the event you voluntarily resign your employment or the Company terminates your employment for "Cause" (as defined herein), you shall not be entitled to any additional compensation, bonuses or severance (except for those payments and benefits set forth in the immediately preceding paragraph. If the Company terminates your employment without Cause, you shall be entitled to receive the following payments and benefits (the "Severance Benefits"): (i) continuation of the payment of your Base Salary for a period of twelve weeks in the first year of employment and twenty-four weeks in every year after the first year (the "Severance Period"), paid in monthly installments in accordance with the Company's payroll practices and subject to applicable tax withholding; (ii) acceleration of vesting of your stock options as if your employment continued for a period of 8 weeks following such termination of; and (iii) reimbursement of the applicable premium for COBRA continuation coverage for the Severance Period. Notwithstanding any provision of this offer letter, the Severance Benefits are conditioned on your execution and delivery to the Company, and non-revocation, of a release of all claims against the Company in a form acceptable to the Company that becomes effective within 45 days following termination of your employment. The Severance Benefits will commence on the date on which the release becomes effective.]

For the purposes of this paragraph, "Cause" shall mean: (i) your indictment or conviction of any felony or of any crime involving dishonesty or moral turpitude, (ii) your breach of this offer letter or your Proprietary Information, Inventions and. Non-Solicitation Agreement, (iii) your refusal to abide by or comply with the legal directives of the Board of Directors or the President and Chief Executive Officer, (iv) your dishonesty, fraud, or misconduct with respect to the business or affairs of the Company, or any other conduct which may negatively impact the Company's reputation, (v) your negligence or failure to perform your duties as determined in the sole discretion of the President and Chief Executive Officer, or (vi) your failure to comply in any material respect with any of the Company's policies, including those regarding: (a) business ethics, (b) drug or alcohol use, (c) equal employment opportunity, or (d) sexual or other unlawful harassment.

No Conflicting Obligation/Conflicts of Interest

You hereby represent and warrant to the Company that you are not presently under and will not become subject to any obligation to any person or entity which is inconsistent or in conflict with your employment with the Company or which would prevent, limit or impair in any way your performance of your duties to the Company as described in this letter. Specifically you represent and warrant that you have not brought with you any confidential or proprietary information of any former employer, and you are not subject to any agreement or obligation with a former employer that would prohibit, impair or interfere with your employment by the Company.

Proprietary Information, Inventions and Non-Solicitation Agreement

As a condition to your employment by the Company, you are required to enter into the Company's Proprietary Information, Inventions and Non-Solicitation Agreement (the "NDA")

(attached as **Exhibit A**). Among other things, the NDA provides that the Company owns your work product and all developments made by you related to the Company's business; that you shall hold all non-public information regarding the Company confidential; that you will use such confidential information solely in furtherance of the Company's purposes; that for a period following your employment you will not solicit, hire, divert or take away any employee, contractor, customer or supplier of the Company.

Conditions of Employment

This offer is contingent upon your providing satisfactory documentation to the Company concerning your employment eligibility as required under the Immigration Reform and Control Act of 1986. This documentation must be received and accepted by the Company within three (3) business days of your date of hire.

Governing Law

This letter shall be governed, construed and enforced in accordance with the laws of Massachusetts, without regard to principles of choice or conflicts of law.

Arbitration

The parties hereto agree to arbitrate before a single neutral arbitrator, in accordance with the rules of the American Arbitration Association in Boston, Massachusetts, any disputes or claims that concern your employment, the termination of your employment, your recruitment to employment, or any term or condition of your employment or this offer letter. The Company and employee shall equally split the costs of the arbitration filing and hearing fees and the cost of the arbitrator, and any other expense or cost that is unique to arbitration or that you would not be required to bear if you were free to bring the dispute or claim in court. Each party shall bear its own attorney fees, unless otherwise determined by the arbitrator. Nothing in this offer letter shall be interpreted as restricting or prohibiting you from filing a charge or complaint with an administrative agency charged with investigating and/or prosecuting such charges or complaints under any applicable law or regulation. The arbitration shall take place in Boston, Massachusetts. The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award shall be subject to correction, confirmation, or vacation, as provided by any applicable Massachusetts statutory or case law setting forth the standard of judicial review of arbitration awards. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this section, without breach of this arbitration provision. You and the Company understand and agree that the arbitration of disputes or claims that relate to this offer letter shall be instead of a hearing or trial before a court. You and the Company each understand that, except with respect to the enforcement of the NDA by the Company, the parties are expressly waiving any and all rights to a hearing or trial before a court, regarding any disputes and claims which they now have or which they may in the future have that relate to this offer letter. The only disputes or claims to which the obligations to arbitrate contained in this section shall not apply are to any dispute or claim for workers' compensation benefits or unemployment insurance benefits, and the enforcement of the NDA by the Company.

Entire Understanding

This offer letter contains our entire understanding regarding the terms and conditions of your employment and supersedes any prior statements regarding your employment made to you at any time by any representative of the Company. No representative of the Company, except the President and Chief Executive Officer, has the authority to enter into any agreement contrary to the foregoing. If the foregoing offer is acceptable to you, please acknowledge your acceptance by signing below and returning one copy of this letter to me no later than May 25, 2011. If we do not hear from you by then, this offer will become null and void.

Very truly yours,

HISTOGENICS CORPORATION

By: /s/ Patrick O'Donnell

Patrick O'Donnell,

President and Chief Executive Officer

ACCEPTED:

/s/ Kevin McArdle

Kevin McArdle

Date: 5-24-11

Exhibit A

CONFIDENTIAL INFORMATION AND
INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Confidential Information and Intellectual Property Assignment Agreement (hereafter referred to as "Agreement") dated as of _____ by and between HISTOGENICS CORPORATION (hereinafter referred to as the "Company"), a Delaware Corporation having a place of business at 830 Winter Street, Waltham, MA 02451, and _____ (hereinafter referred to as the "Employee"), a United States citizen/legal resident having a residence at _____.

The Company has requested that the Employee execute this Agreement, and the Employee has agreed to execute this Agreement as part of the terms of Employee being hired, or continued employment of Employee, by the Company;

The Company possesses certain Confidential Information, as defined below in Section 1.5 of this Agreement, that is confidential and proprietary to the Company;

The Employee may receive or come into possession of Confidential Information from time to time to carry out the Employee's duties under the direction of the Company;

In furtherance of the foregoing, and in consideration of employment of Employee by the Company, the Company and the Employee agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 "**Company**" means HISTOGENICS CORPORATION, its present or future subsidiaries, affiliates and any entity owned or controlled by or under common control, including any businesses that may be acquired or established after the execution of this Agreement and employment with the Company, and any successor-in-interest thereto or assignee thereof.

1.2 "**Business of the Company**" includes any services or products (including both generic and specific products) used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company at any time during the Employee's employment or used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company using Confidential Information, Intellectual Property or Work Product after termination of the Employee's employment either by the Employee or the Company.

1.3 "**Person**" and "**Persons**" mean all individuals, partnerships, corporations, limited liability companies, firms, businesses, organizations and other entities.

1.4 "**Field of Research**" means the development of procedures and products related to *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body such as the human body, including, by way of example and without limitation, methods of cartilage, ligament and tendon culture, autologous cultured cell technology, the biology of chondrocyte implantation, the applicability of such technology in the treatment of new indications and disease states, the development and identification of new indications and usages for the Company's products and procedures, and any and all other procedures and products associated or used with *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body.

1.5 "**Confidential Information**" means:

(a) All information, ideas, trade secrets and all other confidential and proprietary information of the Company, including without limitation any and all information relating in any manner whatsoever to the Field of Research or the Business of the Company, financial information of the Company, the terms and formats of the Company's contracts and agreements, information pertaining to the Company's methods of operation, processes, strategies and techniques, customer lists, customer information, and information relating to employees of the Company, including but not limited to employees' identities, home and business telephone and pager numbers, and addresses;

(b) Provided that the information: (i) becomes known to Employee as a consequence of Employee's employment with the Company, or was wrongfully obtained by Employee, regardless of whether the information became known to Employee during or after working hours, or whether the information came into the Company's possession through the efforts of Employee or others; and (ii) is not readily available to the public; and

(c) The definition of "Confidential Information" is intended to have the broadest meaning as permitted by law and extends beyond the definition of "trade secrets" as set forth in the Uniform Trade Secrets Act.

1.6 "**Employee**" means the individual signing this Agreement who is either currently employed by the Company or becoming an employee of the Company concurrently with the execution of this Agreement.

1.7 "**Intellectual Property**" means any and all ideas, Inventions, know how, improvements, discoveries, techniques, processes, original works of authorship, trade secrets and other subject matter developed or made by the Employee (solely or jointly with others) that may be protected, at least in part, by one or more of a patent, trademark, copyright, trade secret, trade dress or other legal protection in the United States or in any foreign country.

1.8 "**Inventions**" means any and all discoveries, concepts, ideas, whether patentable or not patentable, including but not limited to processes, methods, formulae, software, techniques, algorithms, cells, tissues, organs, cell cultures, cell parts, organisms, natural or non-naturally occurring genetic materials such as DNA constructs, products, such as proteins, antibodies and the like, that are derived from or produced using natural or non-naturally occurring genetic materials, as well as improvements thereof or know-how related thereto, concerning any present or prospective activities of the Company with which the Employee becomes acquainted or gains knowledge of as a result of the Employee's employment by the Company.

1.9 "**Competing Organization**" means any Person engaged in or about to become engaged in research on, development of, production, marketing, selling of, or offering for sale a Competing Product.

1.10 "**Competing Product**" means any product, process, good or service of any Person other than the Company, in existence or under development, which competes, directly or indirectly, with a product, process, good or service on or with which the Employee has worked for the Company or about which the Employee has Confidential Information.

1.11 "**Work Product**" means designs, drawings, software, photographs, plans, records, improvements, ideas and other subject matter relating thereto that is not considered by the Company to be Intellectual Property.

2. EMPLOYEE'S REPRESENTATIONS AND AGREEMENTS

2.1 Confidential Information and Goodwill: Solely as a result of employment with the Company, Employee will be given access to, become familiar with, and will acquire knowledge of the Company, its employees, operations, methods, sources of supply, financial information, the Field of Research, the Business of the Company and other Confidential Information of the Company. The Confidential Information has been and will continue to be developed through the Company's investment of substantial time, effort and money. Employee recognizes that disclosure or use of Confidential Information for any purpose to any third party or Competing Organization would be greatly prejudicial and detrimental to the Company and would cause the Company to suffer immediate and irreparable injury. Employee further recognizes that Employee is in a position to unfairly convert or otherwise use the Company's business and goodwill for use by Employee and a Competing Organization to produce, make, have made, sell, offer for sale, or import a Competing Product, and that such conversion or use would be greatly prejudicial to the Company, and would cause the Company to suffer immediate and irreparable injury.

2.2 Ownership of Employee Work Product: The Company and Employee agree:

(a) that the Company shall own in its entirety and have the entire right to use, made, have made, sell, offer for sale or import without the payment to the Employee of any royalty or amount or the provision of any consideration to Employee, other than

continued employment of the Employee by the Company, all Work Product and all results of the performance by Employee of Employee's duties and responsibilities as an employee of the Company. Employee specifically agrees that any Work Product made or conceived by Employee during the period of employment of Employee by the Company shall be delivered to and become the property of the Company; and

(b) that Employee is obligated to assign and will assign all right, title and interest in and to the Work Product to the Company, without the payment of any royalty or amount or the provision of any consideration to the Employee other than continued employment by the Company.

2.3 Employee Intellectual Property: Employee agrees that with respect to Intellectual Property made or conceived by the Employee, whether or not during the hour of Employee's engagement or with the use of assistance of any Company facility, material, or personnel, either solely or jointly with others during Employee's employment with the Company or within one year after termination of such employment, without payment, royalty or any other consideration to the Employee other than Employee's wages or salary, therefore:

(a) The Employee shall inform the Company promptly and fully of all such Intellectual Property by written reports, setting forth in detail the procedures, steps, materials and the like employed and the results achieved. The Employee shall submit an invention disclosure report promptly after completion of any studies or research projects undertaken on the Company's behalf, or funded at least in part by the Company, whether or not in the Employee's opinion or view a given project has resulted in any Invention;

(b) The Employee hereby transfers, assigns and agrees to assign to the Company, without any royalty, payment or consideration other than Employee's wages or salary which shall be considered full and adequate consideration, his or her entire right, title and interest in and to all Intellectual Property and to applications for United States and foreign patent applications and patents granted thereon and to any trademarks, trade dress or copyrightable material related thereto;

(c) The Employee agrees for himself or herself and his or her heirs, representatives, successors in interest, and assigns, upon request of the Company, at all times to perform such acts, such as providing testimony in support of the Employee's inventorship and to execute and deliver promptly to the Company such papers, instruments and documents, without expense to him or her, as from time to time may be necessary or useful in the Company's opinion to apply for, secure, maintain, enforce, reissue, extend or defend the Company's worldwide rights in any Intellectual Property so as to secure to the Company the full benefits of the Intellectual Property and otherwise to carry into full force and effect the text and the assignment described above;

(d) The Employee warrants and represents to the Company that he or she is not subject to any agreement, government contract, government grant or university policy inconsistent with this Agreement. The Employee agrees not to conduct any research or other work subject to this Agreement other than at the Company's facilities and further agrees not to use any such research facilities, materials or personnel of any university or other Person not rented, leased or otherwise hired by the Company in connection with such work; and

(e) The Employee acknowledges that any copyrightable work created by Employee during the period of Employee's employment relationship with the Company shall be considered a work made for hire, and rights therein shall be the exclusive property of the Company as author and owner of the copyright in and to such work.

2.4 Shop Rights: Notwithstanding any provision herein that may create greater rights, Employee acknowledges that the Company shall have the royalty-free right to use in its business, and to make, have made, use, sell, offer for sale or import products, processes and services derived from or related to any Intellectual Property or Work Product that are made or conceived by the Employee during his or her employment by the Company or with the use or assistance of the Company's facilities or funded, at least in part, with Company funds.

3. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION: At no time, either during or after the termination of employment, shall Employee directly or indirectly obtain, disclose, reveal or use for Employee or any Person or Competing Organization, or aid others in obtaining, disclosing, revealing or using any Confidential Information of the Company, other than as may be required in the performance of duties for and as authorized by the Company. All Confidential Information is and shall remain the sole property of the Company.

4. NONDISCLOSURE OF OTHER INFORMATION: The Company and Employee acknowledge and agree that:

(a) Employee may be aware of certain other confidential information of one or more third parties (the "Third Party Confidential Information").

(b) The Company and Employee further acknowledge and agree that the Company has not requested that Employee disclose to the Company any Third Party Confidential Information and, in fact, the Company requires that Employee refrain at all times during the period of the employment relationship between the Company and Employee from using, disclosing or revealing to the Company any Third Party Confidential Information.

(c) Employee agrees that at all times during the period of the employment relationship between Employee and the Company, Employee shall refrain from using, disclosing or revealing to the Company any Third Party Confidential Information.

5. NON-SOLICITATION COVENANT: During Employee's employment and for the one (1) year period following the termination thereof, Employee will not:

(a) directly or indirectly, on behalf of Employee or for any other Person (other than the Company), hire, entice, induce, encourage or solicit, or attempt to hire, entice, induce, encourage or solicit any employee to leave the Company's employ; or

(b) cause or attempt to cause any employee of the Company to become employed by any Person associated with a Competing Organization or engaged in the Business of the Company; or

(c) solicit or accept business, directly or indirectly, related to product or services competitive with those of the Company, from any of the Company's customers with whom the Employee has contact within one (1) year prior to Employee's termination.

6. NON-COMPETE COVENANT: Employee agrees that for a period of one (1) year after termination of employment, Employee will not compete, directly or indirectly, with the Company in the Field of Cartilage Regeneration and Repair. Competition includes, but is not limited to, the design, development, production, promotion, offering for sale or sale of product or services competitive with those of the Company in the Field of Cartilage Regeneration and Repair.

7. RETURN OF COMPANY PROPERTY AND CONFIDENTIAL INFORMATION: All records, files photo/videographic materials, customer lists, supplier lists, software, keys, equipment, credit cards or other tangible material, and all other documents, including but not limited to Confidential Information, relating to the Business of the Company (collectively "property") that Employee receives, acquires, produces or has access to during employment, are the exclusive property of the Company. Upon termination of Employee's employment, Employee shall return to the Company all property and all Confidential Information of the Company and all copies thereof in Employee's possession or control regardless of how such property or Confidential Information is obtained or maintained.

8. REMEDIES FOR BREACH: Employee agrees that any breach of this Agreement by Employee will cause the Company to suffer immediate and irreparable injury, for which there is no adequate remedy at law. In the event of a breach or threatened breach of any of the terms of the Agreement, the Company shall be entitled to seek and obtain enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without posting a bond or the requirement of any other guarantee, and any other form of equitable relief. Employee consents to the entry of such an order. This provision is in addition to and does not replace any other remedies the Company may have at law or in equity, including the right to receive monetary damages. Employee shall reimburse the Company for all reasonable attorneys' fees and costs incurred by the Company in enforcing this Agreement.

9. SURVIVAL; SEVERABILITY AND ENFORCEABILITY: This Agreement shall survive the termination of Employee's employment with the Company. It is the intention of the parties that this Agreement shall be enforceable to the fullest extent allowed by law. This Agreement is devisable and separable so that if any provision shall be held to be invalid, unlawful or enforceable, such holding shall not impair the remaining provisions. If any provision is held to be too broad or unreasonable in duration, scope or character of restriction to be enforced, such provision shall be amended or modified (including "blue pencilled") to the extent necessary to legally enforce such provision to the fullest extent permitted by law. This Agreement, including the rights and obligations hereunder including all rights of enforcement, may be transferred and/or assigned to the Company.

10. EMPLOYEE'S OPPORTUNITY OF INDEPENDENT REVIEW OF THIS AGREEMENT PRIOR TO EXECUTION: Employee acknowledges that he or she has been provided the opportunity by the Company to have this Agreement reviewed by an attorney or counsel of Employee's own choosing prior to signing this Agreement.

11. APPLICABLE LAW: This Agreement shall be construed and governed for all purposes under the laws of the Commonwealth of Massachusetts without regard to conflict of law principles.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings, oral or written discussions and representations ever made, and agreements executed by Employee relating to this subject matter. No amendment, waiver or revocation of this Agreement shall be effective unless set forth in writing expressly stating the amendment, waiver or revocation and signed by Employee and an authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year noted above.

For: _____	**For: HISTOGENICS CORPORATION**
_____	By: _____
_____	_____
Date	Title

Exhibit 10.4

Histogenics Corporation
830 Winter Street
Waltham, MA 02451
781-547-7900 (phone)
781-547-4452 (fax)

September 23, 2013

Nancy M. Lynch, M.D.
210 42nd Ave.
San Mateo, CA 94403

Re: Offer of Position of Chief Medical Officer with Histogenics Corporation

Dear Nancy

I am pleased to offer you the position of Chief Medical Officer with Histogenics Corporation (the "Company") with a start date of September 23, 2013. The purpose of this letter is to describe the general terms and conditions of your employment with the Company (the "Offer").

Duties and Responsibilities

Your duties and responsibilities will include those normally associated with the position of Chief Medical Officer and such other duties and responsibilities as reasonably may be assigned to you from time to time by the President & Chief Executive Officer of the Company. Your employment with the Company will be on a full-time basis and you will report to the Chief Executive Officer. You will be expected to devote full time and effort to the business of the Company. You will not be required to live in any specific geographic location in order to perform your duties and responsibilities.

Salary Compensation

Your annual salary will be $260,000 paid in semi-monthly installments in accordance with our normal payroll policies, less applicable legal deductions, payable in accordance with the regular payroll practices of the Company.

Sign-On Bonus

As soon as practicable following your commencement of employment, you will be paid a sign-on bonus of $25,000, less applicable deductions. However, if you voluntarily terminate your employment prior to September 23, 2014, you will be required to repay a pro-rata portion of the sign-on bonus equal to the full bonus less 1/12 of the bonus for each full month of employment completed.

Bonus Compensation

You will be eligible for an annual bonus ("bonus"), at the discretion of the Board of Directors (the "Board"), based upon the recommendation of the President & Chief Executive Officer. The Company expects that bonuses will typically be determined and paid within 90 days from the end of the Company's fiscal year. Your bonus, if any, will be in an amount up to 40% of your annual salary, which is commensurate with the Senior Vice President level of the Company. The bonus will be determined by the Board based on the Company's performance and success at achieving its objectives and goals during the course of the year as well as your performance and success at achieving the objectives and goals set for you individually. You must be employed by Histogenics on the date bonuses are paid to receive a bonus.

Equity/Stock Options

After your acceptance of this offer of employment, upon approval of the Board of Directors, you will be issued a grant of 300,000 stock options commensurate with the Company's Vice President level of common stock of the Company (the "Options"). The Options will vest over four years, with 25% vesting on a 'cliff' basis on your one-year anniversary of your commencement of your employment ("Start Date") and the remainder will vest 2.08334% each month thereafter on the anniversary of your Start Date. The Options will vest upon a liquidity event according to the terms of the Employee Stock Option agreement.

Termination

In the event that your employment is terminated by either you or the Company for any reason, the Company will pay to you all Base Salary and unused vacation earned through the date of termination of employment. You will also be reimbursed for any reasonable business expenses that you incurred prior to the termination of employment, as long as you properly account for the expenses and submit appropriate documentation to the Company pursuant to Expenses Section below.

Severance

(a) General. If you are subject to an Involuntary Termination, then you will be entitled to the benefits described in this "Severance" section. However, this section will not apply unless you (i) have returned all Company property in your possession and (ii) have executed a general release of claims that you may have against the Company or persons affiliated with the Company. The release must be in a form prescribed by the Company. You must execute and return the release on or before the date specified by the Company in the prescribed form (the "Release Deadline"). The Release Deadline will in no event be later than 60 days after termination of your employment. If you fail to return the release on or before the Release Deadline, or if you revoke the release, then you will not be entitled to the benefits described in this Section.

(b) Salary Continuation. In the event you are subject to an Involuntary Termination, the Company will continue to pay your base salary for a period of 12 months after your Separation (the "Continuation Period"). Your base salary will be paid at the rate in effect at the time of your Separation and in accordance with the Company's standard payroll procedures. The salary continuation payments will commence within 30 days after the Release Deadline and, once they commence, will be retroactive to the date of your Separation.

(c) Health Insurance. If you are subject to an Involuntary Termination, and if you elect to continue health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") for you and, if applicable, your dependents following the Separation, then the Company shall pay the employer portion of the monthly premium under COBRA for you and, if applicable, such dependents until the earliest of (i) the close of the Continuation Period, (ii) the expiration of your continuation coverage under COBRA or (iii) the date when you receive substantially equivalent health insurance coverage in connection with new employment or self-employment.

(d) Section 409A. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each salary continuation payment under this section is hereby designated as a separate payment. If the Company determines that you are a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service (as defined in the regulations under Section 409A), then (i) the salary continuation payments under this Section, to the extent that they are subject to Section 409A of the Code, will commence during the seventh month after your separation from service and (ii) the installments that otherwise would have been paid during the first six months after your separation from service will be paid in a lump sum when the salary continuation payments commence.

(e) Certain Definitions.

"**Cause**" shall mean a good faith determination by the Board of any of the following:

(i) An unauthorized use or disclosure by you of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by you of any agreement between you and the Company;

(iii) A material failure by you to comply with the Company's written policies or rules after receiving written notification of such failure from the Board and a reasonable opportunity to cure such failure;

(iv) The sale, possession or use of illegal drugs by you or your habitual intoxication on the premises of the Company or a customer or business partner of the Company or while conducting Company business;

(v) Your conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(vi) Your gross negligence or willful misconduct in the course of performing service to the Company;

(vii) A continuing failure by you to perform reasonably assigned duties after receiving written notification of such failure from the Board and a reasonable opportunity to cure such failure; or

(viii) A failure by you to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested your cooperation.

"**Involuntary Termination**" shall mean either (a) your Termination Without Cause or (b) your Resignation for Good Reason.

"**Resignation for Good Reason**" means a Separation as a result of your resignation after one of the following conditions has come into existence without your consent:

(i) A material reduction in your base salary;

(ii) A material breach by the Company of its obligations under this letter agreement; or

(iii) A change in your title or position with the Company that materially reduces your level of authority or responsibility.

A Resignation for Good Reason shall not be deemed to have occurred unless you give the Company written notice of the condition within 15 days after the condition comes into existence and the Company fails to remedy the condition within 15 days after receiving your written notice.

"**Separation**" shall mean a "separation from service," as defined in the regulations under Section 409A of the Code.

"**Termination Without Cause**" means a Separation as a result of a termination of the Employee's employment by the Company without Cause, provided the Employee is willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

Vacation

You will be eligible to take up to 3 weeks of paid vacation time per year, calculated from your Start Date and consistent with the Company's vacation policy. Such vacation time is accrued on a monthly basis.

Expenses

The Company will reimburse you for all actual, necessary and reasonable expenses you incur in the course of the Company's business, subject to the Company's expense policy.

Payments and Benefits

You will be entitled to participate in any employee medical, dental, and life insurance plans and other benefits generally available to the Company's employees. The Company, of course, may amend, terminate, or enhance the benefits provided to you and our other employees from time to time as it deems appropriate.

Directors and Officers Insurance

The Company, at its own expense, shall provide you with the same Directors and Officers insurance it provides to its executive employees from time to time, with coverage limits that are customary for directors and officers of companies in the Company's industry and at the Company's stage of development.

Relocation Expenses

At some point in the future while you remain fully employed by the Company, should you choose to relocate to the locale of the corporate office for the primary purpose of facilitating your performance of your duties and responsibilities, the Company shall provide reasonable relocation support and expense reimbursement to be determined at that time.

Maintenance of Licensure and Board Certification

The Company encourages you to maintain your license to practice medicine and your board certification in orthopaedic surgery to the extent that you are able and willing to do so. To that end, the Company will allow a reasonable amount of your time to be spent meeting the requirements for continuing medical education and recertification as necessary and will reimburse reasonable expenses associated with such endeavors in accordance with the Company's expense policy.

Internal Policies

During your employment with the Company, you will be required to follow all of the Company's internal policies and to conduct your business activities at all times in accordance with the highest legal, ethical and professional standards.

Employment At Will

The terms of this Offer do not and are not intended to create either an express and/or implied contract of employment with the Company. Your employment with the Company is for no specified period and constitutes "at-will" employment in that it can be terminated with or without cause at any time, and with or without notice, at the option of either the Company or yourself, except as otherwise provided by law. The Company is not bound to follow any policy, procedure, or process in connection with employee discipline, employment termination, or otherwise.

No Conflicting Obligation/Conflicts of Interest

You hereby represent and warrant to the Company that you are not presently under and will not become subject to any obligation to any person or entity which is inconsistent or in conflict with your employment with the Company or which would prevent, limit or impair in any way your performance of your duties to the Company as described in this Offer. Specifically you represent and warrant that you have not brought with you any confidential or proprietary information of any former employer, and you are not subject to any agreement or obligation with a former employer that would prohibit your employment by the Company. It is recognized and allowed by the Company that you have existing consulting contracts and/or professional obligations that you will honor and fulfill. Should at any point during your employment with the Company the contracts and/or obligations present a conflict with regard to your nondisclosure agreement with the Company, you will be required to recuse yourself from further discussions under those contracts or terminate those contracts or obligations. You may not enter into any additional consulting contracts and/or professional obligations during the course of your employment with the Company without first obtaining approval from the Chief Executive Officer.

Proprietary Information, Inventions and Non-Solicitation Agreement

As a condition to your employment by the Company and in consideration of the issuance of stock options to you, you are required to enter into the Proprietary Information, Inventions and Non-Solicitation Agreement ("the Agreement") (attached as Exhibit A). Among other things, the Agreement provides that the Company owns your work product and all developments made by you related to the Company's business; that you will hold all non-public information regarding the Company confidential; and that for a one year period following your employment you will not solicit, hire, divert or take away any employee, contractor, customer or supplier of the Company.

Conditions of Employment

This offer is contingent upon your providing satisfactory documentation to the Company concerning your employment eligibility as required by Congress under the Immigration Reform and Control Act of 1986. This documentation must be received and accepted by the Company within three (3) business days of your date of hire.

Governing Law

This Offer will be governed, construed and enforced in accordance with the laws of Massachusetts, without regard to principles of choice or conflicts of law.

Arbitration

You agree to arbitrate before a single neutral arbitrator, in accordance with the rules of the state of Massachusetts and the Institute of Business Arbitration, any disputes or claims that concern your employment, the termination of that employment, your recruitment, or any term or condition of your employment or this Offer. The Company will pay the cost of the arbitration filing and hearing fees and the cost of the arbitrator, and any other expense or cost that is unique to arbitration or that you would not be required to bear if you were free to bring the dispute or claim in court. Each party will bear its own attorney fees. Nothing in this Offer will be interpreted as restricting or prohibiting you from filing a charge or complaint with an administrative agency charged with investigating and/or prosecuting such charges or complaints under any applicable law or regulation. The arbitration will take place in the United States. The arbitrator will issue a written award that sets forth the essential findings and conclusions on which the award is based. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award will be subject to correction, confirmation, or vacation, as provided by any applicable Massachusetts statutory or case law setting forth the standard of judicial review of arbitration awards. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this Offer, without breach of this arbitration provision. You understand and agree that the arbitration of disputes or claims that relate to this Offer will be instead of a hearing or trial before a court. You understand that you are expressly waiving any and all rights to a hearing or trial before a court, regarding any disputes and claims which they now have or which they may in the future have that relate to this Offer. The only disputes or claims to which the obligations to arbitrate contained in this Section will not apply are to any dispute or claim for workers' compensation benefits or unemployment insurance benefits.

Entire Understanding

This letter contains our entire understanding regarding the terms and conditions of your employment and supersedes any prior statements regarding your employment made to you at any time by any representative of the Company. No representative of the Company, except the Chairman of the Board as authorized by the Board, has the authority to enter into any agreement contrary to the foregoing. If the foregoing Offer is acceptable to you, please acknowledge your acceptance by signing below and returning one copy of this letter.

Very truly yours,
Kevin McArdle

/s/ Kevin McArdle
Chief Financial Officer

ACCEPTED:

/s/ Nancy M. Lynch
Nancy M. Lynch, M.D.

Date: October 10, 2013

Exhibit A

CONFIDENTIAL INFORMATION AND
INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Confidential Information and Intellectual Property Assignment Agreement (hereafter referred to as "Agreement") dated as of _____ by and between HISTOGENICS CORPORATION (hereinafter referred to as the "Company"), a Delaware Corporation having a place of business at 830 Winter Street, Waltham, MA 02451, and _____ (hereinafter referred to as the "Employee"), a United States citizen/legal resident having a residence at _____.

The Company has requested that the Employee execute this Agreement, and the Employee has agreed to execute this Agreement as part of the terms of Employee being hired, or continued employment of Employee, by the Company;

The Company possesses certain Confidential Information, as defined below in Section 1.5 of this Agreement, that is confidential and proprietary to the Company;

The Employee may receive or come into possession of Confidential Information from time to time to carry out the Employee's duties under the direction of the Company;

In furtherance of the foregoing, and in consideration of employment of Employee by the Company, the Company and the Employee agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 "**Company**" means HISTOGENICS CORPORATION, its present or future subsidiaries, affiliates and any entity owned or controlled by or under common control, including any businesses that may be acquired or established after the execution of this Agreement and employment with the Company, and any successor-in-interest thereto or assignee thereof.

1.2 "**Business of the Company**" includes any services or products (including both generic and specific products) used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company at any time during the Employee's employment or used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company using Confidential Information, Intellectual Property or Work Product after termination of the Employee's employment either by the Employee or the Company.

1.3 "**Person**" and "**Persons**" mean all individuals, partnerships, corporations, limited liability companies, firms, businesses, organizations and other entities.

1.4 "**Field of Research**" means the development of procedures and products related to *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body such as the human body, including, by way of example and without limitation, methods of cartilage, ligament and tendon culture, autologous cultured cell technology, the biology of chondrocyte implantation, the applicability of such technology in the treatment of new indications and disease states, the development and identification of new indications and usages for the Company's products and procedures, and any and all other procedures and products associated or used with *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body.

1.5 "**Confidential Information**" means:

(a) All information, ideas, trade secrets and all other confidential and proprietary information of the Company, including without limitation any and all information relating in any manner whatsoever to the Field of Research or the Business of the Company, financial information of the Company, the terms and formats of the Company's contracts and agreements, information pertaining to the Company's methods of operation, processes, strategies and techniques, customer lists, customer information, and information relating to employees of the Company, including but not limited to employees' identities, home and business telephone and pager numbers, and addresses;

(b) Provided that the information: (i) becomes known to Employee as a consequence of Employee's employment with the Company, or was wrongfully obtained by Employee, regardless of whether the information became known to Employee during or after working hours, or whether the information came into the Company's possession through the efforts of Employee or others; and (ii) is not readily available to the public; and

(c) The definition of "Confidential Information" is intended to have the broadest meaning as permitted by law and extends beyond the definition of "trade secrets" as set forth in the Uniform Trade Secrets Act.

1.6 "**Employee**" means the individual signing this Agreement who is either currently employed by the Company or becoming an employee of the Company concurrently with the execution of this Agreement.

1.7 "**Intellectual Property**" means any and all ideas, Inventions, know how, improvements, discoveries, techniques, processes, original works of authorship, trade secrets and other subject matter developed or made by the Employee (solely or jointly with others) that may be protected, at least in part, by one or more of a patent, trademark, copyright, trade secret, trade dress or other legal protection in the United States or in any foreign country.

1.8 "**Inventions**" means any and all discoveries, concepts, ideas, whether patentable or not patentable, including but not limited to processes, methods, formulae, software, techniques, algorithms, cells, tissues, organs, cell cultures, cell parts, organisms, natural or non-naturally occurring genetic materials such as DNA constructs, products, such as proteins, antibodies and the like, that are derived from or produced using natural or non-naturally occurring genetic materials, as well as improvements thereof or know-how related thereto, concerning any present or prospective activities of the Company with which the Employee becomes acquainted or gains knowledge of as a result of the Employee's employment by the Company.

1.9 "**Competing Organization**" means any Person engaged in or about to become engaged in research on, development of, production, marketing, selling of, or offering for sale a Competing Product.

1.10 "**Competing Product**" means any product, process, good or service of any Person other than the Company, in existence or under development, which competes, directly or indirectly, with a product, process, good or service on or with which the Employee has worked for the Company or about which the Employee has Confidential Information.

1.11 "**Work Product**" means designs, drawings, software, photographs, plans, records, improvements, ideas and other subject matter relating thereto that is not considered by the Company to be Intellectual Property.

2. EMPLOYEE'S REPRESENTATIONS AND AGREEMENTS

2.1 Confidential Information and Goodwill: Solely as a result of employment with the Company, Employee will be given access to, become familiar with, and will acquire knowledge of the Company, its employees, operations, methods, sources of supply, financial information, the Field of Research, the Business of the Company and other Confidential Information of the Company. The Confidential Information has been and will continue to be developed through the Company's investment of substantial time, effort and money. Employee recognizes that disclosure or use of Confidential Information for any purpose to any third party or Competing Organization would be greatly prejudicial and detrimental to the Company and would cause the Company to suffer immediate and irreparable injury. Employee further recognizes that Employee is in a position to unfairly convert or otherwise use the Company's business and goodwill for use by Employee and a Competing Organization to produce, make, have made, sell, offer for sale, or import a Competing Product, and that such conversion or use would be greatly prejudicial to the Company, and would cause the Company to suffer immediate and irreparable injury.

2.2 Ownership of Employee Work Product: The Company and Employee agree:

(a) that the Company shall own in its entirety and have the entire right to use, made, have made, sell, offer for sale or import without the payment to the Employee of any royalty or amount or the provision of any consideration to Employee, other than

continued employment of the Employee by the Company, all Work Product and all results of the performance by Employee of Employee's duties and responsibilities as an employee of the Company. Employee specifically agrees that any Work Product made or conceived by Employee during the period of employment of Employee by the Company shall be delivered to and become the property of the Company; and

(b) that Employee is obligated to assign and will assign all right, title and interest in and to the Work Product to the Company, without the payment of any royalty or amount or the provision of any consideration to the Employee other than continued employment by the Company.

2.3 Employee Intellectual Property: Employee agrees that with respect to Intellectual Property made or conceived by the Employee, whether or not during the hour of Employee's engagement or with the use of assistance of any Company facility, material, or personnel, either solely or jointly with others during Employee's employment with the Company or within one year after termination of such employment, without payment, royalty or any other consideration to the Employee other than Employee's wages or salary, therefore:

(a) The Employee shall inform the Company promptly and fully of all such Intellectual Property by written reports, setting forth in detail the procedures, steps, materials and the like employed and the results achieved. The Employee shall submit an invention disclosure report promptly after completion of any studies or research projects undertaken on the Company's behalf, or funded at least in part by the Company, whether or not in the Employee's opinion or view a given project has resulted in any Invention;

(b) The Employee hereby transfers, assigns and agrees to assign to the Company, without any royalty, payment or consideration other than Employee's wages or salary which shall be considered full and adequate consideration, his or her entire right, title and interest in and to all Intellectual Property and to applications for United States and foreign patent applications and patents granted thereon and to any trademarks, trade dress or copyrightable material related thereto;

(c) The Employee agrees for himself or herself and his or her heirs, representatives, successors in interest, and assigns, upon request of the Company, at all times to perform such acts, such as providing testimony in support of the Employee's inventorship and to execute and deliver promptly to the Company such papers, instruments and documents, without expense to him or her, as from time to time may be necessary or useful in the Company's opinion to apply for, secure, maintain, enforce, reissue, extend or defend the Company's worldwide rights in any Intellectual Property so as to secure to the Company the full benefits of the Intellectual Property and otherwise to carry into full force and effect the text and the assignment described above;

(d) The Employee warrants and represents to the Company that he or she is not subject to any agreement, government contract, government grant or university policy inconsistent with this Agreement. The Employee agrees not to conduct any research or other work subject to this Agreement other than at the Company's facilities and further agrees not to use any such research facilities, materials or personnel of any university or other Person not rented, leased or otherwise hired by the Company in connection with such work; and

(e) The Employee acknowledges that any copyrightable work created by Employee during the period of Employee's employment relationship with the Company shall be considered a work made for hire, and rights therein shall be the exclusive property of the Company as author and owner of the copyright in and to such work.

2.4 Shop Rights: Notwithstanding any provision herein that may create greater rights, Employee acknowledges that the Company shall have the royalty-free right to use in its business, and to make, have made, use, sell, offer for sale or import products, processes and services derived from or related to any Intellectual Property or Work Product that are made or conceived by the Employee during his or her employment by the Company or with the use or assistance of the Company's facilities or funded, at least in part, with Company funds.

3. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION: At no time, either during or after the termination of employment, shall Employee directly or indirectly obtain, disclose, reveal or use for Employee or any Person or Competing Organization, or aid others in obtaining, disclosing, revealing or using any Confidential Information of the Company, other than as may be required in the performance of duties for and as authorized by the Company. All Confidential Information is and shall remain the sole property of the Company.

4. NONDISCLOSURE OF OTHER INFORMATION: The Company and Employee acknowledge and agree that:

(a) Employee may be aware of certain other confidential information of one or more third parties (the "Third Party Confidential Information").

(b) The Company and Employee further acknowledge and agree that the Company has not requested that Employee disclose to the Company any Third Party Confidential Information and, in fact, the Company requires that Employee refrain at all times during the period of the employment relationship between the Company and Employee from using, disclosing or revealing to the Company any Third Party Confidential Information.

(c) Employee agrees that at all times during the period of the employment relationship between Employee and the Company, Employee shall refrain from using, disclosing or revealing to the Company any Third Party Confidential Information.

5. NON-SOLICITATION COVENANT: During Employee's employment and for the one (1) year period following the termination thereof, Employee will not:

(a) directly or indirectly, on behalf of Employee or for any other Person (other than the Company), hire, entice, induce, encourage or solicit, or attempt to hire, entice, induce, encourage or solicit any employee to leave the Company's employ; or

(b) cause or attempt to cause any employee of the Company to become employed by any Person associated with a Competing Organization or engaged in the Business of the Company; or

(c) solicit or accept business, directly or indirectly, related to product or services competitive with those of the Company, from any of the Company's customers with whom the Employee has contact within one (1) year prior to Employee's termination.

6. NON-COMPETE COVENANT: Employee agrees that for a period of one (1) year after termination of employment, Employee will not compete, directly or indirectly, with the Company in the Field of Cartilage Regeneration and Repair. Competition includes, but is not limited to, the design, development, production, promotion, offering for sale or sale of product or services competitive with those of the Company in the Field of Cartilage Regeneration and Repair.

7. RETURN OF COMPANY PROPERTY AND CONFIDENTIAL INFORMATION: All records, files photo/videographic materials, customer lists, supplier lists, software, keys, equipment, credit cards or other tangible material, and all other documents, including but not limited to Confidential Information, relating to the Business of the Company (collectively "property") that Employee receives, acquires, produces or has access to during employment, are the exclusive property of the Company. Upon termination of Employee's employment, Employee shall return to the Company all property and all Confidential Information of the Company and all copies thereof in Employee's possession or control regardless of how such property or Confidential Information is obtained or maintained.

8. REMEDIES FOR BREACH: Employee agrees that any breach of this Agreement by Employee will cause the Company to suffer immediate and irreparable injury, for which there is no adequate remedy at law. In the event of a breach or threatened breach of any of the terms of the Agreement, the Company shall be entitled to seek and obtain enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without posting a bond or the requirement of any other guarantee, and any other form of equitable relief. Employee consents to the entry of such an order. This provision is in addition to and does not replace any other remedies the Company may have at law or in equity, including the right to receive monetary damages. Employee shall reimburse the Company for all reasonable attorneys' fees and costs incurred by the Company in enforcing this Agreement.

9. SURVIVAL; SEVERABILITY AND ENFORCEABILITY: This Agreement shall survive the termination of Employee's employment with the Company. It is the intention of the parties that this Agreement shall be enforceable to the fullest extent allowed by law. This Agreement is devisable and separable so that if any provision shall be held to be invalid, unlawful or enforceable, such holding shall not impair the remaining provisions. If any provision is held to be too broad or unreasonable in duration, scope or character of restriction to be enforced, such provision shall be amended or modified (including "blue pencilled") to the extent necessary to legally enforce such provision to the fullest extent permitted by law. This Agreement, including the rights and obligations hereunder including all rights of enforcement, may be transferred and/or assigned to the Company.

10. EMPLOYEE'S OPPORTUNITY OF INDEPENDENT REVIEW OF THIS AGREEMENT PRIOR TO EXECUTION: Employee acknowledges that he or she has been provided the opportunity by the Company to have this Agreement reviewed by an attorney or counsel of Employee's own choosing prior to signing this Agreement.

11. APPLICABLE LAW: This Agreement shall be construed and governed for all purposes under the laws of the Commonwealth of Massachusetts without regard to conflict of law principles.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings, oral or written discussions and representations ever made, and agreements executed by Employee relating to this subject matter. No amendment, waiver or revocation of this Agreement shall be effective unless set forth in writing expressly stating the amendment, waiver or revocation and signed by Employee and an authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year noted above.

For: _____	**For: HISTOGENICS CORPORATION**
_____	By: _____
_____	_____
Date	Title

Exhibit 10.5

Histogenics Corporation
830 Winter Street
Waltham, MA 02451
781-547-7900 (phone)
781-547-4452 (fax)

July 11, 2013

Stephen Kennedy
6 Sawyers Lane
Andover, MA 01810

Re: Offer of Position of Senior Vice President of Operations with Histogenics Inc.

Dear Stephen:

I am pleased to offer you the position of Senior Vice President of Operations with Histogenics Corporation (the "Company") with a start date of August 5, 2013. The purpose of this letter is to describe the general terms and conditions of your employment with the Company.

Duties and Responsibilities

Your duties and responsibilities will include those normally associated with the position of Senior Vice President of Operations and such other duties and responsibilities as reasonably may be assigned to you from time to time by the President & Chief Executive Officer of the Company. Your employment with the Company will be on a full-time basis. You will be expected to devote full time and effort to the business of the Company.

Salary Compensation

Your annual salary will be $285,000 paid in semi-monthly installments in accordance with our normal payroll policies, less applicable legal deductions, payable in accordance with the regular payroll practices of the Company.

Bonus Compensation

You will be eligible for an annual bonus ("bonus"), at the discretion of the Board of Directors (the "Board"), based upon the recommendation of the President & Chief Executive Officer. The Company expects that bonuses will typically be determined and paid within 90 days from the end of the Company's fiscal year. Your bonus, if any, will be in an amount up to 35% of your annual salary, which is commensurate with the Senior Vice President level of the Company. The bonus will be determined by the Board based on the Company's performance and success at achieving its objectives and goals during the course of the year as well as your performance and success at achieving the objectives and goals set for you individually. You must be employed by Histogenics on the date bonuses are paid to receive a bonus.

Histogenics Corporation
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Equity/Stock Options

After your acceptance of this offer of employment, upon approval of the Board of Directors, you will be issued a grant of 300,000 stock options commensurate with the Company's Vice President level of common stock of the Company (the "Options"). The Options will vest over four years, with 25% vesting on a 'cliff basis on your one-year anniversary of your commencement of your employment ("Start Date") and the remainder will vest 2.08334% each month thereafter on the anniversary of your Start Date. The Options will vest upon a liquidity event according to the terms of the Employee Stock Option agreement.

Severance

In the event you voluntarily resign your employment or the Company terminates your employment for "Cause" (as defined herein), you shall not be entitled to any additional compensation, bonuses or severance (other than any accrued but unpaid base salary or accrued vacation time). If the Company terminates your employment without Cause, you shall be entitled to continuation of the payment of your salary compensation for a period of 9 months (the period) and your stock options will continue to vest in accordance with the "Equity/Stock Options" paragraph above. Additionally, you will be entitled to health benefits for the period. For the purposes of this paragraph, "Cause" shall mean: (i) your indictment or conviction of any felony or of any crime involving dishonesty or moral turpitude; (ii) your breach of this Agreement or your Proprietary Information, Inventions and Non-Solicitation Agreement, (iii) your refusal to abide by or comply with the legal directives of the Board, (iv) your dishonesty, fraud, or misconduct with respect to the business or affairs of the Company; (v) your gross negligence or failure to perform your duties; or (vi) your violation of the Company's policies regarding: (a) business ethics; (b) drug or alcohol use; (c) equal employment opportunity; or (d) sexual or other unlawful harassment.

Vacation

You will be eligible to take up to 20 days of paid vacation time per year, calculated from your Start Date and consistent with the Company's vacation policy. Such vacation time is accrued on a monthly basis.

Expenses

The Company will reimburse you for all actual, necessary and reasonable expenses you incur in the course of the Company's business, subject to the Company's expense policy.

Payments and Benefits

You will be entitled to participate in any employee medical, dental, and life insurance plans and other benefits generally available to the Company's employees. The Company, of course, may amend, terminate, or enhance the benefits provided to you and our other employees from time to time as it deems appropriate.

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Internal Policies

During your employment with the Company, you will be required to follow all of the Company's internal policies and to conduct your business activities at all times in accordance with the highest legal, ethical and professional standards.

Employment At Will

The terms of this offer letter do not and are not intended to create either an express and/or implied contract of employment with the Company. Your employment with the Company is for no specified period and constitutes "at-will" employment in that it can be terminated with or without cause, and with or without notice, at any time, at the option of either the Company or yourself, except as otherwise provided by law. The Company is not bound to follow any policy, procedure, or process in connection with employee discipline, employment termination, or otherwise.

Termination

In the event that your employment is terminated by either you or the Company for any reason, the Company will pay to you all Base Salary and unused vacation earned through the date of termination of employment. You will also be reimbursed for any reasonable business expenses that you incurred prior to the termination of employment, as long as you properly account for the expenses and submit appropriate documentation to the Company pursuant to Expenses Section above.

No Conflicting Obligation/Conflicts of Interest

You hereby represent and warrant to the Company that you are not presently under and will not become subject to any obligation to any person or entity which is inconsistent or in conflict with your employment with the Company or which would prevent, limit or impair in any way your performance of your duties to the Company as described in this letter. Specifically you represent and warrant that you have not brought with you any confidential or proprietary information of any former employer, and you are not subject to any agreement or obligation with a former employer that would prohibit your employment by the Company.

Proprietary Information, Inventions and Non-Solicitation Agreement

As a condition to your employment by the Company and in consideration of the issuance of stock options to you, you are required to enter into the Proprietary Information, Inventions and Non-Solicitation Agreement ("the Agreement") (attached as Exhibit A). Among other things, the Agreement provides that the Company owns your work product and all developments made by you related to the Company's business; that you will hold all non-public information regarding the Company confidential; and that for a one year period following your employment you will not solicit, hire, divert or take away any employee, contractor, customer or supplier of the Company.

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Conditions of Employment

This offer is contingent upon your providing satisfactory documentation to the Company concerning your employment eligibility as required by Congress under the Immigration Reform and Control Act of 1986. This documentation must be received and accepted by the Company within three (3) business days of your date of hire.

Governing Law

This letter will be governed, construed and enforced in accordance with the laws of Massachusetts, without regard to principles of choice or conflicts of law.

Arbitration

You agree to arbitrate before a single neutral arbitrator, in accordance with the rules of the state of Massachusetts and the Institute of Business Arbitration, any disputes or claims that concern your employment, the termination of that employment, your recruitment, or any term or condition of your employment or this Agreement. The Company will pay the cost of the arbitration filing and hearing fees and the cost of the arbitrator, and any other expense or cost that is unique to arbitration or that you would not be required to bear if you were free to bring the dispute or claim in court. Each party will bear its own attorney fees. Nothing in this Agreement will be interpreted as restricting or prohibiting you from filing a charge or complaint with an administrative agency charged with investigating and/or prosecuting such charges or complaints under any applicable law or regulation. The arbitration will take place in the United States. The arbitrator will issue a written award that sets forth the essential findings and conclusions on which the award is based. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award will be subject to correction, confirmation, or vacation, as provided by any applicable Massachusetts statutory or case law setting forth the standard of judicial review of arbitration awards. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this Agreement, without breach of this arbitration provision. You understand and agree that the arbitration of disputes or claims that relate to this Agreement will be instead of a hearing or trial before a court. You understand that you are expressly waiving any and all rights to a hearing or trial before a court, regarding any disputes and claims which they now have or which they may in the future have that relate to this Agreement. The only disputes or claims to which the obligations to arbitrate contained in this Section will not apply are to any dispute or claim for workers' compensation benefits or unemployment insurance benefits.

Entire Understanding

This letter contains our entire understanding regarding the terms and conditions of your employment and supersedes any prior statements regarding your employment made to you at any time by any representative of the Company. No representative of the Company, except the

Histogenics Corporation
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Chairman of the Board as authorized by the Board, has the authority to enter into any agreement contrary to the foregoing. If the foregoing offer is acceptable to you, please acknowledge your acceptance by signing below and returning one copy of this letter to me no later than July 15, 2013.

Very truly yours,
Kevin McArdle

/s/ Kevin McArdle
Chief Financial Officer
Histogenics, Inc.

ACCEPTED:

/s/ Stephen Kennedy
Stephen Kennedy

Date: 7/12/13

Exhibit A

CONFIDENTIAL INFORMATION AND
INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Confidential Information and Intellectual Property Assignment Agreement (hereafter referred to as "Agreement") dated as of _____ by and between HISTOGENICS CORPORATION (hereinafter referred to as the "Company"), a Delaware Corporation having a place of business at 830 Winter Street, Waltham, MA 02451, and _____ (hereinafter referred to as the "Employee"), a United States citizen/legal resident having a residence at _____.

The Company has requested that the Employee execute this Agreement, and the Employee has agreed to execute this Agreement as part of the terms of Employee being hired, or continued employment of Employee, by the Company;

The Company possesses certain Confidential Information, as defined below in Section 1.5 of this Agreement, that is confidential and proprietary to the Company;

The Employee may receive or come into possession of Confidential Information from time to time to carry out the Employee's duties under the direction of the Company;

In furtherance of the foregoing, and in consideration of employment of Employee by the Company, the Company and the Employee agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 "**Company**" means HISTOGENICS CORPORATION, its present or future subsidiaries, affiliates and any entity owned or controlled by or under common control, including any businesses that may be acquired or established after the execution of this Agreement and employment with the Company, and any successor-in-interest thereto or assignee thereof.

1.2 "**Business of the Company**" includes any services or products (including both generic and specific products) used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company at any time during the Employee's employment or used, made, sold, offered for sale, developed, commenced or planned to be sold by the Company using Confidential Information, Intellectual Property or Work Product after termination of the Employee's employment either by the Employee or the Company.

1.3 "**Person**" and "**Persons**" mean all individuals, partnerships, corporations, limited liability companies, firms, businesses, organizations and other entities.

1.4 "**Field of Research**" means the development of procedures and products related to *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body such as the human body, including, by way of example and without limitation, methods of cartilage, ligament and tendon culture, autologous cultured cell technology, the biology of chondrocyte implantation, the applicability of such technology in the treatment of new indications and disease states, the development and identification of new indications and usages for the Company's products and procedures, and any and all other procedures and products associated or used with *ex corpus*, *in situ*, *in vitro* or *in vivo* growth of cells or tissue for use in a mammalian body.

1.5 "**Confidential Information**" means:

(a) All information, ideas, trade secrets and all other confidential and proprietary information of the Company, including without limitation any and all information relating in any manner whatsoever to the Field of Research or the Business of the Company, financial information of the Company, the terms and formats of the Company's contracts and agreements, information pertaining to the Company's methods of operation, processes, strategies and techniques, customer lists, customer information, and information relating to employees of the Company, including but not limited to employees' identities, home and business telephone and pager numbers, and addresses;

(b) Provided that the information: (i) becomes known to Employee as a consequence of Employee's employment with the Company, or was wrongfully obtained by Employee, regardless of whether the information became known to Employee during or after working hours, or whether the information came into the Company's possession through the efforts of Employee or others; and (ii) is not readily available to the public; and

(c) The definition of "Confidential Information" is intended to have the broadest meaning as permitted by law and extends beyond the definition of "trade secrets" as set forth in the Uniform Trade Secrets Act.

1.6 "**Employee**" means the individual signing this Agreement who is either currently employed by the Company or becoming an employee of the Company concurrently with the execution of this Agreement.

1.7 "**Intellectual Property**" means any and all ideas, Inventions, know how, improvements, discoveries, techniques, processes, original works of authorship, trade secrets and other subject matter developed or made by the Employee (solely or jointly with others) that may be protected, at least in part, by one or more of a patent, trademark, copyright, trade secret, trade dress or other legal protection in the United States or in any foreign country.

1.8 "**Inventions**" means any and all discoveries, concepts, ideas, whether patentable or not patentable, including but not limited to processes, methods, formulae, software, techniques, algorithms, cells, tissues, organs, cell cultures, cell parts, organisms, natural or non-naturally occurring genetic materials such as DNA constructs, products, such as proteins, antibodies and the like, that are derived from or produced using natural or non-naturally occurring genetic materials, as well as improvements thereof or know-how related thereto, concerning any present or prospective activities of the Company with which the Employee becomes acquainted or gains knowledge of as a result of the Employee's employment by the Company.

1.9 "**Competing Organization**" means any Person engaged in or about to become engaged in research on, development of, production, marketing, selling of, or offering for sale a Competing Product.

1.10 "**Competing Product**" means any product, process, good or service of any Person other than the Company, in existence or under development, which competes, directly or indirectly, with a product, process, good or service on or with which the Employee has worked for the Company or about which the Employee has Confidential Information.

1.11 "**Work Product**" means designs, drawings, software, photographs, plans, records, improvements, ideas and other subject matter relating thereto that is not considered by the Company to be Intellectual Property.

2. EMPLOYEE'S REPRESENTATIONS AND AGREEMENTS

2.1 Confidential Information and Goodwill: Solely as a result of employment with the Company, Employee will be given access to, become familiar with, and will acquire knowledge of the Company, its employees, operations, methods, sources of supply, financial information, the Field of Research, the Business of the Company and other Confidential Information of the Company. The Confidential Information has been and will continue to be developed through the Company's investment of substantial time, effort and money. Employee recognizes that disclosure or use of Confidential Information for any purpose to any third party or Competing Organization would be greatly prejudicial and detrimental to the Company and would cause the Company to suffer immediate and irreparable injury. Employee further recognizes that Employee is in a position to unfairly convert or otherwise use the Company's business and goodwill for use by Employee and a Competing Organization to produce, make, have made, sell, offer for sale, or import a Competing Product, and that such conversion or use would be greatly prejudicial to the Company, and would cause the Company to suffer immediate and irreparable injury.

2.2 Ownership of Employee Work Product: The Company and Employee agree:

(a) that the Company shall own in its entirety and have the entire right to use, made, have made, sell, offer for sale or import without the payment to the Employee of any royalty or amount or the provision of any consideration to Employee, other than

continued employment of the Employee by the Company, all Work Product and all results of the performance by Employee of Employee's duties and responsibilities as an employee of the Company. Employee specifically agrees that any Work Product made or conceived by Employee during the period of employment of Employee by the Company shall be delivered to and become the property of the Company; and

(b) that Employee is obligated to assign and will assign all right, title and interest in and to the Work Product to the Company, without the payment of any royalty or amount or the provision of any consideration to the Employee other than continued employment by the Company.

2.3 Employee Intellectual Property: Employee agrees that with respect to Intellectual Property made or conceived by the Employee, whether or not during the hour of Employee's engagement or with the use of assistance of any Company facility, material, or personnel, either solely or jointly with others during Employee's employment with the Company or within one year after termination of such employment, without payment, royalty or any other consideration to the Employee other than Employee's wages or salary, therefore:

(a) The Employee shall inform the Company promptly and fully of all such Intellectual Property by written reports, setting forth in detail the procedures, steps, materials and the like employed and the results achieved. The Employee shall submit an invention disclosure report promptly after completion of any studies or research projects undertaken on the Company's behalf, or funded at least in part by the Company, whether or not in the Employee's opinion or view a given project has resulted in any Invention;

(b) The Employee hereby transfers, assigns and agrees to assign to the Company, without any royalty, payment or consideration other than Employee's wages or salary which shall be considered full and adequate consideration, his or her entire right, title and interest in and to all Intellectual Property and to applications for United States and foreign patent applications and patents granted thereon and to any trademarks, trade dress or copyrightable material related thereto;

(c) The Employee agrees for himself or herself and his or her heirs, representatives, successors in interest, and assigns, upon request of the Company, at all times to perform such acts, such as providing testimony in support of the Employee's inventorship and to execute and deliver promptly to the Company such papers, instruments and documents, without expense to him or her, as from time to time may be necessary or useful in the Company's opinion to apply for, secure, maintain, enforce, reissue, extend or defend the Company's worldwide rights in any Intellectual Property so as to secure to the Company the full benefits of the Intellectual Property and otherwise to carry into full force and effect the text and the assignment described above;

(d) The Employee warrants and represents to the Company that he or she is not subject to any agreement, government contract, government grant or university policy inconsistent with this Agreement. The Employee agrees not to conduct any research or other work subject to this Agreement other than at the Company's facilities and further agrees not to use any such research facilities, materials or personnel of any university or other Person not rented, leased or otherwise hired by the Company in connection with such work; and

(e) The Employee acknowledges that any copyrightable work created by Employee during the period of Employee's employment relationship with the Company shall be considered a work made for hire, and rights therein shall be the exclusive property of the Company as author and owner of the copyright in and to such work.

2.4 Shop Rights: Notwithstanding any provision herein that may create greater rights, Employee acknowledges that the Company shall have the royalty-free right to use in its business, and to make, have made, use, sell, offer for sale or import products, processes and services derived from or related to any Intellectual Property or Work Product that are made or conceived by the Employee during his or her employment by the Company or with the use or assistance of the Company's facilities or funded, at least in part, with Company funds.

3. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION: At no time, either during or after the termination of employment, shall Employee directly or indirectly obtain, disclose, reveal or use for Employee or any Person or Competing Organization, or aid others in obtaining, disclosing, revealing or using any Confidential Information of the Company, other than as may be required in the performance of duties for and as authorized by the Company. All Confidential Information is and shall remain the sole property of the Company.

4. NONDISCLOSURE OF OTHER INFORMATION: The Company and Employee acknowledge and agree that:

(a) Employee may be aware of certain other confidential information of one or more third parties (the "Third Party Confidential Information").

(b) The Company and Employee further acknowledge and agree that the Company has not requested that Employee disclose to the Company any Third Party Confidential Information and, in fact, the Company requires that Employee refrain at all times during the period of the employment relationship between the Company and Employee from using, disclosing or revealing to the Company any Third Party Confidential Information.

(c) Employee agrees that at all times during the period of the employment relationship between Employee and the Company, Employee shall refrain from using, disclosing or revealing to the Company any Third Party Confidential Information.

5. NON-SOLICITATION COVENANT: During Employee's employment and for the one (1) year period following the termination thereof, Employee will not:

(a) directly or indirectly, on behalf of Employee or for any other Person (other than the Company), hire, entice, induce, encourage or solicit, or attempt to hire, entice, induce, encourage or solicit any employee to leave the Company's employ; or

(b) cause or attempt to cause any employee of the Company to become employed by any Person associated with a Competing Organization or engaged in the Business of the Company; or

(c) solicit or accept business, directly or indirectly, related to product or services competitive with those of the Company, from any of the Company's customers with whom the Employee has contact within one (1) year prior to Employee's termination.

6. NON-COMPETE COVENANT: Employee agrees that for a period of one (1) year after termination of employment, Employee will not compete, directly or indirectly, with the Company in the Field of Cartilage Regeneration and Repair. Competition includes, but is not limited to, the design, development, production, promotion, offering for sale or sale of product or services competitive with those of the Company in the Field of Cartilage Regeneration and Repair.

7. RETURN OF COMPANY PROPERTY AND CONFIDENTIAL INFORMATION: All records, files photo/videographic materials, customer lists, supplier lists, software, keys, equipment, credit cards or other tangible material, and all other documents, including but not limited to Confidential Information, relating to the Business of the Company (collectively "property") that Employee receives, acquires, produces or has access to during employment, are the exclusive property of the Company. Upon termination of Employee's employment, Employee shall return to the Company all property and all Confidential Information of the Company and all copies thereof in Employee's possession or control regardless of how such property or Confidential Information is obtained or maintained.

8. REMEDIES FOR BREACH: Employee agrees that any breach of this Agreement by Employee will cause the Company to suffer immediate and irreparable injury, for which there is no adequate remedy at law. In the event of a breach or threatened breach of any of the terms of the Agreement, the Company shall be entitled to seek and obtain enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without posting a bond or the requirement of any other guarantee, and any other form of equitable relief. Employee consents to the entry of such an order. This provision is in addition to and does not replace any other remedies the Company may have at law or in equity, including the right to receive monetary damages. Employee shall reimburse the Company for all reasonable attorneys' fees and costs incurred by the Company in enforcing this Agreement.

9. SURVIVAL; SEVERABILITY AND ENFORCEABILITY: This Agreement shall survive the termination of Employee's employment with the Company. It is the intention of the parties that this Agreement shall be enforceable to the fullest extent allowed by law. This Agreement is devisable and separable so that if any provision shall be held to be invalid, unlawful or enforceable, such holding shall not impair the remaining provisions. If any provision is held to be too broad or unreasonable in duration, scope or character of restriction to be enforced, such provision shall be amended or modified (including "blue pencilled") to the extent necessary to legally enforce such provision to the fullest extent permitted by law. This Agreement, including the rights and obligations hereunder including all rights of enforcement, may be transferred and/or assigned to the Company.

10. EMPLOYEE'S OPPORTUNITY OF INDEPENDENT REVIEW OF THIS AGREEMENT PRIOR TO EXECUTION: Employee acknowledges that he or she has been provided the opportunity by the Company to have this Agreement reviewed by an attorney or counsel of Employee's own choosing prior to signing this Agreement.

11. APPLICABLE LAW: This Agreement shall be construed and governed for all purposes under the laws of the Commonwealth of Massachusetts without regard to conflict of law principles.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings, oral or written discussions and representations ever made, and agreements executed by Employee relating to this subject matter. No amendment, waiver or revocation of this Agreement shall be effective unless set forth in writing expressly stating the amendment, waiver or revocation and signed by Employee and an authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year noted above.

For: _____	**For: HISTOGENICS CORPORATION**
_____	By: _____
_____	_____
Date	Title

Exhibit 10.6

FINAL VERSION

HISTOGENICS CORPORATION

2012 EQUITY INCENTIVE PLAN

1. Purpose and Eligibility. The purpose of this 2012 Equity Incentive Plan (the "**Plan**") of Histogenics Corporation, a Delaware corporation (the **"Company"**) is to provide stock options, stock issuances and other equity interests in the Company (each, an "**Award**") to (a) employees, officers, directors, consultants and advisors of the Company and its Parents and Subsidiaries, and (b) any other Person who is determined by the Board to have made (or is expected to make) contributions to the Company. Any person to whom an Award has been granted under the Plan is called a "**Participant**." Additional definitions are contained in Section 10.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the **"Board"**). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. The Board shall have authority, subject to the express limitations of the Plan, (i) to construe and determine the respective Award Agreement, Awards and the Plan, (ii) to prescribe, amend and rescind rules and regulations relating to the Plan and any Awards, (iii) to determine the terms and provisions of the respective Award Agreements and Awards, which need not be identical, (iv) to initiate an Option Exchange Program, and (v) to make all other determinations in the judgment of the Board of Directors necessary or desirable for the administration and interpretation of the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement or Award in the manner and to the extent it shall deem expedient to carry the Plan, any Award Agreement or Award into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committee. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a **"Committee"**). If so delegated, all references in the Plan to the **"Board"** shall mean such Committee or the Board.

c. Delegation to Executive Officers. To the extent permitted by applicable law, the Board may delegate to one or more executive officers of the Company the power to grant Awards and exercise such other powers under the Plan as the Board may determine, *provided that* the Board shall fix the maximum number of Awards to be granted and the maximum number of shares issuable to any one Participant pursuant to Awards granted by such executive officers.

3. Stock Available for Awards.

a. Number of Shares. Subject to adjustment under Section 3(b), the aggregate number of shares of Common Stock that may be issued pursuant to the Plan is the Available Shares (as specified on the last page hereof). If any Award expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. If an Award granted under the Plan shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject to such Award shall again be available for subsequent Awards under the Plan, and if shares of Common Stock issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than the price paid for such shares, such shares of Common Stock shall again be available for the grant of Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Adjustment to Common Stock. Subject to Section 7, in the event of any stock split, reverse stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or similar event, (i) the number and class of Available Shares and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding Award shall be adjusted by the Company (or substituted Awards may be made, if applicable) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. Any such adjustment to outstanding Awards will be effected in a manner that precludes the enlargement of rights and benefits under such Awards.

4. Stock Options.

a. General. The Board may grant options to purchase Common Stock (each, an "**Option**") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the shares of Common Stock issued upon the exercise of each Option, including, but not limited to, vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws. Each Option will be evidenced by an Award Agreement, consisting of a Notice of Stock Option Award and Stock Option Award Terms (collectively, an "**Award Agreement**").

b. Incentive Stock Options. An Option that the Board intends to be an incentive stock option (an "**Incentive Stock Option**") as defined in Section 422 of the Code, as amended, or any successor statute ("**Section 422**"), shall be granted only to an employee of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 and regulations thereunder. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "**Nonstatutory Stock Option**" or "**Nonqualified Stock Option**."

c. Dollar Limitation. For so long as the Code shall so provide, Options granted to any employee under the Plan (and any other incentive stock option plans of the Company) which are intended to qualify as Incentive Stock Options shall not qualify as Incentive Stock Options to

the extent that such Options, in the aggregate, become exercisable for the first time in any one calendar year for shares of Common Stock with an aggregate Fair Market Value (as defined below) (determined as of the respective date or dates of grant) of more than $100,000. The amount of Incentive Stock Options which exceed such $100,000 limitation shall be deemed to be Nonqualified Stock Options. For the purpose of this limitation, unless otherwise required by the Code or regulations of the Internal Revenue Service or determined by the Board, Options shall be taken into account in the order granted, and the Board may designate that portion of any Incentive Stock Option that shall be treated as Nonqualified Option in the event that the provisions of this paragraph apply to a portion of any Option. The designation described in the preceding sentence may be made at such time as the Committee considers appropriate, including after the issuance of the Option or at the time of its exercise.

d. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify the exercise price in the applicable Award Agreement, provided, however, in no event may the per share exercise price of an Incentive Stock Option be less than the Fair Market Value of the Common Stock on the date such Option is granted. In the case of an Incentive Stock Option granted to a Participant who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, then the exercise price shall be no less than 110% of the Fair Market Value of the Common Stock on the date of grant. In the case of a grant of an Incentive Stock Option to any other Participant, the exercise price shall be no less than 100% of the Fair Market Value of the Common Stock on the date of grant.

e. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Award Agreement; provided, that the term of any Incentive Stock Option may not be more than ten (10) years from the date of grant. In the case of an Incentive Stock Option granted to a Participant who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be no longer than five (5) years from the date of grant.

f. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(g) and the Award Agreement for the number of shares for which the Option is exercised.

g. Payment Upon Exercise. Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment as permitted by the Board in its sole and absolute discretion:

i. by check payable to the order of the Company;

ii. only if the Common Stock is then publicly traded, by delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price;

iii. to the extent explicitly provided in the applicable Award Agreement, by delivery of shares of Common Stock owned by the Participant valued at Fair Market Value;

iv. by delivery of a promissory note of the Participant, with full recourse to the Participant, to the Company (and delivery to the Company by the Participant of a check in an amount equal to the par value of the shares purchased); or

v. payment of such other lawful consideration as the Board may determine.

Except as otherwise expressly set forth in a Award Agreement, the Board shall have no obligation to accept consideration other than cash and in particular, unless the Board so expressly provides, in no event will the Company accept the delivery of shares of Common Stock that have not been owned by the Participant at least six months prior to the exercise. The fair market value of any shares of the Company's Common Stock or other non-cash consideration which may be delivered upon exercise of an Option shall be determined in such manner as may be prescribed by the Board.

h. Acceleration, Extension, Etc. The Board may, in its sole discretion, and in all instances subject to any relevant tax and accounting considerations which may adversely impact or impair the Company, (i) accelerate the date or dates on which all or any particular Options or Awards granted under the Plan may be exercised, or (ii) extend the dates during which all or any particular Options or Awards granted under the Plan may be exercised or vest.

i. Determination of Fair Market Value. If, at the time an Option is granted under the Plan, the Company's Common Stock is publicly traded under the Exchange Act, "**Fair Market Value**" shall mean (i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, its fair market value shall be the last reported sales price for such stock (on that date) or the closing bid, if no sales were reported as quoted on such exchange or system as reported in *The Wall Street Journal* or such other source as the Board deems reliable; or (ii) the average of the closing bid and asked prices last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not reported on a national market system. In the absence of an established market for the Common Stock, the fair market value thereof shall be determined in good faith by the Board after taking into consideration all factors which it deems appropriate.

5. Restricted Stock

a. Grants. The Board may grant Awards to Participants of restricted shares of Common Stock, subject to (i) delivery to the Company by the Participant of a check in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a **"Restricted Stock Award"**).

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the **"Designated Beneficiary"**). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards. The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards.

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant; provided, however, except as the Board may otherwise determine or provide in an Award, that Nonstatutory Stock Options and Restricted Stock Awards may be transferred pursuant to a qualified domestic relations order (as defined in Employee Retirement Income Security Act of 1974, as amended) or to a grantor-retained annuity trust or a similar estate-planning vehicle in which the trust is bound by all provisions of the Award Agreement and Restricted Stock Award, which are applicable to the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan, *provided that* such terms and conditions do not contravene the provisions of the Plan or applicable law.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Additional Award Provisions. The Board may, in its sole discretion, include additional provisions in any Award Agreement, Restricted Stock Award or other Award granted under the Plan, including without limitation restrictions on transfer, repurchase rights,

commitments to pay cash bonuses, to make, arrange for or guaranty loans or to transfer other property to Participants upon exercise of Awards, or transfer other property to Participants upon exercise of Awards, or such other provisions as shall be determined by the Board; provided that such additional provisions shall not be inconsistent with any other term or condition of the Plan or applicable law.

e. Termination of Status. The Board shall determine the effect on an Award of the disability (as defined in Code Section 22(e)(3)), death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award, subject to applicable law and the provisions of the Code related to Incentive Stock Options.

f. Change of Control of the Company

i. Unless otherwise expressly provided in the applicable Award Agreement or Restricted Stock Award or other Award, in connection with the occurrence of a Change of Control (as defined below), the Board shall, in its sole discretion as to any outstanding Award (including any portion thereof; on the same basis or on different bases, as the Board shall specify), take one or any combination of the following actions:

A. make appropriate provision for the continuation of such Award by the Company or the assumption of such Award by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Award either (x) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Change of Control, (y) shares of stock of the surviving or acquiring corporation or (z) such other securities as the Board deems appropriate, the Fair Market Value of which shall not materially differ from the Fair Market Value of the shares of Common Stock subject to such Award immediately preceding the Change of Control (as determined by the Board in its sole discretion);

B. accelerate the date of exercise or vesting of such Award;

C. permit the exchange of such Award for the right to participate in any stock option or other employee benefit plan of any successor corporation; or

D. provide for the repurchase of the Award for an amount equal to the difference of (i) the consideration received per share for the securities underlying the Award in the Change of Control minus (ii) the per share exercise price of such securities. Such amount shall be payable in cash or the property payable in respect of such securities in connection with the Change of Control. The value of any such property shall be determined by the Board in its discretion.

E. provide for the termination of such Award immediately prior to the consummation of the Change of Control; provided that no such termination will be effective if the Change of Control is not consummated.

F. For the purpose of this Agreement, a "**Change of Control**" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the then outstanding shares of voting stock of the Company (the **"Voting Stock"**); provided, however, that any acquisition by the Company or its subsidiaries, or any employee benefit plan (or related trust) of the Company or its subsidiaries of 50% or more of Voting Stock shall not constitute a Change of Control; and provided, further, that any acquisition by a corporation with respect to which, following such acquisition, more than 50% of the then outstanding shares of common stock of such corporation, is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Voting Stock, shall not constitute a Change of Control; and provided, further that the acquisition of 50% or more of the Voting Stock pursuant to a transaction, the primary purpose of which was to effect an equity financing of the Company, shall not constitute a Change of Control; or

(b) Individuals who, as of the Effective Date, constitute the Board (the "**Incumbent Directors**") cease for any reason to constitute a majority of the members of this Board; provided that any individual who becomes a director after the Effective Date whose election or nomination for election by the Company's Shareholders was approved by a majority of the members of the Incumbent Directors (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened "election contest" relating to the election of the Directors of the Company (as such terms are used in Rule 14a-11 under the Exchange Act), "tender offer" (as such term is used in Section 14(d) of the Exchange Act) or a proposed Merger (as defined below) shall be deemed to be members of the Incumbent Directors; or

(c) The consummation of (i) a reorganization, merger or consolidation (any of the foregoing, a "**Merger**"), in each case, with respect to which the individuals and entities who were the beneficial owners of the Voting Stock immediately prior to such Merger do not, following such Merger, beneficially own, directly

or indirectly, more than 50% of the then outstanding shares of common stock of the corporation resulting from the Merger (the "**Resulting Corporation**") as a result of the individuals' and entities' shareholdings in the Company immediately prior to the consummation of the Merger and without regard to any of the individual's and entities' shareholdings in the Resulting Corporation immediately prior to the consummation of the Merger, (ii) a complete liquidation or dissolution of the Company or (iii) the sale or other disposition of all or substantially all of the assets of the Company, excluding a sale or other disposition of assets to a subsidiary of the Company.

g. Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Board shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Board in its sole discretion may provide for a Participant to have the right to exercise his or her Award until fifteen (15) days prior to such transaction as to all of the shares of Common Stock covered by the Option or Award, including shares as to which the Option or Award would not otherwise be exercisable, which exercise may in the sole discretion of the Board, be made subject to and conditioned upon the consummation of such proposed transaction. In addition, the Board may provide that any Company repurchase option applicable to any shares of Common Stock purchased upon exercise of an Option or Award shall lapse as to all such shares of Common Stock, provided the proposed dissolution and liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Award will terminate upon the consummation of such proposed action.

h. Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

i. Parachute Payments and Parachute Awards. Notwithstanding the provisions of Section 7(f), if, in connection with a Change of Control described therein, a tax under Section 4999 of the Code would be imposed on the Participant (after taking into account the exceptions set forth in Sections 280G(b)(4) and 280G(b)(5) of the Code), then the number of Awards which shall become exercisable, realizable or vested as provided in such Section shall be reduced (or delayed), to the minimum extent necessary, so that no such tax would be imposed on the Participant (the Awards not becoming so accelerated, realizable or vested, the "**Parachute Awards**"); provided, however, that if the "aggregate present value" of the Parachute Awards would exceed the tax that, but for this sentence, would be imposed on the Participant under Section 4999 of the Code in connection with the Change of Control, then the Awards shall become immediately exercisable, realizable and vested without regard to the provisions of this sentence. For purposes of the preceding sentence, the "aggregate present value" of an Award shall be calculated on an after-tax basis (other than taxes imposed by Section 4999 of the Code) and shall be based on economic principles rather than the principles set forth under Section 280G of the Code and the regulations promulgated thereunder. All determinations required to be made under this Section 7(i) shall be made by the Company.

j. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option, *provided that* the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

k. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

l. Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a Change of Control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option.

m. Time of Granting Awards. The grant of an Award shall, for all purposes, be the date on which the Company completes the corporate action relating to the grant of such Award and all conditions to the grant have been satisfied, provided that conditions to the grant, exercise or vesting of an Award shall not defer the date of grant. Notice of a grant shall be given to each Participant to whom an Award is so granted within a reasonable time after the determination has been made.

n. Participation in Foreign Countries. The Board shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

8. Withholding. The Company shall have the right to deduct from payments of any kind otherwise due to the optionee or recipient of an Award any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of Options under the Plan or the purchase of shares subject to the Award. Subject to the prior approval of the Company, which may be withheld by the Company in its sole discretion, the optionee or recipient of an Award may elect to satisfy such obligation, in whole or in part, (a) by causing the Company to withhold shares of Common Stock otherwise issuable pursuant to the exercise of an Option or the purchase of shares subject to an Award or (b) by delivering to the Company shares of Common Stock already owned by the optionee or Award recipient of an Award. The shares so

delivered or withheld shall have a Fair Market Value of the shares used to satisfy such withholding obligation as shall be determined by the Company as of the date that the amount of tax to be withheld is to be determined. An optionee or recipient of an Award who has made an election pursuant to this Section may only satisfy his or her withholding obligation with shares of Common Stock which are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

9. No Exercise of Option if Engagement or Employment Terminated for Cause. If the employment or engagement of any Participant is terminated "for Cause", the Award may terminate, upon a determination of the Board, on the date of such termination and the Option shall thereupon not be exercisable to any extent whatsoever and the Company shall have the right to repurchase any shares of Common Stock subject to a Restricted Stock Award whether or not such shares have vested. For purposes of this Section 9, **"for Cause"** shall be defined as follows: (i) if the Participant has executed an employment agreement, the definition of "cause" contained therein, if any, shall govern, or (ii) conduct, as determined by the Board of Directors, involving one or more of the following: (a) gross misconduct or inadequate performance by the Participant which is injurious to the Company; or (b) the commission of an act of embezzlement, fraud or theft, which results in economic loss, damage or injury to the Company; or (c) the unauthorized disclosure of any trade secret or confidential information of the Company (or any client, customer, supplier or other third party who has a business relationship with the Company) or the violation of any noncompetition or nonsolicitation covenant or assignment of inventions obligation with the Company; or (d) the commission of an act which constitutes unfair competition with the Company or which induces any customer or prospective customer of the Company to breach a contract with the Company or to decline to do business with the Company; or (e) the indictment of the Participant for a felony or serious misdemeanor offense, either in connection with the performance of his or her obligations to the Company or which shall adversely affect the Participant's ability to perform such obligations; or (f) the commission of an act of fraud or breach of fiduciary duty which results in loss, damage or injury to the Company; or (g) the failure of the Participant to perform in a material respect his or her employment, consulting or advisory obligations without proper cause. In making such determination, the Board shall act fairly and in utmost good faith. The Board may in its discretion waive or modify the provisions of this Section at a meeting of the Board with respect to any individual Participant with regard to the facts and circumstances of any particular situation involving a determination under this Section.

10. Miscellaneous.

a. Definitions.

i. **"Common Stock"** means the common stock, par value $0.001, per share, of the Company.

ii. "**Company**", for purposes of eligibility under the Plan, shall include any present or future subsidiary corporations of Histogenics Corporation, as defined in Section 424(f) of the Code (a "**Subsidiary**"), and any present or future parent corporation of Histogenics Corporation, as defined in Section 424(e) of the Code (a **"Parent"**). For purposes of Awards other than Incentive Stock Options, the term **"Company"** shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

iii. "**Code**" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

iv. "**Effective Date**" means the date the Plan is adopted by the Company's Board of Directors.

v. "**Employee"** for purposes of eligibility under the Plan shall include a person to whom an offer of employment has been extended by the Company.

vi. "**Option Exchange Program**" means a program whereby outstanding options are exchanged for options with a lower exercise price.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Compliance with Law. The Company shall not be required to sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the Participant, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulation. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any share subject to an Award up on any security exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Common Stock may be issued or sold to the Participant or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way effect the date of termination of the Award. Any determination in this connection by the Board shall be final, binding and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Common Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes that a Option shall not be exercised until the shares of Common Stock covered by such Option are registered or exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned up on the effectiveness of such registration or availability of such an exemption.

e. Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but Awards previously granted may extend beyond that date.

f. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

g. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware**,** without regard to any applicable conflicts of law principles.

Approvals

Original Plan:

Available Shares Prior to Milestone Closing:	3,535,642
Available Shares After Milestone Closing (in the aggregate):	5,818,750
Adopted by the Board of Directors on:	July 20, 2012
Approved by the Stockholders on:	July 20, 2012

HISTOGENICS CORPORATION
2012 EQUITY INCENTIVE PLAN
NOTICE OF STOCK OPTION AWARD

Unless otherwise defined herein, the terms defined in the 2012 Equity Incentive Plan shall have the same meanings in this Notice of Stock Option Award and the attached Stock Option Award Terms, which is incorporated herein by reference (together, the "**Award Agreement**").

PARTICIPANT (the **"Participant"**)
«Name»

GRANT

The undersigned Participant has been granted an option to purchase Common Stock of Histogenics Corporation (the "**Company**"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Date of Grant	«Grant_Date»	***Total Exercise Price***	$«Total_Exercise_Price»
Vesting Commencement Date	«Vesting_Date»	***Type of Option***	☐ Incentive Stock Option
Exercise Price per Share	$«Exercise_Price»		☐ Nonstatutory Stock Option
Total Number of Shares Granted	«Shares_Granted»	***Term/Expiration Date***	«Expiration_Date»

VESTING SCHEDULE:

This Option shall be exercisable, in whole or in part, according to the following vesting schedule:

Number of Months (or years) after Vesting Commencement Date	***% of Grant (or # of Shares) Vested***
12 months	25%
Each month thereafter	Additional 2.08334%

Vesting of this Option shall cease upon termination of the employment of the Participant with the Company (the **"Relationship"**).

Notwithstanding the foregoing, vesting of this Option shall accelerate and this Option shall be deemed fully vested if, within 12 months following a Change of Control, the Relationship is terminated (a) by the Company without Cause or (b) by the Participant for Good Reason.

For purposes of the preceding paragraph, the terms "Cause" and "Good Reason" are defined as follows:

"Cause" means a good faith determination by the Board of any of the following:

(i) An unauthorized use or disclosure by the Participant of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Participant of any material agreement between the Participant and the Company;

(iii) A material failure by the Participant to comply with the Company's written policies or rules after receiving written notification of such failure from the Board;

(iv) The Participant's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof;

(v) The Participant's gross negligence or willful misconduct in the course of performing service to the Company;

(vi) A continuing failure by the Participant to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Participant to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Participant's cooperation.

"Good Reason" means any of the following events, if such event occurs without the Participant's consent:

(i) A material reduction in the Participant's base salary;

(ii) A relocation of the Participant's principal workplace by more than 40 miles; or

(iii) A change in the Participant's title or position with the Company that materially reduces the Participant's level of authority or responsibility.

Participant	**Histogenics Corporation**
Signature	By
Print Name	Title
Residence Address	

HISTOGENICS CORPORATION
STOCK OPTION
AWARD TERMS

1. **GRANT OF OPTION.** The Committee hereby grants to the Participant named in the Notice of Stock Option Award an option (the "**Option**") to purchase the number of Shares set forth in the Notice of Stock Option Award, at the exercise price per Share set forth in the Notice of Stock Option Award (the "**Exercise Price**"), and subject to the terms and conditions of the 2012 Equity Incentive Plan (the "**Plan**"), which is incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Award Agreement, the terms and conditions of the Plan shall prevail.

   If designated in the Notice of Stock Option Award as an Incentive Stock Option ("**ISO**"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 limitation rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("**NSO**").

2. **EXERCISE OF OPTION.**

   i. Right to Exercise. This Option may be exercised during its term in accordance with the Vesting Schedule set out on the Notice of Stock Option Award and with the applicable provisions of the Plan and this Award Agreement.

   ii. Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "**Exercise Notice**") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the "**Exercised Shares**"), the Participant's agreement to be subject to a right of first refusal with respect to Exercised Shares and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by (1) payment of the aggregate Exercise Price as to all Exercised Shares and (2) a grant of an irrevocable proxy in the form attached hereto as Exhibit C signed and dated by the Participant. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by payment of the aggregate Exercise Price. No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with applicable laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Participant on the date on which the Option is exercised with respect to such Shares.

3. **TERMINATION.** This Option shall be exercisable for three months after the Relationship ceases; provided, however, if the Relationship is terminated by the Company for cause, the Option shall terminate immediately. Upon Participant's death or Disability, this Option may be exercised for twelve (12) months after the Relationship ceases. In no event may Participant exercise this Option after the Term/Expiration Date as provided in the Notice of Stock Option Award.

4. **PARTICIPANT'S REPRESENTATIONS.** In the event the Shares have not been registered under the Securities Act of 1933, as amended, (the "**Securities Act**") at the time this Option is exercised and as a condition of such exercise, the Participant shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

5. **STOCKHOLDERS' AGREEMENT**. By executing this Award Agreement, the Participant acknowledges and agrees that as a condition to exercising this Option, the Participant shall be required to become a party to that certain Stockholders' Agreement dated as of July 20, 2012, by and among the Company and the Stockholders (as defined therein) (the "**Stockholders' Agreement**"), and shall sign a counterpart signature page or instrument of accession as described therein, and that the Shares acquired upon exercise of this Option shall be Shares subject to the terms and conditions of such Stockholders' Agreement, if by issuance of this Option to the Participant, such Option would collectively constitute with respect to such Participant (taking into account all shares of Capital Stock, options, and other purchase rights held by such Participant) one percent (1%) or more of the Company's then outstanding Capital Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants, or convertible securities, as if exercised or converted). To the extent any provision of the Plan or this Award Agreement conflicts with any provision of the Stockholders' Agreement, the Stockholders' Agreement shall prevail, provided, however, that the other provisions of any this Award Agreement shall remain in full force and effect.

6. **LOCK-UP PERIOD.** If Participant is bound by the Stockholders' Agreement, then such Participant shall be bound by the provisions of the Stockholders' Agreement governing the restrictions on the transfer of Shares of the Common Stock of the Company in connection with the Company's initial public offering, provided, however, that the other provisions of any this Award Agreement shall remain in full force and effect. If Participant is not otherwise bound by the Stockholders' Agreement, Participant hereby agrees that, if so requested by the Company or any representative of the underwriters (the "**Managing Underwriter**") in connection with any registration of the offering of any securities of the Company under the Securities Act, Participant shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "**Market Standoff Period**") following the effective date of a registration statement of the Company filed under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

7. **RESTRICTIONS ON EXERCISE.** This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable law.

8. **NON-TRANSFERABILITY OF OPTION.** This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Award Agreement shall be binding upon the executors, Committees, heirs, successors and assigns of the Participant.

9. **TERM OF OPTION.** This Option may be exercised only within the Term set out in the Notice of Stock Option Award which Term may not exceed ten (10) years from the Date of Grant, and may be exercised during such Term only in accordance with the Plan and the terms of this Award Agreement.

10. **UNITED STATES TAX CONSEQUENCES.** Set forth below is a brief summary as of the date of this Option of some of the United States federal tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

    i. Exercise of ISO. If this Option qualifies as an Incentive Stock Option, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as an adjustment to the alternative minimum tax for federal tax purposes and may subject the Participant to the alternative minimum tax in the year of exercise.

    ii. Exercise of Nonstatutory Stock Option. There may be a regular federal income tax liability upon the exercise of a Nonstatutory Stock Option. The Participant will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Participant is an employee or a former employee, the Company will be required to withhold from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

    iii. Disposition of Shares. In the case of a Nonstatutory Stock Option, if Shares are held for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. In the case of an Incentive Stock Option, if Shares transferred pursuant to the Option are held for at least one year after exercise and for at least two years after the Date of Grant, any gain realized on disposition of the Shares will also be treated as long-term capital gain for federal income tax purposes. If Shares purchased under an

Incentive Stock Option are disposed of within one year after exercise or two years after the Date of Grant, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (1) the Fair Market Value of the Shares on the date of exercise, or (2) the sale price of the Shares. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the Incentive Stock Option Shares were held.

iv. Notice of Disqualifying Disposition of Incentive Stock Option Shares. If this Option is an Incentive Stock Option, and if the Participant sells or otherwise disposes of any of the Shares acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after the date of exercise, the Participant shall immediately notify the Company in writing of such disposition. The Participant agrees that the Participant may be subject to income tax withholding by the Company on the compensation income recognized by the Participant.

v. Withholding. Pursuant to applicable federal, state, local or foreign laws, the Company may be required to collect income or other taxes on the grant of this Option, the exercise of this Option, the lapse of a restriction placed on this Option or the Shares issued upon exercise of this Option, or at other times. The Company may require, at such time as it considers appropriate, that the Participant pay the Company the amount of any taxes which the Company may determine is required to be withheld or collected, and the Participant shall comply with the requirement or demand of the Company. In its discretion, the Company may withhold Shares to be received upon exercise of this Option or offset against any amount owed by the Company to the Participant, including compensation amounts, if in its sole discretion it deems this to be an appropriate method for withholding or collecting taxes.

11. **ENTIRE AGREEMENT; GOVERNING LAW.** The Plan is incorporated herein by reference. The Plan, this Award Agreement and the Stockholders' Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified (except as provided herein and in the Plan) adversely to the Participant's interest except by means of a writing signed by the Company and Participant. If the Participant is bound by the Stockholders' Agreement, to the extent any provision of the Plan or this Award Agreement conflicts with any provision of the Stockholders' Agreement, the Stockholders' Agreement shall prevail, provided, however, that the other provisions of this Award Agreement shall remain in full force and effect. This agreement is governed by the internal substantive laws but not the choice of law rules of the State of Delaware.

12. **NO GUARANTEE OF CONTINUED SERVICE.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING IN THE RELATIONSHIP AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT

OF BEING ENGAGED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Participant has reviewed the Plan, this Award Agreement and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Plan, this Award Agreement and this Option. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, this Award Agreement or this Option. Participant further agrees to notify the Company upon any change in the residence address indicated above.

EXHIBIT A

2012 EQUITY INCENTIVE PLAN
EXERCISE NOTICE

HISTOGENICS CORPORATION
ATTENTION: President
830 Winter Street, 3rd Floor
Waltham, MA 02451

1. Exercise of Option. Effective as of today, _____, 20__, the undersigned ("**Participant**") hereby elects to exercise Participant's option to purchase _____ shares of the Common Stock (the "**Shares**") of Histogenics Corporation (the "**Company**") under and pursuant to the 2012 Equity Incentive Plan (the "**Plan**") and the Notice of Stock Option Award and Stock Option Award Terms dated _____ (the "**Award Agreement**").

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares, as set forth in the Award Agreement.

3. Representations of Participant. Participant acknowledges that Participant has received, read and understood the Plan, and the Award Agreement, and agrees to abide by and be bound by their terms and conditions.

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Participant as soon as practicable after the Option is exercised. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 3(b) of the Plan.

5. Company's Right of First Refusal. If Participant is bound that certain Stockholders' Agreement dated as of July 20, 2012, by and among the Company and the Stockholders (as defined therein) (the "**Stockholders' Agreement**"), then such Participant shall be bound by the provisions of the Stockholders' Agreement governing the Series A Holders' right of first refusal in connection with any portion of Transfer Stock (as defined in the Stockholders' Agreement) that such Participant may propose to transfer; provided, however, that the other provisions of any this Award Agreement shall remain in full force and effect. If Participant is not otherwise bound by the Stockholders' Agreement, before any Shares held by Participant or any transferee (either being sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "**Right of First Refusal**").

a. Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("**Proposed Transferee**"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "**Offered Price**"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

b. Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all or any part of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

c. Purchase Price. The purchase price ("**Purchase Price**") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

d. Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of purchase by an assignee, to the assignee), or by any combination thereof within 30 days after receipt of the Notice or in the manner and at the times set forth in the Notice.

e. Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section 5 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

f. Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares during the Participant's lifetime or on the Participant's death by will or intestacy to the Participant's immediate family or a trust for the benefit of the Participant's immediate family shall be exempt from the provisions of this Section. "**Immediate Family**" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section 5, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

g. Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

6. Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of Participant's purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice.

7. Restrictive Legends.

a. Legends. Participant understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "**ACT**") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE AND/OR STOCKHOLDERS' AGREEMENT, IF APPLICABLE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

b. Stop-Transfer Notices. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

c. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, Committees, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Participant or by the Company forthwith to the Committee which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Committee shall be final and binding on all parties.

10. Governing Law; Severability. This Agreement is governed by the laws of the state of incorporation of the Company.

11. Entire Agreement. The Plan, Award Agreement and Stockholders' Agreement are incorporated herein by reference. This Agreement, the Plan, the Award Agreement (including all exhibits) the Investment Representation Statement, and the Stockholders' Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant. If the Participant bound by the Stockholders' Agreement, to the extent any provision of the Plan or this Award Agreement conflicts with any provision of the Stockholders' Agreement, the terms of the Stockholders' Agreement shall control, provided, however, that the other provisions of this Award Agreement shall remain in full force and effect.

[Signatures appear on next page.]

Submitted by:

PARTICIPANT

Signature

Print Name

Address:

Accepted by:

HISTOGENICS CORPORATION

By

Title

Address:

Date Received by Company

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT: **[INSERT NAME]**

COMPANY: HISTOGENICS CORPORATION

SECURITY: COMMON STOCK (the "**Securities**")

NUMBER OF SHARES:

DATE:

In connection with the purchase of the above-listed Securities, the undersigned Participant represents to the Company the following:

a. Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Participant is acquiring these Securities for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**").

b. Participant acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Participant's investment intent as expressed herein. In this connection, Participant understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Participant's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Participant further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the Securities. Participant understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

c. Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Participant, the exercise will be exempt from

registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate or a non-affiliate, who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

d. Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Participant understands that no assurances can be given that any such other registration exemption will be available in such event.

EXHIBIT C

GRANT OF IRREVOCABLE PROXY

The undersigned hereby irrevocably appoints the Board of Directors of Histogenics Corporation (the "**Company**") and any representative designated by such Board, as the undersigned's proxy with full power of substitution, to vote for the undersigned and on the undersigned's behalf all of the Shares at all stockholder meetings of the Company and other votes of the Company's stockholders held or taken after the date hereof with respect to any matter, including without limitation the public offering of the Company's shares, election of directors, acquisition of the Company (by merger, sale of assets or shares or otherwise) or change in control in the Company, and irrevocably appoints the Board of Directors and any representative designated by such Board to sign any actions by written consent of the Company's stockholders taken after the date hereof on behalf of all of the Company's Shares to effect the above.

"**Shares**" means Company's shares issued upon exercise of options granted to the undersigned under the Company's 2012 Equity Incentive Plan.

This Proxy shall expire immediately before the completion of an initial public offering by the Company of its shares pursuant to the Securities Act of 1933.

The undersigned agrees that (i) in addition to all other legal or equitable remedies available, injunctive relief and specific performance may be utilized in the event of the breach or threatened breach of this Proxy, (ii) if any provision of this Proxy shall be held to be invalid under applicable law, such provision shall be effective only to the extent of such invalidity and without invalidating the remainder of such provision or the other provisions in this Proxy, and (iii) the certificates evidencing its shares in the Company, issued upon exercise of options granted under the Company's 2012 Equity Incentive Plan, will bear the following legend in addition to any other legends required under any agreement or applicable law: "THESE SECURITIES ARE SUBJECT TO A PROXY, A COPY OF WHICH IS AVAILABLE AT THE CORPORATION'S PRINCIPAL OFFICE".

This Proxy is granted in connection with the exercise of an option granted to the undersigned of the Company pursuant to and in accordance with the Company's 2012 Equity Incentive Plan and is coupled with an interest. The undersigned further agrees that this Proxy (i) shall survive the undersigned's merger or dissolution, (ii) is binding upon the successors and assignees (by operation of law or otherwise, whether for value or without value) of the undersigned's shares in the Company, (iii) is governed by and construed in accordance with the laws of the State of Delaware without regard to its conflicts of laws principles, (iv) supersedes and replaces any prior oral or written proxies or amendments thereto which may have been executed by the undersigned with respect to the Company's securities, and (v) is for the benefit of the Company and its stockholders and may be enforced by the Company or any of its stockholders.

Name of Stockholder: _____

Signature of Stockholder: _____

Date: _____

CONFIDENTIAL TREATMENT REQUESTED

LICENSE AGREEMENT

This License Agreement, effective as of May 12, 2005 (the "Effective Date"), is by and among:

Angiotech Biomaterials Corp., a corporation organized and existing under the laws of Delaware, with principal offices at 2500 Faber Place, Palo Alto, CA, 94303 ("Biomaterials");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice");

and,

Histogenics Corporation, a corporation organized and existing under the laws of Massachusetts, with principal offices at 100 Hospital Road, Malden, MA 02148 ("Histogenics").

WITNESSETH

WHEREAS Angiodevice and Biomaterials (collectively, "Angiotech") are under the indirect control of Angiotech Pharmaceuticals, Inc., ("Angiotech Parent") and as such both are Affiliates (as defined below) of each other;

AND WHEREAS Angiotech owns certain domestic and foreign patents and patent applications, and has developed know-how, relating to the manufacture and use of CT3;

AND WHEREAS Histogenics desires to receive a license for the use of certain of such patents, patent applications and know-how, and Angiotech is willing, and has the right, to grant such a license to Histogenics;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice and Biomaterials and Histogenics (Angiotech and Histogenics shall be individually referred to as "Party" and collectively as "Parties") hereby agree as follows:

1. **Definitions.**

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meaning as set forth below:

"Action" means any legal action or proceeding, or the filing of any counterclaim.

"Affiliate" means any entity, natural or otherwise, that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with a Party. For purposes of this definition, "control" means (a) the direct or indirect ownership of at least fifty percent (50%) (or such maximum lesser percentage allowed to be owned by a foreign owner in a particular jurisdiction) of the outstanding voting securities of such entity, or (b) the ability to affect management control or possessing the decision making authority of such entity through whatever means.

"Agreement" means this License Agreement, together with all exhibits annexed hereto, as the same shall be modified and in effect from time to time.

"Angiotech Indemnitees" has the meaning ascribed to it in Section 7.3(a).

"Calendar Quarter" means each three (3) month period during the Term commencing on January 1, April 1, July 1 or October 1; provided that the first Calendar Quarter of the Term shall be deemed to have commenced on the Effective Date and may be shorter than a full Calendar Quarter.

"Calendar Year" means each twelve (12) month period during the Term commencing on January 1 and ending on December 31 of each year; provided that the first Calendar Year of the Term shall be deemed to have commenced on the Effective Date and may be shorter than a full Calendar Year.

"Clinical Data" means the results and analysis of data arising from the testing of a drug, device or a combination thereof *in vitro*, *in vivo* in non-human subjects and *in vivo* in human subjects, including safety and toxicity testing, or other pre-clinical testing, patient screening, patient enrollment, patient status, any communications with Regulatory Authorities, actions taken or modification in study design/conduct and summary of data collected on CRFs (Case Report Forms) either paper or electronic, interactions with a DSMB (data safety monitoring board) if applicable.

"Competitive Product" means, in a given country, (i) a drug or biologic approved for marketing or in Phase 3 clinical development, (ii) a 510(k), or foreign equivalent, device approved for marketing, or (iii) a PMA, or foreign equivalent, device approved for marketing or in pivotal study clinical development, other than an Eligible Product, that acts (or is being developed to act) for one or more target label indications substantially similar to one or more approved or target label indications for an Eligible Product.

"Confidential Information" means all information and data provided by the Parties to each other hereunder in written or other tangible medium whether or not marked as confidential or, if disclosed orally or displayed, identified as confidential at the time of disclosure, except any portion thereof which:

(a) is known to the receiving Party, as evidenced by the receiving Party's written records, before receipt thereof under this Agreement or any other agreement between the Parties providing for confidentiality;

(b) is disclosed to the receiving Party by a third person who is under no obligation of confidentiality to the disclosing Party hereunder with respect to such information and who otherwise has a right to make such disclosure;

(c) is or becomes generally known in the trade through no fault of the receiving Party;

(d) is independently developed by the receiving Party without reference to or reliance upon the Disclosing Party's Confidential Information and by persons having no access thereto, as evidenced by the receiving Party's written records; or

(e) is required to be disclosed by applicable statute, rule or regulation of any court or Regulatory Authority with competent jurisdiction; provided that the Party whose information is to be disclosed shall be notified as soon as possible and the Party that is being required to disclose such information shall, if requested by the Party whose information is to be disclosed, use reasonable good faith efforts, at the expense of the requesting Party, to assist in seeking a protective order (or equivalent) with respect to such disclosure or otherwise take reasonable steps to avoid making such disclosure.

Confidential Information of Angiotech includes, without limitation, Licensed Patent Rights that are not publicly available and the Technical Information.

"Control" or "Controlled" shall mean the legal authority or right of a Party hereto to grant a license or sublicense of intellectual property rights to another Party hereto, without breaching the terms of any agreement with a third party, infringing upon the intellectual property rights of a third party, or misappropriating or unlawfully disclosing the confidential, proprietary or trade secret information of a third party.

"CT3" means a ****.

"Diligence Date(s)" means one or more of the date(s) set out in Section 4.1 as the context requires.

"Dispute" shall have the meaning ascribed to it in Section 9.1.

"Dollars" or "$" means the lawful currency of the United States of America.

"Drug-Loaded Product" means the inclusion in CT3 of at least one nonliving ingredient for the primary purpose of producing a physiological, metabolic or biological effect in mammals.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

"Eligible Product" means a product that is made up of Histogenics Technology and CT3, but excluding any Drug-Loaded Product.

"FDA" means the United States Food and Drug Administration or any successor agency.

"Field" means repair of articular cartilage, ligament, meniscus and/or tendon damage, including related osteochrondal defects.

"First Commercial Sale" means the date of the first sale of an Eligible Product made by or on behalf of Histogenics in the normal course of business.

"Histogenics Indemnitees" has the meaning ascribed to it in Section 7.3(b).

"Histogenics License" has the meaning ascribed to it in Section 2.1.

"Histogenics Technology" means Histogenics' intellectual property and know how as it currently exists and as that intellectual property and know how may develop.

"Improvements" means all improvements, variations, updates, modifications, and enhancements made to the Licensed Technology (including but not limited to the Manufacturing Technology and CT3) (i) by or on behalf of Histogenics prior to or during the Term or (ii) by or on behalf of Angiotech prior to or during the Term.

"Indemnified Party" has the meaning ascribed to it in Section 7.3(c).

"Indemnifying Party" has the meaning ascribed to it in Section 7.3(c).

"Licensed Patent Rights" means the patents and patent applications list on Exhibit A, together with all patent applications filed during the Term and Controlled by Angiotech that are related to the existing patents and patent applications set out in Exhibit A by way of any continuations, continuations-in-part, divisions or any substitute applications, any patent issued with respect to any such patent applications, any reissue, re-examination, renewal or extension (including any supplemental patent certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all foreign counterparts of any of the foregoing, in each case only to the extent, however, that claims in any patent application filed during the Term are entirely supported in the specification and entitled to the priority date of the parent patent application in Exhibit A.

"Licensed Technology" means Licensed Patent Rights and Technical Information.

"Loss" has the meaning ascribed to it in Section 7.3(a).

"Manufacturing Technology" means all know-how, information, formulations, trade secrets, data and other proprietary information Controlled by Angiotech that are in existence as of the Effective Date and are necessary for the manufacture of CT3.

"Net Sales" means, with respect to any Eligible Product, gross sales from the sale, rent, lease or otherwise making available of **** that contains an Eligible Product to end-user third parties by or on behalf of Histogenics and its Affiliates and their permitted sublicensees, less the following, to the extent they are separately invoiced and credited against, or deducted from, the invoiced amount:

(a) discounts, credits, rebates, allowances, adjustments, rejections, recalls and returns (in the amount of the credit provided to the customer), all as usual and customary in the business;

(b) freight, postage, transit insurance, and other transportation charges; and

(c) sales and use taxes, customs duties, and any other governmental tax or charge (except income taxes or taxes imposed on the right to do business) imposed on or at the time of the production, importation, use, or sale of such Eligible Products (if separately invoiced), including any value added taxes (VAT), as adjusted for reasonable and customary rebates and refunds.

"Person" means an individual, partnership, association, corporation, or personal representative.

"Regulatory Authority" means, with respect to any particular country, territory or union, the governmental authority, body, commission, agency or other instrumentality of such country, territory or union with the primary responsibility for the evaluation or approval of medical products before such medical product can be tested, marketed, promoted, distributed or sold in such country, territory or union including such governmental bodies that have jurisdiction over the pricing of such medical product. The term "Regulatory Authority" includes, but is not limited to the FDA, the European Agency for the Evaluation of Medicinal Products (EMEA), European Member State Competent Authorities and the Ministry of Health, Labour and Welfare (MHLW).

"Regulatory Approval" means any approvals, licenses, registrations or authorizations of any federal, state, provincial or local regulatory agency, department, bureau or other governmental entity necessary for the manufacture and sale of a product in a regulatory jurisdiction.

"Revenue Share" has the meaning ascribed to it in Section 3.2.

"Senior Staff at Angiotech" means individuals employed by Angiotech who are at or above the level of Senior Vice President.

"Technical Information" means all know-how, information, formulations, trade secrets, data and other proprietary information Controlled by Angiotech that are in existence as of the Effective Date and are necessary to for the use, sale or distribution of CT3 pursuant to this Agreement, plus the Manufacturing Technology, but excluding the Licensed Patent Rights; provided, however that any know-how, information, materials, formulations, trade secrets, data

and other proprietary information (including Manufacturing Technology) disclosed by Angiotech to Histogenics pursuant to this Agreement shall continue to be Confidential Information of Angiotech.

"Term" has the meaning ascribed to it in Section 8.1.

"Territory" means worldwide.

"Warrants" has the meaning ascribed to it in Section 3.1.

"Warrant Agreement" means the Warrant Agreement between Angiodevice and Histogenics of even date herewith and attached hereto as Exhibit B.

2. **License Grant.**

2.1 Grant. Subject to terms and conditions of this Agreement, Angiotech hereby grants to Histogenics, a non-exclusive right and license under the Licensed Technology solely to make, have Made, use, offer to sell, sell and import Eligible Products in the Field in the Territory (the "Histogenics License").

2.2 Sublicensing. Histogenics shall not have any rights to sublicense the Histogenics License, except as consented to in writing by Angiotech in advance, with such consent not to be unreasonably withheld, conditioned or delayed. No granting of any sublicense by Histogenics shall relieve Histogenics from or diminish any obligation of Histogenics under this Agreement and Histogenics shall be responsible for the performance by its permitted sublicensees under such sublicense. Any sublicense granted by Histogenics under this Agreement shall be subject to the terms and conditions of this Agreement.

2.3 Histogenics Improvements. **** Histogenics shall notify Angiotech in writing of any such Improvements as soon as reasonably possible and will provide Angiotech with a description of the Improvements. ****

2.4 Manufacturing of CT3.

(a) Initial Supply. Angiotech hereby agrees to supply Histogenics with 1000 kits containing CT3 to be used by Histogenics for pre-clinical and clinical studies. These kits shall be supplied to Histogenics at ****.

(b) Manufacturing Transfer. The Parties agree that commencing upon the Effective Date of this Agreement, Angiotech shall facilitate the transfer of manufacturing of CT3 to Histogenics. The Parties shall cooperate to expedite transfer of the CT3 Manufacturing

Technology from Angiotech to Histogenics and Angiotech agrees to make employees of appropriate skill and experience reasonably available to Histogenics to facilitate such transfer of Manufacturing Technology. Part of the transfer of CT3 manufacturing by Angiotech will be the transferring of knowledge concerning suppliers of CT3 raw materials, and assisting Histogenics with the negotiation of supply contracts as required. Angiotech and Histogenics will cooperate to minimize .the expenses associated with such transfer and to ensure that the transfer of the manufacturing is effectively coordinated. In no event will the transfer of manufacturing rights to Histogenics be deemed to prohibit Angiotech from manufacturing CT3, or from having CT3 manufactured, for its own purposes or for the purposes of other potential partners or customers.

(c) Manufacturing. Histogenics agrees that this License Agreement shall only permit Histogenics to manufacture CT3 for use by Histogenics in Eligible Products in the Field during the Term and to manufacture CT3 for Angiotech as provided for in Section 2.4(e). **** Technical Information, including Manufacturing Technology, is and shall remain the Confidential Information of Angiotech, and as such, shall be protected by Histogenics as provided for in Section 10.3.

(d) Costs. Except for costs to be borne by Angiotech as specifically set forth in this Agreement, Histogenics shall be solely responsible for any and all costs associated with the transfer of Manufacturing Technology to Histogenics. To facilitate the transfer, Histogenics shall pay to Angiotech **** per personnel work hour, plus reimbursement to Angiotech of all related and reasonable out-of-pocket expenses, for any personnel work hours of assistance required to facilitate the transfer of manufacturing. Angiotech shall be responsible for costs associated with the termination by Angiotech of the manufacture, storage and packaging of CT3 (including but not limited to any related severance payments to Angiotech employees). Histogenics may, at its election, hire Angiotech's employees that are involved in the manufacture of CT3, provided that Histogenics has obtained the prior consent of Angiotech to contact specific employee(s), which consent shall not be unreasonably withheld.

(e) Supply Back. After the Manufacturing Technology has been successfully transferred to Histogenics, and in the event that Angiotech wishes to purchase CT3 at any time thereafter during the Term, the Parties agree that they will enter into a supply agreement, which will contain, in addition to the usual and customary turns contained in such agreements, the following;

(i) Histogenics agrees to supply CT3 to Angiotech ****; and,

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

(ii) Histogenics agrees to supply CT3 to Angiotech for use in commercial products ****; and,

(iii) As provided for in Section 2.4(c) above, Histogenics shall be required to ****.

(f) Regulatory Responsibility and Compliance. Histogenics will be responsible for obtaining and maintaining any establishment licenses or permits that are required by the FDA or any non-U.S. regulatory authority as manufacturer of CT3. At such time as any manufacturing transfer to Histogenics has been completed, Histogenics will be granted access to all current regulatory filings and approvals applicable to the manufacture of CT3 and Histogenics will be given the right to reference any establishment licenses or permits as required by the FDA or any non-U.S. regulatory agency, as applicable or allowable, for the purpose of obtaining and maintaining regulatory approval to manufacture CT3 or use it with any Eligible Product.

(g) Clinical Studies. To the extent permitted by applicable law and regulations, the data and results obtained from any clinical studies conducted by Histogenics with respect to CT3 will be promptly shared with Angiotech and Angiotech shall be entitled to use such data for research and development purposes and to generate Improvements.

3. **Histogenics License Fees & Revenue Share.**

3.1 License Fee. In consideration for the Histogenics License, Histogenics shall surrender to Angiodevice warrants to purchase from Histogenics, for an exercise price of **** per warrant, a number of common shares equivalent to **** of the common shares of Histogenics outstanding as of the Effective Date under the terms and conditions of the Warrant Agreement (the "Warrants"). The Warrant Agreement shall contain appropriate anti-dilution provisions to ensure that such Warrants are not diluted to less than **** by the next **** of equity investment. Thereafter, such Warrants shall be subject to dilution.

3.2 Revenue Share.

(a) Revenue Sharing. As further consideration for the Histogenics License, within thirty (30) days after the end of each Calendar Quarter during the Term, Histogenics shall pay to Angiotech **** for so long as Histogenic's rights under this License are nonexclusive ("Revenue Share"). At any time prior to December 31, 2007, or, provided Angiotech has not granted any other party rights to the Licensed Technology within the Field, at any time thereafter, Histogenics can elect to convert this License to one of exclusivity within the Field or any portion thereof by giving notice to Angiotech, and in such event Histogenics shall thereafter pay **** of all Net

Sales on those Eligible Products within the Field or portion thereof for which Histogenics elects to have exclusive rights to the Licensed Technology with respect thereto

(b) Obligation to Pay Revenue Share. The obligation on Histogenics to pay a Revenue Share to Angiodevice for Net Sales in a country as provided for in this Article 3 begins at the end of the Calendar Quarter within which the First Commercial Sale occurred in that country.

3.3 Non-Arm's-Length Sales. On sales made in other than an arm's-length transaction, the value of the Net Sales attributed under this Article 3 to such a transaction shall be that which would have been received in an arm's-length transaction. Sales between and among Histogenics and its Affiliates and permitted sublicensees that are intended for resale shall not be included in Net Sales until those Eligible Products are sold to a third party by Histogenics or its Affiliate or permitted sublicensee.

3.4 Reporting of Histogenics Revenue Share. Histogenics shall deliver to Angiotech together with each Revenue Share payment under Section 3.2 a written Revenue Share report setting forth for the applicable Calendar Quarter at least the following information:

(a) The date of the First Commercial Sale in each country in the Territory;

(b) The number of Eligible Products sold, rented, leased or otherwise made available to third parties by or on behalf of Histogenics and its Affiliates and permitted sublicensees, reported on a country-by-country basis;

(c) Total gross sales amounts received for such Eligible Products by jurisdiction, including separate items for the value of any goods or services received in exchange for Eligible Products, and any additional amounts to be added to Net Sales pursuant to Section 3.3;

(d) Deductions applicable to determine Net Sales for such period by country;

(e) The amount of the Revenue Share due or, if no Revenue Share is due, a statement that no Revenue Share is due; and

(f) Such other information as may reasonably be requested by Angiotech.

Each Revenue Share report shall be certified as correct by the CFO of Histogenics and shall include a detailed listing of all deductions made to determine Net Sales and to calculate the Revenue Share payable hereunder.

3.5 Payment of Revenue Share. All Revenue Share for each Calendar Quarter due under this Article 3 are to be paid in Dollars and are due within **** after the end of each Calendar Quarter. For conversion of foreign currency to Dollars, the conversion rate shall be the New York foreign exchange rate quoted in The Wall Street Journal on the day that the

payment is due. All payments shall be made by wire transfer to Angiotech's account in accordance with such instructions as Angiotech may direct from time to time. **** The Revenue Share report required by Section 3.4 shall accompany each such payment.

3.6 Late Payments. Interest will be assessed by Angiotech on any overdue payments at a rate of one percent (1%) per month, compounded monthly beginning on the due date of the applicable payment (an effective annual rate of 12.68 % per annum), or at such lower maximum rate permitted by law. The payment of such interest will not prevent Angiotech from exercising any other rights it may have as a consequence of the lateness of any payment.

3.7 Governmental Filings. Except for taxes based on Angiotech's income, Histogenics will be solely responsible for determining if any tax on Net Sales and Revenue Share payments is owed to any governmental authority and shall pay any such tax and be responsible for all filings with appropriate governmental authorities related thereto.

3.8 Audit Rights. Histogenics shall maintain complete and accurate records of all of its operations, and shall cause its Affiliates and permitted sublicensees to maintain complete and accurate records of all of their respective operations, within the scope of this Agreement. Such records shall be retained by Histogenics and any permitted sublicensees for **** following each reporting period (as described in Section 3.4), and Angiotech, at its expense, shall have the right to have a certified public accountant inspect such records at the offices of Histogenics and its Affiliates and permitted sublicensees, as applicable, at any time during such retention period upon **** prior notice by Angiotech. In the event the examination shows an underpayment for any Calendar Quarter, Histogenics shall pay to Angiotech the amounts underpaid, together with interest charges pursuant to Section 3.6. Where the amount of any such underpayment is more than **** for any Contract Quarter, Histogenics shall also reimburse Angiotech for the reasonable cost of conducting such examination.

4. **Histogenics Diligence Obligations.**

4.1 Diligence Obligations. It is understood and acknowledged that part of the consideration for this License is Histogenics's intention to bring one or more Eligible Products to market through a program for exploitation of the Licensed Technology and, once commercialized, thereafter to continue active, diligent marketing and sales efforts for Eligible Products throughout the life of this Agreement. Histogenics further agrees that it shall be obligated to ****.

4.2 Failure to Meet Diligence Obligations. In the event that Histogenics has not fulfilled the required obligation of Section 4.1, then Angiotech shall be entitled, at its discretion, to treat any such failure as a material breach in accordance with Section 8.2(a) of this Agreement.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

4.3 Progress Reports. Histogenics agrees to provide information reasonably required by Angiotech to evaluate Histogenics' performance under this Agreement and to allow Angiotech to fulfill its obligations under any third party licenses. Angiotech and Histogenics shall be required to meet to discuss Histogenic's progress on or before March 1 of each Calendar Year. This meeting shall take place at Angiotech's office in Vancouver at a time to be determined by the Parties, but not later then March 1.

4.4 ****

5. **Other Obligations of Histogenics and Angiotech.**

5.1 Regulatory Approvals. Histogenics shall be responsible for obtaining all Regulatory Approvals for its Eligible Products in all geographical areas which it, in its sole discretion, deems necessary or advisable, including funding all pre-clinical and clinical studies deemed by Histogenics to be necessary or advisable for obtaining Regulatory Approvals. Angiotech agrees to provide reasonable assistance upon request by Histogenics in the pursuit of Regulatory Approvals for Eligible Products, and Histogenics shall reimburse Angiotech for its reasonable expenses of providing such assistance. Histogenics agrees that it shall provide to Angiotech copies of all correspondence, including but not limited to submissions, between Histogenics (and its permitted sublicensees) and all Regulatory Authorities within **** after receipt or submission (as applicable) to the extent they relate to CT3.

5.2 Patent Applications and Foreign Filing. Angiotech shall file, prosecute and maintain in force any and all patents and patent applications included in the Licensed Patent Rights and any patent and patent applications related to any Improvements. The filing, prosecution and maintenance of patents and patent applications pursuant to this Section 5.2 shall be done through patent counsel selected by Angiotech. To the extent Angiotech has the right to do so, Angiotech will keep Histogenics reasonably informed of all significant patent matters relating to the Licensed Patent Rights and the Improvements within the Field as they relate to Eligible Products.

5.3 Press Releases. The Parties agree that the public announcement of the execution of this Agreement shall be in the form of a press release to be agreed upon by the Parties.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Thereafter, Angiotech and Histogenics shall be free to use the information set forth in such press release in future public announcements. With respect to other public statements that reference the other Party hereto, including submissions to the Securities and Exchange Commission, Canadian Securities Administrators or stock exchange or market system on which its securities are listed, such statements shall be submitted to the referenced Party for review and approval, which approval shall not be unreasonably withheld or delayed.

5.4 Publications. The Parties agree that neither Party will publish or present the results of studies carried out that relate to CT3 without the opportunity for prior review and approval by the other, with such approval not to be unreasonably withheld, conditioned or delayed. The publishing Party shall provide the other Party with the opportunity to review any proposed abstracts, manuscripts or presentations (including information to be presented orally) covering information arising from the use of the Licensed Technology under this Agreement, and not previously disclosed, at least **** prior to the intended submission for publication or (if not to be submitted first for publication) presentation. Each Party agrees, upon written request from the other, that it will not submit any such abstract or manuscript for publication or to make such presentation until, (a) the publishing Party has removed any Confidential Information as requested by the other Party, or (b) the other Party is given a reasonable period of time to secure patent protection for any material in such publication or presentation which it believes is patentable.

5.5 Clinical Data. To the extent permitted by applicable law and regulations, Histogenics shall provide to Angiotech in a timely manner any and all Clinical Data related to CT3 generated by or on behalf of Histogenics or its permitted sublicensees within **** of the generation of any such Clinical Data.

6. **Representations and Covenants.**

6.1 Representations and Warranties. Angiotech and Histogenics each represent and warrant to the other that:

(a) Organization & Power. It is a corporation duly organized and validly existing under the laws of its place of incorporation and has all requisite corporate power and authority to enter into this Agreement;

(b) Authorization. It is duly authorized by all requisite action to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, and that the same do not conflict or cause a default with respect to its obligations under any other agreement;

(c) Execution & Delivery. It has duly executed and delivered this Agreement, and

(d) Laws, Rules & Regulations. It shall and shall cause its Affiliates and permitted sublicensees to, comply with all laws, rules and regulations applicable to the

performance of its obligations hereunder, including, to the extent applicable to such Party, the discovery, development, pre-clinical and clinical testing, manufacture, distribution, import, export and sale of the Eligible Product(s).

6.2 Angiotech Representations and Warranties. Subject to Section 6.3, Angiotech represents and warrants to Histogenics that as of the Effective Date, except as otherwise set forth on Exhibit A hereto:

(a) Angiotech Controls the Licensed Patent Rights free of any liens or encumbrances and such Licensed Patent Rights include all of the rights Controlled by Angiotech and all of its Affiliates related to CT3;

(b) As of the Effective Date, Angiotech warrants that it has no actual knowledge of (a) prior art or inequitable conduct that would invalidate the patents listed in Exhibit A or other rights granted hereunder, or (b) any patents or patent applications, claiming inventions by the inventors of the Licensed Technology, which are controlled by Angiotech or any of its Affiliates, that are not included on Exhibit A attached hereto.

(c) To the knowledge of the Senior Staff at Angiotech Parent, Angiotech and/or Angiotech Parent have not received any notice from any Person claiming to have any right, title or interest in or to the Licensed Patent Rights in the Field; and,

(d) Angiotech has not entered into, and is not aware of, any outstanding options, licenses or agreements relating to the Licensed Patent Rights for use in Eligible Products.

6.3 Disclaimer.

(a) ANGIOTECH DOES NOT WARRANT THE VALIDITY OF THE LICENSED PATENTS AND MAKES NO REPRESENTATIONS WHATSOEVER WITH REGARD TO THE SCOPE OF THE LICENSED TECHNOLOGY OR THAT THE LICENSED TECHNOLOGY MAY BE EXPLOITED BY HISTOGENICS AND ITS AFFILIATES AND PERMITTED SUBLICENSEES WITHOUT INFRINGING THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS. ANGIOTECH EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED OR EXPRESS WARRANTIES AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE LICENSED TECHNOLOGY. IN NO EVENT SHALL A PARTY BE LIABLE TO THE OTHER FOR INDIRECT, PUNITIVE, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING LOSS OF PROFITS AND LOSS OR INTERRUPTION OF BUSINESS, PROVIDED HOWEVER THAT THE FOREGOING PROVISION SHALL NOT BE CONSTRUED TO LIMIT A PARTY'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 7.3 OF THIS AGREEMENT FOR THIRD PARTY CLAIMS WHICH MAY INCLUDE INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY AND OTHER TYPES OF DAMAGES.

7. **Infringement, Indemnity and Insurance.**

7.1 Notification.

(a) By Histogenics. With respect to any Licensed Patent Rights, Histogenics shall notify Angiotech in writing of any alleged or threatened infringement of such Licensed Patent Rights of which it becomes aware, and shall provide to Angiotech available evidence thereof.

(b) By Angiotech. With respect to any Licensed Patent Rights in the Field, Angiotech shall notify Histogenics in writing of any alleged or threatened infringement of such Licensed Patent Rights of which it becomes aware, and shall provide to Histogenics available evidence thereof.

7.2 Defense and Enforcement of Licensed Patent Rights.

(a) Defense of Declaratory Judgment Action. Angiotech shall be solely responsible, at its own expense, for defending any assertion of invalidity or unenforceability of the Licensed Patent Rights worldwide.

(b) Non-Litigation Actions. **** but not the obligation, to take actions to terminate alleged infringement identified pursuant to Section 7.1 without litigation (including the sole right to grant a license to the alleged infringer outside of the Field) with respect to Licensed Patent Rights.

(c) Litigation Actions. **** but not the obligation, to commence and control any Action, at its own expense. If Angiotech, in its sole discretion, elects to not take any Action against any alleged infringement of the Licensed Patent Rights, **** shall have the right to do so.

(d) Recoveries. Any damages or other recovery related to the Licensed Patent Rights, including compensatory and other non-compensatory damages or recovery actually received from a third party, shall belong **** unless the matter is pursued by **** pursuant to Section 7.2(c), above, in which event all damages and other recovery shall belong ****.

7.3 Indemnification.

(a) Histogenics Indemnity. Histogenics and each of its Affiliates and permitted sublicensees shall indemnify and hold Angiotech, its Affiliates, and their respective current and former officers, inventors, directors, employees, medical and professional staff, consultants, contractors and agents, and their respective successors, heirs and assigns, ("Angiotech Indemnitees") harmless from and against any and all liability, damage, loss, cost (including reasonable attorneys' fees and expenses of litigation) and expense incurred, (a "Loss") resulting from or imposed upon the Angiotech Indemnitees or any of them by any third party in

connection with any claims, suits, actions, demands or judgments, including claims for bodily injury or property damage, ****.

(b) Angiotech Indemnity. Angiotech shall indemnify and hold Histogenics and its Affiliates, and their respective current and former officers, inventors, directors, employees, medical and professional staff, consultants, contractors and agents, and their respective successors, heirs and assigns, ("Histogenics Indemnitees") harmless from and against any and all Losses, resulting from or imposed upon the Histogenics Indemnitees or any of them by any third party in connection with any claims, suits, actions, demands or judgments, including any claim of bodily injury or property damage, ****.

(c) Claims Procedures. A Party entitled to be indemnified by the other Party (an "Indemnified Party") pursuant to Section 7.3(a) or (b) hereof shall give written notice to the other Party (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any threatened or asserted claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided:

(i) that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting there from, shall be approved by the Indemnified Party (which approval shall not be unreasonably withheld or delayed), and the Indemnified Party may participate in such defense at such Indemnified Party's expense (unless (A) the employment of counsel by such Indemnified Party has been authorized by the Indemnifying Party; or (B) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in the defense of such action, in each of which cases the Indemnifying Party shall pay the reasonable fees and expenses of one law film serving as counsel for the Indemnified Party, which law film shall be subject to approval, not to be unreasonably withheld or delayed, by the Indemnifying Party);

(ii) the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement to the extent that such failure to give notice did not result in prejudice to the Indemnifying Party or the Indemnifying Party's insurer;

(iii) the Indemnifying Party, in the defense of any such claim or litigation, shall not, except with the approval of the Indemnified Party (which approval shall not be unreasonably withheld or delayed), consent to entry of any judgment or enter into any settlement which, (A) would result in injunctive or other relief being imposed against the Indemnified Party; or (B) does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation; and

(iv) the Indemnified Party shall furnish such information regarding itself or the claim in question as the Indemnifying Party may reasonably request in writing, and shall be reasonably required in connection with the defense of such claim or litigation resulting there from.

7.4 Insurance. Histogenics shall, at all times during the Term and until **** after expiration of the last batch of Eligible Products sold or manufactured hereunder by or for Histogenics or its Affiliates, obtain and maintain at its own cost and expense, comprehensive commercial liability insurance, including, but not limited to, product liability and contractual liability insurance, and errors and omissions coverage, with respect to its activities hereunder from a reputable and financially secure insurance carrier. Such insurance shall be in such amounts and subject to such deductibles as the Parties may agree based upon standards prevailing in the industry at the time, but under no circumstances shall be less than, (a) prior to regulatory approval, the statutorily required minimum insurance level provided for in the jurisdiction in which the clinical trial or other research is being completed, and (b) after the First Commercial Sale in a country, the minimum that is customary in that country for similar products being sold in similar markets. Upon the written request of Angiotech, Histogenics shall provide copies of its Certificates of Insurance. Each policy will be endorsed to provide that the insurers will use reasonable efforts to give Angiotech, or its designee; not less than **** prior written notice of any cancellation or material change in coverage. If Histogenics fails to place or maintain insurance as required under this Agreement, Angiotech or its designee may place and maintain such policy and all premium and other costs incurred by Angiotech or its designee shall be paid by Histogenics to Angiotech or its designee on demand.

8. Term and Termination.

8.1 The term of this Agreement shall, subject to the early termination provisions specifically provided for herein, begin on the Effective Date and end upon the expiration date of the last to expire United States or foreign patent included in the Licensed Patent Rights, including any United States or foreign patents which become part of the Licensed Patent Rights after the date of this Agreement as provided for herein.

8.2 Early Termination by Angiotech. Notwithstanding the foregoing, and subject to the limitations set forth below, Angiotech shall be entitled in the following circumstances to terminate this Agreement:

(a) Material Breach. In the event that Histogenics materially breaches this Agreement, Angiotech shall have the right, at its sole election, to terminate this Agreement upon thirty (30) days, or ten (10) days in the case of breach for non-payment, prior written notice to Histogenics; provided, however, that if Histogenics shall cure the breach or default within the thirty (30) or the ten (10) day period, as applicable, all such licenses and agreements shall continue in full force and effect.

(b) Insolvency, Bankruptcy. In the event that Histogenics files a petition in bankruptcy or if an involuntary petition shall be filed against it and such petition shall not be dismissed within ****, or if it shall become insolvent or admit its inability to pay its debts when due, or if a receiver or guardian shall be appointed for it, then all licenses granted to such Party under this Agreement shall immediately terminate.

(c) Challenge of Licensed Patent Rights. During the Term, should Histogenics or any of its Affiliates or permitted sublicensees (or any of successor or assign thereof) challenge the validity of any Licensed Patent Rights, or support, directly or indirectly, any such challenge to any Licensed Patent Rights, Angiotech shall be entitled to terminate this Agreement upon **** prior written notice to Histogenics.

(d) Histogenics Merger or Acquisition. Angiotech may, upon **** written notice to Histogenics, terminate this Agreement throughout the Territory or on a country by country basis (to be determined at Angiotech's sole discretion) if, (a) Histogenics is acquired or merges with a third party, and (b) the acquiring or merged-with third party or its Affiliate has developed or is marketing a Competitive Product prior to the acquisition of or merger with Histogenics, and (c) such acquisition or merger's resulting or surviving entity fails to either continue to develop or to sell Eligible Product, at a level reasonably similar to the development or sale that was occurring prior to the acquisition or merger, during the six (6) month period following the acquisition or merger. If the acquiring or merged-with entity, or any of its Affiliates, has developed or is marketing a Competitive Product prior to the acquisition or merger, Histogenics shall notify Angiotech of its acquisition by or merger with such third party no later than **** after the expiration of the **** period following the acquisition or merger, and shall furnish information to Angiotech reasonably necessary for Angiotech to determine whether Eligible Products have been developed, made, used, sold, offered for sale, marketed, distributed, or imported by the surviving entity or Histogenics during the six (6) month period following the acquisition or merger.

(e) Notwithstanding Section 8.1(d), Angiotech shall not have the right to terminate this Agreement in the event that, (i) Histogenics states in the notice of acquisition or merger required herein that the resulting or surviving entity or its Affiliate(s), as applicable, has made a binding commitment to discontinue the development or marketing of the Competitive Product, as the case may be, or to divest itself of such Competitive Product, and (ii) the resulting

or surviving entity, or its Affiliate(s), in fact discontinues development or marketing, as the case may be, or divests itself of such Competitive Product within **** after the consummation of the acquisition or merger. Angiotech's rights hereunder to give notice terminating this Agreement pursuant to this Section 8.1(d) shall lapse: (x) **** after the date of consummation of the acquisition or merger, or (y) **** after Angiotech's receipt of the aforementioned notice of acquisition or merger.

8.3 Early Termination by Histogenics. Notwithstanding the foregoing, and subject to the limitations set forth below, Histogenics shall be entitled in the following circumstances to terminate this Agreement:

(a) Material Breach. In the event that Angiotech materially breaches this Agreement, Histogenics shall have the right, at its sole election, to terminate this Agreement upon thirty (30) days, or ten (10) days in the case of breach for non-payment, prior written notice to Angiotech; provided, however, that if Angiotech shall cure the breach or default within the thirty (30) or the ten (10) day period, as applicable, all such licenses and agreements shall continue in full force and effect.

(b) Insolvency, Bankruptcy. In the event that Angiotech files a petition in bankruptcy or if an involuntary petition shall be filed against it and such petition shall not be dismissed within ****, or if it shall become insolvent or admit its inability to pay its debts when due, or if a receiver or guardian shall be appointed for it, then all licenses granted to such Party under this Agreement shall immediately terminate.

(c) Upon Notice. At Histogenics' election at any time upon at least one (1) year's prior notice.

8.4 Accrued Obligations. Upon termination of this Agreement for any reason, each of Angiotech and Histogenics shall remain liable for those obligations that accrued with respect to such license prior to the effective date of the termination. Histogenics may, for a period of no longer than **** after the effective date of the termination of the Histogenics License, complete and sell any or all Eligible Products that it can demonstrate were in the process of manufacture or in inventory on the effective date of the termination; provided, however, that Histogenics shall remain obligated to pay any applicable Revenue Share thereon as provided in this Agreement. Within **** after receipt of notice of termination, Histogenics shall provide Angiotech with an accounting of Eligible Products then on hand and in process and its best estimate of when within the **** period sales of such products will conclude. Angiotech shall then have the right, but not the obligation, to purchase the inventory of CT3 at the cost of such material to Histogenics.

9. **Dispute Resolution.**

9.1 Negotiation of Parties. In the event of any dispute, claim or controversy arising out of or relating to the interpretation of any provision of this Agreement, to the performance of either Party under this Agreement or to any other matter under this Agreement, including any

action in tort, contract or otherwise, at equity or law (a "Dispute"), either Party may at any time provide the other Party written notice specifying the terms of such Dispute in reasonable detail. As soon as practicable after receipt of such notice, the Chief Executive Officers of both Angiotech and Histogenics shall meet at a mutually agreed upon time and location for the purpose of resolving such Dispute. They shall engage in good faith discussions and/or negotiations for a period of up to **** to resolve the Dispute or negotiate an interpretation or revision of the applicable portion of this Agreement which is mutually agreeable to both Parties, without the necessity of formal procedures relating thereto. During the course of such discussion and/or negotiation, the Parties shall reasonably cooperate and provide information that is not materially confidential in order so that each of the Parties may be fully informed with respect to the issues in the Dispute.

9.2 Arbitration. In the event any Dispute is not resolved pursuant to Section 9.1, then the same shall be submitted by the Parties to binding arbitration by a single arbitrator in **** in accordance with the AAA rules. The judgment rendered by the arbitrator shall include costs of arbitration, reasonable attorneys' fees and reasonable costs for expert and other witnesses. Nothing in this Agreement shall be deemed as preventing either Party from seeking injunctive relief (or any other provisional remedy). Any arbitrator chosen hereunder shall have educational training and industry experience sufficient to demonstrate a reasonable level of relevant scientific, medical and industry knowledge.

10. General Provisions.

10.1 Remedies. The Parties acknowledge and agree that, in the event of a breach or a threatened breach by either Party of this Agreement for which it will have no adequate remedy at law, the other Party may suffer irreparable damage and, accordingly, shall be entitled to injunctive and other equitable remedies to prevent or restrain such breach or threatened breach, without the necessity of posting any bond or surety, in addition to any other remedy they might have at law or at equity.

10.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of **** in force therein without regard to its conflict of law rules. Subject to Article 9, each Party hereby irrevocably consents to the exclusive jurisdiction and venue of the courts of **** in connection with any action or proceeding brought by either Party against the other Party arising out of or relating to this Agreement.

10.3 Confidentiality. It is contemplated that in the course of the performance of this Agreement each Party may, from time to time, disclose Confidential Information to the other. Each Party agrees that for the Term and for a period of **** thereafter, the receiving Party shall keep confidential and shall not publish or otherwise disclose, and will not use any Confidential Information except for the limited purposes set forth in this Agreement; provided, however, that no provision of this Agreement shall be construed to preclude such disclosure of Confidential Information as may be necessary or appropriate (a) to obtain from any governmental agency any necessary approval (subject to Section 5.6), (b) to file patent applications or obtain patents that are included in the Licensed Technology; provided, further,

however, that the Party whose information is to be disclosed shall be notified as soon as possible and the Party that is being required to disclose such information shall, if requested by the Party whose information is to be disclosed, use reasonable good faith efforts, at the expense of the requesting Party, to assist in seeking a protective order (or equivalent) with respect to such disclosure or otherwise avoid making such disclosure. The receiving Party will take all precautions as are reasonably necessary to prevent unauthorized access to, reproduction, duplication, disclosure or use of the other Party's Confidential Information and shall only disclose the Confidential Information of the other Party to those of its officers, directors and employees, or to officers, directors and employees of its Affiliates, on a "need to know basis" provided each such officer, director or employees agrees in favor of the disclosing Party to be bound by the same obligations of secrecy and confidentiality that the receiving Party is bound to under this Agreement and provides further that the receiving Party shall be directly responsible to the disclosing Party for any losses or damages suffered as a result of the breach of such obligations by the receiving Party's directors, officers or employees.

10.4 Amendment and Waiver. No provision of or right under this Agreement shall be deemed to have been waived by any act or acquiescence on the part of any Party, its agents or employees, but only by an instrument in writing signed by an authorized officer of such Party. No waiver by either Party of any breach of this Agreement by the other Party shall be effective as to any other breach, whether of the same or any other term or condition and whether occurring before or after the date of such waiver.

10.5 Intellectual Property.

(a) Trademarks. During the Term, Histogenics shall have the right to market and advertise Eligible Products under their respective names, trademarks, trade names, labels, or other designations, provided however, that all packaging of CT3 included in the Eligible Products shall be marked with the trademark "****TM" (in a form to be provided by Angiotech, and as such trademark may be modified or substituted by Angiotech from time to time upon written notice to Histogenics). All respective names, trademarks, trade names, labels, or other designations used shall are, and the same shall remain, the property of their respective owners.

(b) Patents. Histogenics agrees to mark the CT3 or its packaging sold in the United States with all applicable U.S. patent numbers and similarly, when applicable, to indicate "Patent Pending" status. All CT3 manufactured in, shipped to, or sold in other countries shall be marked in such a manner as to protect and preserve the Licensed Patent Rights in such countries.

10.6 Independent Contractors. Each Party represents that it is acting on its own behalf as an independent contractor and is not acting as an agent for or on behalf of any third party. This Agreement and the relations hereby established by and between Angiotech and Histogenics do not constitute a partnership, joint venture, agency or contract of employment between them.

10.7 Assignment. Without limitation to the rights set forth in Section 8.2(d) and (e), this Agreement and Histogenics' rights and obligations hereunder ****

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

****.

10.8 Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

10.9 Notices. All communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt by the addressee at the addresses set forth below, or such other address as either Party May specify by notice sent in accordance with this section:

If to Histogenics:	Histogenics Corporation 100 Hospital Road Malden, MA 02148 Attention: President Fax: (781) 321-9763
With a copy to:	Brown Rudnick Berlack Israels LLP One Financial Center Boston, MA 02111 Attention: **** Fax: (617) 856-8201
If to Angiotech:	Angiotech Biomaterials Corp. 1618 Station Street Vancouver, BC, Canada V6A 1B6 Attention: Chief Business Officer Fax: (604) 221-6915
With a copy to:	Angiotech Biomaterials Corp. 1618 Station Street Vancouver, BC, Canada V6A 1B6 Attention: General Counsel Fax: (604) 221-6915

10.10 Severability. In the event any provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision hereof. The Parties agree that they will negotiate in good faith or will permit a court or arbitrator to replace any provision hereof so held invalid, illegal or unenforceable with a valid provision which is as similar as possible in substance to the invalid, illegal or unenforceable provision.

10.11 Captions. Captions of the Sections and subsections of this Agreement are for reference purposes only and do not constitute teens or conditions of this Agreement and shall not limit or affect the tennis and conditions hereof,

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

10.12 Word Meanings. Words such as *herein*, *hereinafter*, *hereof* and *hereunder* refer to this Agreement as a whole and not merely to a Section or paragraph in which such words appear, unless the context otherwise requires. The singular shall include the plural, and each masculine, feminine and neuter reference shall include and refer also to the others, unless the context otherwise requires.

10.13 Entire Agreement. This Agreement and the Warrant Agreement including all exhibits to both contain the entire understanding of the Parties with respect to the transactions and matters contemplated hereby, including without limitation any licensing of the Licensed Technology, supersedes all prior agreements and understandings relating to the subject matter hereof, and no representations, inducements, promises or agreements, whether oral or otherwise, between the Parties not contained herein or incorporated herein by reference shall be of any force or affect.

10.14 Rules of Construction. The Parties agree that they have participated equally in the formation of this Agreement and that the language and terms of this Agreement shall not be presumptively construed against any of them.

10.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the Parties will have the same effect as original signatures. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

10.16 Survival. The following provisions shall survive the termination of this Agreement: Section 3.8, Article 7, Article 9, Section 8.4 and Section 10.3.

10.17 Compliance. The Parties shall comply fully with all applicable laws and regulations in connection with their respective activities under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the Effective Date.

ANGIOTECH BIOMATERIALS CORP.

By: /s/ ****

Name: ****

Title: ****

Date: 06/08/05

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ **** /s/ ****

Name: **** ****

Title: **** ****

Date: 24 June 2005 24 June 2005

HISTOGENICS CORPORATION

By: /s/ Laurence J Berlowitz Tarrant

Name: Laurence J Berlowitz Tarrant

Title: President

Date: 15 July 2005

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT A

Licensed Patent Rights

ANGIOTECH PATENT SCHEDULE

PATENT FAMILY	ANPI REF. #	PATENT NUMBER	TITLE	DATES	INTERNATIONAL PATENTS AND APPLICATIONS (PER PATENT FAMILY)
****	****	****	****	****	****
		****	****	****	
		****	****	****	
		****	****	****	
		****	****	****	
****	****	****	****	****	****
		****	****	****	

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ANGIOTECH PATENT SCHEDULE (CONTINUED)					
****	****	****	****	****	****
		****	****	****	
		****	****	****	
		****	****	****	
		****	****	****	
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CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT B

Warrant Agreement

CONFIDENTIAL TREATMENT REQUESTED

****

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

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Common Stock Warrant

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Common Stock Warrant

****

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Exhibit 10.11

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT TO

LICENSE AGREEMENT (1st Amendment)

This Amendment to License Agreement, effective August 31, 2007, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement effective as of May 12, 2005 pursuant to which Angiotech licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Agreement"), a copy of which is attached hereto;

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up ("Angiodevice" and "Angiotech US" shall be collectively referred to as "Angiotech");

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Agreement as if it were the original party thereto;

WHEREAS, Angiotech US represents and warrants to Histogenics that Angiotech US has assumed all rights and obligations of Biomaterials under the Agreement; and,

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to amend certain provisions of the Agreement.

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics (Angiotech US, Angiodevice and Histogenics shall be individually referred to as "Party" and collectively as "Parties") hereby agree as follows:

1. Definitions. Capitalized terms shall have the meanings set forth in the Agreement. The following defined terms shall be added to Section 1 Definitions of the Agreement in the correct alphabetical order:

"Conversion to Exclusivity" shall have the meaning ascribed to it in Section 3.2(a).

"Exclusivity Deadline" shall have the meaning ascribed to it in Section 3.2(a).

"Exclusivity Payment" shall have the meaning ascribed to it in Section 3.2(a).

"Revenue Share Reduction Payment" shall have the meaning ascribed to it in Section 3.2(a).

2. License Grant. Section 2.1 Grant of the Agreement is hereby amended to include the following additional sentence:

"Prior to the Exclusivity Deadline as defined in Section 3.2(a) below, and after the Exclusivity Deadline if Histogenics pays Angiotech the Exclusivity Payment, also as defined in Section 3.2(a) below, Angiotech shall not grant to any other Person any rights to or license under the Licensed Technology to make, have made, use, offer to sell, sell or import any products containing CT3 for use in the Field in the Territory."

3. Third Party Manufacture. The second sentence of Section 2.4(c) Manufacturing of the Agreement is hereby changed and replaced with the following:

"In the event that Histogenics intends to have a third party manufacture CT3, Histogenics shall ****."

4. Supply Back. Section 2.4(e)(iv) is hereby added to the Agreement as follows:

(iv) Notwithstanding anything to the contrary in Section 2.4, Angiotech hereby acknowledges and confirms that Histogenics may sublicense to **** (currently a subsidiary of ****) the right to manufacture CT3 or any components of CT3, including methylated collagen. Further, Angiotech acknowledges that **** is using certain equipment (as more fully described and listed in Exhibit C (the "****")) owned by Angiotech in connection therewith, and Angiotech confirms that **** may continue to use such equipment in connection with the manufacture of CT3 or any of its components. Histogenics

hereby agrees to purchase the **** at the agreed to purchase price of ****.

5. Supply Back. Section 2.4(e)(i) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 2.4(e)(i):

"(i) Histogenics shall use commercially reasonable efforts to supply CT3 to Angiotech at ****, for use only for research and in preclinical and clinical studies by Angiotech. Histogenics shall not be required to produce any quantities of CT3 for use in commercial products by Angiotech except, (i) where Angiotech has provided Histogenics with at least **** lead time for delivery of CT3 and, (ii) where the amount of CT3 ordered by Angiotech does not exceed **** of the amount to be produced by Histogenics during that **** period. In the event that **** of the amount of CT3 being produced by Histogenics is not sufficient to fill an order by Angiotech, Histogenics shall deliver the remaining portions of the order from subsequent production runs. For further clarification, Angiotech shall never be entitled to more than **** of a production run, except at the sole discretion of Histogenics."

6. Equipment Purchase. A new section, Section 2.4(h) is hereby added to the Agreement as follows:

(h) Equipment Purchase. Histogenics hereby agrees to purchase for **** from Angiotech the equipment used in the making of CT3 located at ****, that is the property of Angiotech. A list of such equipment is provided in Exhibit C. Histogenics shall be required to pay to Angiotech the **** by September 28, 2007, and upon receipt of such payment in full, all right, title and interest in and to the **** Equipment shall automatically and without any further action on the part of either Party be sold, assigned, conveyed and transferred to Histogenics, free and clear of all liens and encumbrances of any kind. Histogenics acknowledges and agrees that Angiotech makes no representations or warranties regarding the **** Equipment, or the accuracy or completeness of Exhibit C, and that Histogenics is purchasing the **** Equipment on an "as is and where is" basis.

7. Revenue Sharing. Section 3.2(a) Revenue Sharing of the Agreement is hereby deleted in its entirety and replaced with the following new Section 3.2(a):

"(a) Revenue Sharing.

(i) As further consideration for the Histogenics License, within **** after the end of each Calendar Quarter during the Term, Histogenics shall pay to Angiotech **** of the first **** of Net Sales of Eligible Products and, thereafter, **** of Net Sales of Eligible Products until such time as Histogenics makes the Revenue Share Reduction Payment, as defined below.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

(ii) At any time prior to the first to occur of, (A) ****, or (B) **** (the "Exclusivity Deadline"), Histogenics may elect to convert this License to one of exclusivity within the Field by giving notice to Angiotech and paying one million dollars ($1,000,000) to Angiotech (the "Exclusivity Payment") within fifteen (15) days of such notice (the "Conversion to Exclusivity").

(iii) If Histogenics exercises the Conversion to Exclusivity and at such time as Histogenics pays to Angiotech prior to **** an additional two million dollars ($2,000,000) (the "Revenue Share Reduction Payment"), Histogenics shall thereafter be required to pay to Angiotech **** of Net Sales of those Eligible Products that contain living human cartilage cells and **** of Net Sales of those Eligible Products that do not contain living human cartilage cells. The payments of a percentage of Net Sales of Eligible Products as determined in this Section 3.2(a) shall be referred to herein as the "Revenue Share".

8. Obligation to Pay Revenue Share. Section 3.2(b) Obligation to Pay Revenue Share of the Agreement is hereby amended to change the reference to Angiodevice to Angiotech.

9. Diligence Obligations. The last sentence of Section 4.1 Diligence Obligations of the Agreement shall be deleted in its entirety and replaced with the following:

**** Any such failure to **** will be considered a material breach of this Agreement as that term is used in Section 8.2(a)."

10. ****

11. Publications. Section 5.4 Publications of the Agreement is hereby deleted in its entirety and replaced with the following:

"5.4 Publications. Neither Party will publish or present the results of studies carried out that relate to the performance of CT3 or that contain any Confidential Information of the other Party without (a) such other Party's prior consent, or (b) providing such other Party with the opportunity to remove any Confidential Information contained therein."

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

12. Accrued Obligations. The second sentence of Section 8.4 Accrued Obligations of the Agreement is hereby amended by adding the following phrase to the end of the sentence:

"…during such **** period."

13. Confidentiality. The reference in Section 10.3 Confidentiality of the Agreement to Section 5.6 is hereby changed to Section 5.1 and Section 5.2.

14. Notices. The address for notice to Histogenics in Section 10.9 Notices of the Agreement is hereby changed to:

If to Histogenics:	Histogenics Corporation 830 Winter Street, 3rd Floor Waltham, MA 02451 Attention: Richard C. Vaillant
With a copy to:	Pepper Hamilton LLP 101 Federal Street, Suite 1010 Boston, MA 02110 Attention: ****

15. License Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

16. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed and original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the Parties will have the same effect as original signatures. In making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date: October 4, 2007

ANGIODEVICE INTERNATIONAL GmbH:

By: /s/ ****
Name: ****
Title: ****
Date: 26th Sept. 2007

By: /s/ ****
Name: ****
Title: ****
Date: 26/09/2007

HISTOGENICS CORPORATION

By: /s/ Steven Berrota
Name: Steven Berrota
Title: President & CEO
Date: 9/11/07

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

SECOND AMENDMENT

TO

LICENSE AGREEMENT

THIS SECOND AMENDMENT TO LICENSE AGREEMENT (this "Second Amendment"), effective January 1, 2008, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement"), a copy of which is attached hereto;

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into that certain Amendment to License Agreement, dated as of August 31, 2007 (the "First Amendment"), a copy of which is attached hereto (the Original License Agreement, as amended by the First Amendment, shall be referred to herein as the "Agreement"); and

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as

follows:

1. Amendment. Sub-clause (A) of Section 3.2(a)(ii) of the Agreement is hereby amended by striking the word “January” and inserting the word “March” in place thereof.

2. Miscellaneous

2.1. Entire Agreement; Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

2.2. Counterparts. This Second Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Second Amendment, it shall not be necessary to produce or account for more than one such counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Second Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name:
Title: ****
Date: Jan 10, 2008

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date:

By: /s/ ****
Name: ****
Title: ****
Date:

HISTOGENICS CORPORATION

By:
Name:
Title:
Date:

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

****

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Common Stock Warrant

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

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****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Common Stock Warrant

****

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit 10.13

CONFIDENTIAL TREATMENT REQUESTED

THIRD AMENDMENT

TO

LICENSE AGREEMENT

THIS THIRD AMENDMENT TO LICENSE AGREEMENT (this "Third Amendment"), effective April 15, 2008, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement"):

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto:

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into that certain Amendment to License Agreement, dated as of August 31, 2007 (the "First Amendment"):

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into that certain Second Amendment to License Agreement, dated as of January 1, 2008 (the "Second Amendment"), (the Original License Agreement, as amended by the First Amendment and the Second Amendment, shall be referred to herein as the "Agreement"); and

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to further amend certain provisions of the Agreement.

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby, acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Amendment.

(a) Section 1 of the Second Amendment is hereby deleted in its entirety.

(b) Section 3.2(a)(ii) of the First Amendment is amended by deleting it in its entirety and replacing it with the following:

> At any time prior to the first to occur of, (A) ****, or (B) **** (the "Exclusivity Deadline"), Histogenics may elect to convert this License to one of exclusivity within the Field by giving notice to Angiotech and paying one million dollars ($1,000,000) to Angiotech (the "Exclusivity Payment"). Such Exclusivity Payment shall be made in accordance with the schedule set out below, unless and until Histogenics closes an equity financing with proceeds to Histogenics in an amount not less than ****, whereby the Exclusivity Payment shall become due and payable in full within fifteen (15) days of such closing:

****	Payable by ****;
****	Payable by ****;
****	Payable by ****;
****	Payable by ****.

2. Miscellaneous.

2.1 Entire Agreement: Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

2.2 Counterparts. This Third Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Third Amendment, it shall not be necessary to produce or account for more than one such counterpart.

[Signature Page Follows]

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date: 04/29/08

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date: 12 May 2008

By: /s/ ****
Name: ****
Title: ****
Date: 6 May 2008

HISTOGENICS CORPORATION

By: _____
Name:
Title:
Date:

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit 10.14

CONFIDENTIAL TREATMENT REQUESTED

FOURTH AMENDMENT

TO

LICENSE AGREEMENT

THIS FOURTH AMENDMENT TO LICENSE AGREEMENT (this "Fourth Amendment"), effective November 1, 2008, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp, ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement"), a copy of which is attached hereto;

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Original License Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into that certain Amendment to License Agreement, dated as of August 31, 2007 (the "First Amendment"), that certain Second Amendment to License Agreement, dated as of January 1, 2008 (the "Second Amendment"), and that certain Third Amendment to License Agreement, dated as of April 15, 2008 (the "Third Amendment" and together with the First Amendment and the Second Amendment, the "Prior Amendments"), copies of each are attached hereto (the Original License Agreement, as amended by the Prior Amendments, shall be referred to herein as the "Agreement");

WHEREAS, pursuant to Section 3.2(a)(ii) of the Agreement, Histogenics has elected to convert the License (as defined in the Agreement) to one of exclusivity and has made

two installment payments of the Exclusivity Payment (also as defined in the Agreement) of **** on or prior to **** and **** on or prior to ****; and

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to amend certain provisions of the Agreement.

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Amendment. Section 3.2(a)(ii) of the Agreement is hereby amended and restated in its entirety to state as follows:

> At any time prior to **** (the "Exclusivity Deadline"), Histogenics may elect to convert this License to one of exclusivity within the Field by giving notice to Angiotech (such election, the "Conversion to Exclusivity") and by paying Angiotech an aggregate of $1,045,000 (the "Exclusivity Payment") in four (4) installments in accordance with the following schedule:
>
> | | |
> |---|---|
> | **** | Due and payable on ****; |
> | **** | Due and payable on ****; |
> | **** | Due and payable on ****; and |
> | **** | Due and payable on ****. |
>
> Notwithstanding anything to the contrary herein, including Section 3.6, any Exclusivity Payment, or portion thereof, that is due and payable and remains unpaid and outstanding shall accrue interest, compounded quarterly, at a rate equal to **** per annum or at such lower maximum rate of interest allowed by applicable law.

2. Miscellaneous.

2.1 Effects of Amendment on Payment Due ****. For the avoidance of doubt, the payment of **** due by **** under Section 3.2(a)(ii) of the Agreement as it existed prior to this Fourth Amendment shall not be considered to have been overdue by virtue of this Fourth Amendment being effective after such date.

2.2 Entire Agreement; Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

2.3 Counterparts. This Fourth Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Fourth Amendment, it shall not be necessary to produce or account for more than one such counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date: November 4, 2008

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date: November 4, 2008

HISTOGENICS CORPORATION

By: /s/ F. Ken Andrews
Name: F. Ken Andrews
Title: CEO & President
Date: 11-5-08

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

FIFTH AMENDMENT

TO

LICENSE AGREEMENT

THIS FIFTH AMENDMENT TO LICENSE AGREEMENT (this "Fifth Amendment"), effective August 6, 2010, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement"), a copy of which is attached hereto;

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Original License Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into that certain Amendment to License Agreement, dated as of August 31, 2007, that certain Second Amendment to License Agreement, dated as of January 1, 2008, that certain Third Amendment to License Agreement, dated as of April 15, 2008, and that certain Fourth Amendment to License Agreement, dated as of November 1, 2008 (the Original License Agreement, as amended by the foregoing amendments, shall be referred to herein as the "Agreement");

WHEREAS, pursuant to Section 3.2 of the Agreement, Histogenics elected to convert the Histogenics License (as defined in the Agreement) to one of exclusivity by making full payment of the Exclusivity Payment (as defined in the Agreement) pursuant to Section 3.2(a)(ii) of the Agreement, but failed to make the Revenue Share Reduction Payment (as defined in the Agreement) prior to **** pursuant to Section 3.2(a)(iii) of the Agreement;

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

WHEREAS, Histogenics desires to extend the deadline specified in Section 4.1 of the Agreement for **** and to amend certain other provisions of the Agreement; and

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to amend certain provisions of the Agreement;

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Amendment.

1.1 The definition of "Histogenics Technology" in Section 1 of the Agreement is hereby amended and restated in its entirety to state as follows:

> "Histogenics Technology" means the intellectual property and know how of Histogenics and its permitted sublicensees, as such intellectual property and know how currently exist and as that intellectual property and know how may develop."

1.2 The definition of "Net Sales" in Section 1 of the Agreement is hereby amended by adding the following as a new paragraph at the end of such definition:

> "Notwithstanding the foregoing, with respect to sales by the World Class Sublicensee or any of its affiliates or sublicensees, Net Sales shall be as defined in Exhibit D."

1.3 Section 1 of the Agreement is hereby amended by adding the following new definition of "Existing Angiotech Licensee":

> "Existing Angiotech Licensee" means any third party who has received from Angiotech a license under the Licensed Patent Rights or Improvements as of the date of this Fifth Amendment."

1.4 Section 2.1 of the Agreement is hereby amended to read as follows:

> "2.1 Grant. Subject to the terms and conditions of this Agreement, Angiotech hereby grants to Histogenics an exclusive (even as to Angiotech) right and license under the Licensed Technology and Angiotech's interest in Improvements solely to make, have made, use, offer to sell, sell and import Eligible Products in the Field in the Territory (the "Histogenics License"). For the avoidance of doubt, with the exception of Drug-Loaded Products, Angiotech shall not grant to any other Person any rights to or license under the Licensed Technology or Angiotech's interest in Improvements to make, have made, use, offer to sell, sell or import any products containing CT3 for use in the Field in the Territory."

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

1.5 Section 2.2 of the Agreement is hereby amended by adding the following clause to the end of the first sentence immediately before the period:

> "; provided that Angiotech hereby consents to Histogenics sublicensing any of its rights **** (the "World Class Sublicensee")". Expanding the sublicense in favor of the World Class Sublicensee to include countries beyond those sublicensed to the World Class Sublicensee on the effective date of such sublicense shall not require the consent of Angiotech. Within **** after entering into a sublicense with the World Class Sublicensee, Histogenics shall deliver written notice of such event, which notice shall set forth the identity of the World Class Sublicensee and the field of use, products and territory granted to the World Class Sublicensee, and Histogenics shall promptly inform Angiotech in writing of any change to the territory granted to the World Class Sublicensee"

1.6 Section 2.2 of the Agreement is hereby amended by adding the following sentence to the end of such Section:

> "For the avoidance of doubt, the distribution or sale of a given clinical or commercial quantity of CT3 under this Agreement by or on behalf of Histogenics or its Affiliate or their respective permitted sublicensees for use with an Eligible Product, or as part of a kit including an Eligible Product, shall effect an exhaustion in the Field in the Territory of all patent rights with respect to such clinical or commercial quantity of CT3; provided that the distribution or sale of the Eligible Products (or kits including Eligible Products) utilizing such clinical or commercial quantity of CT3 is accounted for in the determination of Net Sales."

1.7 Section 2.4(g) of the Agreement is hereby amended by adding the following clause to the end of such section immediately before the period:

> "; provided, however, that with respect to data and results generated by the World Class Sublicensee, Histogenics shall only be required to provide Angiotech with the data and results received by Histogenics from the World Class Sublicensee and only to the extent Histogenics has the right to do so".

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

1.8 Section 3.1 of the Agreement is hereby amended by adding the following sentence to the end of such section:

> "As further consideration for the Histogenics License, Histogenics shall pay to Angiotech (a) three million dollars ($3,000,000) within thirty (30) days after Histogenics receives Regulatory Approval from the FDA for an Eligible Product, and (b) fifty thousand dollars ($50,000) on each December 31 starting on December 31, 2010 and ending on December 31, 2014 (for an aggregate payment of two hundred fifty thousand dollars ($250,000) pursuant to this Section 3.1(b)). For the avoidance of doubt, receipt of such Regulatory Approval by the World Class Sublicensee shall trigger Histogenics obligation to make the payment described in Section 3.1(a)."

1.9 Section 3.2(a)(iii) of the Agreement is hereby amended and restated in its entirety to state as follows:

> "(iii) The "Revenue Share Reduction Payment" means (A) if paid after such date and prior to or on ****, ****; or (B) if paid after such date and prior to or on ****, ****. If Histogenics pays to Angiotech the Revenue Share Reduction Payment on or before ****, Histogenics shall thereafter be required to pay to Angiotech **** of Net Sales of those Eligible Products that contain living human cartilage cells and **** of Net Sales of those Eligible Products that do not contain living human cartilage cells. The payments of a percentage of Net Sales of Eligible Products as determined in this Section 3.2(a) shall be referred to herein as the "Revenue Share"."

1.10 A new section numbered Section 3.2(a)(iv) is hereby added to the Agreement:

> "(iv) Notwithstanding Sections 3.2(a) and 3.5, Histogenics shall pay to Angiotech the Revenue Share attributable to the Net Sales of the World Class Sublicensee (and its affiliates and sublicensees) for a particular Calendar Quarter within **** after the end of such Calendar Quarter."

1.11 Section 3.4 of the Agreement is hereby amended by placing "(a)" before the phrase that reads "Histogenics shall deliver to Angiotech . . ." and re-numbering the paragraphs numbered (a) through (f) as (i) through (vi), respectively.

1.12 Section 3.4 of the Agreement is further hereby amended by adding a new subsection (b) after the final paragraph of subsection (a) as follows:

> "(b) With respect to Net Sales attributable to the World Class Sublicensee (and its affiliates and sublicensees), Histogenics may satisfy its obligation to provide a written Revenue Share report for a particular Calendar Quarter by delivering to Angiotech a copy of the royalty report Histogenics receives from the World Class Sublicensee which covers the sale of Eligible Products for such Calendar Quarter, which copy shall be certified by

Histogenics' CFO (or his designee) as a true and complete copy of the report received from the World Class Sublicensee. Notwithstanding Section 3.4(a), Histogenics shall have until **** after the end of a particular Calendar Quarter to provide such report to Angiotech."

1.13 The following language is added to the end of the second sentence of Section 3.5 and before the period:

"; provided that with respect to determinations pursuant to this Agreement in respect of Net Sales of the World Class Sublicensee (or its affiliate or sublicensee) made in a currency other than U.S. Dollars, such amounts shall be converted into U.S. Dollars using the actual average daily buying rate for the applicable currency of the country from which the royalties are payable certified by the United States Federal Reserve Bank of New York, as published from time to time by the United States Federal Reserve Board, in respect of the Calendar Quarter to which the Net Sales relate"

1.14 Section 4.1 of the Agreement is hereby amended and restated in its entirety to state as follows:

"4.1 Diligence Obligations. In the event that Histogenics does not make the Revenue Share Reduction Payment as described in Section 3.2(a)(iii), then Histogenics shall be obligated to **** in order to maintain its rights under the Histogenics License. In the event that Histogenics does make the Revenue Share Reduction Payment as described in Section 3.2(a)(iii), then Histogenics shall be obligated to **** in order to maintain its rights under the Histogenics License. Any failure to **** specified in this Section 4.1 will be considered a material breach of this Agreement as that term is used in Section 8.2(a)."

1.15 Section 5.2 of the Agreement is hereby amended and restated in its entirety to state as follows:

"5.2 Patent Applications and Foreign Filing. **** shall file, prosecute and maintain in force any and all patents and patent applications included in the Licensed Patent Rights, and any patent and patent applications related to any Improvements. The filing, prosecution and maintenance of patents and patent applications pursuant to this Section 5.2 shall be done through patent counsel selected by ****. **** will keep **** reasonably informed of all significant patent matters relating to the Licensed Patent Rights within the Field as they relate to Eligible Products (including providing **** with copies of all documents filed with the applicable patent office and all correspondence between **** and the applicable patent office) and, to the extent **** has the right to do so, relating to the Improvements within the Field as they relate to Eligible

Products, and, to the extent **** has the right to do so, will give **** a reasonable opportunity to review and provide input on the prosecution of such applications, to the extent such prosecution is pertinent to Eligible Products within the Field. If **** decides to finally abandon or allow to lapse the subject matter of any patents or patent applications described in this Section 5.2, then to the extent such subject matter is pertinent to Eligible Products in the Field, **** shall promptly inform **** and, to the extent compatible with **** obligations to Existing Angiotech Licensees, **** shall have the right to assume filing, prosecution and maintenance of such patents and patent applications at **** sole expense. If **** exercises such right to continue the filing, prosecution and maintenance of any such patent or patent application, (a) **** shall continue to own such patent or patent application (as applicable) but shall give power of attorney to **** and/or its legal representative to continue the filing, prosecution and maintenance of such patent or patent application; provided, however, that all terms and conditions of this Agreement shall continue to apply (including, without limitation, Sections 2.1, 2.2 and 2.3); and (b) **** shall be entitled to set off one-half of the costs and expenses it incurs in connection with such filing, prosecution and maintenance against **** under this Agreement after the date that **** exercises such right with respect to the applicable patent or patent application. **** may cease any such activities for any reason, in which case it shall promptly notify **** of its decision, with such notice leaving **** or its designee a reasonable period of time to commence such activities in advance of any upcoming due dates should **** or its designee choose to do so."

1.16 Section 5.5 of the Agreement is hereby amended by adding the following clause to the end of such section immediately before the period:

"; provided, however, that with respect to Clinical Data generated by the World Class Sublicensee, Histogenics shall only be required to provide Angiotech with the Clinical Data received by Histogenics from the World Class Sublicensee and only to the extent Histogenics has the right to do so".

1.17 Section 7.2 of the Agreement is hereby amended and restated in its entirety to state as follows:

"(a) Defense of Declaratory Judgment Action. In the event of an assertion of invalidity or unenforceability of Licensed Patent Rights, ****, subject to the rights of Existing Angiotech Licensees, shall have the right to defend such assertion, but to the extent such assertion relates to Eligible Products in the Field, and to the extent **** has the right to control such defense, **** shall reasonably consider **** views with respect to such defense. If **** does not defend any such assertion that relates to Eligible Products in the Field, then **** shall have the right, but not the obligation, to present such issue to ****

****.

(b) Non-Litigation Actions. Subject to the rights of Existing Angiotech Licensees, **** shall have the right, in its sole discretion, to take actions to terminate any alleged infringement identified pursuant to Section 7.1 without litigation (including the sole right to grant a license to the alleged infringer outside the Field) with respect to Licensed Patent Rights; provided, however, where such alleged infringement involves the Licensed Patent Rights within the Field, (i) **** shall reasonably consider the interests of **** and shall not settle or make any agreement that would have a material adverse effect on **** rights in the Field under this Agreement, without the prior written consent of ****, which shall not be unreasonably delayed or denied; and (ii) if **** declines or otherwise fails to take action to terminate any such alleged infringement without litigation, then **** shall have the right, but not the obligation, to present such issue to ****.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

(c) Litigation Actions.

(i) **** shall have the first right, but not the obligation, to commence and control any Action related to any alleged infringement of the Licensed Patent Rights within the Field. In the event that **** elects, in its sole discretion, to undertake such an Action, **** agrees to reasonably cooperate with ****, including providing access to all necessary documents in **** control, executing all papers and performing such other acts as may be reasonably required for such Action, including, but not limited to, consenting to be joined as a Party plaintiff in such Action. **** shall control such Action, and **** may enter into settlements, stipulated judgments or other arrangements respecting such infringement; provided, however, **** shall reasonably consider the interests of **** and shall not settle or make any agreement that would have a material adverse effect on ****'s rights under this Agreement, without the prior written consent of Histogenics, which shall not be unreasonably delayed or denied. **** shall keep **** reasonably apprised of the progress of any such Action. **** may, at its option and sole expense, be represented by counsel of its choice, but all other costs associated with any such Action shall be at the sole expense of ****.

(ii) If, within **** after discovering or being notified by **** in writing of an alleged infringement that would be the basis of a potential Action for any alleged infringement of the Licensed Patent Rights in "Patent Family 2" and/or "Patent Family 5" (as described in Exhibit A) solely within the Field (a "Declined Action"), **** declines to commence such Action, then **** shall have the right, but not the obligation, to commence such Declined Action; provided that prior to commencing any such Declined Action, **** shall reasonably consider ****'s reasons for declining to commence the Action. In the event that **** elects, in its sole discretion, to commence such Declined Action, (A) **** shall reasonably consider ****'s input with respect to such Declined Action, including the interests of Existing Angiotech Licensees; (B) **** shall not enter into any settlement without the prior written consent of ****; and (C) **** agrees to reasonably cooperate with ****, including providing access to all necessary documents in ****'s control, executing all papers and performing such other acts as may be reasonably required for such Declined Action, such as consenting to be joined as a party plaintiff in such Declined Action, at **** sole expense. **** shall keep **** reasonably apprised of the progress of any such Declined Action. **** may, at its option and sole expense, be represented by counsel of its choice, but all other costs associated with any such Declined Action shall be at the sole expense of ****.

(iii) If, within **** after discovering or being notified by **** in writing of an alleged infringement that would be the basis of a potential Action for any alleged infringement of the Licensed Patent

Rights in "Patent Family 1", "Patent Family 3" and/or "Patent Family 4" (as described in Exhibit A) solely within the Field (an "Other Action"), **** declines to commence such Action, then **** shall have the right, but not the obligation, to present such issue to ****, **** may commence such Other Action; provided that (X) **** shall reasonably consider ****'s input with respect to such Other Action, including the interest of Existing Angiotech Licensees; (Y) **** shall not enter into any settlement without the prior written consent of ****; and (Z) **** agrees to reasonably cooperate with ****, including providing access to all necessary documents in ****'s control, executing all papers and performing such other acts as may be reasonably required for such Other Action, such as consenting to be joined as a party plaintiff in such Other Action, at **** sole expense. **** shall keep **** reasonably apprised of the progress of any such Other Action. **** may, at its option and sole expense, be represented by counsel of its choice, but all other costs associated with any such Other Action shall be at the sole expense of ****.

(d) Recoveries. Any damages or other recovery related to the Licensed Patent Rights, including compensatory and other non-compensatory damages or recovery actually received from a third party, shall be allocated first to reimburse the costs and expenses, including reasonable attorneys' fees and expert witness fees, of the Party controlling the matter that led to the damages or other recovery and then to reimburse the other Party for such costs and expenses, if any. Such reimbursement shall be made first from any compensatory damages, including attorneys' fees and costs recovered. Any remaining balance of damages or other recovery, if any, shall be considered Net Sales with **** receiving the applicable Revenue Share of such Net Sales and **** receiving the remaining balance."

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

1.18 Section 7.3(a)(i) of the Agreement is hereby amended by inserting the phrase "and/or Improvements" after the phrase "relating to the use of the Licensed Technology".

1.19 Section 8.2(c) of the Agreement is hereby amended by inserting the phrase "and/or patent rights to Improvements" after both instances of the phrase "any Licensed Patent Rights".

1.20 A new Section 8.5 is added to the Agreement as follows:

> "8.5 Sublicenses. If this Agreement terminates for any reason other than its natural expiration, then ****; provided that (a) the World Class Sublicensee is not in breach of its agreement with Histogenics and (b) the World Class Sublicensee was not the cause of this Agreement being terminated."

1.21 Section 10.5 of the Agreement is hereby amended by inserting the following phrase after the phrase "provided however, that" in the first sentence:

> ", to the extent feasible and to the extent permitted by applicable Regulatory Authorities,"

1.22 Section 10.7 of the Agreement is hereby amended and restated in its entirety to state as follows:

> "10.7 Assignment. "Without limitation to the rights set forth in Section 8.2(d) and (e), this Agreement and Histogenics' rights and obligations hereunder may not be sold, assigned or transferred, in whole or in part, to any third party without the consent of Angiotech, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, Angiotech's consent shall not be required for any such sale, assignment or transfer to the World Class Sublicensee on the condition that prior to such sale, assignment or transfer Histogenics has delivered to Angiotech a written undertaking in which the World Class Sublicensee agrees to be bound by the terms and conditions of this Agreement in the capacity of Histogenics.

2. Miscellaneous.

2.1 Entire Agreement; Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

2.2 Counterparts. This Fifth Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Fifth Amendment, it shall not be necessary to produce or account for more than one such counterpart.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Fifth Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date:

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date:

HISTOGENICS CORPORATION

By: /s/ F. Ken Andrews
Name: F. Ken Andrews
Title: CEO & President
Date: 8-6-10

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT D

DEFINITION OF NET SALES FOR WORLD CLASS SUBLICENSEE

"Net Sales" shall mean, for any period, the gross amount invoiced by the World Class Sublicensee or any of its affiliates or sublicensees for the sale of Eligible Products in the territory licensed to the World Class Sublicensee, less deductions for: (a) normal and customary trade, quantity and cash discounts and sales returns and allowances, including those granted on account of price adjustments, billing errors, rejected goods, damaged goods and returns, administration fees and chargebacks; (b) freight, postage, shipping and insurance expenses to the extent that such items are included in the gross amount invoiced and relate to outbound shipping from the place of manufacture to the purchaser; (c) customs and excise duties and other duties related to the sales, to the extent that such items are included in the gross amount invoiced; and (d) rebates and similar payments made with respect to sales paid for by any governmental or regulatory authority such as, by way of illustration and not in limitation of the Parties' rights hereunder, Federal or state Medicaid, Medicare or similar state program or equivalent foreign governmental program. Any of the deductions listed above that involves a payment by or on behalf of the World Class Sublicensee or any of its affiliates or sublicensees shall be taken as a deduction in the Calendar Quarter in which the payment is accrued by the World Class Sublicensee, its affiliate or sublicensee, as the case may be. For purposes of determining Net Sales, an Eligible Product shall be deemed to be sold when invoiced. The transfer by the World Class Sublicensee or any of its affiliates or any of its sublicensees of Eligible Product to the World Class Sublicensee, any of its affiliates or any of its sublicensees shall not result in any Net Sales nor shall transfers or dispositions of Eligible Product for pre clinical or clinical purposes or as samples, in each case without charge, result in any Net Sales. Net Sales shall be calculated using International Financial Reporting Standards, consistently applied.

CONFIDENTIAL TREATMENT REQUESTED

REINSTATEMENT AGREEMENT AND

SIXTH AMENDMENT TO LICENSE AGREEMENT

THIS REINSTATEMENT AGREEMENT AND SIXTH AMENDMENT TO LICENSE AGREEMENT (this "Reinstatement and Sixth Amendment"), effective February 8, 2011, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement"), copy of which is attached hereto;

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Original License Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into an Amendment to License Agreement, dated as of August 31, 2007, a Second Amendment to License Agreement, dated as of January 1, 2008, a Third Amendment to License Agreement dated as of April 15, 2008, a Fourth Amendment to License Agreement, dated as of November 1, 2008, and a Fifth Amendment to License Agreement, dated as of August 6, 2010 (the "Fifth Amendment"; and the Original License Agreement, as amended by the foregoing amendments, the "Agreement");

WHEREAS, pursuant to Section 3.2 of the Agreement, Histogenics elected to convert the Histogenics License to one of exclusivity by making full payment of the Exclusivity Payment pursuant to Section 3.2(a)(ii) of the Agreement, but failed to make the Revenue Share Reduction Payment prior to **** pursuant to Section 3.2(a)(iii) of the Agreement;

WHEREAS, Angiodevice, Angiotech US and Histogenics entered into the Fifth Amendment to extend the deadline for Histogenics to make the Revenue Share Reduction Payment to ****, to extend the deadline specified in Section 4.1 of the Agreement for ****, and to amend certain other provisions of the Agreement, including adding provisions relating to a potential sublicensing transaction between Histogenics and a certain sublicensee;

WHEREAS, because the potential sublicensing transaction with such sublicensee was not completed, Histogenics was not able to make the Revenue Share Reduction Payment by the extended deadline and, therefore, the deadline for ****;

WHEREAS, because Histogenics did not ****, Angiotech issued to Histogenics on January 19, 2011 a notice of termination of the Agreement for material breach pursuant to Section 8.2(a) (the "Termination Notice"), which notice specified a termination date of February 18, 2011 (the "Termination Date");

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to enter into this Reinstatement and Sixth Amendment to provide for reinstatement of the Agreement under certain conditions and, in the event such conditions are met, to amend certain provisions of the reinstated Agreement; and

WHEREAS, Angiotech US has ****;

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Definitions. Capitalized terms used in this Reinstatement and Sixth Amendment shall have the meaning given to them in the Agreement unless they are otherwise defined herein.

2. Reinstatement of the Agreement.

2.1 Angiodevice, Angiotech US and Histogenics acknowledge that the Agreement shall terminate as of the Termination Date. However, if no later than ****, Histogenics has fulfilled all of the following: (a) closed a bona fide financing of Histogenics with net proceeds to Histogenics of at least **** (the "Qualified Financing"); (b) paid to Angiotech one million dollars ($1,000,000) (the "Reinstatement Fee"); and (c) paid to Angiotech fifty thousand dollars ($50,000) (the "Annual Patent Fee"); then on the date that Histogenics fulfills the requirements of the last of (a), (b) and (c) (the "Reinstatement Date"), the Termination Notice shall be treated as if it were never given, the Agreement shall be deemed to have continuously been in full force and effect from the Termination Date to the Reinstatement Date, and the Agreement shall continue thereafter in accordance with its terms.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

2.2 If the Agreement is reinstated pursuant to Section 2.1 of this Reinstatement and Sixth Amendment, Angiotech hereby agrees not to ****. Angiotech hereby acknowledges that in the event that the Agreement were rejected pursuant to section 365 of the Bankruptcy Code, Histogenics would be entitled to the benefit of section 365(n) of the Bankruptcy Code and elect to either retain its rights under the Agreement or treat such contract as terminated pursuant and subject to such provision of the Bankruptcy Code.

3. Amendment to the Reinstated Agreement. The following amendments shall become effective as of the Reinstatement Date:

3.1 Sections 1.2, 1.5, 1.7, 1.10, 1.11, 1.12, 1.13, 1.16, 1.20, and 1.22 of the Fifth Amendment are hereby deleted in their entirety. Any sections of the Agreement amended by such sections of the Fifth Amendment shall revert to the language as it existed prior to the Fifth Amendment.

3.2 Section 1 of the Agreement is hereby amended by adding the following new definition of "Royalty Term":

> "Royalty Term" means, on a country by country and product by product basis, for each Eligible Product for a particular country in the Territory, the period commencing on the First Commercial Sale of such Eligible Product in such country and ending upon the date that is the last to occur of the following: ****.

3.3 The new language added to Section 3.1 of the Agreement by Section 1.8 of the Fifth Amendment is hereby amended and restated in its entirety as follows:

> "As further consideration for the Histogenics License, Histogenics shall pay to Angiotech (a) three million dollars ($3,000,000) within thirty (30) days after Histogenics receives Regulatory Approval from the FDA for an Eligible Product, and (b) the Annual Patent Fee described in Section 2.1(c) of the Reinstatement and Sixth Amendment plus an additional fifty thousand dollars ($50,000) on each of the three following anniversaries of the Qualified Financing (for an aggregate payment of two hundred thousand dollars ($200,000) pursuant to this Section 3.1(b)). For the avoidance of doubt, receipt of such Regulatory Approval by a permitted sublicensee shall trigger Histogenics' obligation to make the payment described in Section 3.1(a)."

3.4 Section 3.2(a)(iii) of the Agreement is hereby amended and restated in its entirety to state as follows:

> "(iii) The "Revenue Share Reduction Payment" means an aggregate payment of **** as follows: (A) the ****

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

**** Reinstatement Fee described in Section 2.1(b) of the Reinstatement and Sixth Amendment, plus (B) **** paid to Angiotech in six (6) equal quarterly installments of ****, with the first such quarterly payment to be made to Angiotech within ****. If Histogenics pays to Angiotech the full Revenue Share Reduction Payment according to the payment schedule described above, Histogenics shall thereafter be required to pay to Angiotech **** of Net Sales of those Eligible Products that contain living human cartilage cells and **** of Net Sales of those Eligible Products that do not contain living human cartilage cells. The payments of a percentage of Net Sales of Eligible Products as determined in this Section 3.2(a) shall be referred to herein as the "Revenue Share". Any failure to make a payment describe in (B) above on or before the applicable deadline will be considered a material breach of this Agreement as that term is used in Section 8.2(a)."

3.5 Section 3.2(b) of the Agreement is hereby amended and restated in its entirety to state as follows:

"(b) Obligation to pay Revenue Share. The obligation on Histogenics to pay a Revenue Share to Angiotech for a given Eligible Product in a given country as provided for in this Article 3 begins upon the First Commercial Sale for such Eligible Product in such country and ends at the end of the Royalty Term for such Eligible Product in such country. Histogenics shall make the first payment of Revenue Share to Angiotech after the end of the Calendar Quarter in which the First Commercial Sale of an Eligible Product in any country in the Territory occurs with the timing of such payment as described in Section 3.5."

3.6 Section 4.1 of the Agreement is hereby amended and restated in its entirety to state as follows:

****

3.7 Section 8.1 of the Agreement is hereby amended and restated in its entirety to state as follows:

"8.1 The term of this Agreement shall, subject to the early termination provisions specifically provided for herein, begin on the Effective Date and end upon the earlier of (a) thirty (30) years, and (b) the expiration of all royalty payment obligations' hereunder.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

4. Miscellaneous

4.1 Entire Agreement; Certification of Agreement. Except as specifically otherwise amended, as set forth herein, the Agreement shall continue in full force and effect.

4.2 Counterparts. This Reinstatement and Sixth Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Reinstatement and Sixth Amendment, it shall not be necessary to produce or account for more than one such counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Reinstatement and Sixth Amendment to be executed and delivered by the respective duly authorized officers as of the date first set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date: February 8, 2011

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date: February 8, 2011

HISTOGENICS CORPORATION

By: /s/ F. Ken Andrews
Name: F. Ken Andrews
Title: President & CFO
Date: February 10, 2011

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

SEVENTH AMENDMENT TO LICENSE AGREEMENT

THIS SEVENTH AMENDMENT TO LICENSE AGREEMENT (this "Seventh Amendment"), effective March 31, 2011, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of the Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice");

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics");

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacturer and use of CT3 (the "Original License Agreement"), a copy of which is attached hereto;

WHEREAS effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up;

WHEREAS, in connection with such sale of assets, Biomaterials assigned the Original License Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, Angiotech US, Angiodevice and Histogenics entered into an Amendment to License Agreement, dated as of August 31, 2007, a Second Amendment to License Agreement, dated as of January 1, 2008, a Third Amendment to License Agreement, dated as of April 15, 2008, a Fourth Amendment to License Agreement, dated as of November 1, 2008, a Fifth Amendment to License Agreement, dated as of August 6, 2010, and a Reinstatement Agreement and Sixth Amendment to License Agreement, dated as of February 8, 2011 (the "Reinstatement"); and the Original License Agreement, as amended by the foregoing amendments (the "Agreement");

WHEREAS, Angiodevice, Angiotech US and Histogenics entered into the Reinstatement for the purpose of reinstating the Agreement and setting forth the conditions for doing so;

WHEREAS, Angiotech US, Angiodevice and Histogenics have determined that it is in their best interests to enter into this Seventh Amendment to amend the date by which Histogenics must have closed a Qualified Financing as set forth in Section 2.1 of the Reinstatement;

WHEREAS, ****

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Definitions. Capitalized terms used in this Seventh Amendment shall have the meaning given to them in the Agreement unless they are otherwise defined herein.

2. Amendment of Section 2.1. Section 2.1 of the Reinstatement is hereby amended to read as follows:

2.1 Angiodevice, Angiotech US and Histogenics acknowledge that the Agreement shall terminate as of the Termination Date. However, if no later than **** (except as to clause (a), below, for which the date shall be no later than ****), Histogenics has fulfilled all of the following: (a) closed a bona fide financing of Histogenics with net proceeds to Histogenics of at least **** (the "Qualified Financing"); (b) paid to Angiotech one million dollars ($1,000,000) (the "Reinstatement Fee"); and (c) paid to Angiotech fifty thousand dollars ($50,000) (the "Annual Patent Fee"); then on the date that Histogenics fulfills the requirements of the last of (a), (b) and (c) (the "Reinstatement Date"), the Termination Notice shall be treated as if it were never given, the Agreement shall be deemed to have continuously been in full force and effect from the Termination Date to the Reinstatement Date, and the Agreement shall continue thereafter in accordance with its terms.

3. Miscellaneous.

3.1 Entire Agreement; Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

3.2 Counterparts. This Seventh Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Seventh Amendment, it shall not be necessary to produce or account for more than one such counterpart.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

IN WITNESS WHEREOF, the parties have caused this Seventh Amendment to be executed and delivered by the respective duly authorized officers as of the date first set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: ****
Name: ****
Title: ****
Date:

ANGIODEVICE INTERNATIONAL GmbH

By: ****
Name: ****
Title: ****
Date:

HISTOGENICS CORPORATION

By: /s/ Richard C. Vaillant
Name: Richard C. Vaillant
Title: CFO
Date: 3-24-11

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit 10.18

CONFIDENTIAL TREATMENT REQUESTED

EIGHTH AMENDMENT

TO

LICENSE AGREEMENT

THIS EIGHTH AMENDMENT TO LICENSE AGREEMENT (this "Eighth Amendment"), effective June 29, 2012, is by and among:

Angiotech Pharmaceuticals (US), Inc., a corporation organized and existing under the laws of the State of Washington, with principal offices at North Bend, WA ("Angiotech US");

Angiodevice International GmbH, a corporation organized and existing under the laws of Switzerland, with principal offices at Dammstrasse 19, Postfach, CH-6301 Zug, Switzerland ("Angiodevice" and, together with Angiotech US, the "Licensor"); and

Histogenics Corporation, a corporation organized and existing under the laws of the State of Delaware (formerly under the laws of Massachusetts), with principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 (formerly at 100 Hospital Road, Malden, MA 02148) ("Histogenics").

WITNESSETH

WHEREAS, Angiotech Biomaterials Corp. ("Biomaterials"), Angiodevice and Histogenics entered into that certain License Agreement, effective as of May 12, 2005, pursuant to which Biomaterials and Angiodevice licensed to Histogenics the right to use certain domestic and foreign patents, patent applications and know how relating to the manufacture and use of CT3 (the "Original License Agreement");

WHEREAS, effective as of November 4, 2005, all of the assets of Biomaterials were sold to Angiotech US and Biomaterials was wound up and in connection with such sale of assets, Biomaterials assigned the Original License Agreement to Angiotech US and Angiotech US assumed all rights and obligations of Biomaterials under the Original License Agreement as if it were the original party thereto;

WHEREAS, the Licensor and Histogenics entered into that certain Amendment to License Agreement, dated as of August 31, 2007, that certain Second Amendment to License Agreement, dated as of January 1, 2008, that certain Third Amendment to License Agreement, dated as of April 15, 2008, that certain Fourth Amendment to. License Agreement, dated as of November 1, 2008, that certain Fifth Amendment to License Agreement, dated as of August 6, 2010, that certain Reinstatement Agreement and Sixth Amendment to License Agreement, dated as of February 8, 2011, and that certain Seventh Amendment, effective as of March 31, 2011 (the Original License Agreement, as amended by the foregoing amendments, shall be referred to herein as the "Agreement");

WHEREAS, Section 4.1 of the Original License Agreement contained a diligence obligation requiring Histogenics to ****

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****;

WHEREAS, Histogenics desires to amend the Agreement to remove the provision requiring ****;

WHEREAS, Angiotech US, Angiodevice, and Histogenics have determined that it is in their best interests to amend the provisions regarding diligence obligations in Section 4.1 of the Agreement;

NOW, **THEREFORE**, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Angiodevice, Angiotech US and Histogenics hereby agree as follows:

1. Amendment.

1.1 Section 4.1 of the Agreement is hereby amended and restated in its entirety to state as follows:

> "4.1 Diligence Obligations. It is understood and acknowledged that part of the consideration for this License is Histogenics's intention to bring one or more Eligible Products to market through a program for exploitation of the Licensed Technology and, once commercialized, thereafter to continue active, diligent marketing and sales efforts for Eligible Products throughout the life of this Agreement.

2. Miscellaneous

2.1 Entire Agreement; Confirmation of Agreement. Except as specifically otherwise amended as set forth herein, the Agreement shall continue in full force and effect.

2.2 Counterparts. This Eighth Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures of the parties hereto will have the same effect as original signatures. In making proof of this Eighth Amendment, it shall not be necessary to produce or account for more than one such counterpart.

[Signature Page Follows]

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

IN WITNESS WHEREOF, the parties have caused this Eighth Amendment to be executed and delivered by the respective duly authorized officers as of the date set forth above.

ANGIOTECH PHARMACEUTICALS (US), INC.

By: /s/ ****
Name: ****
Title: ****
Date: June 29, 2012

ANGIODEVICE INTERNATIONAL GmbH

By: /s/ ****
Name: ****
Title: ****
Date: June 29, 2012

HISTOGENICS CORPORATION

By: /s/ Patrick O'Donnell
Name: Patrick O'Donnell
Title: President & CEO
Date: June 29, 2012

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Exhibit 10.19

CONFIDENTIAL TREATMENT REQUESTED

Paid-up License Agreement

THIS AGREEMENT made and entered into as of March 6, 2013 by and between KOKEN Co., Ltd. (hereinafter referred to as "KOKEN") and HISTOGENICS CORPORATION (hereinafter referred to as "HISTOGENICS").

WITNESSETH:

WHEREAS, KOKEN has developed extensive technical information related to manufacturing process of honeycomb materials (hereinafter referred to as "MATERIALS");

WHEREAS, HISTOGENICS continuingly purchases from KOKEN MATERIALS manufactured by KOKEN for clinical trial use under SUPPLY AGREEMENT dated April 1, 2003 between the parties;

WHEREAS, HISTOGENICS desires to obtain a non-exclusive right to use CONFIDENTIAL INFORMATION hereinafter defined for manufacturing MATERIALS suitable for commercial applications; and

WHEREAS, KOKEN is willing to grant to HISTOGENICS such right under the terms and conditions hereinafter contained;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties agree as follows:

Article 1 (Definitions)

As used in this Agreement,

(1) "CONFIDENTIAL INFORMATION" means any and all technical information and know-how owned by KOKEN which relate to manufacturing process of MATERIALS and which will be disclosed by KOKEN hereunder ****. CONFIDENTIAL INFORMATION includes the following information and

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documentation, but does not include any technical information related to collagen products;

- a flow chart of manufacturing process of MATERIALS.
- any information HISTOGENICS may access during FACTORY TOUR hereinafter defined.

(2) "FACTORY TOUR" means the factory tour at KOKEN Tsuruoka Factory now scheduled to be conducted from March 11 to 15, 2013.

Article 2 (Grant of License)

Subject to the terms and conditions herein contained, KOKEN hereby grants to HISTOGENICS a non-exclusive and non-transferable right without the right to sublicense to use CONFIDENTIAL INFORMATION for manufacture of MATERIALS suitable for commercial applications.

Article 3 (Disclosure of CONFIDENTIAL INFORMATION)

KOKEN will disclose CONFIDENTIAL INFORMATION to HISTOGENICS at FACTORY TOUR.

Attendant at FACTORY TOUR shall be limited to HISTOGENICS's employees with respect to whom KOKEN's prior written approval has been obtained.

Article 4 (Payment)

In consideration of the license granted and disclosure hereunder, HISTOGENICS shall pay to KOKEN ****, without any deduction, to the bank account designated by KOKEN within five(5) days from the execution dated hereof.

Article 5 ****

****, WITH RESPECT TO CONFIDENTIAL INFORMATION AND LICENSE GRANTED HEREUNDER, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR

PARTICULAR PURPOSE AND NO INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OF A THIRD PARTY.

Article 6 (Secrecy)

HISTOGENICS agrees to maintain CONFIDENTIAL INFORMATION in strict confidence and protect CONFIDENTIAL INFORMATION against unauthorized disclosure or access.

HISTOGENICS agrees not to make any disclosure of CONFIDENTIAL INFORMATION to any third party including ****, except to **** who have agreed in writing to receive it under the terms at least so restrictive as those specified in this Agreement.

HISTOGENICS agrees not to apply for any patent, utility model right or any other intellectual property right based on CONFIDENTIAL INFORMATION.

HISTOGENICS will ensure that its contract manufacturers use CONFIDENTIAL INFORMATION ****. HISTOGENICS will ensure that its contract manufacturers do not use CONFIDENTIAL INFORMATION ****.

Article 7 (Indemnification)

HISTOGENICS agrees to defend, indemnify and hold harmless KOKEN, its directors, officers and employees from and against any claims, actions or demands resulting from ****.

Article 8 (Termination)

KOKEN may, without prejudice to any other rights or remedies, terminate this Agreement by giving a written notice to HISTOGENICS with immediate effect, if the following event should occur;

(a) if HISTOGENICS fails to make any payment to KOKEN hereunder;

(b) if HISTOGENICS fails to perform any other obligation hereunder, which failure remains uncorrected for more than thirty (30) days after receipt of a written notice specifying the default; or

(c) if HISTOGENICS files a petition in bankruptcy, or a petition in bankruptcy is filed against it, or HISTOGENICS becomes insolvent, bankrupt, or goes into liquidation or receivership.

Upon termination of this Agreement, HISTOGENICS shall forthwith cease to use CONFIDENTIAL INFORMATION and return CONFIDENTIAL INFORMATION in tangible form to KOKEN.

The provisions of Articles 5 to 7 shall survive the termination of this Agreement.

Article 9 (Remedies)

HISTOGENICS acknowledges that CONFIDENTIAL INFORMATION is proprietary and valuable to KOKEN and KOKEN may incur irreparable harm and loss as a result of HISTOGENICS's breach of this Agreement and that in case of such breach, the monetary damages may not be an adequate remedy and KOKEN is entitled to seek not only the monetary damages, but also injunction in addition to any other remedies available for KOKEN at law or in equity.

Article 10 (Assignment)

This Agreement or any part of this Agreement may not be assigned by either party without the prior written consent of the other party.

"Assignment" under this Article includes any assignment due to merger, consolidation, reorganization, or otherwise.

Article 11 (Severability of Provisions)

In case where any provision of this Agreement is determined to be illegal or invalid, such illegality or invalidity shall not affect the validity and effect of the remaining provisions of this Agreement.

Article 12 (Entire Agreement and Amendment)

This Agreement shall constitute the entire agreement and understanding of KOKEN and HISTOGENICS as to the subject matter of this Agreement and supersedes all prior oral or written agreements, arrangements or understandings between KOKEN and HISTOGENICS.

This Agreement may be amended only in a writing signed by KOKEN and HISTOGENICS.

Article 13 (Governing Law)

This Agreement shall be governed and construed in accordance with the law of ****.

Article 14 (Arbitration)

Any dispute concerning this Agreement shall be settled by arbitration conducted by three arbitrators in accordance with the **** in ****. The arbitral award may be entered in any court having jurisdiction Over KOKEN and HISTOGENICS or their assets. Notwithstanding above, KOKEN may seek preliminary injunctive relief in any court of competent jurisdiction.

Article 15 (Headings)

The headings appearing in this Agreement are inserted for convenience of reference only and shall not form a part hereof.

IN WITNESS WHEREOF, KOKEN and HISTOGENICS have caused this Agreement to be executed by their duly authorized representatives in duplicate as of the date and year first above written.

KOKEN Co., Ltd.	HISTOGENICS CORPORATION
/s/ ****	/s/ Kevin McArdle
****	Kevin McArdle
****	Chief Financial Officer
Date Mar. 7, 2013	Date March 6, 2013

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

S98-181:RAS
Patent, Exclusive
March 28, 2001

EXCLUSIVE AGREEMENT

Effective as of April 15, 2001 ("Effective Date"), THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California ("STANFORD"), and Histogenics Corporation, a Massachusetts corporation having a principal place of business at 116 Pleasant Street, Suite 19, Easthampton, Massachusetts, 01027 ("LICENSEE"), agree as follows:

1. BACKGROUND

1.1 STANFORD has an assignment of "Restoration of Articular Cartilage Matrix" from the laboratory of R. Lane Smith ("Invention[s]"), as described in Stanford Docket S98-181, and any Licensed Patent(s), as hereinafter defined, which may issue to such Invention(s).

1.2 STANFORD has certain technical data and information as herein defined ("Technology") pertaining to Invention(s).

1.3 STANFORD desires to have the Technology and Invention(s) perfected and marketed at the earliest possible time in order that products resulting therefrom may be available for public use and benefit.

1.4 LICENSEE desires a license under said Technology, Invention(s), and Licensed Patent(s) to develop, manufacture, use, and sell Licensed Product(s) in the field of use of growth and regeneration of cartilage.

1.5 The Technology and Invention(s) were made in the course of research supported by ****.

2. DEFINITIONS

2.1 "Continuations-in-Part" means all continuation-in-part patent applications that are filed within two years of the original application and only to the extent that they cover technology disclosed, claimed in and dominated by the original application. The continuations-in-part also do not include continuations-in-part that have different named inventors than the original application or that are burdened by, for example, sponsored research or any other collaboration between STANFORD and a third party.

2.2 "Licensed Patent(s)" means any Letters Patent issued upon STANFORD's U.S. Patent Application, Serial Number ****, filed ****, and/or any divisions, continuations, Continuations-in-Part, or reissue thereof.

2.3 "Licensed Product(s)" means any product or part thereof in the Licensed Field of Use, the manufacture, use, or sale of which:

(a) Is covered by a valid claim of an issued, unexpired Licensed Patent(s) directed to the Invention(s). A claim of an issued, unexpired Licensed Patent(s) shall be presumed to be valid unless and until it has been held to be invalid by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken; or

(b) Is covered by any claim being prosecuted in a pending application directed to the Invention(s).

2.4 "Net Sales" means the gross revenue derived by LICENSEE and/or sublicensee(s) from Licensed Product(s), whether or not assembled (and without excluding therefrom any components or subassemblies thereof, whatever their origin and whether or not patent impacted), less the following items but only

insofar as they actually pertain to the disposition of such Licensed Product(s) by LICENSEE or sublicensee(s), are included in such gross revenue, and are separately billed:

(a) Import, export, excise and sales taxes, and custom duties;

(b) Costs of insurance, packing, and transportation from the place of manufacture to the customer's premises or point of installation;

(c) Costs of installation at the place of use; and

(d) Credit for returns, allowances, or trades.

2.5 "Licensed Field of Use" means the growth, ontogenesis, and regeneration of cartilaginous tissues (including articular, costal, auricular, meniscoid, and nasal cartilage), collagen, ligaments and tendons.

2.6 "Licensed Territory" means worldwide.

2.7 "Exclusive" means that, subject to Article 4, STANFORD shall not grant further licenses in the Licensed Territory in the Licensed Field of Use.

3. GRANT

3.1 STANFORD hereby grants and LICENSEE hereby accepts a license in the Licensed Field of Use to make, have made, use, have sold, offer to sell, sell, and import (but only to the extent that is consistent with Article 4 herein) Licensed Product(s) in the Licensed Territory.

3.2 Said license is Exclusive, including the right to sublicense pursuant to Article 13, in the Licensed Field of Use for a term commencing as of the Effective Date and ending on the first to occur of the following:

(a) ****; or

(b) ****;

****

****

3.3 STANFORD and VA Palo Alto Health Care System shall have the right to practice the Invention(s) and use the Technology for its own bona fide research, including sponsored research and collaborations. STANFORD shall have the right to publish any information included in Technology and Licensed Patent(s).

4. GOVERNMENT RIGHTS

This Agreement is subject to all of the terms and conditions of Title 35 United States Code Sections 200 through 204, including an obligation that Licensed Product(s) sold or produced in the United States be "manufactured substantially in the United States," and LICENSEE agrees to take all reasonable action necessary on its part as licensee to enable STANFORD to satisfy its obligation thereunder, relating to Invention(s).

5. DILIGENCE

5.1 As an inducement to STANFORD to enter into this Agreement, LICENSEE agrees to use all reasonable efforts and diligence to proceed with the development, manufacture, and sale or lease of Licensed Product(s) and to diligently develop markets for the Licensed

Product(s). Unless LICENSEE has fulfilled the obligations outlined in Appendix A, STANFORD may terminate this Agreement or portions of this Agreement as described therein.

5.2 Progress Report - On or before April 15 of each year until LICENSEE markets a Licensed Product(s), LICENSEE shall make a written annual report to STANFORD covering the preceding year ending March 31, regarding the progress of LICENSEE toward commercial use of Licensed Product(s). Such report shall include, as a minimum, information sufficient to enable STANFORD to satisfy reporting requirements of the U.S. Government and for STANFORD to ascertain progress by LICENSEE toward meeting the diligence requirements of this Article 5.

6. ROYALTIES

6.1 LICENSEE agrees to pay to STANFORD a noncreditable, nonrefundable license issue royalty of Thirty Thousand Dollars ($30,000) upon signing this Agreement.

6.2 By May 1, 2001, LICENSEE shall pay STANFORD **** as partial reimbursement for costs incurred by STANFORD in connection with the preparation, filing and prosecution of patent applications and maintenance of patents corresponding to the Invention(s) before the Effective Date.

6.3 Beginning April 15, 2002 and each April 15 thereafter, LICENSEE also shall pay to STANFORD a yearly royalty of Ten Thousand Dollars ($10,000). Said yearly royalty payments are nonrefundable, but they are creditable against earned royalties to the extent provided in Section 6.5.

6.4 In addition, LICENSEE shall pay STANFORD earned royalties on Net Sales as follows:

**** of Net Sales.

6.5 Creditable payments under this Agreement shall be an offset to LICENSEE against up to **** of each earned royalty payment which LICENSEE would be required to pay pursuant to Section 6.4 until the entire credit is exhausted.

6.6 LICENSEE shall also pay STANFORD the following development milestone payments:

(a) $35,000 (Thirty-Five Thousand Dollars) upon issuance of first Licensed Patent;

(b) $50,000 (Fifty-Thousand Dollars) upon initiation of Phase I clinical trials of the first Licensed Product in each field that requires separate FDA clinical approval (or similar foreign clinical approval). By way of example but not by limitation, if separate FDA trials are required for Licensed Product(s) in “cartilage” and “tendons” then this milestone would be triggered upon initiation of each respective FDA clinical trial;

(c) ****; and

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(d) ****.

6.7 If this Agreement is not terminated in accordance with other provisions hereof, LICENSEE shall be obligated to pay royalties hereunder until the latter of:

(a) ****, if no Licensed Patent(s) issues; or

(b) For so long as LICENSEE, by its activities would, but for the license granted herein, infringe a valid claim of an unexpired Licensed Patent(s) of STANFORD covering said activity. LICENSEE shall be obligated to pay royalties on all Licensed Product(s) that are either sold or produced under the license granted in Article 3, regardless of whether such Licensed Product(s) are produced prior to the Effective Date of this Agreement or sold after the expiration of the Licensed Patent(s).

6.8 The royalty on sales in currencies other than U.S. Dollars shall be calculated using the appropriate foreign exchange rate for such currency quoted by the Bank of America (San Francisco) foreign exchange desk, on the close of business on the last banking day of each calendar quarter. Royalty payments to STANFORD shall be in U.S. Dollars. ****

6.9 STANFORD and LICENSEE shall cooperate in matters relating to patent preparation, filing and prosecution under this Agreement. Within **** after receipt of a statement from STANFORD, LICENSEE shall reimburse STANFORD for all costs incurred by Stanford in connection with the preparation, filing and prosecution of all patent applications and maintenance of patents corresponding to the Invention(s) after the Effective Date. However, in cases where LICENSEE requests in writing **** that STANFORD not pursue such following action, LICENSEE does not assume financial or other responsibility for:

(a) the filing or prosecution of any appeal from a final or second rejection by an examiner of the Patent Office of any patent applications corresponding to the Invention(s), be it an appeal at the Patent Office or in federal court;

(b) the conduct of any interference in which the application or applications may become involved; and

(c) any foreign applications.

In such cases, STANFORD may at its independent option and expense pursue such rights.

7. ROYALTY REPORTS, PAYMENTS, AND ACCOUNTING

7.1 Quarterly Earned Royalty Payment and Report - Beginning with the first sale of a Licensed Product(s), LICENSEE shall make written reports (even if there are no sales) and earned royalty payments to STANFORD within **** after the end of each calendar quarter. This report shall be in the form of the report of Appendix A and shall state the number, description, and aggregate Net Sales of Licensed Product(s) during such completed calendar quarter, and resulting calculation pursuant to Section 6.4 of earned royalty payment due STANFORD for such completed calendar quarter. Concurrent with

the making of each such report, LICENSEE shall include payment due STANFORD of royalties for the calendar quarter covered by such report.

7.2 LICENSEE also agrees to make a written report to STANFORD within ninety (90) days after the expiration of the license pursuant to Section 3.2. LICENSEE shall continue to make reports pursuant to the provisions of this Section 7.2 concerning royalties payable in accordance with Article 6 in connection with the sale of Licensed Product(s) after expiration of the license, until such time as all such Licensed Product(s) produced under the license have been sold or destroyed. Concurrent with the submittal of each post-termination report, LICENSEE shall pay STANFORD all applicable royalties.

7.3 Accounting - LICENSEE agrees to keep and maintain records for a period of **** showing the manufacture, sale, use, and other disposition of products sold or otherwise disposed of under the license herein granted. Such records will include general ledger records showing cash receipts and expenses, and records which include production records, customers, serial numbers, and related information in sufficient detail to enable the royalties payable hereunder by LICENSEE to be determined. LICENSEE further agrees to permit its books and records to be examined by STANFORD from time to time to the extent necessary to verify reports provided for in Section 7.1 and 7.2. Such examination is to be made by STANFORD or its designee, at the expense of STANFORD, except in the event that the results of the audit reveal an underreporting of royalties due STANFORD of **** or more, then the audit costs shall be paid by LICENSEE.

7.4 LICENSEE agrees to ****. The audit shall address, at a minimum, the amount of gross sales by or on behalf of LICENSEE during the audit period, the amount of funds owed to STANFORD under this Agreement, and whether the amount owed has been paid to STANFORD and is reflected in the records of the LICENSEE. ****.

8. WARRANTIES

8.1 STANFORD represents to LICENSEE that:

(a) as of the Effective Date, Stanford's Office of Technology Licensing ****;

(b) as of the Effective Date and to the knowledge of Stanford's Office of Technology Licensing, ****;

(c) that STANFORD ****; and

(d) that ****; and

STANFORD's liability to LICENSEE in the event any of these representation are breached shall not exceed ****.

8.2 Nothing in this Agreement is or shall be construed as:

(a) A warranty or representation by STANFORD ****;

(b) A warranty or representation that ****;

(c) An obligation to ****;

(d) Granting by implication, estoppel, or otherwise ****; or

(e) An obligation to ****.

8.3 Except as expressly set forth in this Agreement, STANFORD MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

8.4 LICENSEE agrees that nothing in this Agreement grants LICENSEE any express or implied license or right under or to ****

9. INDEMNITY

9.1 LICENSEE agrees to indemnify, hold harmless, and defend STANFORD, Stanford Hospitals and Clinics, and their respective trustees, officers, employees, students, and agents against any and all claims for death, illness, personal injury, property damage, ****.

9.2 **** shall not be liable for any indirect, special, consequential or other damages whatsoever, whether grounded in tort (including negligence), strict liability, contract or otherwise. ****

9.3 LICENSEE shall at all times comply, through insurance or self-insurance, with all statutory workers' compensation and employers' liability requirements covering any and all employees with respect to activities performed under this Agreement.

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9.4 In addition to the foregoing, LICENSEE shall maintain, at least as soon as Phase I clinical trials for any Licensed Products are commenced, and continuing on through the term of this Agreement, Comprehensive General Liability Insurance, including Products Liability Insurance, with reputable and financially secure insurance carrier(s) to cover the activities of LICENSEE and its sublicensee(s). Such insurance shall provide minimum limits of liability of **** and shall include **** as additional insureds. Such insurance shall be written to cover claims incurred, discovered, manifested, or made during or after the expiration of this Agreement and should be placed with carriers with ratings of at least A- as rated by A.M. Best. Before any Phase I clinical trials for any Licensed Products are commenced, LICENSEE shall furnish a Certificate of Insurance evidencing primary coverage and additional insured requirements and requiring thirty (30) days prior written notice of cancellation or material change to STANFORD. LICENSEE shall advise STANFORD, in writing, that it maintains excess liability coverage (following form) over primary insurance for at least the minimum limits set forth above. All such insurance of LICENSEE shall be primary coverage; insurance of STANFORD and Stanford Hospitals and Clinics shall be excess and noncontributory.

10. MARKING

Prior to the issuance of patents on the Invention(s), LICENSEE agrees to mark Licensed Products (or their containers or labels) made, sold, or otherwise disposed of by it under the license granted in this Agreement with the words “Patent Pending,” and following the issuance of one or more patents, with the numbers of the Licensed Patent(s).

11. STANFORD NAMES AND MARKS

LICENSEE agrees not to identify STANFORD in any promotional advertising or other promotional materials to be disseminated to the public or any portion thereof or to use the name of any STANFORD faculty member, employee, or student or any trademark, service mark, trade name, or symbol of STANFORD, Stanford Hospitals and Clinics, or that is associated with any of them, without STANFORD’s prior written consent. Any use of STANFORD’s name shall be limited to statements of fact and shall not imply endorsement of LICENSEE’s products or services.

12. INFRINGEMENT BY OTHERS: PROTECTION OF PATENTS

12.1 LICENSEE shall promptly inform STANFORD of any suspected infringement of any Licensed Patent(s) by a third party. During the Exclusive period of this Agreement, STANFORD and LICENSEE each shall have the right to institute an action for infringement of the Licensed Patent(s) against such third party in accordance with the following:

(a) If STANFORD and LICENSEE agree to institute suit jointly, the suit shall be brought in both their names, the out-of-pocket costs thereof shall be borne equally, and any recovery or settlement shall be shared equally. LICENSEE and STANFORD shall agree to the manner in which they shall exercise control over such action. STANFORD may, if it so desires,

also be represented by separate counsel of its own selection, the fees for which counsel shall be paid by STANFORD;

(b) In the absence of agreement to institute a suit jointly, **** may institute suit, and, at its option, join **** as a plaintiff. If **** decides to institute suit, then it shall notify **** in writing. **** failure to notify **** in writing, within fifteen (15) days after the date of the notice, that it will join in enforcing the patent pursuant to the provisions hereof, shall be and be deemed conclusively to be **** assignment to **** of all rights, causes of action, and damages resulting from any such alleged infringement. **** shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery or settlement; and

(c) In the absence of agreement to institute a suit jointly and if **** notifies **** that it has decided not to join in or institute a suit, as provided in (a) or (b) above, **** may institute suit. **** shall bear the entire cost of such litigation, including expenses incurred by ****. Any recovery in excess of litigation costs will be shared with **** as follows:

1. ****;

2. ****.

LICENSEE and STANFORD agree to negotiate in good faith an appropriate compensation to **** for any non-cash settlement or non-cash cross-license. **** will not share in the portion of the recovery, if any, that is payment for ****

12.2 Should either STANFORD or LICENSEE commence a suit under the provisions of Section 12.1 and thereafter elect to abandon the same, it shall give timely notice to the other party who may, if it so desires, continue prosecution of such suit, provided, however, that the sharing of expenses and any recovery in such suit shall be as agreed upon between STANFORD and LICENSEE.

13. SUBLICENSE(S)

13.1 LICENSEE may grant sublicense(s) during the Exclusive period.

13.2 If LICENSEE is unable or unwilling to serve or develop a potential market or market territory for which there is a willing sublicensee(s), ****.

13.3 Any sublicense(s) granted by LICENSEE under this Agreement shall be subject and subordinate to terms and conditions of this Agreement, except:

(a) Sublicense terms and conditions shall reflect that any sublicensee(s) shall not further sublicense; and

(b) The earned royalty rate specified in the sublicense(s) may be at higher rates than the rates in this Agreement.

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Any such sublicense(s) also shall expressly include the provisions of Articles 7, 8, and 9 for the benefit of STANFORD and provide for the transfer of all obligations, including the payment of royalties specified in such sublicense(s), to STANFORD or its designee, in the event that this Agreement is terminated.

13.4 LICENSEE agrees to provide STANFORD a copy of any sublicense granted pursuant to this Article 13. Stanford's Office of Technology Licensing will keep such sublicense(s) confidential to the same degree it keeps its own licenses confidential and will only disclose detailed matter contained in such sublicense(s) under a confidential disclosure agreement(s) and on a need to know basis.

13.5 ****.

13.6 ****.

14. TERMINATION

14.1 LICENSEE may terminate this Agreement by giving STANFORD notice in writing at least thirty (30) days in advance of the effective date of termination selected by LICENSEE.

14.2 STANFORD may terminate this Agreement if LICENSEE:

(a) Is in default in payment of royalty or providing of reports;

(b) Is in breach of any provision hereof; or

(c) Provides any false report;

and LICENSEE fails to remedy any such default, breach, or false report within thirty (30) days after written notice thereof by STANFORD.

14.3 Surviving any termination or expiration are:

(a) LICENSEE's obligation to pay royalties accrued or accruable;

(b) Any cause of action or claim of LICENSEE or STANFORD, accrued or to accrue, because of any breach or default by the other party; and

(c) The provisions of Section 6.7(b), Articles 7, 8, and 9 and any other provisions that by their nature are intended to survive.

15. ASSIGNMENT

This Agreement may not be assigned except that LICENSEE may assign this Agreement and the rights and obligations arising hereunder to another acquiring substantially all of its business and assets.

16. ARBITRATION

16.1 Any controversy arising under or related to this Agreement, and any disputed claim by either party against the other under this Agreement excluding any dispute relating to patent validity or infringement arising under this Agreement, shall be settled by arbitration in accordance with the Licensing Agreement Arbitration Rules of the American Arbitration Association.

16.2 Upon request by either party, arbitration will be by a third party arbitrator mutually agreed upon in writing by LICENSEE and STANFORD within thirty (30) days of such

arbitration request. Judgement upon the award rendered by the arbitrator shall be final and nonappealable and may be entered in any court having jurisdiction thereof.

16.3 The parties shall be entitled to discovery in like manner as if the arbitration were a civil suit in the California Superior Court. The Arbitrator may limit the scope, time and/or issues involved in discovery.

16.4 Any arbitration shall be held at Stanford, California, unless the parties hereto mutually agree in writing to another place.

16.5 The prevailing party shall be entitled to receive from the other party reasonable attorney's fees and costs incurred in the arbitration and/or related thereto.

17. NOTICES

All notices under this Agreement shall be deemed to have been fully given when done in writing and deposited in the United States mail, registered or certified, and addressed as follows:

To STANFORD: Office of Technology Licensing
Stanford University
900 Welch Road, Suite 350 Palo Alto, CA 94304-1850

Attention: Director

To LICENSEE: Dr. Laurence J. Berlowitz-Tarrant
President
Histogenics Corporation
116 Pleasant Street, Suite 19
Easthampton, MA 01027

Either party may change its address upon written notice to the other party.

18. WAIVER

None of the terms of this Agreement can be waived except by the written consent of the party waiving compliance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals by their duly authorized officers or representatives.

S98-181:RAS
Patent, Exclusive
March 28, 2001

APPENDIX A

Diligence:

****

STANFORD may terminate the whole of this Agreement if LICENSEE or a sublicensee(s) has not sold Licensed Product(s) for a contiguous period of one (1) year after first commercial sale of Licensed Product(s).

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

S98-181:RAS
Patent, Exclusive
March 28, 2001

THE BOARD OF TRUSTEES OF THE LELAND STANFORD OR UNIVERSITY

Signature	/s/ ****
Name	****
Title	****
Date	April 18, 2001

LICENSEE

Signature	/s/ Laurence J. Berlowitz-Tarrant
Name	Dr. Laurence J. Berlowitz-Tarrant
Title	President
Date	

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit 10.22

CONFIDENTIAL TREATMENT REQUESTED

FIRST AMENDMENT
TO
EXCLUSIVE AGREEMENT

This First Amendment, effective as of October 26, 2005, by and between the Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California ("Stanford"), and Histogenics Corporation, a Massachusetts corporation ("Histogenics"), serves to amend the Exclusive Agreement between Stanford and Licensee, titled "Restoration of Articular Cartilage Matrix" dated April 15, 2001 and described in Stanford docket S98-181 (the "Agreement"). Stanford and Histogenics agree as follows:

1. Stanford and Histogenics acknowledge and agree that the Agreement, as amended, is valid and in good standing as of the Effective Date of this amendment.

2. Agreement to Agree. Stanford and Histogenics acknowledge and agree that (i) Stanford desires to establish new diligence requirements for Histogenics, similar to those previously provided for in Section 5.1 of the Agreement and Histogenics agrees that Histogenics must agree to amend section 5.1 within 3 (Three) months of the effective date of this amendment.

3. Histogenics desires to amend various terms of the Agreement including those related to the Agreement's term and royalty requirements. The parties agree to negotiate in good faith during the next 180 days to reach agreement on a further amendment to the Agreement to accomplish the foregoing.

IN WITNESS WHEREOF, the parties have executed this First Amendment in duplicate originals by their duly authorized officers or representatives.

The Board of Trustees of the Leland Stanford Junior University

Signature:	/s/ ****
Name:	****
Title:	****
Date:	Nov 1, 2005

Histogenics Corporation

Signature:	/s/ Laurence J.B. Tarrant
Name:	Laurence J.B. Tarrant
Title:	President
Date:	26 October 2005

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

SECOND AMENDMENT
TO
EXCLUSIVE AGREEMENT

This Second Amendment, effective as of January 15, 2006, by and between the Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California ("Stanford"), and Histogenics Corporation, a Massachusetts corporation ("Histogenics"), serves to amend the April 15, 2001 agreement between Stanford and Licensee as follows:

1. BACKGROUND

1.1 Stanford and Histogenics Corporation are parties to an Exclusive License Agreement effective April 15, 2001 covering "Restoration of Articular Cartilage Matrix" disclosed in Stanford Docket S98-181 ("Agreement").

1.2 Stanford and Histogenics have agreed to amend the Agreement with respect to the following provisions:

(a) term of license;

(b) royalties;

(c) creditable payments;

(d) milestone payments;

(e) assignment; and

(f) schedule of diligence milestones.

1.3 As a consequence, the parties are entering into this Second Amendment ("Amendment") in order to effectuate the parties' mutual agreement as to these matters.

2. AMENDMENT

2.1 **Term of License** Section 3.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Said license is Exclusive, including the right to sublicense pursuant to Article 13, in the Licensed Field of Use for a term commencing on the Effective Date and ending on the date of the last to expire of the Licensed Patents."

2.2 **Royalties** The royalty rate referenced in Section 6.4 of the Agreement is hereby amended from **** of Net Sales to **** of Net Sales.

2.3 **Creditable Payments** Section 6.5 of the Agreement is amended as follows:

"Yearly maintenance payments are nonrefundable, but they are creditable each year as follows:

The license maintenance fee for a year may be offset against earned royalty payments clue on Net Sales occurring in that year.

For example:

if Licensee pays Stanford a $10 maintenance payment for year Y, $15 in earned royalties are clue Stanford for Net Sales in year Y, Licensee will only need to pay Stanford an additional $5 for that year's earned royalties.

if Licensee pays Stanford a $10 maintenance payment for year Y, $3 in earned royalties are due Stanford for Net Sales in year Y, Licensee will not need to pay Stanford any earned royalty payment for that year. Licensee will not be able to offset the remaining $7 against a future year's earned royalties."

2.4 **Milestone Payments** Sections 6.6 (c) and (d) of the Agreement are hereby deleted in their entirety and replaced with the following new Section 6.6(c):

"(c) $300,000 (Three Hundred Thousand Dollars) upon FDA marketing approval of the first Licensed Product."

2.5 **Assignment** Section 15 of the Agreement is deleted in its entirety, and replaced with the following:

"15.1 Permitted Assignment by Licensee Subject to the conditions described below, Licensee may assign this Agreement as part of a sale, regardless of whether such a sale occurs through an asset sale, stock sale, merger or other combination, or any other transfer of:

Licensee's entire business; or

that part of Licensee's business that exercises all rights granted under this Agreement."

15.2 Any Other Assignment by Licensee Any other attempt to assign this Agreement by Licensee is null and void. Notwithstanding the foregoing, any assignment or deemed assignment of this Agreement as a result of a merger or transfer in connection with a mere reincorporation of Licensee in order to change its state of incorporation or domicile shall not be deemed a violation of this Agreement and is expressly permitted.

15.3 Conditions of Assignment Prior to any assignment, the following conditions must be met:

Licensee must give Stanford **** prior written notice of the assignment, including the new assignee's contact information; and

the new assignee must agree in writing to Stanford to be bound by this Agreement; and

****.

15.4 After the Assignment Upon a permitted assignment of this Agreement pursuant to this Section 15, Histogenics will be released of liability under this Agreement and the term "Licensee" in this Agreement will mean the assignee.

It is understood and agreed that the payment provisions and the limitations on assignment contained in Section 15 shall only apply to Histogenics and that once this provision has been complied with, such payment provisions and limitations on assignment shall not apply to any subsequent assignment by any assignee of Histogenics or its assignees."

2.6 **Diligence Requirements** Appendix A of the Agreement is hereby deleted in its entirety and amended as follows:

"**

****

Stanford may terminate this Agreement if Histogenics or a sublicensee(s) has not sold Licensed Products(s) for a continuous period of one (1) year after first commercial sale of Licensed Product(s)."

3. MISCELANEOUS

3.1 Stanford and Histogenics acknowledge and agree that the Agreement, as amended, is valid and in good standing as of the Effective Date of this Amendment.

3.2 Except as amended hereby, all other provisions of the Agreement remain in full force and effect.

3.3 The parties to this Amendment agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the original signature may have been used. The parties further waive any right to challenge the admissibility or authenticity of this document in a court of law based solely on the absence of an original signature.

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

IN WITNESS WHEREOF, the parties have executed this Amendment in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

Signature:	/s/ ****
Name:	****
Title:	****
Date:	June 1, 2006

HISTOGENICS CORPORATION

Signature:	/s/ Laurence J.B. Tarrant
Name:	Laurence J.B. Tarrant
Title:	President
Date:	May 31, 2006

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT NO. 3

TO THE

LICENSE AGREEMENT EFFECTIVE 04/15/2001

BETWEEN

STANFORD UNIVERSITY

AND

HISTOGENICS CORPORATION

Effective as of May 1, 2009, THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY ("Stanford"), an institution of higher education having powers under the laws of the State of California, and Histogenics Corporation a Delaware company having a primary place of business at 830 Winter Street, Waltham MA 02451, agree as follows:

1. BACKGROUND

Stanford and Histogenics are parties to a License Agreement effective April 15, 2001 ("Original Agreement") covering Restoration of Articular Cartilage Matrix disclosed in Stanford Docket S98-181.

Stanford and Histogenics wish to amend the Original Agreement to change the date in section 2.6(A) ****.

2. AMENDMENT

Section 2.6(A) of the Second Amendment dated January 15, 2006 shall be amended as follows:

Replace the third bullet under Section 2.6(A) to read as follows: ****

3. OTHER TERMS

3.1 All other terms of the Original Agreement, First and Second amendments remain in full force and effect.

3.2 The parties to this document agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the original signature may have been used. The parties further waive any right to challenge the admissibility or authenticity of this

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

document in a court of law based solely on the absence of an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

Signature:	/s/ ****
Name:	****
Title:	****
Date:	May 8, 2009

Histogenics Corporation

Signature:	/s/ F. Ken Andrew
Name:	F. Ken Andrew
Title:	CEO & President
Date:	May 6, 2009

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT NO. 4

TO THE LICENSE AGREEMENT EFFECTIVE 04/15/2001

BETWEEN

STANFORD UNIVERSITY

AND HISTOGENICS CORPORATION

Effective as of April 29, 2010, THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY ("Stanford"), an institution of higher education having powers under the laws of the State of California, and Histogenics Corporation, a Delaware corporation having its principal offices at 830 Winter Street, 3rd Floor, Waltham, MA 02451 ("Histogenics") agrees as follows:

1. BACKGROUND

Stanford and Histogenics are parties to an Exclusive Agreement effective as of April 15, 2001 (the "Original Agreement"), as amended by the First Amendment to Exclusive Agreement effective as of October 26, 2005 ("Amendment No. 1"), Second Amendment to Exclusive Agreement effective as of January 15, 2006 ("Amendment No. 2"), and Amendment No. 3 to the License Agreement effective as of May 1, 2009 ("Amendment No. 3 and together with the Original Agreement, Amendment No. 1 and Amendment No. 2, the "License Agreement"). The License Agreement covers Restoration of Articular Cartilage Matrix disclosed in Stanford Docket S98-181. Stanford and Histogenics wish to amend the License Agreement to change the date by when Histogenics will have certain products available for commercial sale.

2. AMENDMENT

The third bullet in Section 2.6(A) of Amendment No. 2 is amended to read as follows:

- Histogenics will have Licensed Products available for commercial sale no later than December 31, 2015

3. NO OTHER CHANGES

Except as set forth in this Amendment No. 4, the License Agreement remains in full force and effect and is hereby ratified and confirmed. In the event of any conflict between the terms of this Amendment No. 4 and the terms of the License Agreement, the terms of this Amendment No. 4 shall control.

4. EXECUTION IN COUNTERPARTS

This Amendment No. 4 may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. The parties agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the

original signature may have been used. The parties further waive any right to challenge the admissibility of authenticity of this document in a court of law based solely on the absence of an original signature.

5. ENTIRE AGREEMENT

The License Agreement, as modified by this Amendment, represents the entire agreement between Stanford and Histogenics relating to the subject matter hereof and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to the subject matter of the License Agreement.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 4 in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

Signature:	/s/ ****
Name:	****
Title:	****
Date:	April 29, 2010

HISTOGENICS CORPORATION

Signature:	/s/ F. Ken Andrew
Name:	F. Ken Andrews
Title:	CEO & President
Date:	4-29-10

**** CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit 10.28

LEASE AGREEMENT

by and between

INTERCONTINENTAL FUND III 830 WINTER STREET LLC,

as Landlord

and

HISTOGENICS CORPORATION,

as Tenant

With respect to the property known as

830 Winter Street,

Waltham, Massachusetts 02451

Dated as of

June 9, 2006

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LEASE AGREEMENT

THIS LEASE AGREEMENT (**"Lease"**) is made and entered into as of this 9th day of June 2006 by and between Intercontinental Fund III 830 Winter Street LLC, a Massachusetts limited liability company (**"Landlord"**), and Histogenics Corporation, a Massachusetts corporation (**"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 and provisions hereof, part of the Third Floor and part of the Basement (the **"Premises"**), as shown on **Exhibit "B"** attached hereto and made part of hereof, in the building (the **"Building"**) erected on certain land (the **"Land"**) located at 830 Winter Street, Waltham, Massachusetts 02451, and as more particularly described in **Exhibit "A"** attached hereto and made a part hereof. For purposes of this Lease, the property (the **"Property"**) shall mean the Land and all of the buildings now or hereafter located thereon. Tenant shall have, as appurtenant to the Premises, the non-exclusive right to use, and permit its invitees to use in common with Landlord and others, the elevators, walkways, driveways and access roads necessary for access to the Premises and the parking areas, loading areas, trash enclosures, pedestrian sidewalks, landscaped areas, recreation areas and other areas and facilities, if any, which are located on the Land and designated by Landlord from time to time for the non-exclusive use of tenants and other occupants of the Building or improvements on the Land (the **"Common Areas"**). In no event shall Landlord convert any portion of the First Floor Atrium of the Building into a separately demised area for the purpose of leasing the same to a specific tenant of the Building; provided, however, Landlord may create entrances from the First Floor Atrium to the South and East Wings of the First Floor in order to provide access to such areas for existing or future tenants. For purposes of this Lease, Tenant's proportionate share (**"Tenant's Proportionate Share"**) shall be calculated by dividing the total rentable area of the Premises (25,472 rentable square feet) by the total rentable area of the Building (182,106 rentable square feet). Landlord and Tenant acknowledge and accept the rentable square feet as set forth herein and neither Landlord nor Tenant shall have the right to demand remeasurement or recalculation of the rentable square feet with respect to the Premises or the Building; provided, however, that if the Building is expanded or reconfigured to increase its total rentable area, or if a material portion of the Common Areas of the Building are converted into a separately demised area and leased to a specific tenant of the Building, then Tenant's Proportionate Share shall be recalculated accordingly. It is hereby agreed that as of the Lease Commencement Date (as hereinafter defined), Tenant's Proportionate Share shall be equal to 13.99%.

2. LEASE TERM. The lease term (the **"Lease Term"**) shall commence upon the earlier to occur of either (a) the satisfaction of the following listed conditions: (i) the completion of Landlord's Work (as hereinafter defined), (ii) the completion of Tenant's Work (as hereinafter defined), and (iii) the issuance of a Certificate of Occupancy by the City of Waltham; or (b) the Rent Commencement Date (as defined in Section 3.1 below) (the **"Lease Commencement Date"**) and shall continue for a period of ten (10) years and nine (9) months after the Rent Commencement Date unless extended or terminated as provided in this Lease (the **"Expiration Date"**). Tenant shall, within ten (10) Business Days of receipt thereof, execute a Commencement Date Certificate substantially similar to the form attached hereto as **Exhibit "E"** confirming the Lease Commencement Date, the Rent Commencement Date and the Expiration Date. Notwithstanding the foregoing, if and to the extent the occurrence of the Lease Commencement Date is delayed beyond December 31, 2006 due to a Landlord Delay (as defined in Section 10.1 (d)) of which Landlord has received Landlord Delay Notice (as defined in Section 10.1 (d)), then the Rent Commencement Date shall be extended two (2) days for every one (1) day due to such Landlord Delay; and all other dates and time periods for increases in rental rates through the Lease Term, as set forth on **Exhibit "C"** attached hereto and made a part hereof, shall be extended for an equal number of days. In

addition, if and to the extent the occurrence of the Lease Commencement Date is delayed beyond February 28, 2007 due substantially and primarily to a Landlord Delay of which Landlord has received Landlord Delay Notice, Tenant shall have the option to terminate this Lease effective immediately upon written notice to Landlord. If Tenant elects to terminate this Lease, then this Lease shall be null and void and of no further force or effect, except Landlord agrees to immediately return to Tenant any pre-paid rent and/or Security Deposit.

3. RENT.

3.1 Fixed Rent and Additional Rent. Tenant shall pay fixed rent (**"Fixed Rent"**) beginning on April 1, 2007 (the **"Rent Commencement Date"**) in monthly installments each equal to one-twelfth (1/12) of the rate of the annual Fixed Rent (the **"Annual Fixed Rent"**), as set forth on **Exhibit "C"**, without prior notice or demand, and without any setoff or deduction whatsoever, in advance, on the first day of each month at such place as Landlord may direct. In addition to the Fixed Rent, and as more fully set forth below, Tenant shall pay to Landlord additional rent (**"Additional Rent"**). All amounts payable by Tenant to Landlord under this Lease other than Fixed Rent shall constitute Additional Rent and shall be paid without any setoff or deduction whatsoever as provided herein. **"Rent"** shall mean Fixed Rent and Additional Rent.

3.2 Late Payment. 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 Additional Rent (if any), shall be prorated for each calendar day of such partial month. If Tenant fails more than twice in any twelve (12) month period to pay any installment of Fixed Rent, Additional Rent or other sum payable by Tenant hereunder when due and such failure continues after written notice given by or on behalf of Landlord to Tenant for more than ten (10) days after its due date, it shall bear interest at a rate equal to the lesser of (i) twelve percent (12%) per annum and (ii) the maximum legal rate permitted by law (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 two and one-half percent (2.5%) of the late payment. 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 and (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.

4. REAL ESTATE TAXES.

4.1 Tax Year and Taxes. **"Tax Year"** shall mean a twelve (12) month period commencing on July 1 and falling wholly or partially within the Lease Term, and **"Taxes"** shall mean (a) all ad valorem real estate taxes, assessments (special or otherwise), levies, fees and all other government levies, exactions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen, which are, at any time prior to or during the Lease Term, imposed or levied upon or assessed against (i) the Premises or any portion thereof, or (ii) the Land (including Common Areas), and (b) Landlord's reasonable expenses of any proceeding to contest, determine or reduce any of the foregoing items included in Taxes, but the amount of special taxes or special assessments included in Taxes shall be limited to the amount of the installment (plus any interest, other than penalty interest, payable thereon) of such special tax or special assessment required to be paid during the year in respect of which such Taxes are being determined. There shall be excluded from Taxes (x) all Taxes assessed on buildings located on any portion of the Land other than the Building, and (y) all income, estate, succession, inheritance and transfer taxes of Landlord; provided, however, that if at any time during the Lease Term the present system of ad valorem taxation of real property shall be changed so that a capital

levy, franchise, income, profits, sales, rental, use and occupancy, or other tax or charge shall (a) in whole or in part be substituted for such ad valorem tax or (b) be imposed solely on or with respect to real property or the income generated thereby, and, in either case, be levied against, or be payable by, Landlord with respect to the Premises or any portion thereof, such tax or charge shall be included in the term "Taxes" for the purposes of this Article.

4.2 Payment of Taxes. Beginning on the Rent Commencement Date, Tenant shall pay to Landlord for each Tax Year, as Additional Rent, an amount equal to Tenant's Proportionate Share of the Taxes. Such amount shall be apportioned (i) to account for any adjustment in Tenant's Proportionate Share during any Tax Year, and (ii) for any partial Tax Year that falls in any portion of the Lease Term. Estimated payments by Tenant on account of Taxes shall be made on the first day of each and every calendar month during the term of this Lease, in the fashion herein provided for the payment of Fixed Rent. Promptly after receipt by Landlord of bills for such Taxes, Landlord shall provide copies of such bills to Tenant along with Landlord's allocation of the Taxes and Landlord's computation of Tenant's payment on account thereof. If estimated payments theretofore made by Tenant for the Tax Year covered by such bills exceed the required payment on account thereof for such Tax Year, Landlord shall promptly refund such overpayment to Tenant (less any amount then owed to Landlord by Tenant under this Lease, in which case Landlord promptly shall notify Tenant of such offset); but if the required payments on account thereof for such Tax Year are greater than estimated payments theretofore made on account thereof for such Tax Year, Tenant shall pay the difference to Landlord within thirty (30) days after being so advised by Landlord, and the obligation to make such refund or payment for any period within the Lease Term shall survive expiration of the Lease Term. Except for the foregoing reconciliation on account of Taxes for Tenant's estimated payments, Tenant shall not be liable to Landlord to pay any Taxes first billed to Tenant by Landlord more than one year after the end of the fiscal year in which Landlord received a final bill therefor.

4.3 Refund Sharing. If Landlord shall receive any refund or reimbursement of Taxes of which Tenant paid a share under this Lease, then out of any balance remaining thereof after deducting Landlord's reasonable expenses in obtaining such refund or reimbursement not previously included in such Taxes as provided above, Landlord shall pay to Tenant, a portion of such refund or reimbursement or sum in lieu thereof (apportioned if such refund or reimbursement is for a Tax Year a portion of which falls outside the applicable Lease Term) that bears the same proportion to the entire refund or reimbursement as the portion of Taxes (as to which the refund or reimbursement was obtained) paid by Tenant bears to the entire amount of such Taxes.

4.4 Abatement Initiated by Tenant. Tenant may from time to time (but not more frequently than once a year) request that a real estate tax abatement be sought on the tax parcel(s) on which the Premises and the Land are located, whereupon Landlord shall either (a) prosecute a contest of the tax and assessment basis of such tax parcel(s) and the taxes and assessment levied thereon, or (b) permit Tenant to contest on behalf of Landlord the tax and assessment basis of the tax parcel(s) on which the Premises and the Land are located and the taxes and assessments levied thereon. In the event Landlord makes the election described in clause (b) above and Tenant performs such contest, then Tenant (i) shall pay all costs and expenses in connection therewith, (ii) shall keep Landlord informed about the status of such contest, and (iii) shall indemnify and hold Landlord harmless from any and all costs, claims and liabilities relating thereto, provided that if Tenant is successful in obtaining a real estate tax abatement, Tenant shall be entitled to reimbursement from the abatement proceeds of its reasonable costs and expenses in connection with obtaining such abatement. Tenant shall not settle any tax abatement proceeding without the prior consent of Landlord, which shall not be unreasonably withheld or delayed. Furthermore, Tenant shall post with the applicable governmental authority any and all necessary bonds or deposits or similar security required by such authority so that Landlord's interests shall not be jeopardized by reason of such

contest by Tenant. Notwithstanding the foregoing, Landlord may refuse to permit or undertake any contest requested by Tenant as provided in this Section, so long as Landlord has a reasonable basis for doing so and promptly notifies Tenant thereof. Without limiting the generality of the foregoing: (x) the filing of a subdivision plan or the request for zoning relief or approvals, whether site plan approval, special permit or otherwise, shall be a reasonable basis for Landlord to refuse to permit or undertake any such contest; and (y) at any time when an Event of Default has occurred and remains outstanding, Landlord may refuse to permit or undertake any contest requested by Tenant or may require Tenant to terminate any contest then underway, and in such event, Tenant agrees to terminate any such ongoing contest.

5. OPERATING EXPENSES.

5.1 Payment of Operating Expenses; Definitions. Beginning on the Rent Commencement Date, Tenant shall pay to Landlord, as Additional Rent, Tenant's Proportionate Share of Operating Expenses (as hereinafter defined) in accordance with Section 5. The amounts due from Tenant under Section 5 are collectively referred to as **"Tenant's Proportionate Share of Operating Expenses"**. Payments by Tenant on account of Tenant's Proportionate Share of Operating Expenses shall be made monthly at the time and in the fashion herein provided for the payment of Fixed Rent. The amount so to be paid to Landlord shall be an amount from time to time reasonably estimated by Landlord to be sufficient to aggregate a sum equal to Tenant's Proportionate Share of Operating Expenses for each calendar year. Operating Expenses for any partial calendar year at the beginning or end of the Lease Term shall be prorated.

5.2 Certain Definitions.

(a) **"Building Operating Expenses"** means, without duplicating any cost included in Land Operating Expenses (as hereinafter defined), to the extent not borne directly by Tenant under this Lease, Landlord's cost of operating the Building, which shall include, without limitation: the cost of premiums for all insurance carried by Landlord on the Building, or in connection with the use and occupancy thereof, including but not limited to all risk, general liability, excess liability, rent loss (including extended rent loss coverage), boiler and equipment, flood and earthquake; the reasonable amount of any deductible from any insurance claim of Landlord (but only in the event of an actual claim paid and settled); compensation and all fringe benefits, worker's compensation insurance premiums and payroll taxes paid to, for or with respect to all persons directly engaged in managing the Building; the cost of steam, water, sewer, gas, oil and electricity, and other utility charges, excluding such utility charges separately chargeable to tenants, whether for additional or special services or otherwise; the cost of security and fire protection services, if any; the cost of property level accounting; and other expenses paid in connection with the Building and not related to operation, cleaning, maintenance or repair thereof that are the obligation of Tenant under this Lease.

(b) **"Land Operating Expenses"** means, without duplicating any cost included in Building Operating Expenses, Landlord's cost of operating and maintaining the Land, which shall include, without limitation: premiums for all general liability and excess liability insurance carried by Landlord on the Land; operational, maintenance and repair costs of easements benefiting the Land (including the cost of operation, maintenance and repair of any water loop providing fire protection to the Premises); costs of compliance with all Legal Requirements (as hereinafter defined) applicable to improvements on the Land other than buildings (provided, however, that any such cost that constitutes a capital expenditure shall be subject to the amortization requirements applicable to Ordinary Capital Improvements as hereinafter defined); the reasonable amount deductible from any insurance claim of Landlord (but only in the event of an actual claim paid and settled); compensation and all fringe benefits,

worker's compensation, insurance premiums and payroll taxes paid to, for or with respect to all persons directly engaged in operating or maintaining the Land; the cost of landscaping; the cost of maintenance; water, electricity, and other utility charges, excluding such utility charges separately chargeable to tenants, whether for additional or special services or otherwise; the cost of maintenance, repairs and replacements (other than repairs and replacements reasonably collectible from contractors under guarantees); the cost of snow, ice and sand removal; payments under service contracts with independent contractors; the cost of any Ordinary Capital Improvements, provided that the cost of any such Ordinary Capital Improvements shall be amortized over the customary useful life of the improvement in question, together with interest on the unamortized balance at a rate of four percent (4%) per annum (the **"Interest Rate"**); and other expenses paid in connection with operation or maintenance of the Land.

(c) **"Ordinary Capital Improvement"** means any capital improvement which (i) is required to be made in order to cause the Land or its systems to comply with all Legal Requirements, or (ii) is a replacement or repair of existing structures, systems, improvements or equipment necessary to keep the Common Areas in good repair and working order, taking into account the intended life of the relevant structure, system, improvement, or equipment.

(d) The Building Operating Expenses and the Land Operating Expenses are collectively referred to herein as the **"Operating Expenses"**.

(e) Notwithstanding the foregoing, Operating Expenses:

(i) shall not include any expense of further development of the Land, without limitation, any costs of site work, demolition, constructing additions to any existing buildings on the Property (including the Building), or new buildings on the Property, or otherwise further developing or redeveloping the Property;

(ii) shall not include any of the items specified in **Exhibit "D"**; and

(iii) shall be subject to the limitations specified in **Exhibit "D"**.

(f) With regard to any Operating Expenses that are incurred in connection with any Building service or system that is dedicated solely to servicing either (i) exclusively the laboratory uses in the Premises, or (ii) the laboratory uses in the Premises collectively with other laboratory uses being conducted within the Building (**"Lab Dedicated Expenses"**), such Lab Dedicated Expenses shall be equitably shared among all laboratory space tenants in the Building benefiting from such service, with respective shares of the Lab Dedicated Expenses being either (i) shared proportionally, based on the square footage served thereby, if applicable (such as wherever usage is not reasonably measurable by metering or other such measurement method), or (ii) separately metered for the various lab spaces being served thereby, but in any case equitably allocated by Landlord to account for consumption or use of such service or system resource.

5.3 Estimated Payments. Annually, Landlord shall render to Tenant a certified statement (such certification to include that the statement is (a) accurate and complete and (b) prepared in accordance with the terms, covenants, provisions and conditions of this Lease) in reasonable detail showing for the preceding calendar year or fraction thereof, as the case may be, the Operating Expenses and Tenant's Proportionate Share of Operating Expenses and prepared in accordance with Generally Accepted Accounting Principles (**"GAAP"**) consistently applied. The Landlord shall use diligent efforts to deliver the statement not later than ninety (90) days after the end of each calendar year or fraction thereof at the beginning or at the end of the Lease Term. Said statement to be rendered to Tenant also

shall show for the preceding calendar year or fraction thereof, as the case may be, the amounts of Operating Expenses already paid by Tenant. If at the time such statement is rendered it is determined with respect to any calendar year that Tenant has paid (i) less than Tenant's Proportionate Share of Operating Expenses or (ii) more than Tenant's Proportionate Share of Operating Expenses, then, in the case of (i) Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days of such statement the amounts of such underpayment and, in the case of (ii) Landlord shall refund such overpayment to Tenant within thirty (30) days (less any amount then owed to Landlord by Tenant under this Lease, in which case Landlord promptly shall notify Tenant of such offset). The obligation to make such payment or refund for any partial calendar year at the end of the Lease Term shall survive the Lease Term. In no event shall Tenant be obligated to make any payment with respect to any Operating Expense first billed to Tenant more than eighteen (18) months after the end of the calendar year in which the Operating Expense was incurred.

5.4 Tenant's Right to Review. Tenant shall have the right to examine, copy and audit Landlord's books and records relating to Operating Expenses and the allocation of expenses made by Landlord establishing Tenant's Proportionate Share of Operating Expenses for any calendar year for a period of eighteen (18) months following the date that Tenant receives the statement of Operating Expenses and Tenant's Proportionate Share of Operating Expenses for such year from Landlord. Tenant shall give Landlord not less than thirty (30) days' prior notice of its intention to examine and audit such books and records, and such examination and audit shall take place at Landlord's offices; provided, however, that so long as Landlord maintains an office in the Greater Boston Area, Landlord shall keep the books and records relating to the Premises in such office. All costs of the examination and audit shall be borne by Tenant; provided, however, that if such examination and audit establishes that the actual Operating Expenses or the amount allocated to Tenant's Proportionate Share of Operating Expenses for the year in question are less than the amount set forth as the annual Operating Expenses on the annual statement delivered to Tenant by at least four percent (4%), then Landlord shall pay the reasonable costs of such examination and audit. If, pursuant to such examination and audit, the payments made for such year by Tenant exceed Tenant's required payment on account thereof for such calendar year, Landlord shall promptly refund such overpayment. If the payments made by Tenant for such year are less than Tenant's required payment as established by the examination and audit, 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 payment or refund 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 calendar year within the time period provided for by this paragraph, Tenant shall have no further right to challenge Landlord's statement of Operating Expenses and Tenant's Proportionate Share of Operating Expenses.

6. UTILITIES AND OTHER SERVICES.

6.1 Essential Service and Service Interruption. Tenant shall pay, or cause to be paid, directly to the proper authorities charged with the collection thereof, all charges for any utilities or services directly metered to Tenant used or consumed in the Premises. For those utilities not directly metered to Tenant, to the extent feasible, Landlord shall either sub-meter such utility or determine Tenant's charge for the cost of such utility based on the comparative usage of such utility (such as undertaking a reasonable survey of electricity usage), and shall charge Tenant a utility charge for such service, which such charge shall specifically not be included in the Operating Expenses. At the start of the Lease Term, (a) electric service and natural gas supply will be provided to Tenant, at Landlord's option, through direct meters or sub-meters installed by Landlord at Landlord's expense; and (b) hot and cold water supply will be charged to Tenant based on estimated allocated usage as provided above. For all utility charges

Landlord will provide a full accounting of utility charges for the whole Building service and any of the allocated or sub-metered services under the whole Building service. Notwithstanding anything contained in this Lease to the contrary; if (i) an interruption, suspension or stoppage of an Essential Service (as hereinafter defined) shall occur, except any of the same caused by the negligence or intentional acts of Tenant or Tenant's employees, contractors, agents or invitees, or any person claiming by, through or under Tenant, or due to any Event of Casualty as provided for in Section 17 (any such interruption of an Essential Service being hereinafter referred to as a **"Service Interruption"**), and (ii) such Service Interruption occurs or continues as a result of the negligence or intentional acts of Landlord or Landlord's employees, contractors, agents or invitees, and (iii) such Service Interruption continues for more than three (3) consecutive Business Days (as hereinafter defined) after Landlord shall have received notice thereof from Tenant, and (iv) as a result of such Service Interruption, the conduct of Tenant's normal business operations in the Premises is materially and adversely affected, then there shall be an abatement of one day's Fixed Rent and Additional Rent for each day during which such Service Interruption continues after such three (3) consecutive 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 Fixed Rent and Additional Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal business operations or ability to use the Premises. For purposes hereof, the term **"Essential Service"** shall mean each of the following services: access to the Premises, water and sewer / septic service, HVAC service (to the extent controlled by Landlord), electricity and natural gas.

6.2 Water. Landlord shall provide water for fire protection purposes to the Premises during the Lease Term by means of the existing fire loop system and City of Waltham hydrants located at the Property, as the same may be improved or replaced from time to time. Landlord shall provide domestic water and water for the conduct of Tenant's business, utilizing the existing domestic water booster pumps, so that water pressure of between 80 – 100 pounds per square inch is delivered to the Premises.

6.3 Business Days and Business Hours. **"Business Days"** means Monday through Friday, excluding Saturdays, Sundays and federal or state legal holidays. **"Business Hours"** means 8:00 a.m. to 6:00 p.m. on Business Days.

6.4 Security. Landlord shall provide on-site security services to the Building on a 24 hours per day, 7 days per week, 52 weeks per year basis. Tenant shall have access to the Premises and the parking facilities on a 24 hours per day, 7 days per week, 52 weeks per year basis, with after-hours access provided via an electronic card access system.

6.5 Cafeteria. Landlord shall provide services to the existing cafeteria located in the Common Areas of the Building (th**e "Cafeteria"**) (whether operated by Landlord or by an independent contractor) for use by Tenant and other tenants and occupants in the Building; provided, however, that if Landlord's (or such contractor as Landlord may employ) commercially reasonable operation of the Cafeteria is sufficiently proven to Tenant to not be economically viable (i.e., incapable of operating other than at a net loss), as may be confirmed by Tenant's reasonable review of Landlord's books and operating records relating to the Cafeteria, at Tenant's election, then Landlord shall allow Tenant to either (i) elect to pay to the Cafeteria operator, on a monthly basis, its pro rata share (based on a fraction, the numerator of which would be the number of Tenant's employees, and the denominator of which would be the total number of employees of tenants in the Building that have elected to participate in use of the Cafeteria (the **"Cafeteria Pro Rata Share"**)) of the amount of money required each month to permit the Cafeteria operator's operation to break even; or (ii) elect not to pay such amount, in which case Landlord shall be relieved of the obligation to provide an operational Cafeteria. If Tenant elects to pay its Cafeteria Pro

Rata Share, then Landlord shall ensure that the Cafeteria remains operational and in any such month when the Cafeteria operator requires payment of the Cafeteria Pro Rata Share by Tenant (i.e., operates at a net loss), the Cafeteria operator will provide Tenant with a written statement of income and expenses for Tenant's review, along with Tenant's Cafeteria Pro Rata Share that is due. Landlord agrees that it shall not permit the employees of any tenant of the Building that does not elect to participate in using the Cafeteria to have access to or use of the Cafeteria and the services provided there. Tenant may elect at any time during the Lease Term to stop paying such Cafeteria Pro Rata Share to the Cafeteria operator, at which such time Landlord shall be relieved from any obligation to operate the Cafeteria. The operator of the Cafeteria from time to time may modify the hours of operation, the menu or the method of service; provided, however, that the Cafeteria will, at a minimum, be open on Business Days for service of breakfast food from 7:30 a.m. to 9:30 a.m. and service of lunch meals (the lunch menu consisting of at least one hot entrée, a cold cut bar and a salad bar each day) from 11:30 a.m. to 1:30 p.m. whenever the Cafeteria is required to be operational during the Lease Term.

7. SECURITY DEPOSIT; LETTER OF CREDIT.

7.1 Security Deposit. Tenant shall maintain on deposit with Landlord the sum of $458,496.00 (or such lower amount as specified for the Letter of Credit in Section 7.2 below) as security (the **"Security Deposit"**) for the faithful performance and observance by Tenant of the terms, covenants, conditions and provisions of this Lease. It is agreed that in the event Tenant defaults in respect of any of the terms, covenants, conditions and provisions of this Lease, including, but not limited to, the payment of Fixed Rent and Additional Rent, Landlord may use, apply or retain the whole or any part of the Security Deposit to the extent required for the. payment of any Fixed Rent, Additional Rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants, conditions and provisions of this Lease, including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all of the terms, covenants, conditions and provisions of this Lease, the Security Deposit shall be returned to Tenant, without interest, after the date fixed as the end of this Lease and after delivery of entire possession of the Premises to Landlord. In the event of a sale of the land and the building of which the Premises form a part, Landlord shall have the right to either (i) transfer the Security Deposit to Tenant and Landlord shall thereupon be released by Tenant from all liability for the return of such Security Deposit or (ii) transfer the Security Deposit to the new Landlord in which case Tenant agrees to look solely to the new Landlord for the return of said Security Deposit; provided, however, that the new Landlord has given Tenant written notice of receipt of said Security Deposit. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as the Security Deposit and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

In the event of any bankruptcy or other insolvency proceeding against Tenant, it is agreed that the Security Deposit held hereunder shall be deemed to be applied by Landlord to Rent and other charges due to Landlord for the last month of the Lease Term and each preceding month until such Security Deposit is fully applied.

7.2 Letter of Credit.

(a) Letter of Credit as Security Deposit. Simultaneously with the execution of this Lease, and in lieu of a cash Security Deposit in the amount of $458,496.00, Tenant shall deliver to Landlord (as beneficiary) a standby letter of credit (**"Letter of Credit"**) in the amount of $466,578.00,

attached hereto as **Exhibit "I"**, in form and content satisfactory to Landlord. Provided that Tenant shall not ever fail to pay any installment of Fixed Rent, Additional Rent or other sum payable by Tenant hereunder when due and such failure continues after written notice given by or on behalf of Landlord to Tenant for more than thirty (30) days after its due date, the Letter of Credit shall be (i) decreased to $150,000.00 after Tenant both (y) reaches Clinical II status and (z) either (A) has secured an additional $14,000,000.00 in funding or (B) has been acquired by a Biotech Affiliated Entity (as defined in Section 14.7 below) who provides substantial creditworthiness consistent with $14,000,000.00 in additional funding and who provides a guaranty of this Lease or otherwise becomes directly liable for this Lease as an assignee; and (ii) decreased to $0.00 after June 30, 2013. If Tenant ever fails to pay any installment of Fixed Rent, Additional Rent or other sum payable by Tenant hereunder when due and such failure continues after written notice given by or on behalf of Landlord to Tenant for more than thirty (30) days after its due date, the Letter of Credit then in effect shall remain in place (without reduction) for the balance of the Lease Term, except that if the Letter of Credit has already been decreased to $0.00, it shall be increased to the equivalent of two (2) months Fixed Rent at the then current rental rate, as set forth on **Exhibit "C"**. Notwithstanding anything to the contrary above, from and after the date which is thirty (30) days prior to the final expiry date of the initial Letter of Credit provided by Tenant to Landlord (the final expiry date being May 19, 2009), Tenant shall have the option to provide Landlord with a cash Security Deposit in the amount then applicable under this Lease in lieu of providing a replacement Letter of Credit. Landlord shall cooperate with Tenant by returning the cancelled Letter of Credit promptly after receipt of the cash Security Deposit.

(b) Requirements of Letter of Credit. The Letter of Credit shall be, among other things: (i) irrevocable and unconditional; (ii) in the amount of $466,578.00 (to be adjusted as provided for in Section 7.2 (a) above); (iii) conditioned for payment solely upon presentation of the Letter of Credit and a sight draft; and (iv) transferable one or more times by Landlord without the consent of Tenant.

(c) Transfer Fee. Tenant acknowledges and agrees that it shall pay upon Landlord's demand, as Additional Rent, any and all costs or fees charged in connection with the Letter of Credit that arise due to: (i) Landlord's sale or transfer of all or a portion of the Building; or (ii) the addition, deletion or modification of any beneficiaries under the Letter of Credit.

(d) Issuing Bank. The Letter of Credit shall be issued by a commercial bank, trust company or national banking association, which has outstanding, unsecured, uninsured and unguaranteed indebtedness, or shall have issued a letter of credit or other credit facility that constitutes the primary security for an outstanding indebtedness (which is otherwise uninsured and unguaranteed), that is then (and thereafter continues to be) rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation "A" or better by Moody's Investment Service (or its successor) and "A" or better by Standard & Poor's Ratings Service (or its successor) (and is not on credit-watch or similar credit review with negative implication), and has combined capital, surplus and undivided profits of not less than $1,000,000,000.00 In the event the issuer of the Letter of Credit is downgraded so that it no longer satisfies the rating requirements set forth in this Section 7.2 (d), Landlord shall have the right to require Tenant to procure a replacement Letter of Credit from an issuer that satisfies the rating requirements of this Section 7.2 (d) within fifteen (15) days after Landlord notifies Tenant of such requirement; provided that Landlord shall cooperate with Tenant in exchanging the existing Letter of Credit for the new Letter of Credit so that Tenant is not required to have two Letters of Credit outstanding simultaneously. Landlord hereby approves of Tenant's selection of TD Banknorth N.A. as the issuer of the initial Letter of Credit.

(e) Expiration of Letter of Credit. The Letter of Credit shall expire not earlier than twelve (12) months after the date of delivery thereof to Landlord and shall provide that same shall be

automatically renewed for successive twelve (12) month periods through a date which is not earlier than sixty (60) days after the Expiration Date of this Lease, or any renewal or extension thereof, unless written notice of nonrenewal has been given by the issuing bank to Landlord by registered or certified mail, return receipt requested, not less than sixty (60) days prior to the expiration of the current period. Notwithstanding the foregoing, the initial Letter of Credit shall have a final expiry date of May 19, 2009. If the issuing bank does not renew the initial Letter of Credit or if Tenant does not deliver a substitute Letter of Credit (to replace the initial Letter of Credit) at least thirty (30) days prior to the final expiry date, then, in addition to its rights granted under Section 7.1 above, Landlord shall have the right to draw on the existing Letter of Credit.

(f) Draws. Landlord may use, apply or retain the proceeds of the Letter of Credit to the same extent that Landlord may use, apply or retain the cash Security Deposit, as set forth in Section 7.1 above. Landlord may draw on the Letter of Credit, in whole or in part, from time to time, at Landlord's election. If Landlord partially draws down the Letter of Credit, Tenant shall, within ten (10) days after Landlord gives Tenant notice thereof, restore all amounts drawn by Landlord, or substitute cash security instead.

(g) Cooperation by Tenant. Tenant hereby agrees to cooperate, at its expense, with Landlord to promptly execute and deliver to Landlord any and all modifications, amendments, and replacements of the Letter of Credit, as Landlord may reasonably request to carry out the terms and conditions of Section 7.2.

8. USE OF PREMISES.

8.1 Permitted Uses. Tenant covenants and agrees to use and occupy the Premises only for general business and professional offices, research and development laboratories for the purpose of conducting clinical trials of autologous tissue growth (or other biotechnology or health science uses consistent in nature and scope with Tenant's specific intended use of the Premises and otherwise consistent with the facilities and infrastructure of the Building), light manufacturing, and customary uses accessory to the foregoing (the **"Permitted Uses"**). Tenant shall not use or occupy the Premises for any other purpose without the prior written consent of Landlord.

8.2 Prohibited Uses. Notwithstanding the provisions of Section 8.1, Tenant shall not use the Premises or allow the Premises to be used (i) so as to violate any of the terms, covenants, conditions or provisions of this Lease; (ii) for any illegal purpose; (iii) which, in the reasonable judgment of Landlord (taking into account the use of the Building as an office and laboratory facility and the Permitted Uses), shall (a) impair the appearance or reputation of the Building as a first-class office and laboratory facility, or (b) overload, impair, interfere with or otherwise diminish the quality of any of the Building systems or services, or (c) place any loads upon the floors, walls or ceiling which endanger the Building structure, or (d) use any machinery or equipment in the Premises or the Building which causes excessive noise or vibration, or (e) cause any unusual, objectionable or harmful emissions or odors to emanate from the Premises, or (f) place any harmful fluids or other materials in the drainage system of the Building, or (g) cause any waste materials or refuse to be dumped upon or permitted to remain outside of the Premises except in trash containers placed inside exterior enclosures designated by Landlord for that purpose; or (iv) so as to create waste, constitute a private or public nuisance, or unreasonably disturb other occupants of the Building in a manner and to a degree that is inconsistent with the Permitted Uses hereunder.

8.3 Hazardous Materials.

(a) Hazardous Materials. Tenant agrees not to generate, store or use any Hazardous Materials (as hereinafter defined) on or about the Premises, except such Hazardous Materials in such amounts (i) customarily used by Tenant in connection with its Permitted Uses, (ii) customarily used in connection with providing janitorial services to the Premises, and (iii) in both cases, limited to Tenant's proportionate share of Hazardous Materials (**"Tenant's Proportionate Share of Hazardous Materials"**) as defined in Section 8.3 (d) below, and in compliance with the Massachusetts State Building Code (780 C.M.R.) and any applicable Legal Requirements. Tenant agrees to provide Landlord with access to copies of all Material Safety Data Sheets (**"MSDS"**) for Hazardous Materials used at the commencement of the Lease Term and to provide access to copies of MSDS upon the introduction of any new Hazardous Materials. Tenant also agrees not to release or permit any Tenant Responsible Parties (as hereinafter defined) to release any Hazardous Materials in the Premises in violation of or that requires reporting under any Environmental Law, and not to dispose of Hazardous Materials (a) in the Premises or (b) from the Property to any other location except a properly approved disposal facility and then only in compliance with any and all Environmental Laws regulating such activity, nor permit any occupant of the Premises to do so. In accordance with Section 9 below, Tenant shall indemnify, defend, and hold harmless Landlord, and the holder of any mortgage on the Premises or any larger parcel of land of which the Premises may be a part, from and against any claim, cost, expense, liability, loss, obligation or damage, including, without limitation, attorney's fees and the cost of litigation, arising from or relating to the breach by Tenant or anyone claiming by, through or under Tenant of the provisions of this Section 8.3 (a), and shall immediately discharge or cause to be discharged any lien imposed upon the Premises or any larger parcel of land of which the Premises may be a part in connection with any such claim. For purposes of this Lease, **"Hazardous Materials"** shall mean any substance regulated under any Environmental Law, including those substances defined in 42 U.S.C. Sec. 9601(14) or any related or applicable federal, state or local statute, law, regulation, or ordinance, pollutants of contaminants (as defined in 42 U.S.C. Sec. 9601(33), petroleum (including crude oil or any fraction thereof), any form of natural or synthetic gas, sludge (as defined in 42 U.S.C. Sec. 6903(26A), radioactive substances, hazardous waste (as defined in 42 U.S.C. Sec. 6903(27)) and any other hazardous wastes, hazardous substances, contaminants, pollutants or materials as defined, regulated or described in any of the Environmental Laws. As used in this Lease, **"Environmental Laws"** means all federal, state and local laws relating to the protection of the environment or health and safety, and any rule or regulation promulgated thereunder and any order, standard, interim regulation, moratorium, policy or guideline of or pertaining to any federal, state or local government, department or agency, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (**"CERCLA"**), the Superfund Amendments and Reauthorization Act of 1986 (**"SARA"**), the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Marine Protection, Research, and Sanctuaries Act, the National Environmental Policy Act, the Noise Control Act, the Safe Drinking Water Act, the Resource Conservation and Recovery Act (**"RCRA"**), as amended, the Hazardous Material Transportation Act, the Refuse Act, the Uranium Mill Tailings Radiation Control Act and the Atomic Energy Act and regulations of the Nuclear Regulatory Agency, Massachusetts General Laws Chapters 21C and 21E and any other state and local counterparts or related statutes, laws, regulations, and order and treaties of the United States.

(b) Environmental Assessments. Tenant shall permit Landlord and Landlord's agents, representatives and employees (including, without limitation, legal counsel and environmental consultants and engineers) access to the Premises during the Lease Term upon at least two (2) Business Days prior written notice to the chief financial officer of Tenant or such other employee of Tenant as Tenant may designate to Landlord from time to time, and at reasonable times convenient to Tenant, for purposes of conducting environmental assessments. Landlord shall permit Tenant or Tenant's representatives to be present during any such assessment, and any investigation and sampling. Landlord

shall avoid materially interfering with Tenant's use of the Premises, and upon completion of Landlord's assessment, investigation, and sampling, shall substantially repair and restore the affected areas of the Premises from any damage caused by the assessment. Such assessment shall be at Landlord's expense, provided that if the assessment shows that a release of Hazardous Materials in violation of this Lease has occurred, then Landlord's actual, reasonable, out-of-pocket costs relating to such assessment shall be reimbursed by Tenant. Landlord shall permit Tenant or Tenant's representatives to be present during any test conducted as part of such assessment. If Landlord takes any samples from the Property in connection with any such assessment, Landlord shall give Tenant reasonable prior notice thereof and Tenant shall be permitted to take split samples, and, if Tenant so requests, Landlord shall provide to Tenant a portion of any sample being tested to allow Tenant, if Tenant so chooses, to perform its own testing.

(c) Tenant's Obligation to Remediate. Tenant shall investigate, assess, monitor and report as required by applicable Environmental Law, at Tenant's sole cost and expense, any release of Hazardous Materials required to be reported under any Environmental Law that arises out of the use, operation, or occupancy of the Premises or the Property by Tenant or any Tenant Responsible Parties during the Lease Term and any further period during which Tenant or any Tenant Responsible Party retains use, operation or occupancy of the Premises (a **"Tenant's Release"**). Further, Tenant shall remediate, in compliance with applicable Environmental Laws, at Tenant's sole cost and expense, any Tenant's Release requiring Response Action (as defined in 310 C.M.R. 40.0000). Tenant shall submit to Landlord for Landlord's prior approval a work plan outlining in reasonable detail any Response Action, remedial work, excavation, treatment, drilling, pumping, site restoration, monitoring or any other similar action (the **"Remedial Work"**) to be performed by Tenant hereunder (the **"Remedial Work Plan"**). Landlord shall not unreasonably withhold or delay its approval of such Remedial Work Plan if (i) it complies with all applicable Environmental Laws; and (ii) the Remedial Work outlined therein reasonably appears sufficient to remediate the releases to the level provided for in this Section. If Tenant is obligated to remediate a Tenant's Release under this Lease, Tenant shall be obligated to remediate Tenant's Release to a level that will permit the portion of the Property to be used for its highest and best use under applicable Legal Requirements (expressly excluding, however, any residential, child educational, day care, agricultural or horticultural use, except to the extent such uses are included in Landlord's then- current development plans for the Property), but in no event shall Tenant be obligated to remediate the release to a higher level than a commercially reasonable owner of similar property with similar development potential would undertake. Tenant shall make available to Landlord copies of drafts of any submittals to governmental authorities in connection with the Remedial Work for Landlord's review and comment at least seven (7) days prior to such submittal, and Tenant shall consider in good faith and incorporate as Tenant reasonably deems appropriate Landlord's comments thereon. Tenant shall sign any manifests or other documents as the waste generator for any Hazardous Materials it disposes of or sends off site or otherwise arising from a Tenant's Release. This Section 8.3 (c) shall survive the Lease Term and shall be subject to the provisions of Section 9. Tenant's remediation obligation set forth in this Section 8.3 (c) shall not limit Landlord's right to damages, if any, which Landlord may incur due to any unremediated Hazardous Materials resulting from a Tenant's Release.

(d) Tenant's Proportionate Share of Hazardous Materials. Tenant acknowledges that there are presently two (2) control areas ("Control Areas") on the Third Floor of the Building. Presently, one (1) Control Area is assigned to Praecis Pharmaceuticals Incorporated, who occupies the West Wing of the Third Floor, and the remaining Control Area shall be shared by all tenants (including Tenant hereunder) occupying the South and East Wings of the Third Floor. Tenant shall be entitled to maintain Tenant's Proportionate Share of Hazardous Materials of the remaining Control Area, which shall mean 63.78%, which is a fraction, the numerator of which shall be 24,871 rentable square feet (representing Tenant's Third Floor Premises) and the denominator of which shall be 38,997 rentable square feet (representing the total rentable area of the South and East Wings of the Third Floor).

8.4 Compliance with Legal and Insurance Requirements.

(a) Legal Requirements. Tenant, at Tenant's sole cost and expense, agrees to comply with all Legal Requirements applicable to the use, operation, or occupancy of the Premises by Tenant or Tenant's subtenants, employees, contractors, agents, servants, invitees, licensees or others for whom Tenant is legally responsible (collectively, with Tenant, **"Tenant Responsible Parties"**) or any Alterations made by or on behalf of Tenant or any Tenant Responsible Parties, and to provide Landlord with a copy of any notice alleging violation of any such Legal Requirement given to Tenant by any governmental authority or third party; except that Tenant may defer compliance so long as the validity of any such Legal Requirement shall be contested by Tenant in good faith and by appropriate legal proceedings, if such contest would not subject Landlord to any possible civil or criminal penalties and such consent would not place Landlord in default under any Mortgage applicable to the Premises, and if Tenant first gives Landlord appropriate assurance in Landlord's reasonable judgment against any loss, cost or expense on account thereof. If any present or future Legal Requirement requires any licenses or permits for Tenant's or any Tenant Responsible Party's particular use, operation, and occupancy of the Premises, Tenant will obtain and maintain such licenses and permits at Tenant's own expense, and, upon Landlord's request, will promptly provide copies to Landlord of all such licenses and permits. If any Legal Requirement requires any Alterations to the Premises, Tenant shall make all such Alterations at its sole cost and expense and in compliance with the terms hereof.

(b) Insurance Requirements. Tenant shall not do anything, or permit anything to be done, in or about the Premises that would: (i) invalidate or be in conflict with the provisions of or cause any increase in the applicable rates for any fire or other insurance policies covering the Building or any property located therein (unless Tenant pays for such increased costs), (ii) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord (which amounts shall be comparable to the amounts required by comparable landlords of comparable buildings, or (iii) result in the cancellation of any policy of insurance maintained by or for the benefit of Landlord. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body that shall hereafter perform the function of such Association.

9. INDEMNIFICATION. Tenant covenants and agrees to exonerate, indemnify, defend, protect and save Landlord, Landlord's managing agent and Landlord's mortgagee (if any) (**"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. Landlord covenants and agrees to exonerate, indemnify, defend, protect and save Tenant 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 Building or the Land causing injury to persons or damage to property; and (ii) the failure of Landlord to fully and faithfully perform the obligations and observe the conditions of this Lease. Notwithstanding the foregoing, Landlord's indemnification obligations in this Section 9 shall be limited to the extent of the coverage provided under Landlord's insurance for such indemnity. In no event shall Landlord be liable to Tenant for any punitive or consequential damages Tenant must pay (including, without limitation, damages for loss of business).

10. CONSTRUCTION.

10.1 Landlord's Work.

(a) Base Building Specifications. Landlord, at Landlord's sole cost and expense, shall perform the base building work (**"Landlord's Work"**) specified in the **"Base Building Specifications"**, attached hereto as **Exhibit "J"**. The Base Building Specifications shall include any items listed in the column labeled "Owner" in the Scope Allocation Matrix included in the **"Tenant Design Manual"**, attached hereto as **Exhibit "K"**. Subject to delays due to governmental regulation, unusual scarcity of or inability to obtain labor or materials, labor difficulties, casualty or other causes reasonably beyond Landlord's control (collectively, **"Landlord's Force Majeure"**) and Tenant Delay (as hereinafter defined), Landlord shall use reasonable care and diligence to complete Landlord's Work as quickly and efficiently as possible, but Tenant shall have no claim against Landlord for failure to complete Landlord's Work.

(b) Substantial Completion of Landlord's Work. Landlord's Work shall be deemed **"Substantially Complete"** when each of the following is complete: (a) Landlord's Work has been completed (Punchlist Items excepted) in accordance with the Base Building Specifications, attached hereto as **Exhibit "J"**; (b) each Essential Service as defined in Section 6.1 is installed and in good working order; and (c) Building fire alarms, sprinklers, smoke detectors, exit lights, life safety equipment and other Building code requirements are installed and fully operational.

(c) Tenant Delay. A **"Tenant Delay"** shall be defined as any act or omission by Tenant, or any agent, employee, consultant, contractor or subcontractor of Tenant, which causes an actual delay in the performance of Landlord's Work. Notwithstanding the foregoing, no event shall be deemed to be a Tenant Delay until and unless Landlord has given Tenant written notice (the **"Tenant Delay Notice"**) advising Tenant: (i) that a Tenant Delay is occurring, (ii) of the basis on which Landlord has determined that a Tenant Delay is occurring, and (iii) the actions which Landlord believes that Tenant must take to eliminate such Tenant Delay and Tenant has failed to correct Tenant Delay specified in Tenant Delay Notice within twenty-four (24) hours following receipt of Tenant Delay Notice. No period of time prior to the expiration of the cure period shall be included in the period of time charged to Tenant pursuant to such Tenant Delay Notice.

(d) Landlord Delay. A **"Landlord Delay"** shall be defined as any act or omission by Landlord, or any agent, employee, consultant, contractor or subcontractor of Landlord, which (x) is not a result of the priority granted to Landlord's Work, and (y) causes an actual delay in the performance of Tenant's Work. Notwithstanding the foregoing, no event shall be deemed to be a Landlord Delay until and unless Tenant has given Landlord written notice (the **"Landlord Delay Notice"**) advising Landlord; (i) that a Landlord Delay is occurring, (ii) of the basis on which Tenant has determined that a Landlord Delay is occurring, and (iii) the actions which Tenant believes that Landlord must take to eliminate such Landlord Delay and Landlord has failed to correct Landlord Delay specified in Landlord Delay Notice within twenty-four (24) hours following receipt of Landlord Delay Notice. No period of time prior to expiration of the cure period shall be included in the period of time charged to Landlord pursuant to such Landlord Delay Notice.

(e) Repair of Defective Work. Landlord agrees that it shall, without cost to Tenant, correct any portion of Landlord's Work which is found not to be in accordance with the requirements set forth in Section 10.3 (unless Tenant has previously given Landlord a written acceptance of such condition) provided, however, that Tenant gives Landlord written notice of such condition in accordance with the provisions of Section 31 promptly after it becomes aware of such condition. The provisions of this Section 10.1 (e) shall not relieve Landlord of any obligation which Landlord has to perform maintenance or make repairs pursuant to Section 13 of this Lease.

(f) Punchlist Items. Promptly following delivery of the Premises to Tenant with Landlord's Work with respect thereto Substantially Complete, Landlord, Tenant and their respective Construction Representatives shall inspect the Premises and mutually prepare a list of outstanding items which need to be completed to make Landlord's Work comply with the Base Building Specifications (**"Punchlist Items"**). Landlord shall use good faith to complete all Punchlist Items within sixty (60) days of the date of the Punchlist. If Landlord fails to complete any Punchlist Items as a result of Landlord's Force Majeure or Tenant Delay, Landlord shall have such additional time as is reasonably necessary to complete the delayed Punchlist Items.

10.2 Tenant's Work.

(a) Tenant Plans. In connection with the performance of the work necessary to prepare the Premises for Tenant's occupancy (**"Tenant's Work"**), Tenant, at Tenant's sole cost and expense, shall submit to Landlord for Landlord's reasonable approval an initial set of permit plans sufficient to permit Tenant to commence Tenant's Work (the **"Permit Plans"**) on or before May 31, 2006 (the **"Permit Plans Delivery Date"**) and a full set of construction drawings (the **"Final Construction Drawings"**) for Tenant's Work on or before the later of (i) June 30, 2006, or (ii) the date which is thirty (30) days after Landlord's approval of the Permit Plans (the **"Final Construction Drawings Delivery Date"**). The Permit Plans and the Final Construction Drawings are collectively referred to herein as the **"Tenant Plans"** and are attached hereto as **Exhibit "L"**. Landlord's approval of the Permit Plans (and the Final Construction Drawings, provided that the Final Construction Drawings are consistent with the Permit Plans), shall not be unreasonably withheld, conditioned or delayed provided the same comply with the requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building. Landlord's approval is solely given for the benefit of Landlord under Section 10.2 and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of Tenant Plans for any other purpose whatsoever. Without limiting the foregoing, Tenant shall be responsible for all elements of the design of Tenant Plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, fixtures and equipment), and Landlord's approval of Tenant Plans shall in no event relieve Tenant of the responsibility for such design. Landlord agrees to respond to any request for approval of the Permit Plans within five (5) Business Days of receipt thereof and to any request for approval of the Final Construction Drawings within five (5) Business Days of receipt thereof.

(b) Commencement of Tenant's Work. Tenant shall, on or before August 1, 2006 (the **"Tenant Work Commencement Date"**), commence the performance of Tenant's Work, and Tenant shall thereafter use reasonable care and diligence to complete Tenant's Work as quickly and efficiently as possible.

(c) Substantial Completion of Tenant's Work. Tenant's Work shall be deemed **"Substantially Complete"** when Tenant's Work has been completed (Punchlist Items excepted) in accordance with Tenant Plans, attached hereto as **Exhibit "L"**.

(d) Cost of Tenant's Work; Priority of Work. Except for the Construction Allowance, as set forth in Section 10.4, all of Tenant's Work shall be performed at Tenant's sole cost and expense, and shall be performed in accordance with the provisions of this Lease (including, without limitation, Sections 11 and 28). Tenant and Landlord shall each take necessary reasonable measures to ensure that Tenant's contractors and Landlord's contractors cooperate in all commercially reasonable ways with each other to avoid any delay in either Landlord's Work or Tenant's Work or any conflict with the performance of either Landlord's Work or Tenant's Work, Tenant acknowledging, however, that in the case of conflict that is not reasonably avoidable, the performance of Landlord's Work shall have

priority. Tenant shall pay to Landlord, as Additional Rent, within ten (10) days after demand therefor, any third-party charges incurred by Landlord (which shall be reasonably based on Tenant's usage) for the use of elevators and/or hoisting in connection with the performance of Tenant's Work. Tenant shall have access to the Premises and the Building on a 24 hours per day, 7 days per week, 52 weeks per year basis in order to perform Tenant's Work from and after the Lease Commencement Date. Landlord and Tenant recognize that to the extent Tenant elects to perform some or all of Tenant's Work during times other than normal construction hours, Landlord will need to make arrangements to have supervisory personnel on site. Accordingly, Landlord and Tenant agree as follows: Tenant shall give Landlord at least twenty-four (24) hours' notice of any time outside of normal construction hours (i.e., 7:00 a.m. to 3:30 p.m, Monday through Friday, excluding Saturdays, Sundays and federal or state legal holidays) when Tenant intends to perform portions of Tenant's Work (the **"After-Hours Work"**). If (i) Tenant performs After-Hours Work and (ii) such After-Hours Work involves access to occupied tenant areas, the roof, Common Areas or structure of the Building (including any of the Building systems or services), then Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for the cost of Landlord's supervisory personnel overseeing the After-Hours Work at the rate of $40.00 per hour. Landlord specifically agrees that there shall be no additional charge associated with Tenant's use of the Building freight elevator at any time.

10.3 Quality and Performance of Work. All construction work required or permitted by this Lease (whether constituting part of Landlord's Work or Tenant's Work) shall be done in a good and workmanlike manner by contractors approved by Landlord and in compliance with the building rules and regulations (**"Building Rules and Regulations"**) and construction rules and regulations (**"Construction Rules and Regulations"**) (collectively known and attached hereto as **Exhibit "F"**), 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 (collectively, **"Legal Requirements"**). Landlord hereby approves Tenant's selection of Olson Lewis Dioli & Doktor Architects and Planners Inc. (**"Tenant's Architect"**), AHA Consulting Engineers Inc, (**"Tenant's Engineer"**), and The Richmond Group (**"Tenant's Contractor"**) (each a **"Construction Representative"**; collectively, **"Construction Representatives"**) in connection with the performance of Tenant's Work. Each party authorizes the other party to rely upon the written approval or other written authorizations of any Construction Representative of the party designated by the party in connection with design and construction. All of Tenant's Work shall be coordinated with any work being performed by, or for, Landlord, and in such a manner as to maintain harmonious labor relations. Landlord shall use commercially reasonable efforts to resolve any labor dispute or stoppage that affects the Building or the completion of Landlord's Work or Tenant's Work. As used in this Section 10.3, "commercially reasonable efforts" shall mean, at Landlord's election, that Landlord shall provide Tenant with (i) an additional tenant improvement allowance, (ii) an extended rent abatement period, or (iii) some combination of sub- (i) and (ii) above to offset any additional costs incurred by Tenant as a direct result of any labor dispute or stoppage.

10.4 Construction Allowance.

(a) As an inducement to Tenant's entering into this Lease, Landlord shall provide to Tenant a special tenant improvement allowance of up to $125.00 per rentable square foot of the Premises demised to Tenant (i.e., a maximum of $3,184,000.00 based on 25,472 rentable square feet) (the **"Construction Allowance"**) to be used by Tenant to pay for the cost to construct Tenant's Work.

(b) 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 by Tenant to Landlord until the entirety of the Construction Allowance and any amounts loaned by Landlord pursuant to Section 10.6 below have been exhausted. For purposes of

Tenant's Work, **"Landlord's Proportion"** shall be a fraction, the numerator of which is the Construction Allowance plus any amounts loaned pursuant to Section 10.6 below, and the denominator of which is the total contract price for Tenant's Work. A **"requisition"** shall mean written documentation (including, without limitation, invoices from Tenant's contractors, vendors, service providers and consultants, partial lien waivers and subordinations of lien, as specified in M.G.L. Chapter 254, Section 32 (hereinafter, **"Lien Waivers"**) with respect to the prior month's requisition, and such other documentation as Landlord Parties may reasonably request) showing in reasonable detail the costs of the item in question or of the improvements installed to date in the Premises, accompanied by certifications from Tenant that the amount of the requisition in question does not exceed the cost of the items, services and work covered by such requisition. Each requisition shall be accompanied by evidence reasonably satisfactory to Landlord that items, services and work covered by the prior requisition have been fully paid by Tenant and that the work has been performed, including without limitation Lien Waivers from the providers of all such items, services and work covered by the prior requisition. Notwithstanding the foregoing, with respect to the first requisition for the Construction Allowance and any amounts loaned pursuant to Section 10.6 below, Tenant shall not be required to deliver Lien Waivers at the time of the requisition, but shall deliver Lien Waivers and evidence of payment of the requisition in full within five (5) days following payment of the Construction Allowance or any amounts loaned pursuant to Section 10.6 below with respect to such first requisition. Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each requisition in order to verify the amount thereof. Tenant shall not submit requisitions more often than once per month.

(c) Notwithstanding anything to the contrary contained herein:

(i) Landlord shall have no obligation to advance funds on account of the Construction Allowance or any amounts loaned pursuant to Section 10.6 below more often than once per month.

(ii) 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 Construction Allowance or any amounts loaned pursuant to Section 10.6 below paid directly to Tenant's contractors, vendors, service providers and consultants. In no event shall the Construction Allowance or any amounts loaned pursuant to Section 10.6 below be applied to any fees paid to Tenant or a Biotech Affiliated Entity (if any).

(iii) Landlord shall have no obligation to pay any portion of the Construction Allowance or any amounts loaned pursuant to Section 10.6 below in respect of any requisition submitted after the date (the **"Outside Requisition Date"**) which is one hundred and eighty (180) days after the completion of Tenant's Work; provided, however, that if Tenant certifies to Landlord that it is engaged in a good faith dispute with its contractor, such Outside Requisition Date shall be extended while such dispute is ongoing, so long as Tenant is diligently prosecuting the resolution of such dispute. Tenant shall not be entitled to receive any portion of the Construction Allowance or any amounts loaned pursuant to Section 10.6 below except to the extent that it has submitted requisitions, and/or made demand therefor, on or before the Outside Requisition Date.

(iv) In addition to all other requirements hereof, Landlord's obligation to pay the final requisition of the Construction Allowance or any amounts to be loaned pursuant to Section 10.6 below shall be subject to simultaneous delivery of all Lien Waivers relating to items, services and work performed in connection with Tenant's Work.

10.5 Conversion of Construction Allowance. If the total contract price for Tenant's Work shall be less than the Construction Allowance, then Tenant shall be entitled to apply any unused amount up to $10.00 per rentable square foot of the Premises demised to Tenant (i.e., a maximum of $254,720.00 based on 25,472 rentable square feet) towards the first twelve (12) monthly installments of the Annual Fixed Rent due hereunder (i.e., the twelve (12) monthly installments running from April 1, 2007 up to and including March 1, 2008).

10.6 Construction Loan. Upon Tenant's request, provided such request is made no later than one hundred and twenty (120) days after Tenant Work Commencement Date, Landlord hereby agrees to provide to Tenant a loan of up to $5.00 per rentable square foot of the Premises demised to Tenant (i.e., a maximum of $127,360.00 based on 25,472 rentable square feet) (or less at Tenant's election) to be used by Tenant to pay for the cost to construct Tenant's Work. Landlord shall fund the requested loan amount (the **"Construction Loan"**) in the same manner and time and subject to the same requirements as provided in Section 10.4 above with respect to the Construction Allowance. Beginning on the Rent Commencement Date, and thereafter during the Lease Term at the same time and place as provided herein for the payment of Fixed Rent hereunder, Tenant shall repay to Landlord, as Additional Rent, the total amount of the Construction Loan (amortized on a straight-line basis using an implied interest rate of nine percent (9%) per annum over the initial Lease Term) in equal monthly installments, or such shorter period as Tenant elects. If Tenant requests the Construction Loan, Landlord shall prepare, and the parties shall execute, an amendment to this Lease specifying the repayment schedule therefor.

10.7 Management Fee. In consideration of Landlord's costs associated with the review and supervision of Tenant's Work, Tenant shall pay to Landlord a $25,000.00 management fee (the **"Management Fee"**) to be paid in five (5) equal monthly installments of $5,000.00 each on (i) June 1, 2006, (ii) July 1, 2006, (iii) August 1, 2006, (iv) September 1, 2006, and (v) October 1, 2006. Other than the cost of Landlord's supervisory personnel overseeing the After-Hours Work provided for in Section 10.2 (d), Landlord and Tenant hereby agree that the Management Fee shall be inclusive of all of Landlord's costs associated with the review and supervision of Tenant's Work, and that no other payment relating to the same shall be due by Tenant to Landlord.

11. ALTERATIONS, ADDITIONS OR IMPROVEMENTS BY TENANT.

11.1 Alterations by Tenant. Other than Tenant's Work, which shall be governed by the provisions of Section 10 above, Tenant shall not make any alterations, additions, improvements or other changes in or to the Premises (**"Alterations"**) without the prior consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, provided that if the proposed Alterations will adversely affect the structural integrity of the Building, Landlord may withhold its consent to such Alterations in Landlord's sole discretion. Notwithstanding the foregoing, the consent of Landlord shall not be required with respect to any Alterations costing less than $100,000.00 in any given instance that do not perforate or penetrate the roof or other exterior portions of the Building in question and do not adversely affect the structural integrity of the Building. Without limitation, it shall not be unreasonable for Landlord to deny 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. All Alterations shall be subject to the provisions of Section 11.2 below.

11.2 Additional Covenants Regarding Alterations.

(a) All Alterations shall be made (i) at Tenant's sole cost and expense, (ii) according to plans and specifications approved in writing by Landlord (to the extent plans, specifications, and/or Landlord's consent is required), (iii) in compliance with all Legal Requirements, (iv) by a licensed contractor, and (v) in a good and workmanlike manner. For any Alterations which require plans to be submitted in connection with building permit or building code requirements, Tenant shall provide Landlord with copies of any such required plans, 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 accordance with applicable codes and requirements, including the requirements of the Americans with Disabilities Act (**"ADA"**). In the event that Tenant shall fail to pay the costs associated with Alterations on a timely basis, as a result of such failure, a statutory and/or common law lien is asserted against the Premises or the applicable Building, and Tenant shall fail, within ten (10) 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.

(d) Tenant agrees that Landlord will have the right to inspect any Alterations. In the performance of Alterations in accordance with this Lease, Tenant shall cause its contractor to use reasonable and diligent efforts not to interfere with ongoing operations on the rest of the Property outside of the Premises, 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 Building and Premises 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.

11.3 Removal of Alterations. Landlord shall notify Tenant in writing at the time of Landlord's approval of any Alterations, whether or not the proposed Alterations will be required to be removed by Tenant at the end of the Lease Term. Tenant shall be obligated to remove any Alterations that Landlord has not designated in writing will be permitted to remain in the Premises in accordance with Section 28.

12. TENANT MAINTENANCE AND REPAIR. Except as otherwise provided for in this Lease, Tenant agrees to keep the Premises in good order, condition and repair excepting only those repairs for which Landlord is responsible under the terms of this Lease, reasonable wear and tear, damage by fire or other casualty and condemnation excepted. Specifically, Tenant shall be responsible for the maintenance of the Premises and for the repair and replacement of any part of the Premises and the Building made necessary by reason of damage thereto caused by the negligence or intentional acts of Tenant or Tenant's employees, contractors, 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 expenses therefor, with interest accruing and payable thereon, in accordance with Section 22 below.

13. LANDLORD MAINTENANCE AND REPAIR. Except as otherwise provided for in this Lease, Landlord agrees to keep in good order, condition and repair the roof, public areas, exterior walls (including exterior glass) and structure of the Building (including all plumbing, mechanical and electrical systems installed by Landlord, but specifically excluding any supplemental heating, ventilation or air conditioning equipment or systems exclusively serving the Premises and installed at Tenant's request or as a result of Tenant's requirements in excess of building standard design criteria), all insofar as they affect the Premises, except that Landlord shall in no event be responsible to Tenant for the repair of glass in the Premises, the doors (or related glass and finish work) leading to the Premises, or any condition in the Premises or the Building caused by the negligence or intentional acts of Tenant or Tenant's employees, contractors, agents or invitees. Landlord shall also (a) keep and maintain all Common Facilities in good order, condition and repair, free of snow and ice and accumulation of dirt and rubbish, (b) provide for regular removal of trash and rubbish from the Property, and (c) keep and maintain all landscaped areas on the Property in a neat and orderly condition. Landlord shall not be responsible to make any improvements or repairs to the Building other than those expressly set forth in this Section, unless expressly provided for elsewhere in this Lease.

14. ASSIGNMENT AND SUBLETTING. 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 hereunder shall not constitute a waiver of strict future compliance by Tenant of the provisions of this Section 14 or a release of Tenant from the full performance by Tenant of any of the terms, covenants, provisions or conditions in this Lease. For purposes of this Section 14, any transfer or change in control of Tenant (or any subtenant, assignee or occupant) by operation of law or otherwise, shall be deemed an assignment hereunder, including, without limitation, any merger, consolidation, dissolution or any change in the controlling equity interests of Tenant or any subtenant, assignee or occupant (in a single transaction or series of related transactions). Any assignment or subletting in contravention of the provisions of this Section 14 shall be void. Notwithstanding anything to the contrary contained in this Section 14 or elsewhere in this Lease, any assignment or subletting shall be subject to the following further conditions and limitations:

14.1 Proposed Subtenants and Assignees. Except in the case of a Biotech Affiliated Entity (as defined in Section 14.7), in no event shall the proposed subtenant or assignee be (a) a prospective tenant (or its designee) who is discussing with Landlord (or Landlord's agent) its need for space in the Building, or who has so negotiated within the previous six (6) months; (b) a current tenant, subtenant, assignee or occupant of space in the Building; or (c) an Affiliate (as hereinafter defined) of a current tenant, subtenant, assignee or occupant of space in the Building. 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, subtenant, assignee or occupant.

14.2 Advertising. In no event shall Tenant advertise space (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.

14.3 Right to Share Profits.

(a) Except in the case of a Biotech Affiliated Entity (as defined in Section 14.7), 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) the 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 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) Except in the case of a Biotech Affiliated Entity (as defined in Section 14.7), 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) Upon request, Tenant shall furnish Landlord with a certified financial statement from its accountants summarizing the gross and net amounts received by Tenant from any subletting of the Premises or assignment of this Lease in order to verify the determination of Additional Rent payable under Section 14.3.

14.4 Right to Recapture. Except in the case of a Biotech Affiliated Entity (as defined in Section 14.7), Landlord shall have a right to recapture (**"Right to Recapture"**) as follows:

(a) Tenant's Marketing Notice. If Tenant shall desire (for marketing purposes only) to assign this Lease or sublet more than fifty percent (50%) of the rentable square footage of the Premises, Tenant shall give Landlord written notice thereof (**"Tenant's Marketing Notice"**), which shall be accompanied by: (i) a description of the portion of the Premises that Tenant proposes to sublet (the **"Recapture Premises"**), together with a floor plan thereof; and (ii) a notice of the proposed economic terms and conditions of the proposed assignment or sublease, including: (a) the sublease commencement date, (b) the sublease term, (c) the fixed rent, (d) all regularly scheduled items of additional rent, (e) the amount of any rental concession, (f) the amount of any tenant installation allowance, (g) any work to be performed by Tenant to prepare the Premises for occupancy by the proposed assignee or subtenant, and (h) any consideration to be paid for the acquisition of the Premises by reason of such assignment or sublease, or for the acquisition of Tenant's leasehold improvements or personal property.

(b) Tenant's Marketing Notice Triggers Recapture Option. Tenant's Marketing Notice shall be deemed an offer from Tenant to Landlord whereby Landlord shall then have the option to either: (i) cancel this Lease (in the case of an assignment of this Lease or a sublet of the entire Premises); or (ii) cancel this Lease with respect to the Recapture Premises only (in the case of a sublet of more than fifty percent (50%) but less than one hundred percent (100%) of the Premises). In either event, Landlord shall have thirty (30) days from receipt of Tenant's Marketing Notice to give Tenant written notice of its desire to recapture (**"Landlord's Recapture Notice"**), in which case this Lease shall end on the date (the

"Recapture Date") that is the earlier of (x) six (6) months from Landlord's receipt of Tenant's Marketing Notice, or (y) the proposed sublease commencement date set forth in Tenant's Marketing Notice, with the same force and effect as if such date were the date specified herein as the Expiration Date, 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.

(c) If Landlord Does Not Exercise Recapture Option. If Landlord does not exercise its Right to Recapture, Tenant shall have the right to assign this Lease or sublet the Premises in accordance with the terms of this Lease, subject to the following provisions:

(i) If Landlord does not exercise its Right to Recapture and Tenant does not deliver to Landlord Tenant's Assignment/Sublet Notice (as set forth in Section 14.5) with respect to a proposed assignment of this Lease or subletting of the Premises within six (6) months of Landlord's receipt of Tenant's Marketing Notice, then Tenant shall be required to deliver an updated Tenant's Marketing Notice and otherwise comply with the foregoing provisions before Landlord shall be required to make an election as to the exercise of its Right to Recapture.

(ii) If Landlord does not exercise its Right to Recapture and Tenant delivers to Landlord Tenant's Assignment/Sublet Notice (as set forth in Section 14.5) with respect to a proposed assignment of this Lease or subletting of the Premises within six (6) months of Landlord's receipt of Tenant's Marketing Notice, and such Assignment/Sublet Notice shall disclose: (a) in the case of an assignment, a deviation of more than four percent (4%) of the Consideration paid to Tenant by the assignee stated in Tenant's Marketing Notice, or (b) in the case of a sublease, a deviation of more than four percent (4%) of the Profits stated in Tenant's Marketing Notice, then Landlord shall once again have the right to exercise its right to recapture with respect thereto.

14.5 Tenant's Assignment/Sublet Notice. Except in the case of a Biotech Affiliated Entity (as defined in Section 14.7), if Tenant shall desire to assign this Lease or sublet all or part of the Premises, Tenant shall give Landlord notice thereof (**"Tenant's Assignment/Sublet Notice"**), which shall be accompanied by, (a) at Tenant's option, either (x) a conformed or photostatic copy of the proposed assignment or sublease (provided, however, that such proposed assignment or sublease need not be in executed form if accompanied by a writing signed by Tenant and the proposed assignee or subtenant indicating their intent to enter into the proposed assignment or sublease upon Landlord consenting thereto), and the proposed commencement date of which shall be at least thirty (30) days after the giving of Tenant's Assignment/Sublet Notice, or (y) a copy of a letter of intent (the **"Letter of Intent"**) executed by or on behalf of Tenant and the proposed assignee or subtenant setting forth the material business terms of the proposed assignment or sublease, and the proposed commencement date of which shall be at least thirty (30) days after the giving of Tenant's Assignment/Sublet Notice, and (b) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Premises, and (c) current financial information with respect to the proposed assignee or subtenant (including, without limitation, its most recent financial statements and credit reports). In the event Landlord does not exercise its Right to Recapture (or does not possess such an option) pursuant to Section 14.4 above, and Tenant is not in an Event of Default, and Tenant has complied with all the provisions of Section 14, then Landlord shall notify Tenant of its decision to consent (and, if appropriate, deliver to Tenant its consent document) (**"Landlord's Consent"**) within thirty (30) days of Landlord's receipt of Tenant's Assignment/Sublet Notice.

14.6 Legal and Administrative Costs. Upon Tenant's execution and delivery of Landlord's Consent (or, if there is no Landlord's Consent, within five (5) Business Days of receipt of Landlord's invoice), Tenant shall pay Landlord's reasonable legal and administrative costs and expenses incurred in processing each of Tenant's assignment and subletting requests, which shall be paid whether or not Landlord consents to such assignment or subletting.

14.7 Assignment and Subletting to a Biotech Affiliated Entity. The foregoing notwithstanding, if Tenant is not in an Event of Default under this Lease, Tenant may, on prior written notice to Landlord, but without Landlord's prior written consent, assign this Lease or sublet the Premises or a portion of the Premises (without a physical subdivision thereof) to a Biotech Affiliated Entity of Tenant. A **"Biotech Affiliated Entity"** shall be defined as (i) any entity that controls, is controlled by, or is under common control with, Tenant (whether control is by direct management, contract or otherwise), or (ii) any entity that succeeds to Tenant's business by merger, consolidation or other form of corporate reorganization; and both (a) has a net worth (exclusive of goodwill) after any assignment that is equal to or greater than Tenant's net worth both at the time that this Lease is executed and immediately prior to the merger, consolidation or reorganization in question, and (b) complies with all of the terms, covenants, conditions and provisions of Section 8 of this Lease. It is expressly provided, however, that any Biotech Affiliated Entity's Permitted Uses shall not be limited to "research and development laboratories for the purpose of conducting clinical trials of autologous tissue growth" as long as said Biotech Affiliated Entity complies with all of the other terms, covenants, conditions and provisions of Section 8 of this Lease, including but not limited to any limitations with regard to the generation, storage or use of Hazardous Materials. Tenant must furnish Landlord with such documents and information as Landlord may reasonably require to substantiate Tenant's compliance with the provisions of this Section 14.7 and the other applicable provisions of this Lease prior to the effective date of any assignment or subletting described in this Section 14.7. In addition, if any Biotech Affiliated Entity shall cease to be a Biotech Affiliated Entity, the sublease to it must be cancelled and the former Biotech Affiliated Entity must vacate the Premises immediately. Nothing herein shall be deemed to permit: (x) any assignee to further assign this Lease or sublet the Premises or any portion of the Premises; or (y) any subtenant to assign its sublease or further sublet the Premises or any portion of the Premises to any other party without Landlord's prior written consent.

15. ACCEPTANCE OF RENT; NEW DIRECTORY NAME.

15.1 Acceptance of Rent and/or New Directory Name. The acceptance of Rent and/or the listing or posting of any name, other than that of Tenant, whether on the door or exterior wall of the Premises, the Building's tenant directory in the lobby, elevator or elsewhere, shall not:

(a) Constitute a waiver of Landlord's right to withhold consent to any subletting or assignment pursuant to Section 14;

(b) Be deemed an implied consent by Landlord to any subletting of all or any part of the Premises, to any assignment or transfer of this Lease, or to any unauthorized occupancy of the Premises, except in accordance with the express terms of this Lease; or

(c) Operate to vest any right or interest in this Lease or in the Premises.

15.2 Right to Remove New Directory Name. Subject to the provisions of Section 14, any such listing as described above shall constitute a privilege extended by Landlord to Tenant, and shall be immediately revocable at Landlord's will by notice to Tenant.

16. 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 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 the 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), the 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.

17. FIRE OR OTHER CASUALTY.

17.1 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, after receipt of written notice thereof from Tenant, 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 sole judgment, the damage is of such nature or extent that more than one hundred and 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 then remains on the current Lease Term, 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.

17.2 In the event of fire or other casualty damage, provided this Lease is not terminated pursuant to the terms of Section 17.1 above and is otherwise in full force and effect, and sufficient casualty insurance proceeds are available for application to 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 (i) any of Tenant's Work, (ii) any of Tenant's Alterations, or (iii) any of Tenant's Personal Property (as hereinafter defined) which Tenant may have installed (whether or not Tenant is required to remove or leave the same in the Premises as of the expiration or earlier termination of this Lease) unless Tenant, in a manner satisfactory to Landlord, assures payment in full of all costs as may be incurred by Landlord in connection therewith.

17.3 Landlord shall not insure (i) any of Tenant's Work, (ii) any of Tenant's Alterations, or (iii) any of Tenant's Personal Property. Tenant shall, at its sole cost and expense, insure the value of such for the purpose of providing funds to Landlord to repair and restore the Premises as set forth above.

17.4 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 and 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 the Fixed Rent and Additional Rent otherwise payable by Tenant hereunder shall be equitably abated or adjusted for the duration of such impairment.

18. INSURANCE; WAIVER OF SUBROGATION.

18.1 Tenant's Insurance.

(a) Personal Property. Tenant agrees that all 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, shall be borne solely by Tenant. As used herein, **"Personal Property"** includes, but is not limited to, 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 Tenant's Work.

(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 determined by Landlord from time to time).

(d) Automobile Liability. Tenant shall maintain in full force and effect at all times, and at its own expense, automobile liability insurance for owned, non-owned and hired vehicles 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 $10,000,000.00 per occurrence. Umbrella liability coverage is to be in excess of the commercial general liability, automobile liability and employers' liability requirements outlined in Sections 18.1 (c), (d) and (e) above.

(g) Other. Any other form or forms of insurance as Landlord may reasonably require from time to time (other than insurance that Landlord is required to maintain) in amounts and for insurable risks against which a prudent tenant would protect itself to the extent landlords of comparable "biotech" and/or "life science" commercial properties located in the greater Boston/Cambridge/Waltham area where the Building is located require their tenants to carry such other form(s) of insurance.

(h) The liability coverage in the insurance policies required in Sections 18.1 (c), (d), (f) and (g) above shall name Landlord Parties as additional insureds on a primary non-contributing basis. All insurance policies required in Sections 18.1 (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 X (10) or larger or otherwise acceptable to Landlord. At or prior to the Lease Commencement Date, Tenant shall deposit with Landlord a certified copy of the insurance binder (countersigned by the insurer) or evidence of insurance (in ACCORD Form 27) 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. Such insurance policies shall contain a provision that the insurer will not cancel or refuse to renew the policy, or change in any material way the nature or extent of the coverage provided by such policy, without first giving at least thirty (30) days prior written notice to Landlord Parties. Tenant's failure to obtain and maintain the required insurance shall constitute an Event of Default under this Lease. If Tenant shall fail to remedy such Event of Default within five (5) Business Days after written notice by Landlord, Tenant will be liable for any and all costs, liabilities, damages and penalties resulting to Landlord Parties from such termination, unless a written waiver of the specific insurance requirement(s) is provided to Tenant by Landlord Parties.

18.2 Insurance During Construction. In addition, during the performance of any construction by Tenant in 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 $5,000,000.00 per occurrence (to be in excess of the commercial general liability and employers' liability requirements outlined in Sections 18.2 (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.

18.3 Waiver of Subrogation. 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) required to be maintained under this Lease, but not so maintained. 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.

18.4 Landlord's Insurance. Landlord shall, at all times during the Lease Term, keep the Building insured against fire and other casualty at its full replacement cost.

19. INSPECTION; ACCESS; CHANGES IN BUILDING FACILITIES.

19.1 Landlord, its agents, employees and contractors may enter the Premises at any time in response to an emergency and upon at least one (1) Business Day prior written notice (unless the visit will unreasonably disturb Tenant's lab conditions, in which case Tenant shall so advise Landlord and Landlord shall delay said visit for one (1) additional Business Day) and at reasonable times convenient to Tenant (i) to examine, inspect and protect the Premises and the Building; (ii) to make such repairs, replacements and improvements as Landlord may deem necessary and reasonably desirable to the Premises and the Building; and (iii) during the last six (6) months of the Lease Term, or any extension or renewal thereof, to show it to prospective tenants. 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. Notwithstanding anything in this Section 19.1 or this Lease to the contrary, (a) access to the clean room areas of the Premises must always be escorted by a representative of Tenant and must comply with all clean room procedures and precautions, (b) any access to the Premises by representatives of companies involved with the research, development or manufacture of cartilage, tendon or meniscus tissue must comply with appropriate confidentiality procedures imposed by Tenant and must at all times be escorted by a representative of Tenant, and (c) the conditions, restrictions and limitations on access to the Premises apply to all instances of access to the Premises by Landlord or its representatives (except in response to an emergency) whether provided for in this Section 19.1 or provided for in other Sections of this Lease (for example, see access pursuant to Section 8.3 (b) above and Section 19.2 below).

19.2 Subject to the provisions of Sections 8.3 (b) and 19.1, 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. 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 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.

19.3 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.

20. DEFAULT. Any other provisions in this Lease notwithstanding, it shall be a Tenant event of default (**"Event of Default"**) under this Lease if: (i) Tenant fails more than twice in any twelve (12) month period to pay any installment of Fixed Rent, Additional Rent or other sum payable by Tenant hereunder when due and such failure continues after written notice given by or on behalf of Landlord to Tenant for more than ten (10) days after its due date; or (ii) 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; or (iii) Tenant uses or occupies the

Premises other than as permitted hereunder; or (iv) Tenant violates Sections 14, 18, 23, 24 or 37 of this Lease; or (v) Tenant abandons or vacates the Premises without Landlord's prior written consent, or Tenant removes or attempts to remove or manifests an intention to remove any or all of Tenant's property from the Premises other than in the ordinary and usual course of business; or (vi) 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 (vii) if Tenant is a banking organization, Tenant files an application for protection, voluntary liquidation or dissolution applicable to banking organizations; or (viii) a custodian, receiver, trustee or liquidator of Tenant or of all or substantially all of Tenant's 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 (ix) Tenant shall generally not pay Tenant's debts as such debts become due, or 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 (x) any of the circumstances set forth in clauses (vi), (viii) or (ix) occurs as to any guarantor or surety of Tenant's performance under this Lease (a **"Guarantor"**), or such Guarantor defaults under or is in breach of any provision under its guaranty or suretyship agreement; or (xi) Landlord shall determine that any financial or other information provided to Landlord by or on behalf of Tenant or Guarantor shall be or have been materially false or misleading; or (xii) there is committed by Tenant any other act or omission which is stated in this Lease to be an Event of Default. The notice and grace period provisions in clauses (i) and (ii) above shall have no application to the Events of Default referred to in clauses (iii) through (xii) above.

21. LANDLORD'S RIGHTS AND REMEDIES.

21.1 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) 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 property, which lien is to be in addition to Landlord's lien now or hereafter provided by law.

(d) 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.

(e) Deferred / Abated Rent / Unamortized Costs. Landlord may declare any deferred or abated rent under this Lease and any unamortized costs of improvements made by Landlord to the Premises and any unamortized leasing commissions paid or payable by Landlord in connection with this Lease immediately due and payable.

21.2 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.

21.3 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.

21.4 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.

21.5 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.

22. 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.

23. ESTOPPEL CERTIFICATES.

23.1 Tenant Estoppel Certificate. Upon request, and within ten (10) Business Days written notice given by or on behalf of Landlord, Tenant shall execute and deliver to Landlord, as appropriate, a Tenant Estoppel Certificate substantially similar to the form attached hereto as **Exhibit "G"**, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom Landlord may be dealing. Tenant's failure to execute and deliver Tenant Estoppel Certificate within ten (10) Business Days notice shall (i) constitute an Event of Default and (ii) serve to irrevocably appoint Landlord as Tenant's attorney-in-fact to execute and deliver such certificate for and on behalf of Tenant.

23.2 Landlord Estoppel Certificate. Upon request, and within ten (10) Business Days written notice given by or on behalf of Tenant, Landlord shall execute and deliver to Tenant, as appropriate, an estoppel certificate certifying (to the extent correct, or if incorrect specifying why incorrect) (i) the form of this Lease and all amendments thereto, (ii) whether there are any known defaults outstanding on behalf of Landlord or Tenant, (iii) that this Lease is in full force and effect, and (iv) any other matter reasonably requested (it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom Tenant may be dealing).

24. SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT.

24.1 This Lease and the estate, interest and rights hereby created are subordinate to any mortgage now or 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, 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.

24.2 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 Subordination, Non-Disturbance and Attornment Agreement substantially similar to the form attached hereto as **Exhibit "H"**, 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 24 and such parties' requirements. Tenant's failure to execute and deliver the Subordination, Non-Disturbance and Attornment Agreement

within ten (10) Business Days notice shall (i) constitute an Event of Default and (ii) serve to irrevocably appoint Landlord as Tenant's attorney-in-fact to execute and deliver such agreement for and on behalf of Tenant.

24.3 In addition, and within ten (10) Business Days written notice given by or on behalf of Landlord, Tenant will from time to time enter into such amendments of this Lease as may be reasonably required by a lender to Landlord.

25. CONDOMINIUM CONVERSION CONTINGENCY.

25.1 The Premises are located in the Building which is erected on the Land which comprises the Property owned by Landlord; and

25.2 The Property may be further enlarged and/or improved with additional buildings (provided that no such enlargements or improvements shall have a material adverse impact on Tenant's rights under this Lease); and

25.3 Landlord, on behalf of itself and its successors and assigns, reserves the right to convert the Property, and all of the buildings now or hereafter located thereon, to the condominium form of ownership pursuant to Massachusetts General Laws Chapter 183A (the **"Condominium"**); and

25.4 Upon the conversion of the Property to the Condominium, Tenant will cooperate in the negotiation and execution of commercially reasonable documentation which confirms that the Premises will be described in the Master Deed of the Condominium (the **"Master Deed"**) as part or all of a unit in the Condominium (the **"Unit"**) and shall be subject to said Master Deed and also to an agreement which governs the rights and obligations of the owners of such units (the **"Declaration of Trust"**) (the Master Deed, the Declaration of Trust and any by-laws and rules or regulations promulgated thereunder are referred to collectively as the **"Condominium Documents"**); and

25.5 Landlord and its successors and assigns shall be subject to the Condominium Documents; and

25.6 Tenant agrees that in connection with the creation of the Condominium, Tenant will cooperate in the negotiation and execution of commercially reasonable documentation which confirms that this Lease shall be subject and subordinate to the Condominium Documents and that Tenant's leasehold interest will be converted to a leasehold interest in all or a demised portion of an individual unit in the Condominium and an interest in common with others to use common areas of the Condominium that are ancillary to Tenant's Premises under this Lease. The Condominium Documents shall provide commercially reasonable protection of Tenant's existing rights under this Lease with the intent that Tenant's use and occupancy of the Premises and all appurtenant rights under this Lease (including, without implied limitation, the right to the Building Rules and Regulations under this Lease uniformly enforced against all tenants of the Building) shall not be materially adversely affected. As applicable, the trustees under the Declaration of Trust and any owners of other units in the Condominium shall enter into supplemental agreements recognizing the rights of Tenant under this Lease. Tenant's leasehold interest under this Lease is confirmed to be the superior interest in the Building, Land and Property relative to any subsequently imposed Condominium Documents, and the subordination of the Lease to any subsequently imposed Condominium Documents can only be effected by the execution by Tenant of a subordination agreement as referred to above.

25.7 Landlord shall reimburse Tenant for the reasonable expenses for attorneys' fees, and outside consultants and professionals in connection with Tenant's review and approval of the Condominium Documents and the negotiation and execution by Tenant of related documentation. In no event shall any expenses related to the creation of the Condominium be included in the Operating Expenses payable by Tenant, and to the extent the creation of the Condominium causes an increase in the Operating Expenses that would be paid by Tenant above the amounts that would be paid if there were no Condominium, then the Operating Expenses shall be adjusted accordingly so that Tenant is not responsible for paying such increased costs.

26. FINANCIAL STATEMENTS. Upon request, and within fifteen (15) Business Days written notice given by or on behalf of Landlord, Tenant shall furnish Landlord with current financial statements (including, without limitation, its most recent balance sheet, year-to-date operating statement and profit and loss statement) reflecting Tenant's current financial condition, along with written evidence of ownership and management of Tenant and any entities which directly or indirectly control, are controlled by, or are under common control with Tenant.

27. 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 (i) as liquidated damages for such holding over alone, an amount, calculated on a per diem basis for each day of such unlawful retention, equal to the greater of (a) twice the Annual Fixed Rent, or (b) the established market rental for the Premises, for the time Tenant thus remains in possession, plus, in each case, all Additional Rent and other sums payable hereunder, and (ii) all other damages, costs and expenses sustained by Landlord by reason of Tenant's holding over. 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.

28. YIELD UP.

28.1 Covenant. Tenant agrees, on or before the expiration or earlier termination of the Lease Term, to surrender all keys to the Premises, to remove, at Tenant's sole cost and expense, Tenant's Personal Property, and to yield up the Premises, broom clean, cleaned and decommissioned as required by Section 28.2, in the same condition in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease, reasonable use and wear and tear and damage by fire or other casualty or condemnation excepted. In no event shall Tenant be required to surrender the Premises in any better condition than they were in on the Lease Commencement Date or thereafter improved.

28.2 Tenant's Removal Obligation. The property that Tenant is required to remove from the Premises pursuant to Section 28.1 above consists of all trade fixtures, manufacturing materials and supplies, work in process, any other Personal Property (whether or not attached to the Building); provided, however, that no later than one hundred and twenty (120) days prior to the Expiration Date of this Lease, Tenant and Landlord shall agree upon a specific list of items which Tenant shall be required to remove from the Property. Landlord specifically agrees that the initial improvements to the Premises as shown on the Tenant Plans incorporated by reference as **Exhibit "L"** can remain in the Premises at the end of the Lease Term and that Tenant shall not be required to remove the same. Tenant shall patch or cap any damage to the Premises caused by removal of any of the foregoing, but shall not be required to further repair such damage. Further, Tenant shall clean and otherwise decommission (or, at Tenant's election, remove) all process piping, process supply lines, process waste lines and process plumbing in the Premises, and all exhaust or other ductwork in the Premises, in each case which has carried or

released any Hazardous Materials other than the permitted Hazardous Materials (the **"Permitted Hazardous Materials"**), a list of which is attached hereto as **Exhibit "M"**, and shall otherwise clean the Premises so as to permit the report hereinafter called for by this Section 28.2 to be issued. Within thirty (30) days after completion of such cleaning and decommissioning as to the Building, Tenant, at Tenant's expense, shall obtain for Landlord a report addressed to Landlord (and, at Tenant's election, Tenant) by a reputable licensed environmental engineer that is designated by Tenant and acceptable to Landlord in Landlord's reasonable discretion, which report shall be based on the environmental engineer's inspection of such Building and shall show:

(a) That the Hazardous Materials carried or processed by such supply lines, waste lines, and plumbing or released through such exhaust or ductwork, to the extent, if any, existing prior to such decommissioning, have been removed as necessary so that the remaining process piping, process supply lines, process waste lines and process plumbing, and all such exhaust or other ductwork, may be disposed of in compliance with applicable Environmental Laws without taking any special precautions for Hazardous Materials (excluding asbestos or asbestos-containing materials), without incurring special costs (as hereinafter defined) or undertaking special procedures (as hereinafter defined) for demolition, disposal, investigation, assessment, cleaning or removal of Hazardous Materials (excluding asbestos or asbestos-containing materials or any Hazardous Materials currently existing as part of the Building or other improvements) and without incurring regulatory compliance requirements or giving notice in connection with Hazardous Materials (excluding asbestos or asbestos-containing materials or any Hazardous Materials currently existing as part of the Building or other improvements); and

(b) That the Premises may be reoccupied for use consistent with Tenant's Permitted Uses, demolished or renovated without taking any special precautions for Hazardous Materials (excluding (x) asbestos or asbestos-containing materials and (y) any Hazardous Materials currently existing as part of the Building or other improvements), without incurring special costs or undertaking special procedures for disposal, investigation, assessment, cleaning or removal of Hazardous Materials (excluding (x) asbestos or asbestos-containing materials and (y) any Hazardous Materials currently existing as part of the Building or other improvements), and without incurring regulatory requirements or giving notice in connection with Hazardous Materials (excluding (x) asbestos or asbestos containing materials and (y) any Hazardous Materials currently existing as part of the Building or other improvements).

(c) For purposes of Sections 28.2 (a) and (b): (i) materials previously or hereafter generated from operations shall not be deemed part of the Building or other improvements, and (ii) **"special costs"** or **"special procedures"** shall mean costs or procedures, as the case may be, that would not be incurred but for the nature of the Hazardous Materials as Hazardous Materials instead of non-hazardous materials. The report shall include reasonable detail concerning the clean-up location, the tests run and the analytic results. At Tenant's request, Landlord will notify Tenant if Landlord intends to demolish the applicable portion of the Premises or substantially rehabilitate the applicable portion of the Premises, and in that event, Landlord shall give Tenant Landlord's good faith estimate of the costs to Landlord of removing any of the property otherwise required to be removed by Tenant hereunder, and Tenant may elect, instead of removing any of such property, to make eighty percent (80%) of such payment to Landlord in satisfaction of Tenant's removal obligation; provided, that in any such event, Landlord may require Tenant to remove from the Premises the Hazardous Materials provided for above. Notwithstanding anything to the contrary above, provided Tenant (w) limits the Hazardous Materials carried in the process piping, process supply lines, process waste lines or process plumbing in the Premises to the Permitted Hazardous Materials; and (x) complies with all existing and future Legal Requirements, including but not limited to securing any required governmental permits, licenses and authorizations necessary for the use, storage and disposal of the Permitted Hazardous Materials; and (y) both furnishes Landlord with, and obtains Landlord's consent of (such consent not to be unreasonably

withheld, conditioned or delayed), Tenant's protocol for the use, storage and disposal of the Permitted Hazardous Materials (which protocol shall become part of **Exhibit "M"** attached hereto) no later than December 1, 2006; and (z) does not otherwise negatively impact the condition of any process piping, process supply lines, process waste lines or process plumbing (such negative impact to be measured by pre- and post- tenancy condition tapes), then Landlord agrees that Tenant shall not be required to remove any such process piping, process supply lines, process waste lines or process plumbing in the Premises in order to satisfy its cleaning and decommissioning requirements set forth hereunder.

28.3 Certain Rights of Landlord. If Tenant fails to perform its removal obligations hereunder, Landlord, without limiting Landlord's other rights and remedies under this Lease, (a) may treat such failure as a hold over and/or (b) may, on five (5) Business Days prior written notice to Tenant, perform such obligations at Tenant's sole cost and expense, and Tenant shall promptly reimburse Landlord upon demand for all out-of-pocket costs and expenses incurred by Landlord in connection with such work. In addition, any such reimbursement shall include a five percent (5%) administrative fee to cover Landlord's overhead in undertaking such work. The reimbursement and administrative fee shall be Additional Rent. Tenant's removal obligations under this Section shall survive the termination of this Lease. Any items of Tenant's Personal Property or trade fixtures which remain in the applicable portion of the Premises after the expiration date of the applicable Lease Term may, on five (5) Business Days prior written notice to Tenant, at the option of Landlord, be deemed abandoned and in such case may either be retained by Landlord as its property or be disposed of, without accountability, at Tenant's expense in such manner as Landlord may see fit.

29. PERSONAL PROPERTY TAXES. Tenant agrees to pay, on or before the due date thereof, all taxes charged, assessed or imposed upon the Personal Property (including, without limitation, furniture, fixtures and equipment) of Tenant in or about the Premises.

30. 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 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 30 except for Richards Barry Joyce and Partners, representing Landlord exclusively, and Congruity Works Inc., representing Tenant exclusively. Landlord will pay any commission due to the broker(s) hereunder pursuant to its separate agreement with the broker(s) hereunder subject to execution and delivery of this Lease by Landlord and Tenant.

31. NOTICES. All notices or other communications hereunder shall be in writing and shall be deemed to have been given (i) 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), or (ii) 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).

31.1	If to Landlord:	Intercontinental Fund III 830 Winter Street LLC c/o Intercontinental Management Corp. 1270 Soldiers Field Road Boston, MA 02135 ATTN: Scott Kelly
31.2	With a copy to:	Bradley & Associates 1270 Soldiers Field Road Boston, MA 02135 ATTN: James M. Bradley, Esq.
31.3	If to Tenant before the Lease Commencement Date:	Histogenics Corporation P.O. Box 560 Medford, MA 02155
31.4	If to Tenant after the Lease Commencement Date:	Histogenics Corporation 830 Winter Street Third Floor Waltham, MA 02451
31.5	With a copy to:	Brown Rudnick Berlack Israels LLP One Financial Center Boston, MA 02111 ATTN: Gordon R. Penman, Esq.

32. MISCELLANEOUS.

32.1 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 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.

32.2 Waivers. No delay or forbearance by Landlord 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 Landlord shall be construed, respectively, to be a waiver of Landlord's rights or to represent any agreement by Landlord to undertake or perform such act or matter thereafter.

32.3 Waiver of Trial by Jury. Tenant hereby consents 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 31 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.

32.4 Limitation of Landlord's Liabilities. Tenant shall look solely to the Premises 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.

32.5 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.

32.6 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 in this Lease shall be valid and enforceable to the fullest extent permitted by law.

32.7 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.

32.8 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.

32.9 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Massachusetts.

33. PARKING. Pursuant to all covenants, conditions and agreements of this Lease, Landlord hereby authorizes for use by Tenant up to 2.8 parking spaces per 1,000 rentable square feet of the Premises leased hereunder, which is currently seventy-one (71) non-reserved, first-come, first-served parking spaces with such parking spaces to be allocated between the structured parking garage and the outdoor common lot in a manner whereby Tenant shall have use of at least Tenant's Proportionate Share of parking spaces located in the structured parking garage. Landlord reserves the right to rearrange the configuration of any parking spaces, assign particular spaces to other tenants of the Building, and otherwise change or alter the structured parking garage and outdoor common lot in any manner whatsoever, so long as Tenant is not deprived of the use of seventy-one (71) parking spaces. Landlord does not assume any responsibility for, and shall not be liable for, any damage, loss or theft (of any nature whatsoever) to or of any automobiles or other vehicles, or any contents or other Personal Property located therein, while in or about the structured parking garage or outdoor common lot.

34. SIGNAGE. Landlord, at its sole cost and expense, may modify the signage plan of the Building in place as of the Lease Commencement Date, so long as Landlord shall provide appropriate signage and monuments directing employees and customers to the Building and the Premises. Any such changes to the signage plan shall be subject to obtaining any necessary permits from the City of Waltham or as required by other local law, regulation or ordinance. Tenant, at its sole cost and expense, shall have the right to place its corporate name at (i) the entrance to the Premises, (ii) the Building lobby directory, (iii)

the Building monument sign, and (iv) the entrance to the office park, each in accordance with any applicable Building Rules and Regulations. Tenant's corporate logo has been approved by Landlord in the form attached hereto as **Exhibit "O"** and Tenant may incorporate its corporate logo into its signage as set forth in sub- (i), (ii) and (iii) above. All tenant signage shall be of similar size. No tenant shall enjoy signage on the exterior of the Building unless it shall lease and occupy more than fifty percent (50%) of the Building's total rentable area. Except as set forth above, Tenant agrees not to install, inscribe, paint, affix or otherwise display any sign or advertisement on any part of the Premises that can be seen from outside of the Premises without Landlord's prior written consent.

35. TERMINATION OPTION. Provided that Tenant shall not be in default at any time during the initial Lease Term beyond any applicable grace period, Tenant shall have one (1) option (the **"Termination Option"**) to terminate this Lease effective on 11:59 p.m. on June 30, 2014 or 11:59 p.m. on June 30, 2015 or 11:59 p.m. on June 30, 2016 (the **"Termination Date"**) pursuant to the following conditions: (i) Tenant shall exercise the Termination Option by providing written notice of election to Landlord (the **"Termination Notice"**) not fewer than twelve (12) months prior to the Termination Date; (ii) Tenant shall pay Landlord (one-half with the Termination Notice and one-half with the last monthly installment of Fixed Rent) an amount equal to the sum of the unamortized (on a straight-line basis using an implied interest rate of nine percent (9%) per annum over the initial Lease Term) attorneys' fees, brokerage commissions and the Construction Allowance paid by Landlord pursuant to the terms hereof (the **"Termination Fee"**); (iii) Tenant shall continue to be responsible for the payment of rent and all other Lease obligations during the twelve (12) month notice period; and (iv) if Tenant shall fail to send the Termination Notice within the time matter herein provided, the Termination Option shall cease to exist and terminate, and Tenant shall have no further option to terminate this Lease.

36. EXTENSION OPTION. Provided that Tenant shall not be in default at any time during the initial Lease Term beyond any applicable grace period, Tenant shall have two (2) options (each an **"Extension Option"**) to extend the Lease Term for an additional five (5) years and zero (0) months (each an **"Extension Term"**). Tenant must exercise each Extension Option by providing written notice of election to Landlord (the **"Extension Notice"**) not fewer than twelve (12) months prior to the scheduled expiration of the initial Lease Term, as extended.

36.1 Fixed Rent. The Annual Fixed Rent in and for each Extension Term shall be the Fair Market Rental (as hereinafter defined) for the Premises as of the first (1st) day of each Extension Term. All other terms of this Lease shall apply during each Extension Term.

36.2 Fair Market Rental. As used herein, **"Fair Market Rental"** means the highest fixed rent per annum which Landlord could reasonably expect to obtain from a third party for the Premises if Landlord put the Premises on the market for lease in "as is" condition for a term corresponding to the Extension Term. If Tenant gives Landlord Tenant's Extension Notice advising Landlord of the exercise of its option to renew and extend the term of this Lease for the Extension Term as contained herein, and Landlord and Tenant are unable to reach a written agreement as to the Fair Market Rental ninety (90) days prior to the beginning of the Extension Term, such dispute shall be resolved exclusively by resort to the Arbitration (as hereinafter defined). Pending the initiation or outcome of the Arbitration, Tenant shall not withhold any rents demanded by Landlord.

36.3 Arbitration. The **"Arbitration"** shall operate as described in this paragraph. Within fifteen (15) days after the period for Landlord and Tenant to reach a written agreement has expired without them having reached a written agreement on the Fair Market Rental as described above, Landlord shall choose a person who is then (and for the previous five years has been) a licensed real estate broker engaged in leasing comparable "biotech" and/or "life science" commercial properties located in the

greater Boston/Cambridge/Waltham area where the Building is located (and obtain the acceptance of the person chosen) to act as one of the arbitrators, Tenant shall choose a person who is then (and for the previous five years has been) a licensed real estate broker engaged in leasing comparable "biotech" and/or "life science" commercial properties located in the greater Boston/Cambridge/Waltham area where the Building is located (and obtain the acceptance of the person chosen) to act as one of the arbitrators, and each party shall notify the other of the name, address and telephone number of the person who has been selected by it and has agreed with it to act as an arbitrator. The two arbitrators (i.e., the one selected by Landlord and the one selected by Tenant) shall endeavor to reach an agreement as to what the Fair Market Rental should be; and if the two arbitrators cannot agree in writing on what the Fair Market Rental should be at least thirty (30) days prior to the Extension Term, they shall choose a third person (who is a licensed real estate broker engaged in leasing comparable "biotech" and/or "life science" commercial properties located in the greater Boston/Cambridge/Waltham area where the Building is located) mutually acceptable to them (and obtain the acceptance of such selection from the person they have selected) to act as the third arbitrator. The arbitrators selected by Landlord and Tenant shall each prepare their own determination of the figure (the **"Proposed Determination"**) that should be the Fair Market Rental and submit their respective Proposed Determinations in writing to the third arbitrator promptly after the third arbitrator is chosen. The third arbitrator shall meet with the first two arbitrators to review and discuss the Proposed Determination submitted by each of them, and promptly thereafter issue his or her own determination in writing to Landlord and Tenant. The determination of the third arbitrator shall be made on the basis of which Proposed Determination submitted by the other two arbitrators is closest to what the third arbitrator believes the Fair Market Rental should be, and such determination of the third arbitrator must be made only by his or her selecting one of the Proposed Determinations previously submitted in writing by the other arbitrators. The determination of the third arbitrator (or the determination mutually agreed to by the first two arbitrators, if such written agreement is reached by them before the selection of a third arbitrator is required) shall be binding and conclusive on Landlord and Tenant subject to Section 36.1.

37. THIRD FLOOR EXPANSION SPACE. Provided that Tenant shall not be in default at any time during the initial Lease Term beyond any applicable grace period, Tenant shall have an ongoing right of first refusal, during the first five (5) years of the Lease Term, to lease the South Wing of the Third Floor of the Building (the **"Third Floor Expansion Space"**), as shown on **Exhibit "N"** attached hereto and made a part hereof, on the following terms and conditions:

37.1 If Landlord receives a request for lease (the **"Third Party Request"**) from a third party (the **"Third Party"**) for (a) the Third Floor Expansion Space in and of itself, or (b) the Third Floor Expansion Space as part of a larger space requirement, Landlord shall, within seven (7) Business Days of receiving the Third Party Request, communicate the terms of the Third Party Request to Tenant in writing (**"Landlord's Notice of Third Party Request"**). Tenant shall then have seven (7) Business Days from receipt of Landlord's Notice of Third Party Request to accept the terms and conditions of the Third Party Request (including the size of the space requirement) by notifying Landlord, in writing, of its intent to lease (a) the Third Floor Expansion Space in and of itself or (b) the Third Floor Expansion Space as part of a larger space requirement, as the case may be, on said terms and conditions.

37.2 If Tenant does not so notify Landlord of its intent to lease the Third Floor Expansion Space, then Tenant shall have no further right to lease the Third Floor Expansion Space, provided that if Landlord fails to execute a lease agreement with the Third Party pursuant to the terms and conditions of the Third Party Request within one hundred and eighty (180) days of said seven (7) Business Day period, Tenant's right to lease the Third Floor Expansion Space shall revive and be in full force and effect.

37.3 If Tenant notifies Landlord of its intent to lease the Third Floor Expansion Space, Landlord shall submit to Tenant, and Tenant shall execute and deliver to Landlord within five (5) Business Days from receipt thereof, an amendment to this Lease which contains all of the terms and conditions set forth in the Third Party Request, and such modifications to this Lease as may be necessary to reflect the inclusion of the Third Floor Expansion Space. If Tenant fails to execute and deliver said amendment within said five (5) Business Day period, Tenant's right to lease the Third Floor Expansion Space shall terminate, and Landlord shall have no further obligation to lease the Third Floor Expansion Space to Tenant and may lease the Third Floor Expansion Space (or any portion thereof) to another party upon such terms and conditions as Landlord may deem appropriate, free and clear of any rights in favor of Tenant contained herein.

37.4 If Tenant's rights under Section 37 terminate, Tenant shall execute and deliver to Landlord, within five (5) Business Days from receipt thereof, an agreement prepared by Landlord, in recordable form, confirming the termination of Tenant's rights under Section 37. Tenant's failure to so execute and deliver such an agreement shall entitle Landlord to execute and record an affidavit confirming the termination of Tenant's rights under Section 37, which affidavit shall be binding upon the parties and may be relied upon by third parties.

37.5 Without limiting the generality of any of Tenant's indemnifications as set forth in this Lease, Tenant shall also be liable for any and all damages, costs and expenses including, without limitation, delay damages, loss of opportunity damages, lost rent and attorneys' fees incurred as a result of Tenant's failure to execute an amendment to this Lease after having exercised its right of first refusal as set forth above.

37.6 Tenant may not assign, mortgage, pledge, encumber or otherwise transfer its interest or rights under Section 37, and any such purported transfer or attempt to transfer shall be null and void and without effect, shall terminate Tenant's rights under Section 37, and shall constitute an Event of Default under this Lease.

38. ANCILLARY SPACE. Landlord understands that Tenant may require emergency back-up power in connection with the operation of Tenant's business which would necessitate the installation and operation of an emergency back-up generator and fuel tank, together with related equipment, mountings and supports (collectively, **"Tenant's Generator"**) adjacent to, or on the roof of, the Building. Subject to availability, Landlord will make available to Tenant, at no additional charge to Tenant, either (but not both) such adjacent space or rooftop space (the **"Ancillary Space"**) in a location to be determined by agreement of Landlord and Tenant no later than December 1, 2006 (which location shall be set forth on **Exhibit "P"** attached hereto) and upon the terms and conditions set forth below:

38.1 The Ancillary Space shall be used only for housing and operating Tenant's Generator as approved in writing by Landlord. Landlord's approval shall not be unreasonably withheld, conditioned or delayed provided Tenant demonstrates to Landlord's reasonable satisfaction that Tenant's Generator (a) will not affect the structural integrity of the Building; (b) will not negatively impact the roof or the roof membrane; (c) will not interfere with any Building equipment operated by Landlord; and (d) will comply with all Legal Requirements.

38.2 Tenant shall not install or operate Tenant's Generator until Tenant has obtained and submitted to Landlord (a) copies of Tenant's plans and specifications for Tenant's Generator; and (b) all required governmental permits, licenses and authorizations necessary for the installation and operation thereof. In addition, Tenant shall comply with all Building Rules and Regulations (and Construction Rules and Regulations) promulgated by Landlord in the installation, operation and maintenance of Tenant's Generator.

38.3 Tenant shall adequately sound-proof Tenant's Generator to comply with all Legal Requirements and Landlord's specified maximum decibel levels for equipment operations.

38.4 Notwithstanding anything to the contrary contained herein, in the event that Landlord determines that the periodic testing of Tenant's Generator interferes with the operation of the Building or the operations of any of the occupants of the Building, then Tenant shall, upon written notice from Landlord, cause all further testing of Tenant's Generator to occur after normal Business Hours. Other than for periodic testing as aforesaid, in no event shall Tenant be entitled to operate Tenant's Generator except in cases of a power outage to the Premises or any portion thereof.

38.5 Landlord shall have no obligation to prepare the Ancillary Space for Tenant's use. Nor does Landlord makes any warranties or representations to Tenant as to the suitability of the Ancillary Space for the installation and operation of Tenant's Generator.

38.6 Landlord shall have no obligation to provide any services, including, without limitation, electric current, to the Ancillary Space or to Tenant's Generator.

38.7 Tenant shall be responsible for the cost of maintaining and repairing Tenant's Generator, and the cost of repairing any damage to the Building (or necessary improvements to the Building) caused by or as a result of the installation and operation of Tenant's Generator.

38.8 If the installation and operation of Tenant's Generator damages the roof, or invalidates or negatively impacts the roof warranty, Tenant shall be fully responsible for the cost of any subsequent repairs to the roof (to the extent that such roof warranty is invalidated or negatively impacted) related to such installation and operation. Notwithstanding the foregoing, provided Tenant uses a licensed contractor approved by the provider of Landlord's roof warranty (which is currently Carlisle SynTec Incorporated) to install, maintain and repair Tenant's Generator, Tenant shall not be responsible for the cost of any subsequent repairs to the roof (to the extent that such roof warranty is invalidated or negatively impacted) related to such installation, maintenance and repair.

38.9 Tenant shall use commercially reasonable efforts to ensure that the installation and operation of Tenant's Generator do not adversely affect the insurance coverage for the Building. If for any reason the installation or operation of Tenant's Generator does result in an increase in the amount of the premiums for such insurance coverage, then Tenant shall be liable for the full amount of any such increase resulting from the installation and operation of Tenant's Generator.

38.10 Tenant shall, at all times during the Lease Term and for such further time as Tenant shall occupy the Ancillary Space or any part thereof, covenant and agree to exonerate, indemnify, defend, protect and save Landlord Parties harmless from and against any and all claims, demands, expenses, losses, suits and damages as may be occasioned arising out of the installation and operation of Tenant's Generator, except if caused by the negligence or willful misconduct of Landlord, its agents, servants or employees.

38.11 Except in response to an emergency where no prior notice is practicable (Landlord and Tenant shall cooperate to develop procedures and policies for emergency access), neither Tenant nor Tenant's Contractor shall have the right to access the roof of the Building (including the Ancillary Space if so located) unless (a) Tenant or Tenant's Contractor shall have given Landlord at least two (2) full

Business Days notice of the need therefor; (b) Tenant or Tenant's Contractor is accompanied by an authorized representative of Landlord during such roof access; and (c) such roof access occurs during normal Business Hours (or if outside normal Business Hours, Tenant shall reimburse Landlord for the reasonable expense of providing off-hours personnel to accompany Tenant or Tenant's Contractor.

38.12 Landlord may require that Tenant's Generator be screened from public view. Landlord may, at its election, relocate Tenant's Generator; provided, however, that Landlord shall be responsible for the cost of such relocation and shall cooperate with Tenant to schedule the process of relocation to avoid interruption in Tenant's back-up power supply.

38.13 At Landlord's election, Tenant shall remove Tenant's Generator at the expiration or earlier termination of this Lease and Tenant or Tenant's Contractor shall be responsible for the cost of repairing any damage to the Ancillary Space, the roof of the Building (if the Ancillary Space is so located), and any other portions of the Building caused by the installation, operation, maintenance or removal of Tenant's Generator.

38.14 It is understood that Tenant's rights hereunder are personal to Tenant and are not assignable or transferable separate from Tenant's interest under this Lease. The parties hereby acknowledge that (except in the case of a Biotech Affiliated Entity) in the event of an assignment of this Lease or sublet of any portion of the Premises to an unrelated third party, the assignment of the rights to use the Ancillary Space to such unrelated third party shall be subject to Landlord's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

39. BUILDING RULES AND REGULATIONS. Attached hereto as **Exhibit "F"** are the Building Rules and Regulations currently in effect which have been specifically and expressly adopted by Landlord and Tenant as of the date of execution of this Lease. Landlord shall have the right from time to time to make commercially reasonable adjustments to the Building Rules and Regulations. The Building Rules and Regulations shall be uniformly applicable to all tenants of the Building. Landlord shall at all times use commercially reasonable efforts to enforce the Building Rules and Regulations uniformly against all tenants of the Building. Landlord and Tenant acknowledge that the Building is designed as and is intended to be used as a multi-tenant biotechnology facility with the special needs and requirements of such a facility. Tenant's use of the Premises and operation of Tenant's clean room (**"Clean Room"**) are especially sensitive to any contamination by animal odors, chemical odors or airborne particulate matter. Landlord shall not make any changes to the Building Rules and Regulations which are not consistent with the sound operation of a multi-tenant biotechnology facility, or which unreasonably increase the risk of contamination of Tenant's Clean Room by animal odors, chemical odors or airborne particulate matter. In the event of contamination of Tenant's Clean Room by animal odors, chemical odors or airborne particulate matter due to (a) a violation of the Building Rules and Regulations by someone other than Tenant, (b) an inadequacy in the Building Rules and Regulations, or (c) an inadequacy in the design of the Building, then Landlord shall use commercially reasonable efforts to put corrective action plans in place, which may include (x) enforcing the Building Rules and Regulations, (y) revising the Building Rules and Regulations, and (z) upgrading the Building to prevent a reoccurrence of such contamination.

40. EXHIBITS AND ADDENDA. Additional terms to this Lease, if any, are set forth in the attached Exhibits and Addenda, which are incorporated herein by reference as follows:

A. Legal Description

B. Premises

C. Fixed Rent

D. Provisions Regarding Additional Rent

E. Form of Commencement Date Certificate

F. Building Rules and Regulations

G. Form of Tenant Estoppel Certificate

H. Form of Subordination, Non-Disturbance and Attornment Agreement

I. Letter of Credit

J. Base Building Specifications

K. Tenant Design Manual

L. Tenant Plans

M. Permitted Hazardous Materials and Protocol

N. Third Floor Expansion Space

O. Tenant's Corporate Logo

P. Ancillary Space

[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:

INTERCONTINENTAL FUND III 830 WINTER STREET LLC,
a Massachusetts limited liability company

BY:
INTERCONTINENTAL REAL ESTATE INVESTMENT FUND III LLC,
a Massachusetts limited liability company,
its Manager

BY:
INTERCONTINENTAL REAL ESTATE CORPORATION,
a Massachusetts corporation,
its Manager

By: /s/ Peter Palandjian
Name: Peter Palandjian
Title: President & Treasurer

TENANT:

HISTOGENICS CORPORATION,
a Massachusetts corporation

By: /s/ Laurence J.B. Tarrant
Name: Laurence J.B. Tarrant
Title: President

By: /s/ Richard C. Vaillant
Name: Richard C. Vaillant
Title: Chief Financial Officer & Treasurer

EXHIBIT "A"

LEGAL DESCRIPTION

A certain parcel of land off Winter Street, in Waltham, Middlesex County, Massachusetts, shown as Lot 9 on Land Court Plan No. 30618E, a copy of a portion of which is filed with the Middlesex South Registry District of the Land Court with Certificate of Title No. 214324 in Registration Book 1201, Page 174.

Together with the benefit of rights reserved in Easement dated July 14, 1997, filed as Document No. 1036276, and recorded in Book 27478, Page 136; as affected by Utility Easement from owners of Lots 2 and 3 on Land Court Plan #30618C and Lots 2, 3, B and C on Plan #669 of 1997, to Boston Edison Company and New England Telephone and Telegraph Company, d/b/a Bell Atlantic, dated August 27, 1998, filed as Document No. 1078157; as further affected by Reciprocal Access and Utility Easement dated March 25, 1999, filed as Document No. 1101665 and recorded March 26, 1999, as Instrument No. 503.

Together with the benefit of grant and reservation recited in Reciprocal Access and Utility Easement with the owner of Lots 5 and 6 on Land Court Plan No. 30618D dated March 31, 1998, filed as Document No. 1061070, and recorded in Book 28405, Page 421, affecting areas shown as "Reserved Easement Area" on a plan entitled "Easement Plan of Land in Waltham, Massachusetts", dated March 30, 1998, recorded therewith; as affected by First Amendment to Reciprocal Access and Utility Easement and to Reciprocal Easement Agreement dated September 10, 1998, filed as Document No. 1079645, and recorded in Book 29108, Page 346; as further affected by Reciprocal Access and Utility Easement dated March 25, 1999, filed as Document No. 1101665 and recorded March 26, 1999 as Instrument No. 503, and by Reciprocal Easement Agreement dated March 25, 1999 filed as document No. 1101666.

Together with the benefit of Reciprocal Easement Agreement with the owner of Lots 5 and 6 on Land Court Plan No. 30618D dated March 31, 1998, filed as Document No. 1061071, and recorded in Book 28405, Page 443, affecting areas shown on a plan entitled "Easement Plan of Land in Waltham, Massachusetts", dated March 30, 1998, recording therewith; as affected by First Amendment to Reciprocal Access and Utility Easement and to Reciprocal Easement Agreement dated September 10, 1998, filed as Document No. 1079645, and recorded in Book 29108, Page 346; as further affected by Reciprocal Easement Agreement dated March 25, 1999, filed as Document No. 1101666.

Together with the benefit of Reciprocal Easement Agreement with the owner of Lot 8 on Land Court Plan No. 30618E dated March 10, 1999, filed as Document No. 1099963.

Together with the benefit of Reciprocal Access and Utility Easement Agreement with the owner of Lot 8 on Land Court Plan No. 30618E dated March 10, 1999, filed as Document No. 1099964, and recorded March 10, 1999 as Instrument No. 1121; as further affected by Reciprocal Access and Utility Easement dated March 25, 1999, filed as Document No. 1101665 and recorded March 26, 1999, as Instrument No. 503.

Together with the benefit of Reciprocal Access and Utility Easement, dated March 25, 1999, filed as document No. 1101665.

Together with the benefit of Reciprocal Easement Agreement dated March 25, 1999, filed as Document No. 1101666.

Together with the benefit of Mutual Covenants Agreement dated March 25, 1999, filed as Document No. 1101667.

Together with the benefit of Landscape License Agreement dated March 25, 1999, filed as Document No. 1101668.

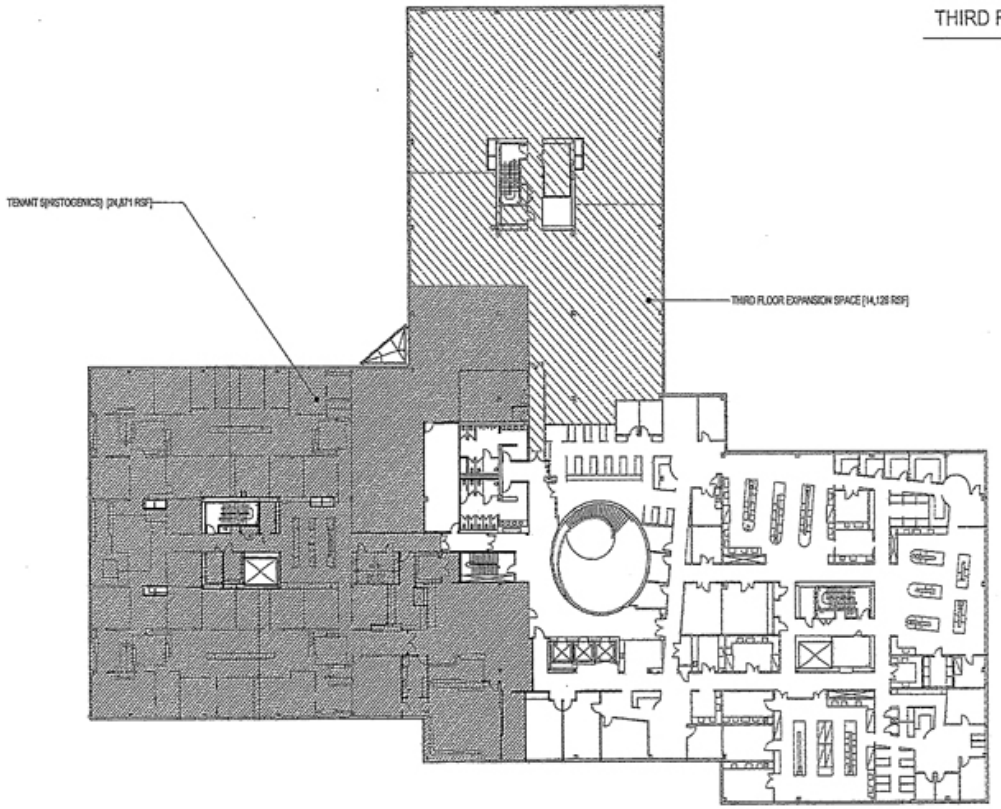
EXHIBIT "B"

PREMISES

Exhibit "B" shall include the following attached items:

1. Single-Tenant Third Floor Plan dated May 15, 2006, consisting of 1 page.
2. Single-Tenant Basement Floor Plan dated May 15, 2006, consisting of 1 page.

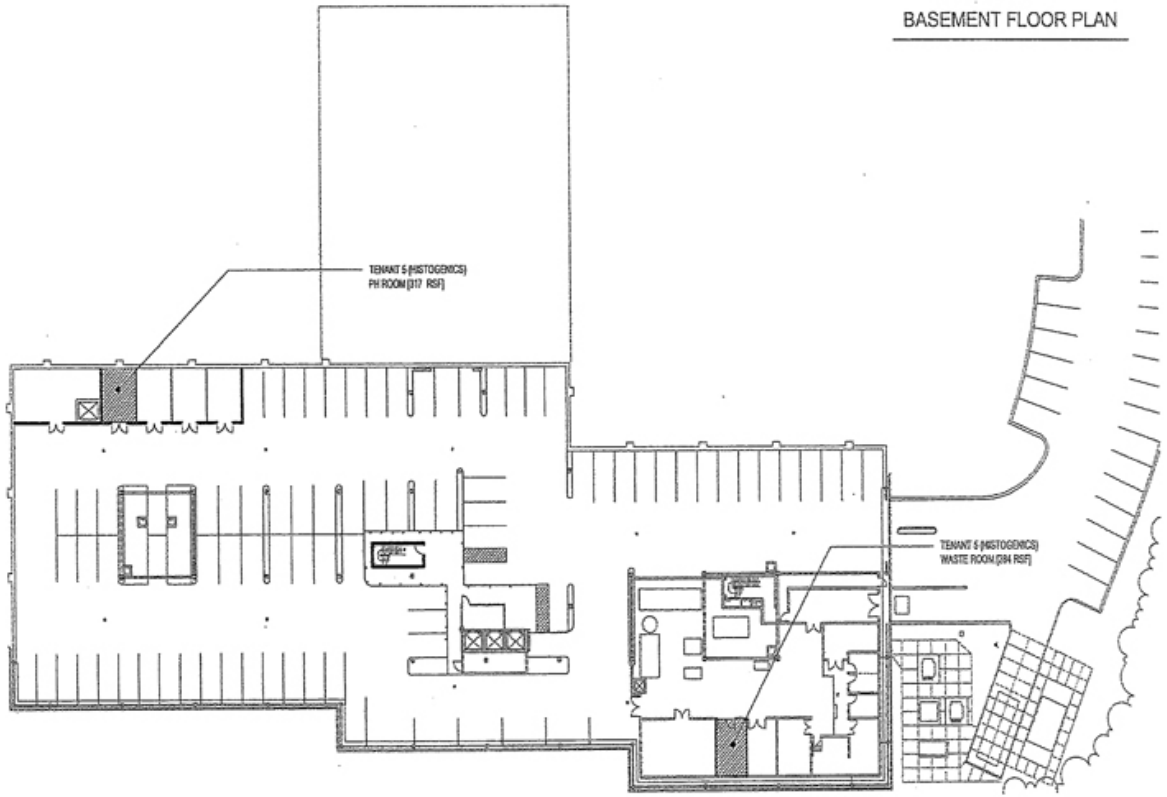
THIRD FLOOR PLAN



BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006

BASEMENT FLOOR PLAN



BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006

EXHIBIT "C"

FIXED RENT

Tenant shall pay Fixed Rent for the Lease Term as follows:

FIXED RENT FOR "PREMISES"

24,871 RSF (Third Floor)
+ 317 RSF (Basement PH Room)
+ 284 RSF (Basement Storage Room)
= 25,472 RSF TOTAL

Period		Annual Fixed Rent	Monthly Fixed Rent	Per RSF
Lease Commencement Date – March 31, 2007		N/A	N/A	$ 0.00
April 1, 2007 – December 31, 2007 (Negotiated Rental not Based on Premises RSF)		N/A	$30,222.22	N/A
January 1, 2008 – December 31, 2008 (Negotiated Rental not Based on Premises RSF)	(Year 2)	$680,000.00	$56,666.67	N/A
January 1, 2009 – December 31, 2009 (Rental Based on Premises RSF)	(Year 3)	$866,048.00	$72,170.67	$ 34.00
January 1, 2010 – December 31, 2010 (Rental Based on Premises RSF)	(Year 4)	916,992.00	76,416.00	$ 36.00
January 1, 2011 – December 31, 2011 (Rental Based on Premises RSF)	(Year 5)	916,992.00	76,416.00	$ 36.00
January 1, 2012 – December 31, 2012 (Rental Based on Premises RSF)	(Year 6)	916,992.00	76,416.00	$ 36.00
January 1, 2013 – December 31, 2013 (Rental Based on Premises RSF)	(Year 7)	916,992.00	76,416.00	$ 36.00
January 1, 2014 – December 31, 2014 (Rental Based on Premises RSF)	(Year 8)	967,936.00	80,661.33	$ 38.00
January 1, 2015 – December 31, 2015 (Rental Based on Premises RSF)	(Year 9)	967,936.00	80,661.33	$ 38.00

January 1, 2016 – December 31, 2016 (Rental Based on Premises RSF)	(Year 10)	967,936.00	80,661.33	$38.00
January 1, 2017 – December 31, 2017 (Rental Based on Premises RSF)	(Year 11)	967,936.00	80,661.33	$38.00

Rent checks should be made payable to Intercontinental Fund III 830 Winter Street LLC and delivered to:

Intercontinental Fund III 830 Winter Street LLC
P.O. Box 847902
Boston, MA 02284-7902

EXHIBIT "D"

PROVISIONS REGARDING ADDITIONAL RENT

A. Exclusions from Operating Expenses.

(1) any costs of managing the property other than a management fee;

(2) wages, salaries, taxes, workers compensation insurance premiums or fringe benefits paid to employees of Landlord or affiliates of Landlord above the grade of asset manager or, where such employees at the grade of asset manager or below devote time to properties other than the Property, the portion not allocable to the Property;

(3) costs of repairs to the extent actually reimbursed by insurance, or resulting from eminent domain takings to the extent covered by the award;

(4) any costs which have been previously included in Taxes or Operating Expenses (whether under the same or a different category);

(5) financing and refinancing costs in respect of any financing of the Property, including debt service, amortization, points and commissions in connection therewith;

(6) rent or other charges payable under any ground or underlying lease;

(7) costs of repositioning, selling or syndicating Landlord's interest in the Property;

(8) advertising and promotional expenditures, contributions or gifts;

(9) brokerage fees or commissions;

(10) legal fees incurred in connection with Landlord's preparation, negotiation and enforcement of leases with other tenants; and any other professional fees for matters not relating to the normal administration and operation of the Property, or relating to matters which are excluded from Operating Expenses for the Property;

(11) interest or penalties for any delinquent payments by Landlord unless and to the extent resulting from Tenant's failure to pay, when and as due, Tenant's Proportionate Share of the Taxes and Operating Expenses (in which case Tenant shall be responsible for 100% of such interest or penalties);

(12) the cost of making leasehold improvements and decorations to any leasable space to prepare the same for occupancy by a tenant thereof, or thereafter for the benefit of a particular tenant or tenants;

(13) services performed for or provided to any tenant to the extent such services are exclusive to such tenant;

(14) any expenditures on account of Landlord's acquisition of air or similar development rights;

(15) the cost of capital improvements that do not constitute Ordinary Capital Improvements unless Tenant shall request or approve any such improvement;

(16) Landlord's depreciation of the Building or other improvements or amortization of personal property or equipment;

(17) Interest, principal, points, fees, amortization and other costs associated with any debt and rent payable under any lease to which this Lease is subject, and all costs and expenses associated with any such debt or lease and any ground lease rent, irrespective of whether this Lease is subject or subordinate thereto;

(18) Rent for any office space occupied by Building management personnel to the extent the size or rental rate for of such office space exceeds the size or fair market rental of office space occupied by management personnel of comparable "biotech" and/or "life science" commercial properties located in the greater Boston/Cambridge/Waltham area where the Building is located; and

(19) Costs associated with the operation of the business of the entity which constitutes Landlord as the same are distinguished from costs of the operation of the Building, including accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interests in the Building, and costs incurred in connection with any disputes between Landlord and other tenants of the Building which arise from a lease default or breach by such tenants.

B. Overtime HVAC. Tenant's clean room areas shall be served by a dedicated HVAC system controlled by Tenant and with energy provided under Tenant's metered electricity. The HVAC system for the balance of the Premises shall be tied into the Building HVAC system and shall be available for use by Tenant on a 24/7/365 basis with all expenses for HVAC service and energy use included in Operating Expenses, and with no separate charge to Tenant for use outside regular Business Hours.

C. Disproportionate Impact. To the extent any tenant of the Building has an impact on Operating Expenses (or certain category of Operating Expenses) that is disproportionate to and in excess of its allocated portion of rentable area in the Building due to the intensity or nature of its particular use, then Operating Expenses allocated to Tenant shall be adjusted accordingly so that Tenant is not paying a share of Operating Expenses in excess of the reasonable estimate of Tenant's allocated use of such Operating Expenses (or certain category of Operating Expenses).

EXHIBIT "E"

FORM OF COMMENCEMENT DATE CERTIFICATE

TO: _____

_____

_____

_____

RE: Lease Agreement between INTERCONTINENTAL FUND III 830 WINTER STREET LLC ("Landlord") and HISTOGENICS CORPORATION ("Tenant") dated June 9, 2006 (the "Lease") for part of the Third Floor and part of the Basement, containing a total of approximately 25,472 rentable square feet (the "Premises"), in the building (the "Building") erected on certain land (the "Land") located at 830 Winter Street, Waltham, Massachusetts 02451

Dear [*insert Tenant's name*]:

This letter shall constitute the 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. Possession has been delivered to and accepted by Tenant.

2. All terms, covenants, conditions and provisions to be satisfied by Landlord relating to the Premises and improvements of the Premises in order for the Rent to commence have been satisfactorily completed and there exists no default on the part of Landlord and no claim which might warrant a future credit other than outstanding punch list items to be detailed in a subsequent letter to Mr. Jonathan Rubins.

3. The Lease Commencement Date is [*insert date*] and the Rent Commencement Date is [*insert date*].

4. The Expiration Date is [*insert date*].

5. Payment of Fixed Rent as set forth in Section 3 and Exhibit "C" of the Lease shall commence in full force and effect as of [*insert date*].

6. Payment of Taxes as set forth in Section 4.2 and Payment of Operating Expenses as set forth in Section 5.1 of the Lease shall commence in full force and effect as of [*insert date*].

7. Tenant has paid pre-paid rent in the amount of $[*insert amount*], which shall apply to the period of [*insert beginning date – insert end date*].

8. Tenant has deposited security in the amount of $[*insert amount*].

9. Rent checks should be made payable to Intercontinental Fund III 830 Winter Street LLC and delivered to:

   Intercontinental Fund III 830 Winter Street LLC
   P.O. Box 847902
   Boston, MA 02284-7902

10. [*If applicable:*] Because the Lease Commencement Date occurs on a day other than the first day of the calendar month, the monthly installment of Fixed Rent due for [*insert month in which the Lease Commencement Date falls, e.g., April 2006*] will be prorated pursuant to Section 3 of the Lease. Accordingly, the monthly installment of Fixed Rent due for the [*insert number, e.g., 15*]-day period beginning on [*insert date, e.g., April 16, 2006*] and ending on [*insert date, e.g., April 30, 2006*] is $[*insert amount*]. Said amount was calculated as follows: [*insert formula*].

11. Section 2 of the Lease requires that Tenant execute and return to Landlord a signed counterpart of this original Commencement Date Certificate within ten (10) Business Days of Tenant's receipt thereof. Accordingly, please sign this original Commencement Date Certificate and return it to Landlord. Tenant's failure to return said Commencement Date Certificate within the ten (10) Business Day period shall be deemed to be Tenant's acceptance of this Commencement Date Certificate, including, but not limited to, the Lease Commencement Date and the Expiration Date contained herein.

LANDLORD:

INTERCONTINENTAL FUND III 830 WINTER STREET LLC,
a Massachusetts limited liability company

BY:
INTERCONTINENTAL REAL ESTATE INVESTMENT FUND III LLC,
a Massachusetts limited liability company,
its Manager

BY:
INTERCONTINENTAL REAL ESTATE CORPORATION,
a Massachusetts corporation,
its Manager

By: _____
Name: _____
Title: _____

Executed this day of , 20 .

TENANT:

HISTOGENICS CORPORATION,
a Massachusetts corporation

By: _____
Name: _____
Title: _____

Executed this day of , 20 .

EXHIBIT "F"

BUILDING RULES AND REGULATIONS

The following Building Rules and Regulations (and Construction Rules and Regulations, attached hereto as Addendum "A") are hereby accepted by Tenant:

1. Tenant shall not use the Premises, or allow the Premises to be used, in violation of Section 8 of the Lease.

2. In the event Landlord permits Tenant to hire its own contractors to perform any construction work, Tenant shall make its contractors aware of these Building Rules and Regulations (and Construction Rules and Regulations) and shall be responsible for any violation of these Building Rules and Regulations (and Construction Rules and Regulations) by Tenant's contractors.

3. No materials, supplies, equipment, finished products, semi-finished products, raw materials or articles of a similar nature shall be permitted to remain outside the Premises or on any portion of the Common Areas unless otherwise approved by Landlord in its sole discretion.

4. The elevators, walkways, driveways and access roads necessary for access to the Premises and the parking areas, loading areas, pedestrian sidewalks, landscaped areas, recreation areas and other areas and facilities, if any, which are located on the Land and designated by Landlord from time to time for the non-exclusive use of tenants and other occupants of the Building shall not be obstructed or encumbered by Tenant or used for any purpose other than for ingress to and egress from the Premises and for delivery by Landlord.

5. There shall not be used in the Premises or in the hallways of the Building, either by Tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sideguards.

6. The water and wash closets and plumbing fixtures shall not be used for any purposes other than those for which they were designed and designated, 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 Tenant.

7. Tenant shall not sweep or throw, or permit to be swept or thrown, from the Premises any dirt or other substances into any of the corridors, hallways or elevators, or out the doors, windows or stairways of the Building.

8. Tenant shall not attach awnings or other projections to the outside walls of the Building without Landlord's prior written consent.

9. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by 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 Landlord's prior written consent, except that the corporate name of Tenant may appear at the entrance to the Premises. In the event of the violation of the foregoing by Tenant, Landlord may remove such sign, advertisement, notice or other lettering without any liability, and may charge the expense incurred by such removal to Tenant. Any other Building signage, including the Building's tenant directory in the lobby, elevator or elsewhere, shall be inscribed, painted or affixed for Tenant by Landlord at the expense of Tenant, and shall be of a size, color and style acceptable to Landlord.

10. Except with Landlord's prior written consent, Tenant shall not 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, vinyl, tile, VCT or other similar floor covering so that the same shall come in direct contact with the floor of the Premises.

11. Except with Landlord's prior written consent, Tenant shall not place any new or additional locks or bolts of any kind upon any of the doors or windows, nor make any changes to the existing locks or mechanisms thereof. If requested, Tenant shall provide Landlord with a copy of a key for all new or additional locks or bolts. Tenant shall, upon the expiration or earlier termination of the Lease, restore to Landlord all keys furnished to or procured by Tenant. In the event of the loss of any keys furnished to Tenant, Tenant shall pay to Landlord the cost thereof.

12. Furniture, freight, equipment, merchandise and bulky matter of any description shall be delivered to and removed from the Premises only on the freight elevator, through the service entrances and corridors, during the hours and in the manner approved by Landlord.

13. Canvassing, soliciting and peddling in the Building is prohibited, and Tenant shall cooperate to prevent the same.

14. Tenant shall not smoke or carry lighted pipes, cigars or cigarettes in the Building.

15. Tenant assumes full responsibility for protecting its space from robbery, burglary and theft, which includes keeping all doors and windows locked, and any other means of entry to the Premises closed and secured.

16. All animals, animal feed, waste and bedding must be stored at all times in a secured area where the air is exhausted in order to prevent any materials or odors from emanating throughout the Building.

17. All deliveries of animals, animal feed, waste and bedding must be immediately stored in a secured area where the air is exhausted in order to prevent any materials or odors from emanating throughout the Building.

18. If a spill occurs during the transportation of any animals, animal feed, waste or bedding, the spill area must be immediately cleaned and sanitized in order to prevent any materials or odors from emanating throughout the Building.

19. Any used bedding materials must be bagged in a cage wash area designed for that purpose.

20. Tenant shall comply with all Building Rules and Regulations (and Construction Rules and Regulations) established by Landlord from time to time for the Property.

ADDENDUM "A" TO EXHIBIT "F"

CONSTRUCTION RULES AND REGULATIONS

IMPORTANT CONTACT NUMBERS

SCOTT KELLY, ASSET MANAGER
(617) 590-4784 (cell)
(617) 779-0431 (direct)
scottk@intercontinental.net

PAT O'CONNOR, CONSTRUCTION MANAGER
(617) 212-8663 (cell)
(617) 779-0425 (direct)
pato@intercontinental.net

BRUCE ROSSI, BUILDING SUPERINTENDANT
(617) 592-3712 (cell)

1. Tenant's Contractors must check in with security upon entering the Building.

2. Tenant's Contractors may use the FREIGHT ELEVATOR ONLY. Tenant's Contractors may not transport equipment, products, deliveries, etc. on the passenger elevators. Use is limited to the FREIGHT ELEVATOR ONLY.

3. There are commercial tenants adjacent to the Premises, and noise-producing work such as hammer drilling, shooting wall track, etc. must be scheduled and coordinated in advance through Building Superintendent, Bruce Rossi. Access to occupied tenant areas for coring, etc. must also be scheduled and coordinated in advance.

4. There is absolutely NO storage space or staging area available other than within the confines of the Premises unless otherwise arranged with Intercontinental. The loading dock area / back of house is not a staging area.

5. The Premises, the Building and the Property must be kept clean on a daily basis. TENANT'S CONTRACTORS MUST REMOVE ALL FOOD PRODUCTS DAILY TO AVOID INFESTATION. Bathrooms must be kept clean, and drains in bathrooms and maintenance closets must be kept clear.

6. THERE IS NO SMOKING ON SITE.

7. Freight elevator walls, floors, ceiling, railings and panels must be protected at all times. Any damage is the responsibility of Tenant / Tenant's Contractor.

8. Tenant's Contractors should use the bathrooms on the same floor as the Premises. Tenant's Contractors should not use the bathrooms on the first floor or in the Building lobby, so as to limit the traffic in the Building lobby.

9. Tenant's Contractors must protect the elevators and shafts from construction dust. A "dust wall" made from plastic sheeting or like material must be installed and maintained in the elevator area to protect the elevators and shafts from construction dust.

10. The rear loading dock door must not be propped open at any time, as this compromises the security of the Building.

11. All deliveries, boom trucks, trash pick-ups, freight elevator bookings, etc. MUST be scheduled through Intercontinental. If the freight elevator and/or loading dock are previously booked, the freight elevator and/or loading dock will be unavailable to Tenant's Contractors at the requested time. Advance notice is necessary to ensure use of the freight elevator and/or loading dock.

12. Dumpsters may be dropped ONLY IF SCHEDULED WITH INTERCONTINENTAL early in the morning, and must be picked up in a reasonable time-frame.

13. Tenant's Contractors must not exercise or perform any inappropriate or offensive behavior while on site (including, but not limited to, vandalism or graffiti).

14. Tenant's Contractors should be aware that the FREIGHT ELEVATOR AND STAIR 1 ONLY may be used for roof / penthouse access.

15. Tenant's Contractors must park ONLY in the area(s) designated by Intercontinental.

16. The Cafeteria is strictly off limits to Tenant's Contractors, and is strictly limited to the employees of participating tenants of the Building.

17. If (i) Tenant / Tenant's Contractor performs After-Hours Work and (ii) such After-Hours Work involves access to occupied tenant areas, the roof, Common Areas or structure of the Building (including any of the Building systems or services), then Tenant / Tenant's Contractor shall reimburse Landlord, within thirty (30) days after demand therefor, for the cost of Landlord's supervisory personnel overseeing the After-Hours Work at the rate of $40.00 per hour.

18. Siemens is the fire alarm contractor for 830 Winter Street. Siemens MUST be notified in advance through Building Superintendent, Bruce Rossi, and MUST be on site for any issues regarding fire protection, testing of alarms, shutdowns, etc. Costs will be billed back to Tenant / Tenant's Contractor and should be budgeted.

19. Northeast Automatic Sprinkler is the sprinkler contractor for 830 Winter Street. Northeast Automatic Sprinkler MUST be notified in advance through Building Superintendent, Bruce Rossi, and MUST be on site for any tie-ins to the Building sprinkler system and for testing. Costs will be billed back to Tenant / Tenant's Contractor and should be budgeted.

20. AVS is the security vendor for 830 Winter Street. AVS MUST be notified in advance through Building Superintendent, Bruce Rossi, and MUST be on site for any tie-ins to the Building security system (C-Cure) and for testing. Costs will be billed back to Tenant / Tenant's Contractor and should be budgeted.

EXHIBIT "G"

FORM OF TENANT ESTOPPEL CERTIFICATE

TO: _____

_____

_____

_____

RE: Lease Agreement between INTERCONTINENTAL FUND III 830 WINTER STREET LLC ("Landlord") and HISTOGENICS CORPORATION ("Tenant") dated June 9, 2006 (the "Lease") for part of the Third Floor and part of the Basement, containing a total of approximately 25,472 rentable square feet (the "Premises"), in the building (the "Building") erected on certain land (the "Land") located at 830 Winter Street, Waltham, Massachusetts 02451

Tenant hereby certifies as follows:

(1) That Tenant is in occupancy of the Premises described in the Lease and is conducting its business therefrom solely for the use or uses permitted under the Lease.

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way and there are no other agreements between the parties thereto, except as follows:

_____

_____ .

(3) That the commencement date of the term of the Lease is _____ .

(4) That the expiration date of the term of the Lease is _____ .

(5) That Tenant has no rights to renew or extend the term of the Lease except as follows:

_____

_____ .

(6) That all conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied.

(7) That there are no defaults by either Tenant or Landlord thereunder, and no event has occurred or situation exists which would, with the passage of time, constitute a default under the Lease.

(8) That all improvements or work required under the Lease to be made by Landlord have been completed and such work and the Premises are accepted as satisfactory by Tenant. Charges for all labor and materials used or furnished in connection with improvements and/or alterations made for the account of Tenant at the Premises have been paid in full.

(9) That monthly rent in the amount of $ is payable on the day of each month during the Lease Term. No rents have been prepaid more than one (1) month in advance and full rental, including minimum fixed rent, has commenced to accrue and has been paid through the date of .

(10) That Tenant has paid to Landlord a Security Deposit in the amount of $.

(11) That, as of the date hereof, there are no existing defenses, offsets, claims or credits which Tenant has against the enforcement of the Lease by Landlord.

(12) That Tenant has all governmental permits, licenses and consents required for the activities and operations being conducted or to be conducted by it in or around the Premises.

(13) That, as of the date hereof, there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy or insolvency laws of the United States or any state thereof.

(14) That it understands that Lender will make a mortgage loan to Landlord (or its successor and/or assign with respect to Landlord's interest in the Lease) in reliance upon, among other things, this certificate.

EXECUTED this day of , 20 .

TENANT:

HISTOGENICS CORPORATION

By: _____
Name: _____
Title: _____

ATTEST/WITNESS:

_____

EXHIBIT "H"

FORM OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This AGREEMENT made as of the day of , 20 by and between HISTOGENICS CORPORATION, a corporation organized under the laws of the State of Massachusetts, having an address at 830 Winter Street, Waltham, Massachusetts 02451 (hereinafter referred to as "Lessee") and ANGLO IRISH BANK CORPORATION plc, a banking corporation organized under the laws of the Republic of Ireland, having an address at 265 Franklin Street, Boston, Massachusetts 02110 (hereinafter referred to as "Mortgagee").

WHEREAS, Mortgagee has made or is about to make a mortgage loan to INTERCONTINENTAL FUND III 830 WINTER STREET LLC, a Massachusetts limited liability company (hereinafter referred to as "Lessor"), secured by a Mortgage and Security Agreement, which has been or will be recorded in the records of Middlesex County, Massachusetts (the "Mortgage") on land owned by Lessor located at 830 Winter Street, Waltham, Massachusetts 02451 (the "Land"), upon which is situated an approximately 182,106 rentable square foot building (hereinafter referred to as the "Building"); and

WHEREAS, Lessee has entered into a written lease dated June 9, 2006 (the "Lease") with Lessor for a portion of the Building containing approximately 25,472 rentable square feet of space (the "Premises").

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessee and Mortgagee do hereby agree as follows:

1. Lessee and Mortgagee hereby consent and agree that:

(a) the Lease shall be, and the same hereby is, made subordinate in each and every respect to the lien of the Mortgage and to all advances made thereunder and to all extensions, renewals and modifications thereof and amendments thereto; and

(b) any of the foregoing notwithstanding, if the interests of Lessor in the Land shall be acquired by Mortgagee by reason of foreclosure of the Mortgage or other proceedings brought to enforce the rights of Mortgagee, by deed in lieu of foreclosure or by any other method, or acquired by any other purchaser or purchasers pursuant to a foreclosure sale (Mortgagee or such purchaser(s), as the case may be, being referred to as "Purchaser"), (i) the Lease and the rights of Lessee thereunder shall continue in full force and effect and shall not be terminated or disturbed, except in accordance with the terms of the Lease, and (ii) Mortgagee will not join Lessee as a party defendant in any action or proceeding to foreclose the Mortgage for the purpose of terminating the Lease, Lessee shall be bound to Purchaser, and Purchaser shall be bound to Lessee, under all of the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining, and any extensions or renewals thereof which may be effected in accordance with any option therefor contained in the Lease, with the same force and effect as if Purchaser were the lessor under the Lease; provided that:

(i) Lessee is not in default, beyond the expiration of any applicable grace or notice period, under any provision of the Lease or this Agreement at the time Mortgagee exercises any such right, remedy, or privilege;

(ii) the Lease at that time is in force and effect according to its original terms or with such amendments or modifications as Mortgagee shall have approved as provided below;

(iii) Lessee thereafter continues to fully and punctually perform all of its obligations under the Lease without default thereunder beyond the expiration of any applicable grace or notice period; and

(iv) Lessee attorns to Purchaser as provided below; and

(c) in the event of any foreclosure of the Mortgage by Mortgagee, its successors or assigns, or at the request of Mortgagee at any time pursuant to the assignment of the Lease to Mortgagee, Lessee will recognize Mortgagee, its successors and assigns, as the new lessor under the Lease and will attorn to and continue to be bound by each and every term of the Lease; and upon such attornment, the Lease and the rights of Lessee shall continue in full force and effect as if it were a direct Lease between Mortgagee, or any Purchaser, and Lessee upon all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining; provided however, Mortgagee, or any Purchaser, shall not be:

(i) liable for any act or omission of any prior landlord (including Lessor); or

(ii) subject to any offsets or defenses which Lessee might have against any prior landlord (including Lessor); or

(iii) bound by any rent or additional rent which Lessee might have paid for more than one (1) month in advance to any prior landlord (including Lessor); or

(iv) bound by any amendment or modification of the Lease made without Mortgagee's written consent; or

(v) liable for any security deposit or other sums held by any prior landlord (including Lessor) not actually received by Mortgagee; or

(vi) required to rebuild or repair the Building or any part thereof in the event of casualty damage to or condemnation of any material portion of the Building or the Premises; or

(vii) required, or liable for any obligation of Lessor under the Lease, to complete construction of or improvements to the Premises.

(d) Mortgagee may at any time unilaterally subordinate (or cause to be subordinated) the lien of the Mortgage on the Land to the Lease.

2. Lessee hereby: (a) acknowledges receipt of notice that pursuant to an Assignment of Leases and Rents from Lessor, all leases and rents involving the Building, including the Lease of Lessee, are assigned to Mortgagee as security for its loan; (b) acknowledges that it has received no notice of any sale, transfer or assignment of the Lease or of rentals thereunder by Lessor, other than pursuant to said Assignment of Leases and Rents; and (c) agrees that it will not join in any material change or modification of the Lease, anticipate rentals thereunder or agree to terminate the Lease or surrender said Land, without the prior written consent of Mortgagee; and

3. Lessee hereby agrees that upon Mortgagee's demand, it will make all payments of rent then and thereafter due to Lessor directly to Mortgagee and not to Lessor or any independent rental agent which Lessor might at any time utilize; and

4. Lessee hereby agrees that the interest of the Lessor in the Lease has been assigned to Mortgagee solely as security for the purposes indicated in the said instrument of assignment, and that, until such time as Mortgagee has taken possession of the Land and exercised its rights under said Assignment, Mortgagee assumes no duty, liability or obligation whatever under the Lease, or any extension or renewal thereof, by virtue of said assignment; and

5. Lessee hereby: (a) agrees to notify Mortgagee, its successors and assigns, in writing at the notice address set forth above for Mortgagee, or at any other address specified in writing to Lessee, of any default on the part of Lessor under the Lease; and (b) grants to Mortgagee, its successors and assigns, the

right and opportunity to cure any such default within the same grace period as is given to Lessor for remedying such default, plus, in each case, an additional period of thirty (30) days after the later of (i) the expiration of such grace period, or (ii) the date on which Lessee has served notice of such default upon Mortgagee, its successors or assigns.

6. This Agreement shall be binding upon and shall inure to the benefit of Lessee and Mortgagee and their respective heirs, executors, administrators, successors and assigns, as the case may be.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal, as of the day and year first written above.

LESSEE:

HISTOGENICS CORPORATION

By: _____
Name: _____
Title: _____

MORTGAGEE:

ANGLO IRISH BANK CORPORATION plc

By: _____
Name: _____
Title: _____

COMMONWEALTH / STATE OF

, ss. , 20

On this day of , 20 , before me, the undersigned notary public, personally appeared , proved to me through satisfactory evidence of identification, which were , 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 , a , and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of said , before me.

Notary Public:
My Commission Expires:

COMMONWEALTH / STATE OF

, ss. , 20

On this day of , 20 , before me, the undersigned notary public, personally appeared , proved to me through satisfactory evidence of identification, which were , 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 , a , and acknowledged the foregoing instrument to be his free act and deed and the free act and deed of said , before me.

Notary Public:
My Commission Expires:

EXHIBIT "I"

LETTER OF CREDIT

(Attached)

Banknorth, N.A.

Date: June 8, 2006

TD Banknorth, N.A.
17 New England Executive Park
1st Floor
Burlington, MA 01803

Irrevocable Standby Letter of Credit Number 0334706-9001

BENEFICIARY
Intercontinental Fund III 830 Winter Street, LLC
1270 Soldiers Field Road
Boston, MA 02135-1003

CUSTOMER
Histogenics Corporation
100 Hospital Road
Malden, MA 02148

Dear Beneficiary:

We hereby amend our Irrevocable Standby Letter of Credit No. **0334706-9001** Amendment Number 01 as follows:

- **Statement No. 2**

a) The date of the Lease Agreement between Intercontinental Fund III 830 Winter Street, LLC and Histogenics Corporation (Tenant) must be changed from **May 19, 2006** to **June 9, 2006**.

b) The reference to **Account Party** must be replaced by **Customer**

- All demands for payment and all other communications to the Bank relative to this Irrevocable Standby Letter of Credit shall be in writing and addressed and presented to TD Banknorth, N.A, International Banking, 17 New England Executive Park, 1st Floor, Mail stop: MA197-13, Burlington, MA 01803.

All other terms and conditions remain unchanged. This amendment is considered an integral part of the Letter of Credit and must be attached thereto.

This amendment is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500

TD Banknorth, N.A.

By: /s/ Douglas L. Bulfinch
Douglas L. Bulfinch
Its: Vice President

Please address all inquires related to this item to the above address, Attn: International Banking, Standby Letter of Credit Dept., or by calling: Tom Maslin @ (781) 229-7139 or Mila Kaminsky @ (781) 229-7140. Our Fax # (781) 229-7127

Banknorth, N.A.

TD Banknorth, N.A.
7 New England Executive Park
Tenth Floor
Burlington, MA 01803

IRREVOCABLE STANDBY LETTER OF CREDIT

Date of Issue: **May 19, 2006**
Expiry date: **May 19, 2009**
Letter of Credit Number **0334706-9001**
Issuer: TD Banknorth, N.A.

BENEFICIARY
Intercontinental Fund III 830 Winter Street, LLC
1270 Soldiers Field Road
Boston, MA 02135-1003

CUSTOMER
Histogenics Corporation
100 Hospital Road
Malden, MA 02148

Gentlemen:

At the request of and for the account of our customer, Histogenics Corporation, (the "Tenant") we hereby issue our Irrevocable Standby Letter of Credit in your favor in the aggregate amount but not to exceed Four Hundred Sixty Six Thousand Five Hundred Seventy Eight and 00/100 United States Dollars (US$466,578.00) expiring at our counters on May 19, 2009 (expiry date) available by your draft(s) drawn on ourselves at sight accompanied by:

1. The original letter of credit and all amendments thereto, if any.
2. A statement purportedly signed by an authorized representative of the beneficiary reading either;
    a) "This drawing in the amount of (specify amount) represents funds due under that certain Lease agreement between Intercontinental Fund III 830 Winter Street, LLC and Histogenics Corporation (Tenant) dated **May 19, 2006** with respect to the premises located at 830 Winter Street, Waltham, MA. We hereby certify that Histogenics Corporation (Tenant) is in default of the terms of the Lease."

OR

b) "This Irrevocable Standby Letter of Credit is scheduled to expire less than 30 days from the date hereof and Account Party, which still has outstanding obligations to Beneficiary, has failed to deliver a renewal or replacement Letter of Credit acceptable to the Beneficiary, or Cash security as replacement of the Letter of Credit."

This Irrevocable Standby Letter of Credit is transferable.

If you wish this Irrevocable Standby Letter of Credit to be transferred, kindly return to us the original credit instrument and all amendments, if any, for appropriate endorsement, along with the signed instrument effecting the transfer signed by the Transferor in the form of **Exhibit A** hereto.

Please note that your signature on the request for transfer must be authenticated by your bank. In the event of a transfer the required documents must be executed by the Transferee.

In order for us to comply with the United States Treasury and the United States Department of Commerce, Office of Foreign Assets Control Regulations, any transfer under this Irrevocable Standby Letter of Credit will only be affected after verification that the transferee does not appear on the list of blocked and/or designated national

We hereby agree with drawers and endorsers and bona fide holders of drafts negotiated under this Letter of Credit that the same shall be duly honored upon presentation and delivery of the all documents specified above, in person, by mail or by an express delivery service during our business hours on a business day on or before the expiry date at our office at TD Banknorth, N.A. 7 New England Executive Park, Tenth Floor, Burlington, MA 01803 Attn: International Department.

Except as otherwise expressly stated herein this credit is subject to the Uniform Customs and Practice of Documentary Credits (1993 Revision) International Chamber of Commerce, Publication 500 (UCP 500).

Any draft presented must bear the words "Drawn under TD Banknorth, N.A. Irrevocable Letter of Credit No. **0334706-9001** dated **May 19, 2006**".

This Letter of Credit sets forth in full the terms of our undertaking and this undertaking shall not in any way be modified, amended or amplified by reference to any documents or instrument referred to herein (except UCP500) or in which this Letter of Credit is referred to, or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any such document or instrument.

Sincerely,
TD Banknorth, N.A.

By: /s/ Douglas L. Bulfinch
Douglas L. Bulfinch
Its: Vice President

Please address all inquires related to this item to the above address, Attn: International Banking, Standby Letter of Credit Dept., or by calling: Tom Maslin @ (781) 229-5464 or Kate Sheehan @ (781) 229-5458. Our Fax # (781) 229-5663

EXHIBIT A

TO: TD BANKNORTH GROUP, INC
7 NEW ENGLAND EXECUTIVE PARK
TENTH FLOOR
BURLINGTON, MA 01803
ATTN: STANDBY L/C DEPT.

To Whom It May Concern:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS ***STANDBY LETTER OF CREDIT NUMBER*** **0334706-9001**

TO:

_____
(NAME OF TRANSFEREE)

_____
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT AMOUNT OF USD . BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFEREE TO THE TRANSFEREE AND THE TRANSFEREE SHALL HAVE THE RIGHTS AS BENEFICIARY THEREOF, INCLUDING RIGHTS RELATING TO ANY AMENDMENTS WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH TOGETHER WITH ANY AND ALL AMENDMENTS, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE OF THE ADVICE, AND FORWARD IT DIRECT TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

_____
NAME OF BENEFICIARY

_____
AUTHORIZED SIGNATURE

_____
NAME & TITLE

THE SIGNATURE AND TITLE OF THE PERSON EXECUTING THIS INSTRUMENT ON BEHALF OF THE BENEFICIARY IS ON FILE WITH US AND IS AUTHENTIC. SAID PERSON IS AUTHORIZED TO EXECUTE SUCH INSTRUMENT ON BEHALF OF THE BENEFICIARY.

_____
(NAME OF BENEFICIARY'S BANKERS)

_____
AUTHORIZED SIGNATURE

_____
NAME & TITLE

TRANSFER FEE: 0.25% OF L/C AMOUNT, MINIMUM USD 250.00

EXHIBIT "J"

BASE BUILDING SPECIFICATIONS

Exhibit "J" shall include the following items incorporated by reference:

BASE BUILDING UPGRADES PERMIT SET DATED APRIL 20, 2006

GENERAL

G-000	COVER SHEET
G-001	ABBREVIATIONS, MATERIALS, LEGENDS, & GENERAL NOTES

ARCHITECTURAL

D-101	DEMOLITION PLAN – FIRST FLOOR
D-102	DEMOLITION PLAN – SECOND FLOOR
D-103	DEMOLITION PLAN – THIRD FLOOR
A-100	BASEMENT FLOOR PLAN
A-101	FIRST FLOOR PLAN
A-102	SECOND FLOOR PLAN
A-103	THIRD FLOOR PLAN
A-104	ROOF PLAN
A-110	BASEMENT FLOOR PARTIAL PLAN
A-111	FIRST FLOOR PARTIAL PLAN
A-112	SECOND FLOOR PARTIAL PLAN
A-113	THIRD FLOOR PARTIAL PLAN
A-200	REFLECTED CEILING PLAN – BASEMENT
A-201	REFLECTED CEILING PLAN – FIRST FLOOR
A-202	REFLECTED CEILING PLAN – SECOND FLOOR
A-203	REFLECTED CEILING PLAN – THIRD FLOOR
A-700	STAIR PLAN & DETAILS
A-800	PARTITION TYPES; DOOR TYPES

MECHANICAL

H0-0	HVAC LEGEND, SCHEDULES, AND GENERAL NOTES
H1.1	HVAC DETAILS
H1.2	HVAC PIPE SCHEMATICS AND UNIT ELEVATIONS
H2.0	HVAC BASEMENT PLAN
H2.1	HVAC FIRST FLOOR PLAN
H2.2	HVAC SECOND FLOOR PLAN
H2.3	HVAC THIRD FLOOR PLAN
H2.4	HVAC ROOF PLAN
HD2.1	HVAC FIRST FLOOR DEMOLITION PLAN
HD2.2	HVAC SECOND FLOOR DEMOLITION PLAN
HD2.3	HVAC THIRD FLOOR DEMOLITION PLAN
HD2.4	HVAC ROOF DEMOLITION PLAN

ELECTRICAL

E0.1	ELECTRICAL LEGEND, NOTES, SCHEDULES, AND DETAILS
E1.0	ELECTRICAL BASEMENT & 1ST – 3RD ELECTRICAL ROOM PARTIAL PLANS
E1.1	ELECTRICAL 1ST & 2ND PARTIAL PLANS

E1.2	ELECTRICAL 3RD & ROOF PARTIAL PLANS
E2.1	ELECTRICAL DISTRIBUTION RISER DIAGRAM AND SCHEDULES

PLUMBING

P1.0	PLUMBING LEGEND, RISER DIAGRAM, SPECIFICATIONS, & BASEMENT PLAN
P1.1	PLUMBING FIRST FLOOR PLAN
P1.2	PLUMBING SECOND FLOOR PLAN
P1.3	PLUMBING THIRD FLOOR PLAN

FIRE PROTECTION

FP1.0	FIRE PROTECTION LEGEND, DETAILS & BASEMENT FLOOR PLAN
FP1.1	FIRE PROTECTION FIRST FLOOR PLAN
FP1.2	FIRE PROTECTION SECOND & THIRD FLOOR PLANS
FP1.2AA	FIRE PROTECTION THIRD FLOOR PLAN – ADD/ALTERNATE

FIRE ALARM

FA1.0	FIRE ALARM LEGEND, DETAILS, & BASEMENT FLOOR PLAN
FA1.1	FIRE ALARM FIRST, SECOND, & THIRD FLOOR PLANS

STRUCTURAL DRAWINGS DATED APRIL 25, 2006

STRUCTURAL

S1.0	STRUCTURAL

STRUCTURAL DRAWINGS DATED MAY 3, 2006

STRUCTURAL

S2.0	SECOND FLOOR FRAMING PLAN
S2.1	THIRD FLOOR FRAMING PLAN
S2.2	ROOF FRAMING PLAN

EXHIBIT "K"

TENANT DESIGN MANUAL

Exhibit "K" shall include the following attached items:

1. Tenant Design Manual dated May 30, 2006, consisting of 8 pages.
2. Scope Allocation Matrix dated May 30, 2006, consisting of 7 pages.
3. Rider to Tenant Design Manual dated May 30, 2006, consisting of 1 page.
4. BOMA Summary revised May 25, 2006, consisting of 1 page.
5. Multi-Tenant Basement Floor Plan dated May 15, 2006, consisting of 1 page.
6. Multi-Tenant First Floor Plan dated May 15, 2006, consisting of 1 page.
7. Multi-Tenant Second Floor Plan dated May 15, 2006, consisting of 1 page.
8. Multi-Tenant Third Floor Plan dated May 15, 2006, consisting of 1 page.
9. Multi-Tenant Roof Plan dated May 15, 2006, consisting of 1 page.

TABLE OF CONTENTS

SECTION I. Building Description & Design Criteria

- ***Architectural***

  830 Winter Street is a three-story multi-tenant laboratory / office building located in Waltham, MA near the Cambridge Reservoir. From the elevated setting above Route 128, 830 Winter Street enjoys panoramic views of the Cambridge Reservoir, Boston skyline, and the picturesque Wachusett and Nashoba Valleys. 830 Winter Street's proximity to Greater Boston's most desirable residential communities and many of the areas finest academic institutions provide its tenants with a large, well-balanced and highly educated labor pool.

  830 Winter Street is a modern building clad in glass and metal curtain wall skin. The building is less then five years old and offers tenants state of the art infrastructure. The common areas are spacious and modern with a bank of elevators located near the large central atrium. The tenant areas are extremely flexible to accommodate a variety of tenant specific layouts. Large ribbon windows let in ample light and offer views of the natural surroundings.

  The building has two hydraulic passenger elevators with a capacity of 3,500 pounds each that service the three floors of the building as well as the parking level. In addition there is one hydraulic service elevator with a capacity of 3,500 pounds which also services the parking level and the three floors above. A loading dock and service room is located on the parking level. Space is allocated on this level for each tenant to store hazardous waste and to house laboratory waste neutralization equipment.

- ***Structural***

  The building structure consists of a structural steel braced frame composed of girders and columns. The floor slabs are a concrete and metal composite deck and are designed to support a live load capacity of 80psf plus a partition allowance of an additional 20psf. The floor to floor heights are 13'-0" on all floors. The structural steel members have received a cementitious spray applied fire proofing as required by code.

- ***Fire Protection***

  The base building common areas are equipped with automatic wet-pipe sprinkler protection and standpipes in accordance with 780CMR, NFPA 13 and NFPA 14. The garage is protected by a dry pipe system.

  The base building provides an upright sprinkler head distribution system for core/shell coverage. Tenants will be responsible for reworking the distribution system to accommodate tenant layouts.

  Fire Protection main sizing will be based upon the following criteria:

  Garage Areas: Ordinary Hazard Group 1

  Laboratory/Office Areas: Ordinary Hazard Group 2

- ***Plumbing***

  All gas for specific tenant use will be sub-metered in the building.

  Base building plumbing systems include: potable hot and cold water to toilet core services, storm water and sanitary water drainage, vacuum, compressed air, non-potable hot water and tempered water. Base building includes service, equipment and capped risers for these systems on each floor. Tenant is responsible for extension of these systems to tenant requirements.

  Toilet rooms are provided with fixtures to comply with code required occupancy counts and are designed in accordance with ADA requirements.

  A 12” Natural gas service provides for base building loads. Additional tenant gas requirements may be accommodated via tapping the gas main within the building and using a Landlord

provided check meter (if existing pipe sizing can support load), or by providing a new dedicated service with utility meter from the exterior of the building. Tenant loads shall be reviewed with the Landlord.

Landlord will provide wet columns including capped lines for potable cold water supply, capped sanitary drain and capped vent on each level.

Base building includes a water booster pumping system to satisfy code requirements and toilet fixture demands. Additional water pressure booster equipment needed for the Tenant's equipment will be provided by the Tenant in accordance with code.

Base building potable hot water system is available for tenant use if loads can be accommodated. Tenants shall review and coordinate load requirements with Landlord.

All check metering equipment and connection will be the responsibility of the Landlord.

- ***HVAC***

  DESIGN CRITERIA FOR HVAC DISTRIBUTION:

  General Criteria

  Equipment will be sized to adequately maintain an inside cooling temperature 78° F dry bulb at 50% relative humidity in the tenant areas with outside condition of 91°F dry bulb and 73°F wet bulb (during summer) and 72°F dry bulb with outside condition at zero degree dry bulb during winter.

  The allowance for occupancy density for air conditioning design is one (1) person for 400 square feet of lab and one (1) person for 200 square feet of office.

  The base building HVAC systems consists of a roof mounted evaporative cooled packaged air conditioning units (RTU's) that provide 2 CFM/SF for lab areas and 1.25 CFM/SF for office

areas based upon a 60% lab and 40% office ratio. The packaged rooftop units include gas fired hot water boilers that provide circulated hot water to the units heating coil(s) as well as to central reheat risers in each wing of the building. Rooftop air conditioning units are provided with 30% pre-filters, 85% after-filters, and discharge duct-mounted sound attenuators. The RTU's function in a variable volume mode at all times to deliver 55 degrees F discharge. Provisions have been made to the RTU's to accommodate return air from office areas.

Provisions for tenant exhaust shaft space have been made and are shown on the drawings. Any exhaust air requirements including fans, ductwork, shaft wall, etc, based on the tenant occupancy, will be by the Tenant. Space is available on the roof for future tenant exhaust systems. All future tenant exhaust terminations/locations will be subject to maintaining proper distance from air handling unit and rooftop unit intakes, etc.

- ***Electrical***

  All electricity for tenants will be sub-metered in building.

  The building service originates from an NStar primary switch to two utility pad transformers located at West corner of the building. Each transformer serves a Main Switchboard in the Main Electrical Closet at the Grade Level. Switchboard #1 is 3000-amps and Switchboard #2 is 4000-amps at 480/277-volt, 3-phase.

  Three core electrical closets have been provided on each floor to house base building electrical equipment and tenant bus duct risers. Additional electrical closets may be required and the responsibility of the tenant. Lighting fixtures in base building common areas are by the Landlord and in tenant space will be furnished and installed by the tenant.

  Emergency egress lighting and exit signs will be powered from the base building generator and provided by the tenant. Circuits at 277-volts have been left in core electrical closets by the Landlord for extension to these fixtures by the tenant.

Main electrical service for the building is 25w/sf, which includes base building and available tenant power.

Tenant available electrical power:

- Office lights 1.5 w/sf
- Office power 4 w/sf
- Office HVAC 2 w/sf
- Lab lights 1.5 w/sf
- Lab power 12 w/sf
- Lab HVAC 2 w/sf

A 100 KW diesel emergency generator at grade has been provided for base building life safety systems.

A 910 KW diesel-fired optional standby generator exists at grade for an existing tenant. Spare capacity availability will need to be coordinated with the existing tenant. Additional standby generation for tenant equipment will be by tenant and coordinated with the owner.

Base building fire alarm system is fully addressable. Tenant will be responsible for all devices, extension and connection to the base building system. Coordination with the base building system is required. Extension of this systems shall be by the same manufacturer.

Bus duct risers are provided by the base building. Landlord will be responsible for electric check meter. Tenant shall be responsible for electric distribution system to lighting and power.

All electric check metering equipment and connection will be the responsibility of the Landlord.

- ***Communications***

  Base building design consists of a main telecommunications room located in the basement. There are telecommunications rooms on each floor with six 4" conduits that enter the building underground from Winter Street. Sleeves are provided vertically up through the building in each Wing for tenant use. All other tenant telecommunications work from the Main Telecommunications rooms will be by the tenant.

SECTION IV. Credits

- ***Owner***

  Intercontinental Management Corp.
  1270 Soldiers Field Road
  Boston, MA 02135-1003
  Phone: (617) 254-7463
  Contact: Tom Taranto
  Scott Kelly

- ***Program Manager***

  North American Real Estate Advisors, Inc.
  11 Beach Street
  Manchester, MA 01944
  Phone: (617) 270-4324
  Contact: Scott Dumont

- ***Real Estate Broker***

  Richards Barry Joyce & Partners
  53 State Street
  Boston, MA 02109
  Phone: (617) 439-6000
  Contact: Jon Varholak

- ***Architect***

  Perkins+Will
  55 Court Street
  Boston, MA 02108
  Phone: (617) 478-0300
  Contact: Tom Grimble

- ***Engineers***

  AHA Consulting Engineers
  10 Maguire Road
  Suite 310
  Lexington, MA 02421
  Phone: (781) 372-3000
  Contact: Tom Joyner

SECTION II. Scope Allocation Matrix

Sitework and Utilities	DESCRIPTION	OWNER	TENANT
	Perimeter sidewalks, street curbs, landscaping, and structured parking	X	
	Domestic sanitary sewer connection to street	X	
	Lab waste sanitary sewer connection from tenant pH rooms in basement	X	
	Roof/storm drainage	X	
	Electric service to main electric room in Basement of West Wing	X	
	Gas service to main building meter	X	
	Domestic and fire protection water service main building meter or building fire service	X	

Code Compliance	DESCRIPTION	OWNER	TENANT
	Building construction in accordance with requirements of Massachusetts State Building Code, 6th edition.	X	X

Structure	DESCRIPTION	OWNER	TENANT
	Floor live load capacity of 80 psf + 20 psf partition allowance for floors 1-3	X	
	Floor live load capacity of 100 psf for Basement.	X	
	Live load increases for special tenant loads at floors and roof		X
	Capacity in structure to accommodate tenant dunnage and roof equipment	X	
	Installation of support steel at roof for tenant equipment		X
	Framed openings for base building supply air	X	
	Framed openings for additional tenant shafts and risers including tenant exhaust shafts		X
	Miscellaneous metal items such as brackets or supports and concrete housekeeping pads required for tenant supplied equipment		X
	Fireproofing of Structural Steel	X	
	Touch-up and repairs to fireproofing caused by tenant work		X

Exterior	DESCRIPTION	OWNER	TENANT
	Exterior wall consisting of concrete and glass	X	
	Additional penthouse and/or screening for tenant equipment, to be built in accordance with base building design and city requirements		X

Roofing	DESCRIPTION	OWNER	TENANT
	Carlisle EPDM Roof System with protection board over insulation	X	
	Roofing penetrations for tenant equipment or systems (Work to be performed by Owners roofing contractor to maintain warranty)		X
	Walkway pads to base building mechanical equipment	X	
	Walkway pads to tenant equipment		X

Common Areas	DESCRIPTION	OWNER	TENANT
	Finished first floor atrium, elevator lobbies and egress corridors, including flooring, drywall and lighting on multi-tenant floors	X	
	Finished toilet rooms with thin-set ceramic tile floors and walls, drywall, acoustic ceilings, lavatory counters at currently provided areas	X	
	Janitor, electrical and telephone closets	X	
	Finished exit stairways with painted walls	X	
	Loading dock consists of receiving area with exterior scissor lift with 5000 lbs of loading capacity.	X	
	First floor main mechanical/electrical rooms for base building equipment	X	
	Doors and frames at common areas; hollow metal frames; hollow metal doors at service areas, solid core wood doors at other areas, and lever hardware	X	
	Doors, frames, and hardware to tenant areas		X

Elevators	DESCRIPTION	OWNER	TENANT
	Two hydraulic passenger elevators with 3,500 lbs capacity each and new quality cab finishes	X	
	One hydraulic service elevator with 3,500 pound capacity serving levels 1 – 3 and located with secure access to the Loading area	X	

Window Treatment	DESCRIPTION	OWNER	TENANT
	Supply and installation of building standard blinds for all windows	X	
	Maitenance and alterations of building standard blinds for all windows		X

Tenant Areas	DESCRIPTION	OWNER	TENANT
	Partitions, ceilings, flooring, painting, finishes, doors, millwork, equipment and all build-out within tenant area		X
	Finishes at multi-tenant corridors	X	
	Shaft enclosures for tenant exhaust ductwork		X
	Shaft enclosures for base building supply	X	

HVAC	DESCRIPTION	OWNER	TENANT
	Air handling capacity 2 cfm/sf for lab areas and 1.25 cfm/sf for office areas based on a 60% lab, 40% office split.	X	
	Vertical supply ductwork sized based on a 60% lab, 40% office fit-up, extending approximately 3’ beyond vertical shaft or base building core.	X	
	Ductwork, VAV boxes, and controls for HVAC in lobby spaces and core areas, including toilet exhaust system	X	
	Equipment, controls and equipment rooms for 24 hour cooling systems for tenant areas.		X
	All medium and low pressure ductwork within tenant space.		X
	Fan powered terminal boxes with hot water reheat and/or radiation (perimeter) and VAV boxes (interior) within tenant space.		X
	Diffusers within tenant space.		X
	DDC temperature controls systems for base building equipment	X	
	DDC temperature controls for all tenant equipment. Wire Interlocking and programming to base building system by tenant		X
	Pre-coordinated exhaust shaft, exhaust fan and horizontal duct layout locations		X
	All components of tenant exhaust systems, including fume hoods, ductwork, exhaust fans, controls and sound attenuation		X
	Steam generation and distribution to tenant equipment		X
	Specialized tenant systems and equipment including supplemental or spot cooling, steam boilers and all related HVAC equipment		X
	Vertical hot water riser with valve and cap for hot water reheat.	X	
	Hot water distribution within tenant space for tenant VAV and/or radiation.		X

Gas	DESCRIPTION	OWNER	TENANT
	Gas service to building and base building equipment (4” high pressure line to 12” low pressure line)	X	
	Gas service to Tenant specific equipment via tap of existing house gas main or via dedicated gas line to exterior with utility meter.		X
	Furnish and installation of gas meter on tenant specific equipment.	X	

Plumbing	DESCRIPTION	OWNER	TENANT
	Domestic water service, with back-flow prevention and booster pump to provide minimum of 40 psi at all floors	X	
	Core restroom plumbing fixtures to meet code requirements	X	
	Backflow prevention at laboratory connections		X
	Tenant metering and submetering.	X	
	Distribution of domestic cold water from base building risers		X
	Production of non-potable hot water for tenant use	X	
	Distribution of non-potable hot water for tenant use		X
	Production and distribution of hot water in building restrooms	X	
	Kitchen, cafeteria and specialized tenant plumbing		X
	Hot water generation and distribution for kitchenette use		X
	Ph neutralization equipment at owner approved location on lower floor		X
	Extension of sanitary waste, lab waste & venting system into tenant areas		X
	Industrial waste discharge permits and approvals		X
	Laboratory pure water system and distribution		X
	Compressed air at 75psi and vertical distribution piping.	X	
	Laboratory vacuum at 19” HG and vertical distribution piping	X	
	Distribution piping for compressed air and laboratory vacuum to tenant spaces		X
	Laboratory gas supply and distribution piping		X
	Vent risers and roof penetrations for tenant sanitary waste and lab waste		X

Electrical	DESCRIPTION	OWNER	TENANT
	Utility Company primary electric service.	X	
	Exterior utility company primary electirc service including switchgear, transformer and equipment	X	
	7000 ampere, 480/277-volt, 3 phase, 4-wire switchboard capacity In Main Electric Room. Equates to 25 watts/sf	X	
	480/277-volt bus duct vertical riser routed through stacked electrical rooms on each floor for tenant use.	X	
	Lighting & receptacles serving core areas	X	
	Temporary lighting In shell space code minimum	X	
	100 kw life safety emergency generator, serving smoke evacuation systems; fire alarm system; common area emergency egress lighting and exit signs; and capacity to serve emergency egress and exit lighting in tenant areas.	X	
	Standby generator for tenant equipment at pre-coordinated rooftop locations and associated distribution		X
	All check metering equipment and connection shall be the responsibility of the Landlord	X	
	Bus duct plug-in unit and service to tenant space		X
	Tenant panels, transformers, receptacles, lighting, etc. in tenant area for normal and stand-by power		X
	Emergency egress lighting and exit signs in tenant area		X
	Lightning protection system for tenant systems		X
	Tenant UPS System and associated equipment		X

Fire Protection	DESCRIPTION	OWNER	TENANT
	Fire service entrance including fire department connection, alarm valve flow protection and standpipe hose outlets in each egress stair	X	
	Core and stair area sprinkler heads and piping	X	
	Flow control valve station in stair at each floor	X	
	Primary distribution on each floor adequate to support ordinary hazard Group 2	X	
	Typical distribution as required by code in vacant spaces as necessary to secure building occupancy permit	X	
	Modifications to run outs, drops, heads and related equipment within tenant premises to suit tenant layout and hazard index		X
	Special extinguishing systems		X
	Fire extinguisher cabinets at core area with appropriate fire extinguisher	X	
	Fire extinguisher cabinets at tenant area with appropriate fire extinguisher		X

Fire Alarm	DESCRIPTION	OWNER	TENANT
	Base building expandable analog/addressable fire alarm system	X	
	Detection, notification and annunciation devices in core areas and stair entries	X	
	Additional detection, notification, annunciation devices, power supplies and all wiring in tenant areas and as required to tie into base building system		X

Tel/data	DESCRIPTION	OWNER	TENANT
	Underground tel/data service to main telephone room on basement level	X	
	Stacked tel/data riser rooms on each floor with cable sleeves through floors	X	
	Telephone and data wiring, conduit, sleeves, etc. from building distribution room(s) to tenant spaces		X
	Tenant’s telephone and data wiring, conduit, equipment and outlets		X
	Telephone service provided to main distribution feed on basement floor.		X
	Telephone service distributed to the tel/data rooms on each floor.		X
	Tenant’s audio-visual systems and connections		X

Access Control	DESCRIPTION	OWNER	TENANT
	24/7 security guard at reception desk in lobby	X	
	Card reader at main building entry into 830 Winter Street from the Atrium	X	
	Access control, wiring, junction boxes, conduit and door frames necessary for installation of tenant access control system at all tenant entry doors		X
	Access control, wiring, junction boxes, conduit and door frames necessary for installation of base building access control system at all egress doors to egress stairs and corridors	X	
	Interior CCTV cameras at common areas and exterior 360 degree CCTV cameras	X	
	Additional security system including access controls or CCTV cameras		X
	Communication system to loading dock	X	
	Connection to communication system at loading dock		X

RIDER TO TENANT DESIGN MANUAL DATED MAY 30, 2006

This Rider is intended to supplement the Tenant Design Manual dated May 30, 2006. Accordingly, the provisions in this Rider shall control and supersede any contradictory or inconsistent provisions in the Tenant Design Manual.

The following listed improvements shall be performed by Tenant's contractor at Landlord's expense. Landlord and Tenant shall consult and pre-approve the design, specifications and costs of all such work. Tenant's contractor shall submit the invoices for such work directly to Landlord for payment.

(1) **Tenant Entrance**. Landlord shall provide glass to surround the entry door to Tenant's Premises.

(2) **Second Floor Ceiling**. Landlord shall pay for the expense of removal of the existing second floor ceiling panels and drywall necessary to accommodate Tenant's Work. Landlord will pay for the materials to replace the ceiling portions that are removed. Tenant will pay for the labor costs of re-installation of the removed ceiling.

In addition, the following listed improvements shall be performed by Landlord's contractor at Landlord's expense.

(1) **Stairwell Doors / Enclosure**. Landlord shall provide a sheet rock and painted enclosure for the stairwell between the second and third floors as well as glass doors to the enclosed stairwell between the second and third floors to provide access from the Building atrium to Tenant's level of the Building.

In addition, the following listed improvements shall be performed by Landlord's contractor at Tenant's expense.

(1) **On Lobby Plan**. New "PyroLite" Glazing Cut into Stair Wall.

(2) **On Developed Elevation of Proposed Entry Wall**. Logo Sandblasted into Glass. Mag Catches, Proximity Reader from Inside, Card Reader from Outside.

830 Winter Street, Waltham

BOMA SUMMARY (modified) 5/25/2006 (Revised)

Prepared by: Perkins+Will
255 Court Street, Boston, MA 02478
P.617.478.0300 F.617.478.0321

Single-Tenant

2	3	4	5 (3-4)	6	7	8	9 (7+8)	10 (5-9)	11 (5/8)	12 (7*11)	13 (8*11)	14 (T12+T13)	15 14/(14-T13)	16 (12*15)
					Usable Areas					Basic Rentable Areas				Rentable Area
Floor	Gross Measured	Major Vertical	Floor Rentable		Office Area	Bldg Common Area	Flr Usable Area	Floor Common	Floor R/U Ratio	Office Area	Building Common Area	Bldg Rentable Area	Bldg R/U Ratio	Office Area
B	9,680	746	8,914		3,555	5,359	8,914	0	1.000000	3,555	5,359			3,987
1	57,493	1,276	56,217		47,163	9,054	56,217	0	1.000000	47,163	9,054	182,106	1.121556	52,898
2	58,637	2,134	55,503		55,503	0	55,503	0	1.000000	55,503	0			62,250
3	59,137	2,196	55,941		55,390	551	55,941	0	1.000000	55,390	551			62,123
PH	5,595	64	5,531		758	4,773	5,531	0	1.000000	758	4,773			850
TOTALS	190,522	8,416	182,106		162,369	19,737	182,106	0		162,369	19,737			182,106

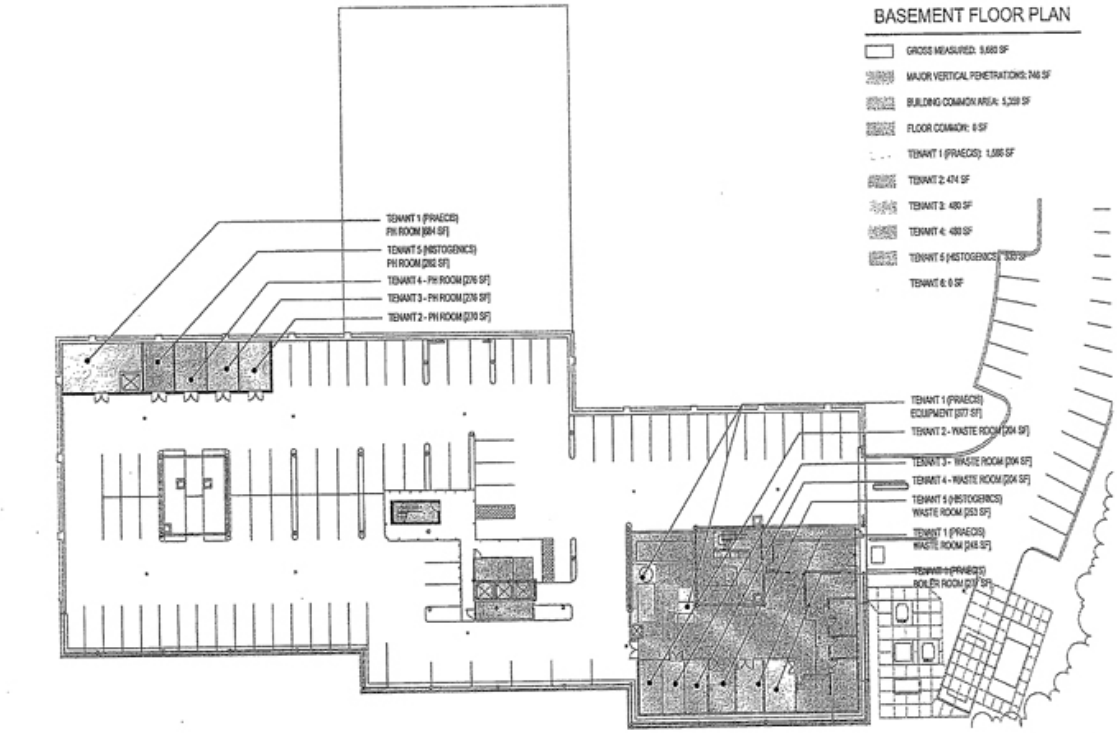
Multi-Tenant

2	3	4	5 (3-4)	6	7	8	9 (7+8)	10 (5-9)	11 (5/8)	12 (7*11)	13 (8*11)	14 (T12+T13)	15 14/(14-T13)	16 (12*15)
					Usable Areas					Basic Rentable Areas				Rentable Areas
Floor	Gross Measured	Major Vertical	Floor Rentable		Office Area	Bldg Common Area	Flr Usable Area	Floor Common	Floor R/U Ratio	Office Area	Building Common Area	Bldg Rentable Area	Bldg R/U Ratio	Office Area
B	9,680	746	8,914			5,359	8,914	0	1.000000		5,359			
T1 - Praecis					1,586					1,586				1,761
T2 - Flr1 S					474					474				532
T3 - Flr1 E					480					480				539
T4 - Flr2 S&E					480					480				539
T5 - Histogenics					535					535				601
1	57,493	1,276	56,217			9,054	55,295	1,011	1.018313		9,220			
T1 - Praecis					15,731					16,019				17,966
T2 - Flr1 S					13,621					13,870				15,575
T3 - Flr1 E					16,800					17,106				19,210
T4 - Flr2 S&E					0					0				0
2	58,637	3,134	55,503			0	53,226	2,277	1.042769		0			
T1 - Praecis					20,327					21,197		182,106	1.122883	23,801
T2 - Flr1 S					38					40				44
T3 - Flr1 E					48					50				56
T4 - Flr2 S&E					32,813					34,217				38,421
3	59,137	3,196	55,941			551	53,422	2,519	1.047153		577			
T1 - Praecis					19,544					20,466				22,980
T2 - Flr1 S					36					40				45
T3 - Flr1 E					47					48				55
T4 - Flr2 S&E					78					80				89
T5 - Histogenics					21,152					22,149				24,871
T6 - Flr3 E					12,014					12,580				14,126
PH	5,595	64	5,531			4,773	5,531	0	1.000000		4,773			
T1 - Praecis					758					756				851
TOTALS	190,522	8,416	182,106		156,562	19,737	176,299	5,807		162,177	19,929			182,106

Tenant Summary

Tenant / Floor Occupied	Usable Area - Office Area	Rentable Area - Office Area
T1 - Praecis	57,948	67,401
T2 - Flr1 S	14,171	16,196
T3 - Flr1 E	17,375	19,860
T4 - Flr2 S&E	33,368	38,050
T5 - Histoge	21,687	25,472
T6 - Flr3 E	12,014	14,126
Totals	156,562	182,106

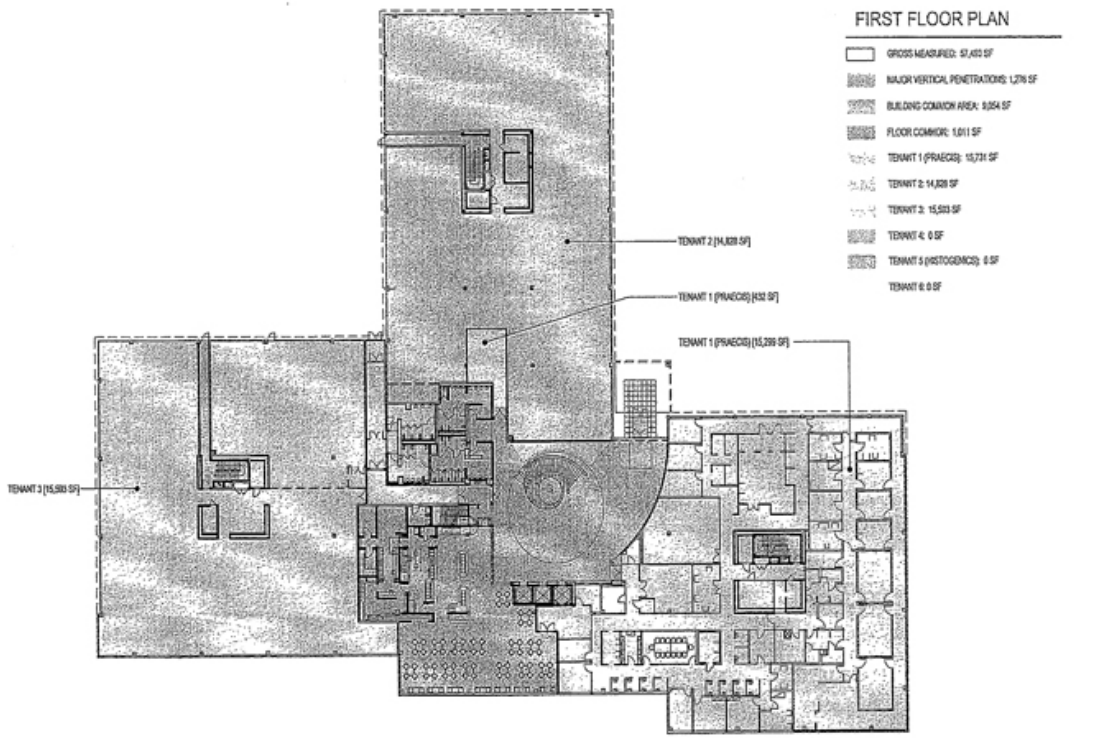
1. Revised 2nd floor tenant spaces to add one conference room to Tenant 1 and subtract same from Tenant 4
2. Revised area for Histogenics Tenant Space (Tenant 5). Common area on all floors and AHU on roof.
3. Revised Histogenics storage rooms for tenant sequencing.
4. Revised Common area in Basement and Penthouse to reflect space used by Praecis.
5. Revised formulas to eliminate rounding discrepancis, confirmed areas on all other floors.



BOMA SPACE BOUNDARIES
EXISTING PLANS

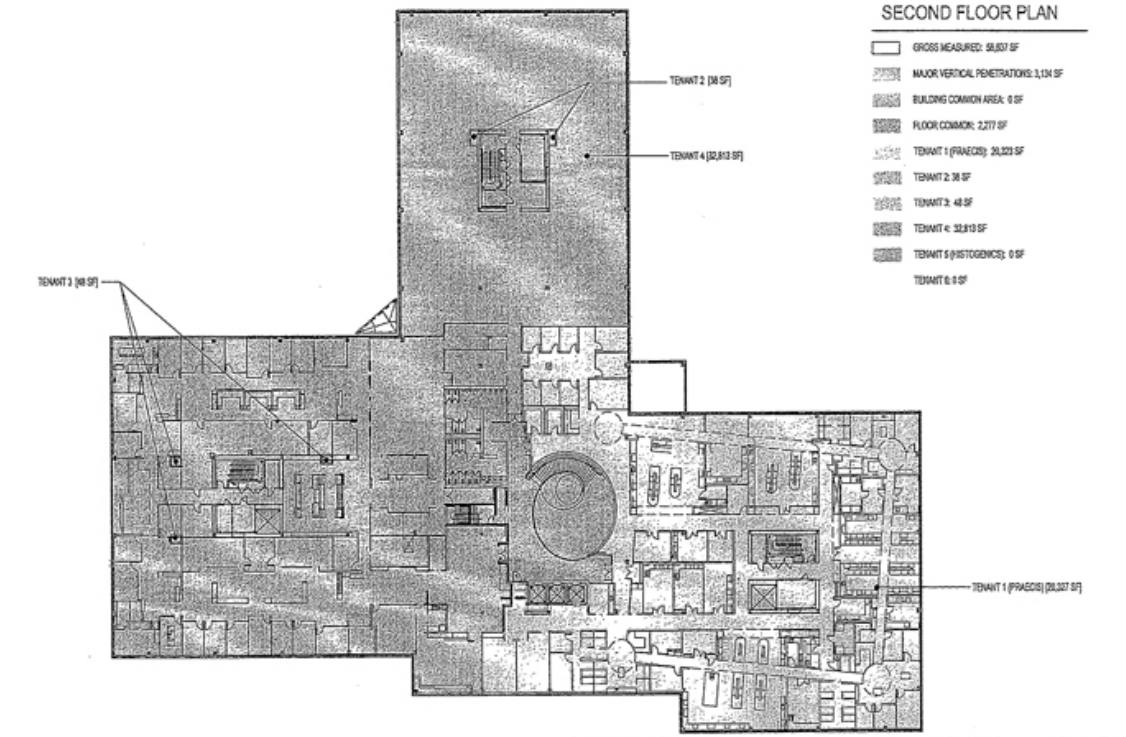
PERKINS + WILL

MAY 15, 2006



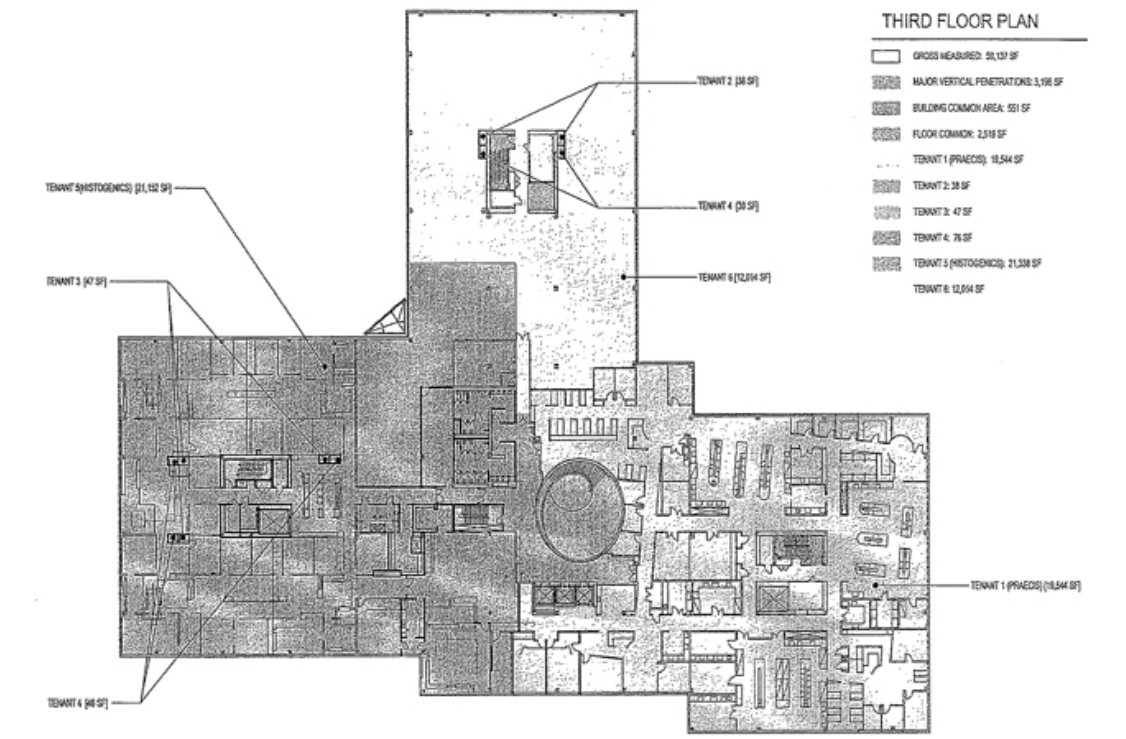
BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006



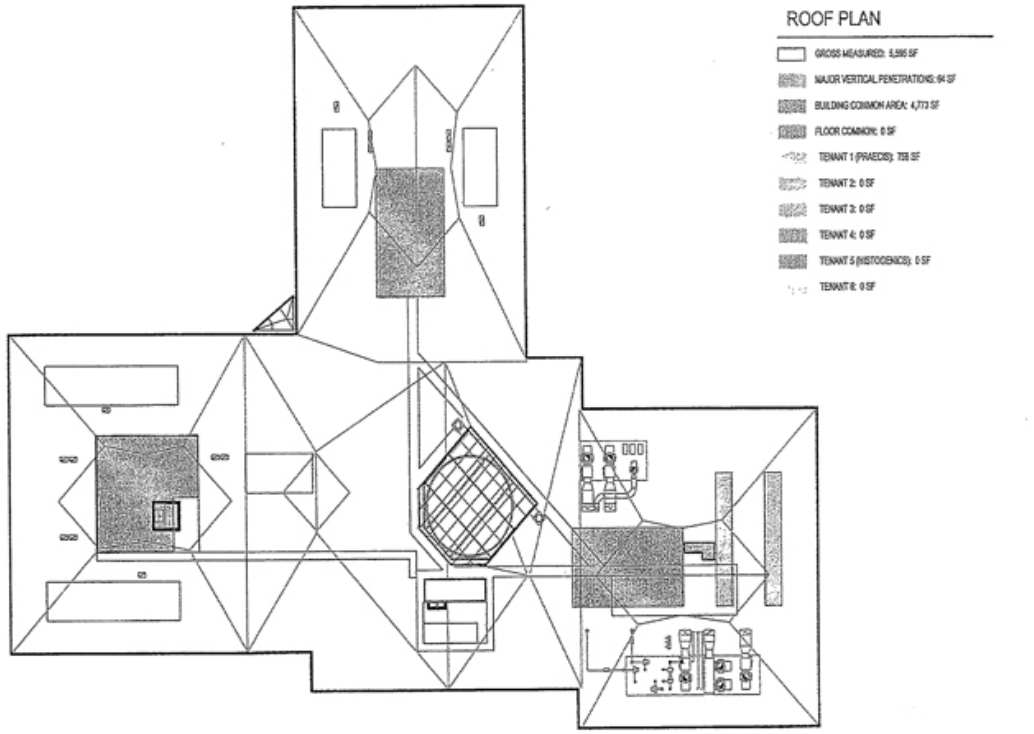
BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006



BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006



BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006

EXHIBIT "L"

TENANT PLANS

Exhibit "L" shall include the following items incorporated by reference:

PERMIT PLANS DATED MAY 19, 2006 (REVISED JUNE 7, 2006)

ARCHITECTURAL

COVER SHEET	
A1.1	EXISTING DEMOLITION PLAN
A1.2	EXISTING/DEMO REFLECTED CEILING PLAN
A2.1	PROPOSED EASTWING 3RD FLOOR PLAN
A2.2	EQUIPMENT PLAN
A2.3	3RD FLOOR WALL TYPES & DIMENSIONED PLAN
A2.4	PARTITION TYPES & DETAILS
A2.5	DOOR SCHEDULE, TYPE, FRAME AND DETAILS
A2.6	FINISH SCHEDULE AND LEGENDS
A5.0	INTERIOR ELEVATIONS
A5.1	INTERIOR ELEVATIONS
A6.0	REFLECTED CEILING PLAN
A9.0	MISCELLANEOUS DETAILS
A9.1	NOT USED
AF/P 1.0	PROPOSED FLOORING, PAINTING LAYOUT PLAN
FE 1.0	FIRE EXTINGUISHER LOCATION/LAYOUT PLAN

FIRE PROTECTION

FP-0	FIRE PROTECTION LEGEND, NOTES AND DETAIL
FA-3	FIRE ALARM 3RD FLOOR PLAN
FP-3	FIRE PROTECTION 3RD FLOOR PLAN
FA-0	FIRE ALARM LEGEND, NOTES, AND DETAIL
FP-1	FIRE PROTECTION BASEMENT AND FIRST FLOOR PLAN

PLUMBING

P-2	PLUMBING 2ND FLOOR PLAN
P-3	PLUMBING 3RD FLOOR PLAN
P-1	PLUMBING LEGEND

HVAC

HD1.1	HVAC 3RD FLOOR DEMOLITION PLAN
H0.1	HVAC LEGEND AND GENERAL NOTES
H0.2	HVAC SCHEDULES (1)
H0.3	HVAC SCHEDULES (2)
H0.4	HVAC DETAILS (1)
H0.5	HVAC DETAILS (2)
H0.6	HVAC DETAILS (3)
H1.1	HVAC 3RD FLOOR DUCTWORK PLAN
H1.2	HVAC ROOF PLAN
H2.1	HVAC 3RD FLOOR PIPING PLAN
H2.2	HVAC CLEAN ROOM FLOW DIAGRAM
H2.3	HVAC STEAM FLOW DIAGRAM

ELECTRICAL

E1.0	ELECTRICAL LEGEND AND NOTES
E2.0	ELECTRICAL SITE/FIRST FLOOR PLAN & DETAILS
E2.1	ELECTRICAL THIRD FLOOR LIGHTING PLAN
E2.2	ELECTRICAL THIRD FLOOR POWER PLAN
E2.3	ELECTRICAL ROOF PLAN
E3.1	ELECTRICAL DISTRIBUTION RISER DIAGRAM
E3.2	ELECTRICAL SCHEDULES
E3.3	ELECTRICAL SCHEDULES
E3.4	ELECTRICAL SCHEDULES
E3.5	ELECTRICAL DETAILS
E3.6	ELECTRICAL DIMMING SCHEDULE

FINAL CONSTRUCTION DRAWINGS

[TO BE PROVIDED ON OR BEFORE THE LATER OF (i) JUNE 30, 2006, OR (ii) THE DATE WHICH IS THIRTY (30) DAYS AFTER LANDLORD'S APPROVAL OF THE PERMIT PLANS.]

EXHIBIT "M"

PERMITTED HAZARDOUS MATERIALS AND PROTOCOL

PERMITTED HAZARDOUS MATERIALS

1. Cell Culture Media
    a. DMEM/F-12
    b. PBS
    c. Trypsin/EDTA
    d. Fetal Bovine Serum
    e. Gentamicin
    f. Insulin Transferrin Selenium
2. Bleach
3. 0.2% Safranin Orange dye
4. Hematoxylin dye
5. 0.04% Fast Green dye
6. 70% Ethanol + 1% HCl
7. 70% Isopropanol
8. Tris buffers
9. Sodium Dodecyl Sulfate (detergent)
10. Instrument Cleaning detergent
11. LpH (detergent)
12. Vesphene (detergent)
13. Papain solution
    a. 0.01% Papain
    b. 0.08% L-Cysteine
14. SugriStain (Phosphoric Acid)

PROTOCOL

[TO BE PROVIDED NO LATER THAN DECEMBER 1, 2006.]

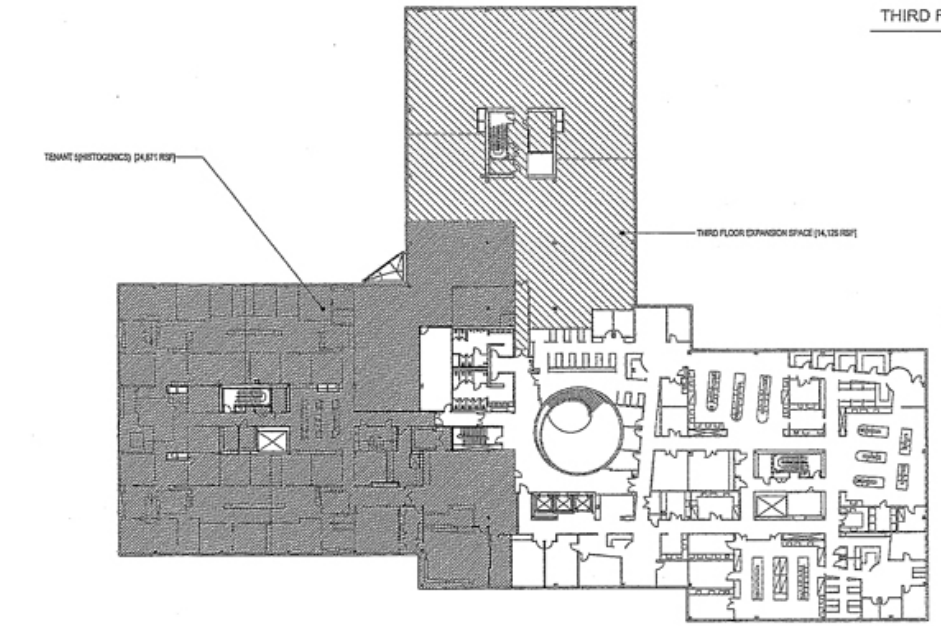
EXHIBIT "N"

THIRD FLOOR EXPANSION SPACE

Exhibit "N" shall include the following attached items:

1. Single-Tenant Third Floor Plan dated May 15, 2006, consisting of 1 page.

THIRD FLOOR PLAN



BOMA SPACE BOUNDARIES
EXISTING PLANS

PERKINS + WILL MAY 15, 2006

EXHIBIT "O"

TENANT'S CORPORATE LOGO

(Attached)


Histogenics


Histogenics


Histogenics

EXHIBIT "P"

ANCILLARY SPACE

[TO BE PROVIDED NO LATER THAN DECEMBER 1, 2006.]

Exhibit 10.29

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE (the "First Amendment") dated this 1st day of October, 2009 (the "Effective Date") is made by and between INTERCONTINENTAL FUND III 830 WINTER STREET, LLC, a Massachusetts limited liability company (the "Landlord"), and HISTOGENICS CORPORATION, a Massachusetts corporation (the "Tenant").

RECITALS

A. WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated June 9, 2006 (the "Lease"), whereby Tenant leases certain premises from Landlord consisting of a total of 25,472 rentable square feet on the third (3rd) floor and basement of the building located at 830 Winter Street, Waltham, Massachusetts 02451 (the "Premises");

B. WHEREAS, the term of the Lease is scheduled to expire on December 31, 2017 (the "Expiration Date");

C. WHEREAS, Tenant seeks deferment from Landlord with respect to the payment of fixed rent; and

D. WHEREAS, Landlord hereby agrees to provide deferment to Tenant with respect to the payment of fixed rent according to 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 Landlord and Tenant agree as follows:

1. Capitalized Terms and Conflicts. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Lease. In the event of any conflict with respect to such terms, the definitions set forth in this First Amendment shall govern and control.

2. Incorporation of Recitals. The recitals set forth above are incorporated herein and made a part of this First Amendment to the same extent as if set forth herein in full.

3. Fixed Rent Deferment Period. All Fixed Rent (as the same is articulated in Section 3.1 of the Lease) shall be deferred (the "Deferred Fixed Rent") for the period commencing on February 1, 2009 and ending on July 31, 2009 (such period to be hereinafter referred to as the "Fixed Rent Deferment Period"); provided, however that Tenant: (a) shall remain fully liable for the payment of such Deferred Fixed Rent as set forth in Section 5 below; and (b) Tenant shall remain liable for the payment of one hundred percent (100%) of all other obligations owed to Landlord under the Lease, including but not limited to: (i) Tenant's Proportionate Share of Operating Expenses; (ii) Tenant's Proportionate Share of Taxes; and (iii) Tenant's utility charges that are not already included within Tenant's payment for Operating Expenses.

4. Fixed Rent. As of the Effective Date, Exhibit C of the Lease shall be deleted in its entirety and Tenant shall pay Fixed Rent in accordance with the following schedule:

Period	Monthly Fixed Rent	Annual Fixed Rent	Fixed Rent per Square Foot of the Premises
February 1, 2009 - July 31, 2009	$ 0.00	$ 0.00	$ 0.00
August 1, 2009 - December 31, 2009	$ 72,170.67	N/A	$ 34.00
January 1, 2010 - December 31, 2010	$ 76,416.00	$ 916,992.00	$ 36.00
January 1, 2011 - December 31, 2011	$ 76,416.00	$ 916,992.00	$ 36.00
January 1, 2012 - December 31, 2012	$ 76,416.00	$ 916,992.00	$ 36.00
January 1, 2013 - December 31, 2013	$ 76,416.00	$ 916,992.00	$ 36.00
January 1, 2014 - December 31, 2014	$ 80,661.33	$ 967,935.96	$ 38.00
January 1, 2015 - December 31, 2015	$ 80,661.33	$ 967,935.96	$ 38.00
January 1, 2016 - December 31, 2016	$ 80,661.33	$ 967,935.96	$ 38.00
January 1, 2017 - December 31, 2017	$ 80,661.33	$ 967,935.96	$ 38.00

5. Payment of Tenant's Deferred Fixed Rent. Tenant's Fixed Rent that would otherwise be due during the Fixed Rent Deferment Period totals Four Hundred Thirty Three Thousand Twenty Four and 02/100 Dollars ($433,024.02). In addition to Tenant's Fixed Rent due under the Lease as articulated in Section 4 above, Tenant shall pay to Landlord, Tenant's Deferred Fixed Rent in forty-eight (48) equal monthly installments of $9,021.33 for the period beginning on January 1, 2011 and continuing through December 31, 2014.

6. Confidentiality. Tenant agrees not to disclose any of the terms and conditions of this First Amendment to any person other than Tenant's attorneys, consultants, or as required by law. The provisions of this Section 6 shall survive indefinitely. In the event that it is determined that Tenant has breached this Section 6, it shall be deemed an Event of Default and in addition to any and all rights set forth in the Lease, at law or in equity, Landlord shall have the right to terminate this First Amendment and the full amount of Tenant's Abated Fixed Rent shall be immediately due and payable by Tenant along with any other sums due under the Lease.

7. Broker. Landlord and Tenant each warrant and represent that it has not negotiated with any broker in connection with this First Amendment other than Intercontinental Management Corp. (the "Broker") whose commissions shall be paid by the Landlord. Tenant and Landlord each agree to indemnify and hold the other party harmless if such warranty or representation is untrue.

8. 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, sublettings, liens and encumbrances; (b) the Lease is in full force and effect; (c) Tenant is presently in possession of the Premises and is paying Fixed Rent and any other charges or sums due under the Lease, except as amended by this First Amendment; (d) the Lease has not been modified, supplemented or amended in any way, except as may be set forth in this First Amendment; (e) Tenant is not aware of any actionable defenses, claims or set-offs under the Lease against rents or charges due or to become due thereunder; and (f) that this First 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.

9. Confirmation of Lease. Except as may be amended by this First Amendment, all of the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and affirmed.

10. Counterparts. This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, except that in the event of variation or discrepancy between counterparts, the counterpart held by Landlord shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment as of the Effective Date.

LANDLORD:

INTERCONTINENTAL FUND III 830 WINTER STREET, LLC
a Massachusetts limited liability company

By: INTERCONTINENTAL REAL ESTATE INVESTMENT FUND III LLC
a Massachusetts limited liability company
its manager

By: INTERCONTINENTAL REAL ESTATE CORPORATION
a Massachusetts corporation
its manager

By: /s/ Peter Palandjian
Name: Peter Palandjian
Title: President and Treasurer

TENANT:

HISTOGENICS CORPORATION
a Massachusetts corporation

By: /s/ F. Ken Andrews
Name: F. Ken Andrews
Title: President & CEO

EXHIBIT 21.1

Histogenics Corporation
List of Subsidiaries

Name of Wholly-Owned Subsidiary	Jurisdiction of Organization	Name under which the subsidiary conducts business
Histogenics Limited	United Kingdom	Histogenics Limited
ProChon Biotech Ltd.	Israel	ProChon Biotech Ltd.