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

Form 10-Q

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period from to

Commission file number: 001-36829

Rocket Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**04-3475813**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

350 Fifth Avenue, Suite 7530
New York, NY 10118
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:
(646) 440-9100

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

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

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

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

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

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

As of August 13, 2018, there were 39,660,894 shares of common stock, $0.01 par value per share, outstanding.

PRESENTATION NOTE: As a result of the Reverse Merger, each outstanding share of Rocket Ltd share capital (including shares of Rocket Ltd share capital to be issued upon exercise of outstanding share options) automatically converted into the right to receive approximately 76.185 shares of Inotek's common stock, par value $0.01 per share (the "Exchange Ratio"). The historical financial statements, outstanding shares and all other historical share information have been adjusted to reflect the impact of the Exchange Ratio as if the Exchange Ratio had been in effect for all periods presented.

PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Rocket Pharmaceuticals, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	June 30, 2018	December 31, 2017
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 52,548	$ 18,142
Investments	79,555	-
Prepaid expenses and other assets	2,505	813
Total current assets	134,608	18,955
Property and equipment, net	976	985
Goodwill	30,815	-
Restricted cash	1,644	207
Deposits	168	-
Investments	39,363	-
Total assets	$ 207,574	$ 20,147
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 8,285	$ 2,062
Accrued research and development costs	1,861	2,459
Total current liabilities	10,146	4,521
Convertible notes, net of unamortized discount	39,842	-
Deferred rent and lease obligations	510	107
Total liabilities	50,498	4,628
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred shares, $0.01 par value, authorized 1,000,000 shares		
Series A convertible preferred shares; 300,000 shares designated as Series A; 0 and 128,738 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	-	16,060
Series B convertible preferred shares; 300,000 shares designated as Series B; 0 and 126,909 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	-	25,406
Common stock, $0.01 par value, 120,000,000 shares authorized; 39,506,527 and 6,795,627 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	395	1
Additional paid-in capital	219,225	5,407
Accumulated other comprehensive loss	(79)	-
Accumulated deficit	(62,465)	(31,355)
Total shareholders' equity	157,076	15,519
Total liabilities and shareholders' equity	$ 207,574	$ 20,147

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

Rocket Pharmaceuticals, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$ -	$ -	$ -	$ -
Operating expenses:				
Research and development	10,772	2,819	16,525	5,104
General and administrative	4,100	702	12,752	1,287
Total operating expenses	14,872	3,521	29,277	6,391
Loss from operations	(14,872)	(3,521)	(29,277)	(6,391)
Research and development incentives	-	192	186	192
Interest expense	(1,363)	-	(2,834)	-
Interest income	473	-	805	-
Other income / (expense)	(5)	-	10	-
Net loss	$ (15,767)	$ (3,329)	$ (31,110)	$ (6,199)
Net loss per share attributable to common shareholders - basic and diluted	$ (0.40)	$ (0.49)	$ (0.82)	$ (0.91)
Weighted-average common shares outstanding - basic and diluted	39,483,006	6,795,627	37,954,972	6,795,627

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

Rocket Pharmaceuticals, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	$ (15,767)	$ (3,329)	$ (31,110)	$ (6,199)
Other comprehensive loss				
Net unrealized loss on investments	(89)	-	(79)	-
Total comprehensive loss	$ (15,856)	$ (3,329)	$ (31,189)	$ (6,199)

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

Rocket Pharmaceuticals, Inc.
Consolidated Statement of Shareholders' Equity
For the Six Months Ended June 30, 2018
(in thousands except share amounts)
(unaudited)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	128,738	$ 16,060	126,909	$ 25,406	6,795,627	$ 68	$ 5,340	$ (31,355)	$ -	$ 15,519
Conversion of convertible preferred shares into common shares	(128,738)	(16,060)	(126,909)	(25,406)	19,475,788	194	41,272	-	-	-
Exchange of common shares in connection with the Merger	-	-	-	-	6,805,608	68	85,992	-	-	86,060
Issuance of common stock, net of issuance costs of $5.3 million	-	-	-	-	6,325,000	63	78,455	-	-	78,518
Issuance of common stock pursuant to settlement of restricted stock units	-	-	-	-	42,968	1	(1)	-	-	-
Issuance of common stock pursuant to exercise of stock options	-	-	-	-	61,536	1	(1)	-	-	-
Unrealized loss on investments	-	-	-	-	-	-	-	-	(79)	(79)
Share-based compensation	-	-	-	-	-	-	8,168	-	-	8,168
Net loss	-	-	-	-	-	-	-	(31,110)	-	(31,110)
Balance at June 30, 2018	-	$ -	-	$ -	39,506,527	$ 395	$ 219,225	$ (62,465)	$ (79)	$ 157,076

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

Rocket Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2018	**2017**
Operating Activities:		
Net loss	$ (31,110)	$ (6,199)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on convertible notes	1,454	-
(Increase in) / reduction of lease liability	(109)	2
Depreciation expense	157	81
Share-based compensation expense	8,168	261
Loss on disposal of property and equipment	205	
Accretion of discount on investments	(118)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(651)	(436)
Accounts payable and accrued expenses	1,263	(32)
Accrued research and development costs	(598)	444
Net cash used in operating activities	(21,339)	(5,879)
Investing activities:		
Cash acquired in connection with the Reverse Merger	76,348	-
Purchases of investments	(118,819)	-
Proceeds from maturities of investments	21,232	-
Proceeds from sale of property and equipment	20	-
Purchases of property and equipment	(117)	(729)
Net cash used in investing activities	(21,336)	(729)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	78,518	-
Proceeds from issuance of convertible preferred stock, net	-	25,445
Net cash provided by financing activities	78,518	25,445
Net change in cash, cash equivalents and restricted cash	35,843	18,837
Cash, cash equivalents and restricted cash at beginning of period	18,349	9,460
Cash, cash equivalents and restricted cash at end of period	$ 54,192	$ 28,297
Supplemental disclosure of non-cash financing activities:		
Conversion of convertible preferred stock into common stock	$ 41,466	$ -
Supplemental cash flow information:		
Cash paid for interest	$ 1,495	$ -
Cash paid for income taxes	$ -	$ -

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

ROCKET PHARMACEUTICALS, INC.
Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)
(Unaudited)

1. Nature of Business, Merger and Basis of Presentation

Rocket Pharmaceuticals, Inc. ("Rocket" or the "Company") is a multi-platform biotechnology company focused on the development of first or best-in-class gene therapies for rare and devastating pediatric diseases. Rocket has lentiviral ("LVV") programs currently undergoing clinical testing for Fanconi Anemia ("FA"), a genetic defect in the bone marrow that reduces production of blood cells or promotes the production of faulty blood cells, and three additional LVV programs targeting other rare genetic diseases. In addition, Rocket has an adeno-associated virus ("AAV") program for which it expects to file an investigational new drug ("IND") application which will permit the commencement of human clinical studies thereafter. Rocket has global commercialization and development rights to all of its product candidates under royalty-bearing license agreements, with the exception of the CRISPR/Cas9 development program (described below) for which Rocket currently only has development rights.

Rocket's two leading LVV and AAV technology platforms are each being designed in collaboration with leading academic and industry partners. Through its gene therapy platforms, Rocket aims to restore normal cellular function by modifying the defective genes that cause each of the targeted disorders.

Reverse Merger and Exchange Ratio

On January 4, 2018, Rome Merger Sub ("Merger Sub"), a wholly owned subsidiary of Inotek Pharmaceuticals Corporation ("Inotek"), completed its merger with and into Rocket Pharmaceuticals, Ltd. ("Rocket Ltd"), with Rocket Ltd surviving as a wholly owned subsidiary of Inotek. This transaction is referred to as the "Reverse Merger." The Reverse Merger was effected pursuant to an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of September 12, 2017, by and among Inotek, Rocket Ltd and Rome Merger Sub.

As a result of the Reverse Merger, each outstanding share of Rocket Ltd share capital (including shares of Rocket Ltd share capital to be issued upon exercise of outstanding share options) automatically converted into the right to receive approximately 76.185 shares of Inotek's common stock, par value $0.01 per share (the "Exchange Ratio"). Following the closing of the Reverse Merger, holders of Inotek's common stock immediately prior to the Reverse Merger owned approximately 18.643% on a fully diluted basis, and holders of Rocket Ltd common stock immediately prior to the Reverse Merger owned approximately 81.357% on a fully diluted basis, of Inotek's common stock.

The Reverse Merger has been accounted for as a reverse acquisition under the acquisition method of accounting where Rocket Ltd is considered the accounting acquirer and Inotek is the acquired company for financial reporting purposes. Rocket Ltd was determined to be the accounting acquirer based on the terms of the Merger Agreement and other factors, such as relative voting rights and the composition of the combined company's board of directors and senior management. The pre-acquisition financial statements of Rocket Ltd became the historical financial statements of Rocket following completion of the Reverse Merger. The historical financial statements, outstanding shares and all other historical share information have been adjusted by multiplying the respective share amount by the Exchange Ratio as if the Exchange Ratio had been in effect for all periods presented.

Immediately following the Reverse Merger, the combined company changed its name from "Inotek Pharmaceuticals Corporation" to "Rocket Pharmaceuticals, Inc." The combined company following the Reverse Merger may be referred to herein as "the combined company," "Rocket," or the "Company."

The Company's common stock remained listed on the Nasdaq Stock Market, with trading having commenced on a post-split basis (giving effect to the Reverse Stock Split described below) and under the new name as of January 5, 2018. The trading symbol also changed on that date from "ITEK" to "RCKT."

Unaudited Interim Consolidated Financial Information

The accompanying financial statements should be read in conjunction with the Rocket Ltd 2017 financial statements included in Form 8-K filed on March 7, 2018. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2018 and the results of its operations and its cash flows for the three and six months ended June 30, 2018 and 2017. The financial data and other information disclosed in these consolidated notes related to the three and six months ended June 30, 2018 and 2017 are unaudited. The results for the three and six months ended June 30, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018, any other interim periods or any future year or period.

2. Risks and Liquidity

The Company has not generated any revenue and has incurred losses since inception. Operations of the Company are subject to certain risks and uncertainties, including, among others, uncertainty of drug candidate development, technological uncertainty, uncertainty regarding patents and proprietary rights, having no commercial manufacturing experience, marketing or sales capability or experience, dependency on key personnel, compliance with government regulations and the need to obtain additional financing. Drug candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance-reporting capabilities.

The Company's drug candidates are in the development stage. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary government approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies.

The Company's consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. The Company has experienced negative cash flows from operations and had an accumulated deficit of $62,465 as of June 30, 2018. As of June 30, 2018, the Company has $171,466 of cash, cash equivalents and investments. Rocket expects such resources would be sufficient to fund its operating expenses and capital expenditure requirements into 2020.

In the longer term, the future viability of the Company is dependent on its ability to generate cash from operating activities or to raise additional capital to finance its operations. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited consolidated financial statements represent the consolidation of the accounts of the Company and its subsidiaries in conformity with accounting principles generally accepted in the United States ("US GAAP"). All intercompany accounts have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include but are not limited to, goodwill impairment, the accrual of research and development expenses, the valuation of equity transactions and share-based awards. Changes in estimates and assumptions are reflected in reported results in the period in which they become known. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consists of bank deposits, certificates of deposit and money market accounts with financial institutions. Cash equivalents are carried at cost which approximates fair value due to their short-term nature and which the Company believes do not have a material exposure to credit risk. The Company considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents. The Company's cash and cash equivalent accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Restricted cash consists of deposits collateralizing letter of credits issued by a bank in connection with the Company's operating leases (See Note 12) and a deposit collateralizing a letter of credit issued by bank supporting the Company's Corporate Credit Card. As of June 30, 2018 and December 31, 2017, restricted cash was $1,644 and $207, respectively. Cash, cash equivalents and restricted cash consist of the following:

	June 30, 2018	December 31, 2017
Cash and cash equivalents	$ 52,548	$ 18,142
Restricted cash	1,644	207
	$ 54,192	$ 18,349

Investments

Investments consist of investments in government bonds and United States Treasury securities. Management determines the appropriate classification of these securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Company classifies its investments as available-for-sale pursuant to Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 320, *Investments—Debt and Equity Securities*. Investments are recorded at fair value, with unrealized gains and losses included as a component of accumulated other comprehensive loss in shareholders' equity and a component of total comprehensive loss in the consolidated statements of comprehensive loss, until realized. Realized gains and losses are included in investment income on a specific-identification basis. There were no realized gains or losses on investments for the three and six months ended June 30, 2018 and 2017. There was $89 and $0 of net unrealized losses on investments for the three months ended June 30, 2018 and 2017, respectively and $79 and $0 of net unrealized losses on investments for the six months ended June 30, 2018 and 2017, respectively.

The Company reviews investments for other-than-temporary impairment whenever the fair value of an investment is less than the amortized cost and evidence indicates that a investment's carrying amount is not recoverable within a reasonable period of time. Other-than-temporary impairments of investments are recognized in the consolidated statements of operations if the Company has experienced a credit loss, has the intent to sell the investment, or if it is more likely than not that the Company will be required to sell the investment before recovery of the amortized cost basis. Evidence considered in this assessment includes reasons for the impairment, compliance with the Company's investment policy, the severity and the duration of the impairment and changes in value subsequent to the end of the period. The weighted average maturity of the Company's investment portfolio is 6.5 months and the average duration of the Company's long-term investments is 15 months.

Short-term investments at June 30, 2018 which consist of the following:

	Cost Basis	Unrealized Losses	Fair Value
Current:			
Government Bonds	$ 4,979	$ (1)	$ 4,978
United States Treasury securities	74,602	(25)	74,577
	$ 79,581	$ (26)	$ 79,555

Long-term investments at June 30, 2018 consist of the following:

	Cost Basis	Unrealized Losses	Fair Value
Long-term:			
United States Treasury securities	39,416	(53)	39,363
	$ 39,416	$ (53)	$ 39,363

The Company evaluated its securities for other-than-temporary impairment and determined that no such impairment existed at June 30, 2018.

Goodwill

Business combinations are accounted for under the acquisition method (see Note 4). The total cost of an acquisition is allocated to the underlying identifiable net assets, based on their respective estimated fair values as of the acquisition date. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. Assets acquired and liabilities assumed are recorded at their estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Goodwill is tested for impairment annually as of December 31, or more frequently when events or changes in circumstances indicate that the asset might be impaired. Examples of such events or circumstances include, but are not limited to, a significant adverse change in legal or business climate, an adverse regulatory action or unanticipated competition.

The Company will assess qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of the reporting unit was less than its carrying amount. If after assessing the totality of events or circumstances, the Company were to determine that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then the Company would perform a quantitative impairment test.

In the first step, the Company compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets, goodwill is not impaired, and no further testing is required. If the fair value of the reporting unit is less than the carrying value, the Company measures the amount of impairment loss, if any, as the excess of the carrying value over the fair value of the reporting unit.

The Company has determined there were no indicators of goodwill impairment as of June 30, 2018.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the useful life of the asset. The estimated useful lives are three to five years. Expenditures for repairs and maintenance of assets are charged to expense as incurred. Upon retirement or sale, the cost and related accumulated depreciation of assets disposed of are removed from the accounts and any resulting gain or loss is included in loss from operations. If the carrying amount of the assets or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value.

Fair Value Measurements

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. FASB ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), establishes a hierarchy of inputs used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The three levels of the fair value hierarchy are described below:

Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Valuations based on quoted prices for similar assets or liabilities in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations that require inputs that reflect the Company’s own assumptions that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value of the Company’s financial instruments, including cash and cash equivalents, prepaid expenses and other assets, accounts payable and accrued expenses approximate their respective carrying values due to the short-term nature of these instruments. The carrying value of the 2021 Convertible Notes approximates fair value due to the acquisition (see Note 4). The Company’s assets and liabilities measured at fair value on a recurring basis include its short term investments.

Deferred Rent and Lease Liability

The Company recognizes rent expense on a straight-line basis, after considering the effect of rent escalation provisions resulting in a level rent expense recognized over the lease term. For the lease liability, the Company reduces the rent expense on a straight-line basis over the remaining life of the lease.

Research and Development

Research and development costs, which include salaries and staff costs, license costs, regulatory and scientific consulting fees, as well as contract research, and share-based compensation expense, are accounted for in accordance with ASC Topic 730, Research and Development (“ASC 730”).

The Company does not currently have any commercial biopharmaceutical products, and does not expect to have any for several years, if at all. Accordingly, research and development costs are expensed as incurred. While certain of the Company's research and development costs may have future benefits, the policy of expensing all research and development expenditures is predicated on the fact that the Company has no history of successful commercialization of product candidates to base any estimate of the number of future periods that would be benefited.

Foreign Currency Transactions

Certain transactions during the three and six months ended June 30, 2018 and 2017 are denominated in Euros. Gains and losses on foreign currency transactions are not significant for the three and six months ended June 30, 2018 and 2017.

Share-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date. That cost is recognized on a straight-line basis over the period during which the employee is required to provide service in exchange for the award. The fair value of options on the date of grant is calculated using the Black-Scholes option pricing model based on key assumptions such as stock price, expected volatility and expected term. The Company's estimates of these assumptions are primarily based on the trading price of Company's stock, historical data, peer company data and judgment regarding future trends and factors. The fair value of restricted stock awards is based on the intrinsic value of such awards on the date of grant. Compensation cost for stock purchase rights under the employee stock purchase plan is measured and recognized on the date the Company becomes obligated to issue shares of common stock and is based on the difference between the fair value of the Company's common stock and the purchase price on such date.

The Company classifies share-based compensation expense in its statement of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipients' service payments are classified.

The Company recognizes compensation expense for only the portion of awards that are expected to vest. Forfeitures are recorded as they occur.

The Company measured the compensation expense of share options and other share-based awards granted to employees and directors using the grant date fair value of the award and recognized compensation expense as determined by the Black-Scholes Option pricing model on a straight-line basis over their requisite service period, which was generally the vesting period of the respective award.

The Company initially measured the compensation expense of share-based awards granted to consultants using the grant date fair value of the award. Compensation expense was recognized over the period during which services were rendered by such consultants. At the end of each financial reporting period prior to completion of services being rendered, the compensation expense was remeasured using the then current fair value of the share-based award, based on updated assumption inputs in the Black-Scholes option pricing model.

NYC Biotechnology Tax Credit Program

New York City allows investors and owners of emerging technology companies focused on biotechnology to claim a tax credit against the General Corporation Tax and Unincorporated Business Tax for amounts paid or incurred for certain facilities, operations, and employee training in New York City. The credit is recognized as research and development incentives when approved by New York City of the eligibility for the credit and the credit amount. During the six months ended June 30, 2018 and 2017, the Company recorded research and development incentive income of $186 and $192, respectively. A related receivable of $186 and $0 was recorded as of June 30, 2018 and December 31, 2017, respectively, related to this credit.

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carry-forwards. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which the Company expects to recover or settle those temporary differences. The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. The Company reduces the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is more likely than not that the Company will not realize some or all of the deferred tax asset.

The Company's deferred tax assets relate primarily to its net operating loss carryforwards and other balance sheet differences. In accordance with ASC 740 "Income Taxes", the Company recorded a full valuation allowance to fully offset the gross deferred tax asset because it is not more likely than not that the Company will realize future benefits associated with these deferred tax assets at June 30, 2018 and December 31, 2017.

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

On December 22, 2017, the Tax Cut and Jobs Act (the "Act"), was signed into law by the President of the United States. The Act includes a number of provisions, including the lowering of the U.S. corporate tax rate from 34 percent to 21 percent, effective January 1, 2018 and the establishment of a territorial-style system for taxing foreign-source income of domestic multinational corporations. The Company is in the process of quantifying the tax impacts of The Act, but at this time does not believe the provisions will have a material impact on the Company's financial reporting. The Company will continue to monitor and quantify the impact of the Act and will record any adjustments in accordance with the guidance in Staff Accounting Bulletin No. 118.

Net Loss Per Share

The Company calculates net loss per share in accordance with FASB ASC 260, *Earnings per Share.* Basic net income (loss) per share attributable to common shareholders is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted net income (loss) attributable to common shareholders is computed by adjusting net income (loss) attributable to common shareholders to reallocate undistributed earnings based on the potential impact of dilutive securities. Diluted net income (loss) per share attributable to common shareholders is computed by dividing the diluted net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares. For purposes of this calculation, outstanding options and convertible preferred shares are considered potential dilutive common shares.

The Company's convertible preferred shares contractually entitled the holders of such shares to participate in dividends but contractually did not require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss attributable to common shareholders, diluted net loss per share attributable to common shareholders is the same as basic net loss per share attributable to common shareholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. In connection with the Reverse Merger, all of the convertible preferred shares were converted into common stock. This conversion was in accordance with the original terms.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances from non-owner sources, and currently consists of net loss and changes in unrealized gains and losses on investments as of June 30, 2018.

Recent Accounting Pronouncement's

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. The new standard is effective for the Company for the annual period beginning after December 15, 2018, and can be early adopted. The Company is currently evaluating the impact of this accounting standard on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"). ASU 2017-01 provides that when substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. ASU 2017-01 is effective to annual period beginning after December 31, 2018 and interim period within annual periods beginning after December 31, 2019. Adoption of ASU 2017-09 may impact the Company's accounting for future acquisitions.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles- Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment", an amendment to simply the subsequent quantitative measurement of goodwill by eliminating step two from the goodwill impairment test. As amended, an entity will recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform the qualitative test for a reporting unit to determine if the quantitative impairment test is necessary. This amendment is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 31, 2021. Entities should apply for the amendment prospectively. Early adoption is permitted. The Company early adopted this guidance as of January 1, 2018 and will apply it when performing its annual goodwill impairment test.

4. Acquisition Accounting

The identifiable assets and liabilities of Inotek are allocated in the Company's consolidated financial statements at their fair values at the acquisition date, January 4, 2018. Goodwill, is calculated as the excess value of consideration paid over the fair value of assets acquired and liabilities assumed.

The acquisition-date fair value of the consideration transferred is as follows:

Number of shares of the combined company owned by Inotek shareholders	6,805,608
Number of shares issuable in connection with fully vested RSUs of Inotek immediately prior to the Reverse Merger	271,718
Inotek common stock on the acquisition date	7,077,326
Price per share of Inotek common stock on acquisition date	$ 12.16
Total purchase price	$ 86,060

The following table summarizes the fair value purchase price allocation of the assets acquired and liabilities assumed at the date of acquisition which is subject to adjustment as the Company finalizes it valuation:

Cash and cash equivalents	$ 76,348
Short term investments	21,292
Prepaid expense and other assets	1,041
Property and equipment	256
Deposits	168
Goodwill	30,815
Accounts payable and accrued expenses	(4,961)
Convertible notes	(38,388)
Unfavorable lease liability	(511)
Net assets acquired	$ 86,060

The goodwill of $30,815 represents the premium over the purchase price. Goodwill is mainly attributable to the value of cash and cash equivalents and short term investments acquired as of the acquisition date and access to capital markets. The allocation of the purchase price with the assistance of a third party valuation, is based on certain management assumptions. The Company incurred and expensed acquisition costs of $147 for the six months ended June 30, 2018.

The following supplemental unaudited pro forma information presents the Company's financial results as if the acquisition of Inotek had occurred on January 1, 2017:

	Six Months Ended June 30, 2018	2017
Revenue	$ -	$ -
Net loss	(32,912)	(22,529)

The above unaudited pro forma information was determined based on the historical US GAAP results of the Company and Inotek. The unaudited pro forma consolidated results are not necessarily indicative of what the Company's consolidated results of operations actually would have been if the acquisition was completed on January 1, 2017. The unaudited pro forma consolidated net loss includes pro forma adjustments primarily relating to the following non-recurring items directly attributable to the business combination:

(1) Elimination of $4,512 of transaction costs for both the Company and Inotek from the six months ended June 30, 2018;
(2) Elimination of $3,459 of stock-based compensation expense related to the acceleration of vesting and modification of certain previously unvested Inotek awards in connection with the Reverse Merger from the six months ended June 30, 2018;
(3) Elimination of $1,622 of expense related to severance and stay bonuses from the six months ended June 30, 2018;
(4) To adjust interest expense incurred in connection with the 2021 Convertible Notes assumed in connection with the Reverse Merger based on the fair value of the 2021 Convertible Notes on the date of the Reverse Merger, as if it occurred on January 1, 2017;
(5) To adjust depreciation expense associated with property and equipment acquired in connection with the Reverse Merger based on the fair value of the property and equipment on the date of the Reverse Merger, as if it occurred on January 1, 2017; and
(6) To adjust expense associated with operating lease obligations assumed in connection with the Merger based on the fair value of the leases on the date of the Merger, as if it occurred on January 1, 2017.

5. Fair Value of Financial Instruments

Items measured at fair value on a recurring basis are the Company's investments. The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy:

	Fair Value Measurements as of June 30, 2018 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market mutual funds (included in cash and cash equivalents)	$ 42,841	$ -	$ -	$ 42,841
Government agency securities	-	4,978	-	4,978
United States Treasury securities	113,940	-	-	113,940
Investments	113,940	4,978	-	118,918
	$ 156,781	$ 4,978	$ -	$ 161,759

The Company classifies its money market mutual funds as Level 1 assets under the fair value hierarchy, as these assets have been valued using quoted market prices in active markets without any valuation adjustment. The Company classifies its agency bonds as Level 2 assets under the fair value hierarchy, as these assets are not always valued daily using quoted market prices in active markets.

6. Property and Equipment

The Company's property and equipment consisted of the following:

	June 30, 2018	December 31, 2017
Laboratory equipment	$ 1,067	$ 1,042
Computer equipment	143	98
Furniture and fixtures	164	115
	1,374	1,255
Less: accumulated depreciation	(398)	(270)
	$ 976	$ 985

During the three and six months ended June 30, 2018, the Company recognized $74 and $157 of depreciation expense, respectively. During the three and six months ended June 30, 2017, the Company recognized $53 and $81 of depreciation expense, respectively.

7. Accounts Payable and Accrued Expenses

At June 30, 2018 and December 31, 2017, the Company's accounts payable and accrued expenses consisted of the following:

	June 30, 2018	December 31, 2017
Bonus	$ 688	$ 703
Research and development	4,632	814
Severance and benefits	388	88
Professional fees	532	382
Government payable	520	—
Accrued interest	1,241	—
Compensation and benefits	—	50
Accounts payable	66	—
Abandoned lease in New York City	75	
Other	143	25
	$ 8,285	$ 2,062

8. Debt

On January 4, 2018, in connection with the Reverse Merger, Inotek's obligations under its outstanding convertible notes, with an aggregate principal value of $52,000, were assumed by the Company (the "2021 Convertible Notes"). The 2021 Convertible Notes were issued in 2016 and mature on August 1, 2021 ("Maturity Date"). The 2021 Convertible Notes are unsecured, accrue interest at a rate of 5.75% per annum and interest is payable semi-annually on February 1 and August 1 of each year.

Each holder of a 2021 Convertible Note (the "Holder") has the option until the close of business on the second business day immediately preceding the Maturity Date to convert all, or any portion, of the 2021 Convertible Notes held by it at a conversion rate of 31.1876 shares of the Company's common stock per $1 principal amount of 2021 Convertible Notes (the "Conversion Rate"). The Conversion Rate is subject to adjustment from time to time upon the occurrence of certain events, including the issuance of stock dividends and payment of cash dividends.

In addition, in certain circumstances, the Conversion Rate will be increased in respect of a Holder's conversion of 2021 Convertible Notes in connection with the occurrence of one or more corporate events specified in the indenture (as supplemented, the "Indenture") governing the 2021 Convertible Notes (each such specified corporate event, a "Make-Whole Fundamental Change") that occurs prior to the Maturity Date (a "Make-Whole Fundamental Change Conversion") or in respect of a Holder's voluntary conversion of 2021 Convertible Notes other than in connection with a Make-Whole Fundamental Change (a "Voluntary Conversion"). In connection with a Make-Whole Fundamental Change Conversion or a Voluntary Conversion, the Company will increase the Conversion Rate for the 2021 Convertible Notes surrendered for conversion by a number of additional shares of the Company's common stock set forth in the Additional Shares Make-Whole Table in the Indenture, based on the applicable Stock Price (as defined in the Indenture) and Effective Date (as defined in the Indenture) for such conversion. The additional shares potentially issuable in connection with a Make-Whole Fundamental Change Conversion or a Voluntary Conversion range from 0 to 6.2375 per $1 principal amount of 2021 Convertible Notes, subject to adjustment. If the Stock Price applicable to any conversion is greater than $160.00 per share, the Conversion Rate will not be increased. If the Stock Price applicable to any conversion is less than $26.72 per share, the Conversion Rate in connection with a Make-Whole Fundamental Change Conversion will not be increased but it will be increased by 6.2375 shares in connection with a Voluntary Conversion. Upon conversion, Holders of the 2021 Convertible Notes will receive shares of the Company's common stock and cash in lieu of fractional shares.

Upon the occurrence of a Fundamental Change, the occurrence of certain change of control transactions or delisting events (as defined in the Indenture), each Holder may require the Company to repurchase for cash all or any portion of the 2021 Convertible Notes held by such Holder at a repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon.

The Company, at its option, may redeem for cash all or any portion of the 2021 Convertible Notes if the last reported sale price of a share of the Company's common stock is equal to or greater than 200% of the conversion price for the 2021 Convertible Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending within the five trading days immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the 2021 Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If an Event of Default (as defined in the Indenture), other than certain events of bankruptcy, insolvency or reorganization involving the Company, occurs and is continuing, the trustee under the Indenture (the "Trustee") or the Holders of at least 25% in principal amount of the outstanding 2021 Convertible Notes may declare 100% of the principal of and accrued and unpaid interest, if any, on all of the 2021 Convertible Notes to be due and payable immediately. Upon the occurrence of an Event of Default relating to bankruptcy, insolvency or reorganization involving the Company, 100% of the principal of and accrued and unpaid interest, if any, on all of the 2021 Convertible Notes would become due and payable automatically.

Notwithstanding the foregoing, the Indenture provides that, to the extent the Company elects, the sole remedy for an Event of Default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture, will (i) for the first 90 days after the occurrence of such an Event of Default, consist exclusively of the right to receive additional interest on the 2021 Convertible Notes at a rate equal to 0.25% per annum of the principal amount of the 2021 Convertible Notes outstanding for each day during such 90-day period on which such an Event of Default is continuing and (ii) for the period from, and including, the 91st day after the occurrence of such an Event of Default to, and including, the 180th day after the occurrence of such an Event of Default, consist exclusively of the right to receive additional interest on the 2021 Convertible Notes at a rate equal to 0.50% per annum of the principal amount of the 2021 Convertible Notes outstanding for each day during such additional 90-day period on which such an Event of Default is continuing (such additional interest, "Additional Interest"). After 180 days, if such Event of Default is not cured or waived, the 2021 Convertible Notes would be subject to acceleration in accordance with the Indenture.

The 2021 Convertible Notes are considered a hybrid financial instrument consisting of a fixed interest rate "host" and various embedded features that required evaluation as potential embedded derivatives under FASB ASC 815, *Derivatives and Hedging* ("ASC 815"). Based on the nature of the host instrument and the embedded features, management concluded that none of the conversion, put and redemption features required bifurcation and separate accounting from the host instrument. The Company determined that the Additional Interest was an embedded derivative that contains non-credit related events of default. As a result, the Additional Interest feature required bifurcation and separate accounting under ASC 815. Based on the amount of Additional Interest that would be owed and the likelihood of occurrence, Rocket estimated the fair value of the Additional Interest feature to be insignificant upon issuance and as of June 30, 2018 and December 31, 2017.

The Company recorded the 2021 Convertible Notes at their fair value of $38,388 on January 4, 2018, the date of the acquisition. The difference between the fair value of the 2021 Convertible Notes and the principal value represents a discount on the notes that is being amortized to interest expense over the remaining term using the effective interest method. As of June 30, 2018, the stated interest rate was 5.75%, and the effective interest rate was 15.3%.

The table below summarizes the carrying value of the 2021 Convertible Notes as of June 30, 2018:

Principal amount	$ 52,000
Discount	(12,158)
Carrying value as of June 30, 2018	$ 39,842

Accretion of the 2021 Convertible Notes discount was $758 and $1,454 for the three and six months ended June 30, 2018, respectively.

9. Shareholders' Equity

Preferred Shares

On January 4, 2018, immediately prior to and in connection with the closing of the Reverse Merger, and in accordance with the original terms of the convertible preferred shares, all of the outstanding convertible preferred shares of Rocket Ltd were converted into an aggregate of 19,475,788 shares of common stock.

Exchange Ratio

On January 4, 2018, in connection with the Reverse Merger, Rocket's historical share and per share information has been adjusted in the consolidated financial statements presented to give effect to the Exchange Ratio.

Common Shares

At the time of the Reverse Merger, Rocket Ltd's outstanding shares of common stock were 26,281,396 which includes 19,475,788 issued upon the conversion of Rocket Ltd's convertible preferred stock.

On January 24, 2018, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Cowen and Company, LLC and Evercore Group L.L.C., as representatives (the "Representatives") of the several underwriters (collectively with the Representatives, the "Underwriters"), pursuant to which the Company sold 6,325,000 shares of common stock (the "Shares"), which includes 825,000 shares that were sold pursuant to an option granted to the Underwriters (the "Offering"). The Shares were sold in the Offering at a public offering price of $13.25 per share in which the Company received gross proceeds of $83,806 net of $5,288 of offering costs, commission and legal and other expenses for net proceeds from the Offering of $78,518, after deducting the underwriting discounts and commissions and legal and accounting costs.

10. Share-Based Awards

2015 Share Option Plan

The Rocket Ltd 2015 Share Option Plan provides for the Company to grant incentive stock options or nonqualified stock options for the purchase of common shares to employees, members of the board of directors and consultants. The 2015 Share Option Plan is administered by an administrative committee appointed by the board of directors or, in the absence of such appointment, the entire board of directors. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or their committee if so delegated, except that the exercise price per share of share options may not be less than 100% of the fair market value of the share of common shares on the date of grant (or 110% of the fair market value in the case of an employee who owns shares representing more than 10% of the voting power of all classes of shares for the Company) and the term of share options may not be greater than ten years (or five years in the case of an employee who owns shares representing more than 10% of the voting power of all classes of shares for the Company). The Company generally grants share-based awards with service conditions only ("service-based" awards).

As required by the 2015 Share Option Plan, the exercise price for share options granted was not to be less than the fair value of common shares as determined by the Company as of the date of grant. The Company valued its common shares by taking into consideration its most recently available valuation of common shares performed by management and the board of directors as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

The total number of shares that may be issued under the 2015 Share Option Plan was 9,904,050 shares; however, the 2,944,702 shares that remained available under the 2015 Share Option Plan were added to the share reserve of the 2014 Plan in connection with the Reverse Merger.

By virtue of the terms of the Merger Agreement, each stock option outstanding under the Rocket Ltd 2015 Share Option Plan immediately prior to the consummation of the Reverse Merger was automatically converted into a stock option exercisable for a number of shares of the Company's common stock calculated based on the exchange ratio and the exercise price per share of such outstanding stock option.

Pursuant to the Merger Agreement, the Company sponsored Inotek's equity compensation plans: the Amended and Restated 2014 Stock Option and Incentive Plan (the "2014 Plan"), the 2004 Stock Option and Incentive Plan (the "2004 Plan"), and the 2014 Employee Stock Purchase Plan ("ESPP") and assumed all stock options and restricted stock units ("RSUs") outstanding under each of the plans immediately prior to the effective time of the Reverse Merger.

Amended and Restated 2014 Stock Option and Incentive Plan

In August 2014, Inotek's board of directors adopted the 2014 Plan for the issuance of incentive and non-qualified stock options, restricted stock, and other equity awards, all for common stock, as determined by the board of directors, to employees, officers, directors, consultants, and advisors of Inotek and its subsidiaries. Pursuant to the provisions of the 2014 Plan and approval by the board of directors, on January 1, 2018 an additional 272,227 shares were added to the 2014 Plan representing 4% of total common shares issued and outstanding at December 31, 2017.

Second Amended and Restated 2014 Stock Option and Incentive Plan

In March 2018, Rocket's board of directors approved the Second Amended and Restated 2014 Stock Option and Incentive Plan (the "Revised 2014 Plan") which was subsequently approved by the Company's shareholders at the Annual Meeting held on June 25, 2018. The Revised 2014 Plan contains the following material features and changes from the 2014 Plan:

- Provide for an aggregate maximum number of shares of common stock initially authorized for issuance of 4,294,830 shares (the "Initial Limit"). On January 1, 2019, and each January 1 thereafter for the term of the Revised 2014 Plan, the number of shares reserved and available under the Revised 2014 Plan will automatically increase by 4% of the number of shares of our common stock issued and outstanding on the immediately preceding December 31;
- Increase the number shares of stock underlying stock options or stock appreciation rights that may be granted to any one individual in any single calendar year to 1,000,000 shares of common stock, and an increase in the number of shares of stock that may be issued in the form of incentive stock options.
- Eliminates certain provisions relating to awards of "performance-based compensation"; and
- Expires on June 25, 2028.

2004 Stock Option and Incentive Plan

In July 2004, Inotek's board of directors adopted the 2004 Plan for the issuance of incentive stock options, restricted stock, and other equity awards, all for common stock, as determined by the board of directors to employees, officers, directors, consultants, and advisors of Inotek and its subsidiaries. Only stock options were granted under the 2004 Plan. The 2004 Plan expired in February 2014 but remains effective for all outstanding options. All of the stock options granted under the 2004 Plan were fully vested at the time of the Reverse Merger.

Vesting of all unvested Inotek option awards issued and outstanding was accelerated at the effective time of the Reverse Merger, and all such option awards issued and outstanding at the time of the Reverse Merger, aggregating to 523,520, remained issued and outstanding. For accounting purposes, since the acceleration of vesting was negotiated in contemplation of the Reverse Merger, the remaining unrecognized compensation expense associated with the original grant date fair value of the options of $2,997 was recognized in the Company's consolidated statement of operations for the six months ended June 30, 2018. In addition, the exercise period for all Inotek options outstanding at the effective time of the Reverse Merger was extended beyond the respective periods provided in the original awards. The Company recorded $462 in connection with the extension of the exercise periods in the consolidated statement of operations for the six months ended June 30, 2018 equal to the difference in the fair value of the options immediately prior to and immediately following the modification of the exercise period.

Share Option Valuation

The weighted average assumptions that the Company used in the Black-Scholes pricing model to determine the fair value of the share options granted to employees and directors were as follows:

	Six Months Ended June 30,	
	2018	2017
Risk-free interest rate	2.60%	2.02%
Expected term (in years)	5.78	5.74
Expected volatility	88.6%	91.9%
Expected dividend yield	0.00%	0%
Exercise price	$ 17.63	$ 2.14
Fair value of common stock	$ 17.63	$ 1.63

The weighted average assumptions that the Company used in the Black-Scholes pricing model to determine the fair value of the share options granted to non-employees were as follows:

	Six Months Ended June 30, 2018
Risk-free interest rate	2.74%
Expected term (in years)	10.0
Expected volatility	83.79%
Expected dividend yield	0.00%
Exercise price	$ 18.75
Fair value of common stock	$ 18.75

The Company recognizes compensation expense for only the portion of awards that are expected to vest.

A summary of activity under the Company's equity plans is as follows:

		Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2017	*	6,959,347	$ 1.06	8.17	$ 27,175
Assumed as part of merger with Inotek		523,456	2.01	7.28	
Granted		1,368,378	17.63	9.72	
Exercised		61,536		-	
Forfeited		(42,713)	1.35	-	
Outstanding as of June 30, 2018		8,870,004	$ 3.90	7.96	$ 137,631
Options vested and exercisable as of June 30, 2018		6,476,383	$ 1.17	6.90	$ 119,582

* Affected by Exchange Ratio

Restricted Stock Units

All unvested Inotek RSU awards issued and outstanding were accelerated at the effective time of the Reverse Merger. For accounting purposes, since the acceleration of vesting upon change of control was included in the original terms of the award, the remaining unrecognized compensation expense associated with the original grant date fair value of the RSU awards was recognized as a pre-merger expense of Inotek.

The following table summarizes the RSU activity for the six months ended June 30, 2018 under the 2014 Stock Option and Incentive Plan:

	Number of Shares
Outstanding as of December 31, 2017	-
Assumed as part of merger with Inotek	271,719
Settled	(42,968)
Outstanding as of June 30, 2018	228,751

As of June 30, 2018, due to lockup agreements signed in conjunction with the Reverse Merger, 228,751 RSU's remain unsettled.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock.

The weighted average grant-date fair value per share of stock options granted during the three months ended June 30, 2018 and 2017 was $18.34 and $1.69, respectively. The weighted average grant-date fair value per share of stock options granted during the six months ended June 30, 2018 and 2017 was $12.93 and $1.63, respectively.

The total fair value of options vested during the six months ended June 30, 2018 and 2017 was $41,800 and $280, respectively.

Employee Stock Purchase Plan

In November 2014, Inotek's board of directors adopted and the stockholders approved the ESPP. The ESPP provides that the number of shares reserved and available for issuance under the ESPP shall be cumulatively increased each January 1, beginning on January 1, 2016, by the lesser of (i) 150,000 shares of common stock or (ii) the number of shares necessary to set the number of shares of common stock under the ESPP at 1% percent of the outstanding number of shares as of January 1 of the applicable year. However, the board of directors reserves the right to determine that there will be no increase for any year or that any increase will be for a lesser number of shares. On January 1, 2018, 6,562 shares were added to the ESPP. As of June 30, 2018, there were 68,256 shares available for issuance under the ESPP. During the six months ended June 30, 2018, 0 shares of common stock were purchased pursuant to the ESPP. The Company recorded $0 of stock-based compensation expense pursuant to the ESPP during the six months ended June 30, 2018.

Share-Based Compensation

Share-based compensation expense is reflected in the consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Research and development	$ 1,403	$ 91	$ 3,610	$ 153
General and administrative	1,382	69	4,558	108
Total share based compensation expense	$ 2,785	$ 160	$ 8,168	$ 261

As of June 30, 2018, the Company had an aggregate of $24,023 of unrecognized share-based compensation cost, which is expected to be recognized over the weighted average period of 2.33 years.

11. Net Loss Per Share

Basic and diluted net loss per share attributable to common shareholders was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator:				
Net loss attributable to common shareholders	$ (15,767)	$ (3,329)	(31,110)	(6,199)
Denominator:				
Weighted-average common shares outstanding - basic and diluted	39,483,006	6,795,627	37,954,972	6,795,627
Net loss per share attributable to common shareholders - basic and diluted	$ (0.40)	$ (0.49)	$ (0.82)	$ (0.91)

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common shareholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Shares issuable upon conversion of the 2021 Convertible Notes	1,620,948	-	1,620,948	-
Warrants exercisable for common shares	14,102	-	14,102	-
Options to purchase common shares	8,870,004	6,795,627	8,870,004	6,795,627
Redeemable Series A convertible preferred shares (as converted to common shares)	-	9,807,564	-	9,807,564
Redeemable Series A convertible preferred shares (as converted to common shares)	-	9,668,224	-	9,668,224
	10,505,054	26,271,415	10,505,054	26,271,415

12. Commitments and Contingencies

Operating Leases

On March 31, 2016, the Company entered into a lease agreement for its office and laboratory space at the Alexandria Center for Life Sciences in New York, New York with a term ending on July 31, 2021 (the "NY Lease Agreement"). In connection with the NY Lease Agreement, the Company established an irrevocable standby letter of credit ("LOC") with a bank. The LOC serves as the Company's security deposit on the lease, in which the landlord is the beneficiary. The LOC expires and is automatically renewed April 8 of each succeeding calendar year up to October 29, 2020, unless written notice is provided no later than 90 days before the then existing expiration date. The Company has a certificate of deposit with a bank as collateral for the LOC which is classified as restricted cash in the consolidated balance sheets. On June 28, 2018, the Company entered into Amendment No.1 to the NY Lease Agreement, whereby the landlord agreed to relieve the Company of its obligations under the lease for a portion of the leased space upon the takeover of the space by a replacement tenant. The Company agreed to extend the lease by additional one year for the remaining space. As of June 30, 2018, a replacement tenant had not yet executed a lease, and the Company was not relieved of its obligations for rent and security deposit at the space. The Company recorded an additional rent expense of $94 related to the early exit from the lease. The Company will continue to maintain lab space at the Alexandria Center for Life Sciences facility as its hub for research and development activities.

On June 7, 2018, the Company entered into a lease agreement with ESRT Empire State Building, L.L.C. for office space in the Empire State Building (the "ESB Lease Agreement"). In connection with the ESB Lease Agreement, the Company established an irrevocable standby letter of credit with a bank for $936 which expires on June 30, 2019. The LOC serves as the Company's security deposit on the lease in which the landlord is the beneficiary. The Company has a certificate of deposit of $936 with a bank as collateral for the LOC which is classified as restricted cash in the consolidated balance sheets as of June 30, 2018.

In January 2018, in connection with the Reverse Merger, the Company assumed an operating lease of Inotek for its former headquarters in Lexington, Massachusetts, with a term ending in February 2023 (the "MA Lease Agreement"). In May 2018, the Company separated from the last legacy employee of Inotek and abandoned use of the leased floor at that time. In connection with the abandonment, the Company recorded a liability at the present value of the difference between the lease payments and projected sublease income at the cease use date of $435. The difference between the lease liability recorded at acquisition and the $435 lease abandonment is a gain which was deferred and is being recognized to other income over the remaining life of the lease. In addition, as of the cease use date, the Company wrote off the remaining furniture and fixtures of $205. In July 2018, the Company signed an agreement to sublease a portion of the Lexington, Massachusetts space.

The total restricted cash balance for the Company's operating leases at June 30, 2018 is $1,144. Rent expense was $433 and $285 for the six months ended June 30, 2018 and 2017. Rent expense was $211 and $146 for the three months ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, the remaining aggregate annual commitments pursuant to the leases, as amended, are as follows:

2018 (remaining six months)	531
2019	771
2020	738
2021	359
2022	37
Thereafter	5
Total	$ 2,441

Securities Litigation

On January 6, 2017, a purported stockholder of Inotek filed a putative class action in the U.S. District Court for the District of Massachusetts, captioned *Whitehead v. Inotek Pharmaceuticals Corporation, et al.*, No. 1:17-cv-10025. An amended complaint was filed on July 10, 2017, and a second amended complaint was filed on September 5, 2017. The second amended complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 against the Company, David Southwell, and Rudolf Baumgartner based on allegedly false and misleading statements and omissions regarding Inotek's phase 2 and phase 3 clinical trials of *trabodenoson*. The lawsuit seeks, among other things, unspecified compensatory damages for purchasers of Inotek's common stock between July 23, 2015 and July 10, 2017, as well as interest and attorneys' fees and costs. The second amended complaint was dismissed with prejudice on June 27, 2018, and the plaintiffs filed a notice of appeal on July 27, 2018. The Company continues to vigorously defend itself against this claim.

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

Indemnification Arrangements

Pursuant to its bylaws and as permitted under Delaware law, the Company has indemnification obligations to directors, officers, employees or agents of the Company or anyone serving in these capacities. The maximum potential amount of future payments the Company could be required to pay is unlimited. The Company has insurance that reduces its monetary exposure and would enable it to recover a portion of any future amounts paid. As a result, the Company believes that the estimated fair value of these indemnification commitments is minimal.

Throughout the normal course of business, the Company has agreements with vendors that provide goods and services required by the Company to run its business. In some instances, vendor agreements include language that requires the Company to indemnify the vendor from certain damages caused by the Company's use of the vendor's goods and/or services. The Company has insurance that would allow it to recover a portion of any future amounts that could arise from these indemnifications. As a result, the Company believes that the estimated fair value of these indemnification commitments is minimal.

13. Agreements Related to Intellectual Property

The Company has various license and research and collaboration arrangements. The transactions principally resulted in the acquisition of rights to intellectual property which is in the preclinical phase and have not been tested for safety or feasibility. In all cases, the Company did not acquire tangible assets, processes, protocols or operating systems. The Company expenses the acquired intellectual property rights as of the acquisition date on the basis that the cost of intangible assets purchased from others for use in research and development activities, has no alternative future uses.

License 161101 and SRA 161101

On April 20, 2018, the Company entered into Amendment No. 1 to the clinical trial agreement with the Fred Hutchinson Research Cancer Center ("Hutch") for the clinical trial entitled: Gene Therapy for Patients with Fanconi Anemia Complementation Group A. The Company agreed to pay $108 for additional budgeted amounts for the period from March 2018 through August 2018.

LAD-I (leukocyte adhesion deficiency-I) Agreement with CIEMAT

On March 1, 2018, the Company entered into Amendment No. 1 to the Master Research Agreement ("MRA") whereby the Company and Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas ("CIEMAT") agreed to a modification of the original commitment from Rocket down to approximately $444.

14. Strategic Research Collaboration

On May 16, 2018, Rocket and the Stanford University School of Medicine ("Stanford") entered into a strategic collaboration to support the advancement of FA and PKD gene therapy research. Under the terms of the collaboration agreement, Stanford will serve as a lease clinical trial research center in the U.S. for the planned FA registrational trial and would also be the lead site for PKD clinical trials. The project will also separately evaluate the potential for non-myeloablative, non-genotoxic antibody-based conditioning regimens as a future development possibility that may be applied across bone marrow-derived disorders. In addition, Rocket agreed to support expansion of Stanford's Laboratory for Cell and Gene Therapy ("LCGM") in efforts to further enhance the development of Rocket's internal pipeline. Rocket agreed to fund up to $3.5 million for the LCGM expansion upon which 40% or $1.4 million was due upon execution of the agreement and the balance are due upon the achievement of certain milestones. The $1.4 million is accrued as of June 30, 2018.

15. Related Party Transactions

During January 2018, the Company sold certain furniture and fixtures from the Inotek former corporate headquarters to a director of the Company for $20.

During March 2018, the Company entered into a consulting agreement with a member of the Board of Directors for strategic and corporate consulting services to be provided to the Company. The Company accrued $43 as of June 30, 2018 relating to services provided under this consulting agreement.

During April 2018, the Company entered into a consulting agreement with a different member of the Board of Directors for business development consulting services. Payments for the services under the agreement are $28 per quarter, and the Company may terminate the agreement with 14 days' notice. The Company accrued $28 as of June 30, 2018 relating to services provided under this consulting agreement.

16. 401(k) Savings Plan

The Company has a defined contribution savings plan (the "Plan") under Section 401(k) of the Internal Revenue Code of 1986 (the "Code"). This Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the Plan may be made at the discretion of the Company's board of directors. The Company has elected to match 4% of employee contributions to the Plan, subject to certain limitations. The Company's matching contribution for the six months ended June 30, 2018 and 2017, was $58 and $37, respectively.

17. Subsequent Events

On August 14, 2018, Rocket entered into a lease for approximately 92,000 rentable square feet in Cranbury, New Jersey, for internal process development and research activities to support the Company's pipeline (the "NJ Lease Agreement").

The term of the NJ Lease Agreement will commence as to 72,000 rentable square feet upon substantial completion of leasehold improvements (the "Commencement Date"), and as to the remaining 20,000 square feet upon the earlier of the Company's election to commence the lease of such additional space or thirty months from the Commencement Date. The NJ Lease Agreement has a term of fifteen years from the Commencement Date, with an option to renew for two consecutive five-year renewal terms.

The Company will be obligated to pay base rent between $6.00 and $13.00 per square foot per annum, in monthly installments, depending upon the nature of the space leased, and subject to certain annual base rent increases of 3%. The total commitment under the lease is estimated to be approximately $28,225 over the 15 year term of the lease. The Company will be required to deliver a cash security deposit of $287 to the landlord in connection with the NJ Lease Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information set forth below should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q as well as the audited financial statements and the notes thereto contained in our current report on Form 8-K and Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 7, 2018. Unless stated otherwise, references in this Quarterly Report on Form 10-Q to "us," "we," "our," or our "Company" and similar terms refer to Rocket Pharmaceuticals, Inc. References to "Inotek" refer to the company prior to the Reverse Merger (as defined below).

Recent Developments

Rocket Pharmaceuticals, Inc. ("Rocket" or the "Company") is a multi-platform biotechnology company focused on the development of first or best-in-class gene therapies for rare and devastating pediatric diseases. Rocket has lentiviral vector ("LVV") programs currently undergoing clinical testing for Fanconi Anemia ("FA"), a genetic defect in the bone marrow that reduces production of blood cells or promotes the production of faulty blood cells, and three additional LVV programs targeting other rare genetic diseases. In addition, Rocket has an adeno-associated virus ("AAV") program for which an investigational new drug ("IND" filing is planned, which will permit the commencement of human clinical studies thereafter. Rocket has global commercialization and development rights to all of its product candidates under royalty-bearing license agreements, with the exception of the CRISPR/Cas9 development program (described below) for which Rocket currently only has development rights.

Rocket's two leading LVV and AAV technology platforms are each being designed in collaboration with leading academic and industry partners. Through its gene therapy platforms, Rocket aims to restore normal cellular function by modifying the defective genes that cause each of the targeted disorders.

Reverse Merger and Exchange Ratio

On January 4, 2018, Rome Merger Sub ("Merger Sub"), a wholly owned subsidiary of Inotek Pharmaceuticals Corporation ("Inotek"), completed its merger with and into Rocket Pharmaceuticals, Ltd. ("Rocket Ltd"), with Rocket Ltd surviving as a wholly owned subsidiary of Inotek. This transaction is referred to as the "Reverse Merger." The Reverse Merger was effected pursuant to an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), dated as of September 12, 2017, by and among Inotek, Rocket Ltd and Rome Merger Sub.

As a result of the Reverse Merger, each outstanding share of Rocket Ltd share capital (including shares of Rocket Ltd share capital to be issued upon exercise of outstanding share options) automatically converted into the right to receive approximately 76.185 shares of Inotek's common stock, par value $0.01 per share (the "Exchange Ratio"). Following the closing of the Reverse Merger, holders of Inotek's common stock immediately prior to the Reverse Merger owned approximately 18.643% on a fully diluted basis, and holders of Rocket Ltd common stock immediately prior to the Reverse Merger owned approximately 81.357% on a fully diluted basis, of Rocket Ltd's common stock.

The Reverse Merger has been accounted for as a reverse acquisition under the acquisition method of accounting where Rocket Ltd is considered the accounting acquirer and Inotek is the acquired company for financial reporting purposes. Rocket Ltd was determined to be the accounting acquirer based on the terms of the Merger Agreement and other factors, such as relative voting rights and the composition of the combined company's board of directors and senior management. The pre-acquisition financial statements of Rocket Ltd became the historical financial statements of Rocket following completion of the Reverse Merger. The historical financial statements, outstanding shares and all other historical share information have been adjusted by multiplying the respective share amount by the Exchange Ratio as if the Exchange Ratio had been in effect for all periods presented.

Immediately following the Reverse Merger, the combined company changed its name from "Inotek Pharmaceuticals Corporation" to "Rocket Pharmaceuticals, Inc." The combined company following the Reverse Merger may be referred to herein as "the combined company," "Rocket," or "the Company."

The Company's common stock remained listed on the NASDAQ Stock Market, with trading having commenced on a post-split basis and under the new name as of January 5, 2018. The trading symbol also changed on that date from "ITEK" to "RCKT."

On January 24, 2018, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Cowen and Company, LLC and Evercore Group L.L.C., as representatives (the "Representatives") of the several underwriters (collectively with the Representatives, the "Underwriters"), pursuant to which the Company sold 6,325,000 shares of common stock (the "Shares"), which includes 825,000 shares that were sold pursuant to an option granted to the Underwriters (the "Offering"). The Shares were sold in the Offering at a public offering price of $13.25 per share in which the Company received gross proceeds of $83,806 net of $5,288 of offering costs, commission and legal and other expenses for net proceeds from the Offering of $78,518, after deducting the underwriting discounts and commissions and legal and accounting costs.

On May 16, 2018, Rocket and the Stanford University School of Medicine ("Stanford") entered into a strategic collaboration to support the advancement of FA and PKD gene therapy research. Under the terms of the collaboration agreement, Stanford will serve as a lease clinical trial research center in the U.S. for the planned FA registrational trial and would also be the lead site for PKD clinical trials. The project will also separately evaluate the potential for non-myeloablative, non-genotoxic antibody-based conditioning regimens as a future development possibility that may be applied across bone marrow-derived disorders. In addition, Rocket agreed to support expansion of Stanford's Laboratory for Cell and Gene Therapy ("LCGM") in efforts to further enhance the development of Rocket's internal pipeline. Rocket agreed to fund up to $3.5 million for the LCGM expansion upon which 40% or $1.4 million was due upon execution of the agreement and the balance are due upon the achievement of certain milestones. The $1.4 million is accrued as of June 30, 2018.

Gene Therapy Overview

Genes are composed of sequences of deoxyribonucleic acid ("DNA"), which code for proteins that perform a broad range of physiologic functions in all living organisms. Although genes are passed on from generation to generation, genetic changes, also known as mutations, can occur in this process. These changes can result in the lack of production of proteins or the production of altered proteins with reduced or abnormal function, which can in turn result in disease.

Gene therapy is a therapeutic approach in which an isolated gene sequence or segment of DNA is administered to a patient, most commonly for the purpose of treating a genetic disease that is caused by genetic mutations. Currently available therapies for many genetic diseases focus on administration of large proteins or enzymes and typically address only the symptoms of the disease. Gene therapy aims to address the disease-causing effects of absent or dysfunctional genes by delivering functional copies of the gene sequence directly into the patient's cells, offering the potential for curing the genetic disease, rather than simply addressing symptoms.

Rocket is using modified non-pathogenic viruses for the development of its gene therapy treatments. Viruses are particularly well suited as delivery vehicles, because they are adept at penetrating cells and delivering genetic material inside a cell. In creating Rocket's viral delivery vehicles, the viral (pathogenic) genes are removed and are replaced with a functional form of the missing or mutant gene that is the cause of the patient's genetic disease. The functional form of a missing or mutant gene is called a therapeutic gene, or the "transgene." The process of inserting the transgene is called "transduction." Once a virus is modified by replacement of the viral genes with a transgene, the modified virus is called a "viral vector." The viral vector delivers the transgene into the targeted tissue or organ (such as the cells inside a patient's bone marrow). Rocket has two types of viral vectors in development, LVV and AAV. Rocket believes that its LVV and AAV-based programs have the potential to offer a significant therapeutic benefit to patients that is durable (long-lasting).

The gene therapies can be delivered either (1) *ex vivo* (outside the body), in which case the patient's cells are extracted and the vector is delivered to these cells in a controlled, safe laboratory setting, with the modified cells then being reinserted into the patient, or (2) *in vivo* (inside the body), in which the vector is injected directly into the patient, either intravenously (IV) or directly into a specific tissue at a targeted site, with the aim of the vector delivering the transgene to the targeted cells.

Rocket believes that scientific advances, clinical progress, and the greater regulatory acceptance of gene therapy have created a promising environment to advance gene therapy products as these products are being designed to restore cell function and improve clinical outcomes, which in many cases include prevention of death at an early age. The recent approval by the U.S. Food and Drug Administration ("FDA") of Novartis's treatment for pediatric acute lymphoblastic leukemia, Gilead Science's treatment for relapsed or refractory large B-Cell lymphoma, and Spark Therapeutic's treatment for biallelic RPE65 mutation-associated retinal dystrophy, indicate that there is a regulatory pathway forward for cell and gene therapy products.

Pipeline Overview

LVV Programs. Rocket's LVV-based programs utilize third-generation, self-inactivating lentiviral vectors to target selected rare diseases. Currently, Rocket is developing LVV programs to treat FA, Leukocyte Adhesion Deficiency ("LAD-I"), Pyruvate Kinase Deficiency ("PKD"), and Infantile Malignant Osteopetrosis ("IMO"). Brief descriptions of these conditions and the Rocket programs for each is set forth below.

Fanconi Anemia (FA)

Rocket's LVV-based programs utilize third-generation, self-inactivating lentiviral vectors to correct defects in patients' hematopoietic stem cells ("HSCs"), which are the cells found in bone marrow that are capable of generating blood cells over a patient's lifetime. Defects in the genetic coding of hematopoietic stem cells can result in severe, and potentially life-threatening anemia, which is when a patient's blood lacks enough properly functioning red blood cells to carry oxygen throughout the body. Stem cell defects can also result in severe and potentially life-threatening decreases in white blood cells resulting in susceptibility to infections, and in platelets responsible for blood clotting, which may result in severe and potentially life-threatening bleeding episodes. Patients with FA have a genetic defect that prevents the normal repair of genes and chromosomes within blood cells in the bone marrow, which frequently results in the development of AML (acute myeloid leukemia, a type of blood cancer), as well as bone marrow failure and congenital defects. The average lifespan of an FA patient is estimated to be 30 to 40 years. The prevalence of FA in the US/EU is estimated to be about 2,000.

Rocket currently has the following two LVV-based programs targeting FA:

- RP-L102: RP-L102 is the Company's lead lentiviral vector based program that Rocket in-licensed from CIEMAT (Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas), which is a leading research institute in Madrid, Spain. RP-L102 is currently being studied in a Phase 1/2 clinical trial treating FA patients with a modified process under an Investigational Medicinal Product Dossier ("IMPD") sponsored by CIEMAT. Rocket is entitled to the data from this clinical study and has the commercial rights to the drug being studied under this IMPD.
- RP-L101: RP-L101 is a program that Rocket in-licensed from Fred Hutchinson Cancer Center in Seattle, Washington ("Hutch"). RP-L101 is currently being studied in a Phase 1 clinical trial that is treating FA patients at Hutch under an IND sponsored by Hutch. Rocket is entitled to the data from this clinical study and has the commercial rights to the drug being studied under this IND.

At the American Society of Cell and Gene Therapy ("ASGCT") Annual Meeting in May 2018, updated data from the ongoing Phase 1/2 clinical trial of RP-L102 was presented and included data from four patients that have been followed for 12-24 months and a fifth patient, treated with transduction-enhanced RP-L102, that was followed for two months. All patients demonstrated continued improvement in engraftment following administration of RP-L102 with sustained phenotypic reversals and earlier evidence of gene correction seen in higher-dosed patients. The progressive increases of corrected versus non-corrected peripheral blood leukocytes indicate the potential of RP-L102 to restore the functionality of bone marrow hematopoietic stem cells. The one patient that received transduction enhanced RP-L102 showed the highest transduction efficiency seen to date in all five patients treated, with a preliminary drug product vector copy number (VCN) of ~2.5 – 3, and a cell dose considered below the ideal target level of at least 500,000K CD34+/kg. Rocket plans to engage with regulatory authorities to progress RP-L102 towards a potential global registrational study in 2019.

Currently, no patient has received the ideal combination of cell dose and VCN that translate to disease-reversal. Improvements in the clinical and cell-processing components of Rocket's FA trials include selection of younger patients and identification of blood count profiles that are indicative of adequate stem cell populations capable of mobilization and engraftment in numbers sufficient for reversal of the disorder. Additional data from this cohort of patients, as well as additional patients treated with an improved process, is expected in 2019.

In June 2018, the Company was notified that the EMA classified RP-L102 as an Advanced Therapy Medicinal Product ("ATMP"). The ATMP classification recognizes and defines medicines for human use that are considered gene-, tissue- or cell-based therapies. The key benefit of ATMP classification is the early involvement and guidance from the EMA's Committee of Advanced Therapies, which is the regulatory reviewing body for gene therapies.

In July 2018, the Company was notified that it received Rare Pediatric Disease designation from the FDA for RP-L102 for the treatment of FA Type A. The FDA defines a "rare pediatric disease" as a serious and life-threatening disease that affects less than 200,000 people in the U.S that are aged between birth to 18 years. The Rare Pediatric Disease designation program allows for a Sponsor who receives an approval for a product to potentially qualify for a voucher that can be redeemed to receive a priority review of a subsequent marketing application for a different product.

Leukocyte Adhesion Deficiency-I ("LAD-I")

LAD-I is a genetic disorder that causes the immune system to malfunction, resulting in a form of immunodeficiency. Immunodeficiencies are conditions in which the immune system is unable to protect the body effectively from foreign invaders such as viruses, bacteria, and fungi. Starting from birth, people with LAD-I frequently develop serious bacterial and fungal infections. Life expectancy in individuals with LAD-I is often severely shortened. Due to repeat infections, affected individuals may not survive past infancy.

Rocket currently has one LVV-based program targeting LAD-I, RP-L201. RP-L201 is a preclinical program that Rocket in-licensed from CIEMAT. This program is currently being developed through an ongoing collaboration with CIEMAT.

Pyruvate Kinase Deficiency ("PKD")

PKD is an inherited lack of the enzyme "pyruvate kinase," which is used by red blood cells. Without this enzyme, red blood cells break down too easily, resulting in a low level of these cells, which in turn causes a form of anemia that can range in severity from mild (asymptomatic) to severe (resulting in childhood mortality or the requirement for frequent, lifelong blood transfusions). The pediatric population is the most commonly and severely affected subgroup of patients with PKD, and pediatric patients often undergo splenectomy (removal of the spleen) and experience jaundice and chronic iron overload.

Rocket currently has one LVV-based program targeting PKD, RP-L301. RP-L301 is a preclinical program that Rocket in-licensed from CIEMAT. This program is currently being developed through an ongoing collaboration with CIEMAT.

Infantile Malignant Osteopetrosis ("IMO")

IMO is a genetic disorder characterized by increased bone density and bone mass secondary to impaired bone resorption. Osteopetrosis is a disorder of bone development in which the bones become thickened. Normally, small areas of bone are constantly being broken down by special cells called osteoclasts, then made again by cells called osteoblasts. In osteopetrosis, the cells that break down bone (osteoclasts) do not work properly, which leads to the bones becoming thicker and not as healthy. Untreated, IMO patients may suffer from a compression of the bone-marrow space, which results in bone marrow failure, anemia and increased infection risk due to the lack of production of white blood cells. Untreated IMO patients may also suffer from a compression of cranial nerves, which transmit signals between vital organs and the brain, resulting in blindness, hearing loss and other neurologic deficits.

Rocket currently has one LVV-based program targeting IMO, RP-L401. RP-L401 is a preclinical program that Rocket in-licensed from Lund University, Sweden.

AAV-based Program

RP-A101 is in preclinical development as an *in vivo therapy* of an undisclosed rare disease and is estimated to have a prevalence of up to 15,000 in the U.S. & EU. This is a monogenic disorder that presents with severe clinical manifestations in childhood, adolescence and young adulthood, and is frequently fatal within several years of presentation in the absence of a curative organ transplant procedure.

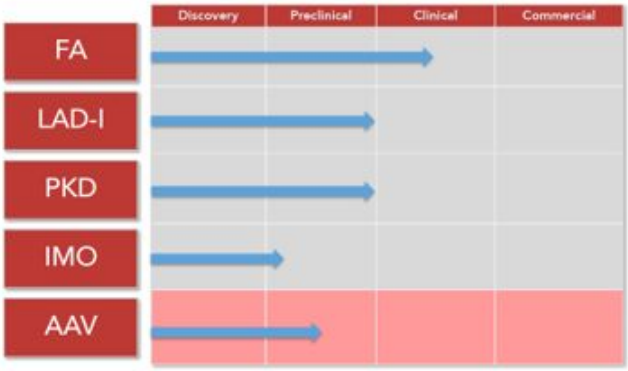
Preliminary preclinical studies have indicated that clinically feasible AAV doses can restore functional levels of protein in knockout mouse models, and that gene/protein restoration is associated with marked histologic improvement in the organs in which the disorder causes extensive morbidity and mortality.

Rocket is currently developing RP-A501, which is an AAV-based program for an undisclosed rare disease. This program is currently in preclinical development, with IND-enabling studies ongoing.

CRISPR/Cas9-based program

In addition to its LVV and AAV programs, Rocket also has a program evaluating CRISPR/Cas9-based gene editing for FA. This program is currently in the discovery phase. CRISPR/Cas9-based gene editing is a different method of correcting the defective genes in a patient, where the editing is very specific and targeted to a particular gene sequence. “CRISPR/Cas9” stands for Clustered, Regularly Interspaced Short Palindromic Repeats (“CRISPR”) Associated protein-9. The CRISPR/Cas9 technology can be used to make “cuts” in DNA at specific sites of targeted genes, making it potentially more precise in delivering gene therapies than traditional vector-based delivery approaches. CRISPR/Cas9 can also be adapted to regulate the activity of an existing gene without modifying the actual DNA sequence, which is referred to as gene regulation.

The chart below shows the current phases of development of Rocket’s programs and product candidates:



Strategy

Rocket seeks to bring hope and relief to patients with devastating, undertreated, rare pediatric diseases through the development and commercialization of potentially curative first-in-class gene therapies. To achieve these objectives, Rocket intends to develop into a fully integrated biotechnology company. In the near- and medium-term, Rocket intends to develop its first-in-class product candidates, which are targeting devastating diseases with substantial unmet need. In the medium- and long-term, Rocket expects to develop proprietary in-house analytics and manufacturing capabilities, commence registration trials for its currently planned programs and submit its first biologics license applications (“BLAs”), establish its gene therapy platform and expand its pipeline to target additional indications that Rocket believes to be potentially compatible with its gene therapy technologies. In addition, during that time, Rocket believes that its currently planned programs will become eligible for priority review vouchers from the FDA that provide for expedited review. Rocket has assembled a leadership and research team with expertise in cell and gene therapy, rare disease drug development and commercialization.

Rocket believes that its competitive advantage lies in its disease-based selection approach, a rigorous process with defined criteria to identify target diseases. Rocket believes that this approach to asset development differentiates it as a gene therapy company and potentially provides Rocket with a first-mover advantage.

Overview

Since our inception, we have devoted substantially all of our resources to organizing and staffing the company, business planning, raising capital, acquiring or discovering product candidates and securing related intellectual property rights, conducting discovery, research and development activities for the programs and planning for potential commercialization. We do not have any products approved for sale and have not generated any revenue from product sales. From inception through June 30, 2018, Rocket raised net cash proceeds of approximately $120.7 million from private investors through both equity and convertible debt financing to fund operating activities. In addition, in conjunction with the closing of the Reverse Merger, Rocket received additional proceeds of $76.3 million.

Since inception, we have incurred significant operating losses. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of the current or future product candidates and programs. Rocket Ltd had net losses of $19.6 million for the year ended December 31, 2017 and Rocket's net loss is $15.8 million and $31.1 million for the three and six months ended June 30, 2018, respectively. As of June 30, 2018, we had an accumulated deficit of $62.5 million. We expect to continue to incur significant expenses and higher operating losses for the foreseeable future as we advance our current product candidates from discovery through preclinical development and clinical trials and seek regulatory approval of our product candidates. In addition, if we obtain marketing approval for any of their product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, we expect to incur additional costs as a public company. Accordingly, we will need additional financing to support continuing operations and potential acquisitions of licensing or other rights for product candidates.

Until such a time as we can generate significant revenue from product sales, if ever, we will seek to fund our operations through public or private equity or debt financings or other sources, which may include collaborations with third parties and government programs or grants. Adequate additional financing may not be available to us on acceptable terms, or at all. We can make no assurances that we will be able to raise the cash needed to fund our operations and, if we fail to raise capital when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates or delay pursuit of potential in-licenses or acquisitions.

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

Financial Operations Overview

Revenue

To date, we have not generated any revenue from any sources, including from product sales, and we do not expect to generate any revenue from the sale of products in the near future. If our development efforts for product candidates are successful and result in regulatory approval or license agreements with third parties, we may generate revenue in the future from product sales.

Operating Expenses

Research and Development Expenses

Our research and development program expenses consist primarily of external costs incurred for the development of our product candidates. These expenses include:

- expenses incurred under agreements with research institutions that conduct research and development activities including, process development, preclinical, and clinical activities on Rocket's behalf;
- costs related to process development, production of preclinical and clinical materials, including fees paid to contract manufacturers and manufacturing input costs for use in internal manufacturing processes;
- consultants supporting process development and regulatory activities; and
- costs related to in-licensing of rights to develop and commercialize our product candidate portfolio.

We recognize external development costs based on contractual payment schedules aligned with program activities, invoices for work incurred, and milestones which correspond with costs incurred by the third parties. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses.

Our direct research and development expenses are tracked on a program-by-program basis for product candidates and consist primarily of external costs, such as research collaborations and third party manufacturing agreements associated with our preclinical research, process development, manufacturing, and clinical development activities. Our direct research and development expenses by program also include fees incurred under license agreements. Our personnel, non-program and unallocated program expenses include costs associated with activities performed by our internal research and development organization and generally benefit multiple programs. These costs are not separately allocated by product candidate and consist primarily of:

- salaries and personnel-related costs, including benefits, travel and share-based compensation, for our scientific personnel performing research and development activities;
- facilities and other expenses, which include expenses for rent and maintenance of facilities, and depreciation expense; and
- laboratory supplies and equipment used for internal research and development activities.

Our research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development. As a result, we expect that research and development expenses will increase substantially over the next several years as the Company increases personnel costs, including share-based compensation, supports ongoing clinical studies, seeks to achieve proof-of-concept in one or more product candidates, advances preclinical programs to clinical programs, and prepares regulatory filings for product candidates.

We cannot determine with certainty the duration and costs to complete current or future clinical studies of product candidates or if, when, or to what extent we will generate revenues from the commercialization and sale of any of its product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates. The duration, costs, and timing of clinical studies and development of product candidates will depend on a variety of factors, including:

- the scope, rate of progress, and expense of ongoing as well as any clinical studies and other research and development activities that we undertake;
- future clinical study results;
- uncertainties in clinical study enrollment rates;
- changing standards for regulatory approval; and
- the timing and receipt of any regulatory approvals.

We expect research and development expenses to increase for the foreseeable future as we continue to invest in research and development activities related to developing product candidates, including investments in manufacturing, as our programs advance into later stages of development and as we conduct additional clinical trials. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of product candidates is highly uncertain. As a result, we are unable to determine the duration and completion costs of research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for personnel, including share-based compensation and travel expenses for our employees in executive, operational, finance, legal, business development, and human resource functions. Other general and administrative expenses include facility-related costs, professional fees for accounting, tax and legal and consulting services.

We expect general and administrative expenses to increase for the foreseeable future due to anticipated increases in headcount to support the continued advancement of our product candidates. We also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with being a public company.

Research and Development Incentives

New York City allows investors and owners of emerging technology companies focused on biotechnology to claim a tax credit against the General Corporation Tax and Unincorporated Business Tax for amounts paid or incurred for certain facilities, operations, and employee training in New York City. The credit is recognized as research and development incentives when approved by New York City of the eligibility for the credit and the credit amount.

Interest Expense

Interest expense relates to our 2021 Convertible Notes, which are due in August 2021.

Interest Income

Interest income mainly relates to interest earned from cash, cash equivalents and investments.

Critical Accounting Policies and Significant Judgments and Estimates

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

While our significant accounting policies are described in more detail in Note 3 to our financial statements appearing elsewhere in this Quarterly Report on Form 10-Q, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Accrued Research and Development Expenses

We estimate our accrued research and development expenses as of the date of each of our balance sheets. We recognize external development costs based on contractual payment schedules aligned with program activities, invoices for work performed, and milestones which correspond with costs incurred by the third parties. This process involves reviewing contracts and purchase orders with service providers, identifying services that have been performed on our behalf, confirming the level of service performed are aligned with the contract, expected remaining period of performance and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual cost. Expenses that are paid in advance of performance are deferred as a prepaid expense and expensed as the services are provided.

Examples of estimated accrued research and development expenses include fees paid to:

- research organizations for collaborations for preclinical development, process development and clinical studies;
- contract manufacturing organizations and other vendors related to process development and manufacturing of materials for use in preclinical development and clinical studies; and
- service providers for professional service fees such as consulting and other research and development related services.

Our understanding of the status and timing of services performed relative to the actual status and timing may vary and may result in our reporting changes in estimates in any particular period. To date, there have been no material differences from our estimates to the amounts actually incurred.

Share-based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. That cost is recognized on a straight-line basis over the period during which the employee is required to provide service in exchange for the award. The fair value of options on the date of grant is calculated using the Black-Scholes option pricing model based on key assumptions such as stock price, expected volatility and expected term. The fair value of restricted stock awards is based on the intrinsic value of such awards on the date of grant. Our estimates of these assumptions are primarily based on third-party valuations, historical data, peer company data and judgment regarding future trends and factors.

Prior to the listing of our common stock on the Nasdaq Capital Market, our board of directors historically determined, as of the date of each option grant, with input from our management, the assistant of a third-party valuation specialist and the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, estimate the fair value of our common stock on the date of grant based on a number of objectives and subjective factors.

Since the Reverse Merger and the listing of our common stock on the Nasdaq Capital Market, we have relied on the market price of our common stock to determine its fair value on the date of grant for purposes of determining our stock-based compensation expense.

The assumptions underlying these valuations represent the best estimates of our management, which involve inherent uncertainties and the application of our judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, the resulting share-based compensation expense could be materially different.

Goodwill

Goodwill represents the difference between the consideration transferred and the fair value of the net assets acquired and liabilities assumed under the acquisition method of accounting. Goodwill is evaluated for impairment within our single reporting unit on an annual basis, during the fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of our reporting unit below our carrying amount. When performing the impairment assessment, the accounting standard for testing goodwill for impairment permits us 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 goodwill is impaired. If we believe, as a result of the qualitative assessment, that it is more likely than not that the fair value of goodwill is impaired, we must perform the quantitative goodwill impairment test.

Results of Operations

Comparison of the Three Months Ended June 30, 2018 and 2017

The following table summarizes the results of operations for the three months ended June 30, 2018 and 2017 ($ in thousands):

	Three Months Ended June 30,		
	2018	2017	Change
Operating expenses:			
Research and development	$ 10,772	$ 2,819	$ 7,953
General and administrative	4,100	702	3,398
Total operating expenses	14,872	3,521	11,351
Loss from operations	(14,872)	(3,521)	
Research and development incentives	-	192	(192)
Interest expense	(1,363)	-	(1,363)
Interest income	473	-	473
Other income	(5)	-	(5)
Total other income (expense)	(895)	192	(1,087)
Net loss	$ (15,767)	$ (3,329)	$ (12,438)

Research and Development Expenses

Research and development expenses ("R&D") increased $8.0 million to $10.8 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The increases were primarily a result of increases in manufacturing and process development expenses of $4.7 million, $1.4 million R&D expense due to the funding of the Stanford LCGM and an increase of $1.3 million in R&D share-based compensation expense for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017.

General and Administrative Expenses

General and administrative expense ("G&A") increased $3.4 million to $4.1 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The increase in G&A was primarily an increase in personnel costs due to headcount additions as of June 30, 2018 as compared to June 30, 2017 and an increase in legal costs of $0.2 million in connection with supporting the growth in our business and becoming a public company. In addition, there was a $0.7 million increase primarily due to an increase in insurance costs to support the Company's transition to a public company, and an increase of $1.3 million increase in G&A share-based compensation expense. We expect an increase in general administrative expense in future periods, as we operate as a public company.

Other Income (Expense)

Other expense was $0.9 million for the three months ended June 30, 2018 compared to other income of $0.2 million for the three months ended June 30, 2017 primarily due to increase in interest expense of $1.4 million, offset by an increase in interest income of $0.5 million. The increase in interest expense is due to the assumption by the Company of the 2021 Convertible Notes in connection with the Reverse Merger. The increase in interest income is due to interest on the Company's investments in connection with the Reverse Merger.

Comparison of the Six Months Ended June 30, 2018 and 2017

The following table summarizes the results of operations for the six months ended June 30, 2018 and 2017 ($ in thousands):

	Six Months Ended June 30,		
	2018	2017	Change
Operating expenses:			
Research and development	$ 16,525	$ 5,104	$ 11,421
General and administrative	12,752	1,287	11,465
Total operating expenses	29,277	6,391	22,886
Loss from operations	(29,277)	(6,391)	(22,886)
Research and development incentives	186	192	(6)
Interest expense	(2,834)	-	(2,834)
Interest income	805	-	805
Other income	10	-	10
Total other income (expense)	(1,833)	192	(2,025)
Net loss	$ (31,110)	$ (6,199)	$ (24,911)

Research and Development Expenses

R&D increased $11.4 million to $16.5 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017. The increases were primarily a result of increases in manufacturing and process development expenses of $7.0 million, $1.4 million R&D expense due to the funding of the Stanford LCGM and $2.7 million increase in share-based compensation expense for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

General and Administrative Expenses

G&A increased $11.5 million to $12.8 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017. The increase in G&A for the six months ended June 30, 2018 was primarily due to merger-related expenses of $5.3 million which were incurred for the six months ended June 30, 2018, including $3.4 million share-based compensation expenses and post-Reverse Merger transition expenses including payroll and severance payments for remaining Inotek employees retained for the post-Reverse Merger transition. The remaining increase of $6.2 million is primarily due to a $1.0 million increase in personnel costs from headcount additions as of June 30, 2018 as compared to June 30, 2017 and an increase in legal costs of $0.6 million in connection with supporting the growth in our business and becoming a public company. In addition, there was a $1.3 million increase in office and administrative costs to support the Company's transition to a public company, and an increase of $1.8 million in G&A share-based compensation expense. We expect an increase in general administrative expense in future periods, as we operate as a public company.

Other Income (Expense)

Other expense was $1.8 million for the six months ended June 30, 2018 compared to other income of $0.2 million for the six months ended June 30, 2017. The movement was primarily due to increase in interest expense of $2.8 million, offset by an increase in interest income of $0.8 million. The increase in interest expense is due to the assumption by the Company of the 2021 Convertible Notes in connection with the Reverse Merger with Inotek. The increase in interest income is due to interest on the Company's investments.

Liquidity, Capital Resources and Plan of Operations

Since inception, we have not generated any revenue from any sources, including from product sales, and have incurred significant operating losses and negative cash flows from our operations. We have funded operations to date primarily with proceeds from the sale of preferred shares, common stock and the issuance of convertible notes.

On January 24, 2018, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Cowen and Company, LLC and Evercore Group L.L.C., as representatives (the "Representatives") of the several underwriters (collectively with the Representatives, the "Underwriters"), pursuant to which the Company sold 6,325,000 shares of common stock (the "Shares"), which includes 825,000 shares that were sold pursuant to an option granted to the Underwriters (the "Offering"). The Shares were sold in the Offering at a public offering price of $13.25 per share in which the Company received gross proceeds of $83,806, net of $5,288 of offering costs, commission and legal and other expenses for net proceeds of $78,518.

As of June 30, 2018, we had cash, cash equivalents and investments of $171.5 million. Based upon current operating plans, we expect that our existing cash will be sufficient to fund operations into 2020.

Cash Flows

The following table summarizes our cash flows for each of the periods presented:

	Six Months Ended June 30,	
	2018	2017
	(in thousands)	
Net cash used in operating activities	$ (21,339)	$ (5,879)
Net cash used in investing activities	(21,336)	(729)
Net cash provided by financing activities	78,518	25,445
Net increase in cash, cash equivalents and restricted cash	$ 35,843	$ 18,837

Operating Activities

During the six months ended June 30, 2018, operating activities used $21.3 million of cash, primarily resulting from our net loss of $31.1 million, partially offset by net non-cash charges of $9.8 million, including share-based compensation expense of $8.2 million. There was no change in our operating assets and liabilities for the six months ended June 30, 2018 as the increase in accounts payable and accrued expenses of $1.3 million was offset by a decrease in prepaid expenses and other current assets of $0.7 million and a decrease in accrued research and development of $0.6 million.

During the six months ended June 30, 2017, operating activities used $5.9 million of cash, primarily resulting from Rocket's net loss of $6.2 million, partially offset by net non-cash charges of $0.3 million, including share-based compensation expense of $0.2 million. Changes in Rocket's operating assets and liabilities for the six months ended June 30, 2017 consisted primarily of a $0.4 million increase in accrued research and development costs, offset by an increase in prepaid expenses of $0.4 million. The increase in accrued research and development costs and the increase in prepaid expenses were primarily due to the increase in spending related to third party manufacturing and process development costs.

Investing Activities

During the six months ended June 30, 2018, net cash outflow on investing activities was $21.3 million, consisting of purchases of investments of $118.8 million offset by $76.3 million of cash acquired in connection with the Reverse Merger, and $21.2 million from the maturities of investments.

During the six months ended June 30, 2017, Rocket used $0.7 million of cash in investing activities, consisting of purchases of property and equipment.

Financing Activities

During the six months ended June 30, 2018, net cash provided by financing activities was $78.5 million, consisting entirely of proceeds from the issuance of common stock.

During the six months ended June 30, 2017, net cash provided by financing activities was $25.4 million, consisting of proceeds from Rocket's issuance of Series B convertible preferred shares.

Funding Requirements

We expect expenses to increase substantially in connection with our ongoing activities, particularly as we advance our preclinical activities, initiate additional clinical trials and manufacturing of our product candidates. In addition, we expect to incur additional costs associated with operating as a public company. Our expenses will also increase as we:

- leverage our programs to advance other product candidates into preclinical and clinical development;
- seek regulatory agreements to initiate clinical trials in the EU, US and ROW;
- establish a sales, marketing, medical affairs and distribution infrastructure to commercialize any product candidates for which Rocket may obtain marketing approval and intend to commercialize on its own or jointly;
- hire additional preclinical, clinical, regulatory, quality and scientific personnel;
- expand our operational, financial and management systems and increase personnel, including personnel to support our clinical development, manufacturing and commercialization efforts and our operations as a public company;
- maintain, expand and protect our intellectual property portfolio; and
- acquire or in-license other product candidates and technologies.

As of June 30, 2018, we had cash, cash equivalents and investments of $171.5 million. We believe that our existing cash will be sufficient to fund operations into 2020. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical product candidates, we are unable to estimate the exact amount of working capital requirements. Our future funding requirements will depend on, and could increase significantly as a result of, many factors, including:

- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical studies and clinical trials;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of future activities, including product sales, medical affairs, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- the costs of manufacturing commercial-grade product to support commercial launch;
- the ability to receive additional non-dilutive funding, including grants from organizations and foundations;
- the revenue, if any, received from commercial sale of its products, should any of its product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the extent to which we acquire or in-license other product candidates and technologies; and
- the timing, receipt and amount of sales of, or milestone payments related to our royalties on, current or future product candidates, if any.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, additional debt financing would result in increased fixed payment obligations.

If we raise funds through governmental funding, collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts or grant rights to develop and market product candidates that it would otherwise prefer to develop and market themselves.

Contractual Obligations and Commitments

On March 31, 2016, the Company entered into a lease agreement for its office and laboratory space at the Alexandria Center for Life Sciences in New York, New York with a term ending on July 31, 2021 (the “NY Lease Agreement”). In connection with the NY Lease Agreement, the Company established an irrevocable standby letter of credit (“LOC”) with a bank. The LOC serves as the Company’s security deposit on the lease, in which the landlord is the beneficiary. The LOC expires and is automatically renewed April 8 of each succeeding calendar year up to October 29, 2020, unless written notice is provided no later than 90 days before the then existing expiration date. The Company has a certificate of deposit with a bank as collateral for the LOC which is classified as restricted cash in the consolidated balance sheets. On June 28, 2018, the Company entered into Amendment No.1 to the NY Lease Agreement, whereby the landlord agreed to relieve the Company of its obligations under the lease for a portion of the leased space upon the takeover of the space by a replacement tenant. The Company agreed to extend the lease by additional one year for the remaining space. As of June 30, 2018, a replacement tenant had not yet executed a lease, and the Company was not relieved of its obligations for rent and security deposit at the space. The Company recorded an additional rent expense of $94 related to the early exit from the lease. The Company will continue to maintain lab space at the Alexandria Center for Life Sciences facility as its hub for research and development activities.

On June 7, 2018, the Company entered into a lease agreement with ESRT Empire State Building, L.L.C. for office space in the Empire State Building (the “ESB Lease Agreement”). In connection with the ESB Lease Agreement, the Company established an irrevocable standby letter of credit with a bank for $936 which expires on June 30, 2019. The LOC serves as the Company’s security deposit on the lease in which the landlord is the beneficiary. The Company has a certificate of deposit of $936 with a bank as collateral for the LOC which is classified as restricted cash in the consolidated balance sheets as of June 30, 2018.

In January 2018, in connection with the Reverse Merger, the Company assumed an operating lease of Inotek for its former headquarters in Lexington, Massachusetts, with a term ending in February 2023 (the “MA Lease Agreement”). In May 2018, the Company separated from the last legacy employee of Inotek and abandoned use of the leased floor at that time. In connection with the abandonment, the Company recorded a liability at the present value of the difference between the lease payments and projected sublease income at the cease use date of $435. The difference between the lease liability recorded at acquisition and the $435 lease abandonment is a gain which was deferred and recognized to other income over the remaining life of the lease. In addition, as of the cease use date, the Company wrote off the remaining furniture and fixtures of $205. In July 2018, the Company signed an agreement to sublease a portion of the Lexington, Massachusetts space.

Off-Balance Sheet Arrangements

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

JOBS Act

Under Section 107(b) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), an "emerging growth company" can delay the adoption of new or revised accounting standards until such time as those standards would apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, as a result, we will adopt new or revised accounting standards at the same time as other public companies that are not emerging growth companies. There are other exemptions and reduced reporting requirements provided by the JOBS Act that we are currently evaluating. For example, as an emerging growth company, we are exempt from Sections 14A(a) and (b) of the Securities Exchange Act of 1934 (the "Exchange Act"), which would otherwise require us to (i) submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "golden parachutes" and (ii) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of our Chief Executive Officer's compensation to our median employee compensation. We also intend to rely on an exemption from the rule requiring us to provide an auditor's attestation report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and the rule requiring us to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements as the auditor discussion and analysis. We will continue to remain an "emerging growth company" until the earliest of the following: December 31, 2020; the last day of the fiscal year in which our total annual gross revenue is equal to or more than $1.07 billion; the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 3 of our "Consolidated Unaudited Financial Statements," in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations. We had cash, cash equivalents and investments of $171.5 million at June 30, 2018, consisting primarily of funds in money market account, and United States Treasury securities. The primary objective of our investment activities is to preserve principal and liquidity while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of our investment portfolio, we do not believe an immediate 1.0% increase in interest rates would have a material effect on the fair market value of our portfolio, and accordingly we do not expect a sudden change in market interest rates to affect materially our operating results or cash flows.

Our 2021 Convertible Notes bear interest at a fixed rate and therefore a change in interest rates would not impact the amount of interest we would have to pay on this indebtedness.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures. Based on that evaluation of our disclosure controls and procedures as of June 30, 2018, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures as of such date are effective at the reasonable assurance level. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Inherent Limitations of Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

On January 6, 2017, a purported stockholder of Inotek filed a putative class action in the U.S. District Court for the District of Massachusetts, captioned *Whitehead v. Inotek Pharmaceuticals Corporation, et al.*, No. 1:17-cv-10025. An amended complaint was filed on July 10, 2017, and a second amended complaint was filed on September 5, 2017. The second amended complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 against the Company, David Southwell, and Rudolf Baumgartner based on allegedly false and misleading statements and omissions regarding Inotek's phase 2 and phase 3 clinical trials of *trabodenoson*. The lawsuit seeks, among other things, unspecified compensatory damages for purchasers of Inotek's common stock between July 23, 2015 and July 10, 2017, as well as interest and attorneys' fees and costs. The second amended complaint was dismissed with prejudice on June 27, 2018, and the plaintiffs filed a notice of appeal on July 27, 2018. The Company continues to vigorously defend itself against this claim.

From time to time, we may be subject to other 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, we do not believe we are party to any other 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.

Item 1A. Risk Factors

We operate in an industry that involves numerous risks and uncertainties. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Quarterly Report on Form 10-Q, including our financial statements and related notes hereto. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future growth prospects. The risks and uncertainties described below may change over time and other risks and uncertainties, including those that we do not currently consider material, may impair our business. In these circumstances, the market price of our common stock could decline. The following Risk Factors were consistent with those previously disclosed in the 2017 Form 10-K.

Risks Related to Rocket's Financial Position

Rocket has a history of operating losses, and Rocket may not achieve or sustain profitability. Rocket anticipates that it will continue to incur losses for the foreseeable future. If Rocket fails to obtain additional funding to conduct its planned research and development effort, Rocket could be forced to delay, reduce or eliminate its product development programs or commercial development efforts.

Rocket is an early-stage gene therapy company with a limited operating history on which to base your investment decision. Gene therapy product development is a highly speculative undertaking and involves a substantial degree of risk. Rocket's operations to date have been limited primarily to organizing and staffing its company, business planning, raising capital, acquiring and developing product and technology rights and conducting preclinical research and development activities for its product candidates. Rocket has never generated any revenue from product sales. Rocket has not obtained regulatory approvals for any of its product candidates, and has funded its operations to date through proceeds from sales of its preferred stock, common stock and the issuance of convertible notes.

Rocket has incurred net losses since its inception. Rocket has incurred net losses of $15.8 and $31.1 million for the three and six months ended June 30, 2018, respectively, and Rocket Ltd. incurred losses of $19.6 million and $7.6 million for the years ended December 31, 2017 and 2016, respectively. As of June 30, 2018 and December 31, 2017, Rocket had an accumulated deficit of $62.5 million and Rocket Ltd had an accumulated deficit of $31.4 million, respectively. Substantially all of its operating losses have resulted from costs incurred in connection with its research and development programs and from general and administrative costs associated with its operations. Rocket expects to continue to incur significant expenses and operating losses over the next several years and for the foreseeable future, as Rocket intends to continue to conduct research and development, clinical testing, regulatory compliance activities, manufacturing activities, and, if any of its product candidates is approved, sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in Rocket incurring significant losses for the foreseeable future. Rocket's prior losses, combined with expected future losses, have had and will continue to have an adverse effect on Rocket's stockholders' deficit and working capital.

Rocket may need to raise additional funding, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force Rocket to delay, limit or terminate certain of its licensing activities, product development efforts or other operations.

Rocket expects to require substantial future capital in order to seek to broaden licensing of its gene therapy platforms, complete preclinical and clinical development for its current product candidates and other future product candidates, if any, and potentially commercialize these product candidates. Rocket expects its spending levels to increase in connection with its preclinical and clinical trials. In addition, if Rocket obtains marketing approval for any of its product candidates, Rocket expects to incur significant expenses related to product sales, medical affairs, marketing, manufacturing and distribution. Furthermore, Rocket expects to incur additional costs associated with operating as a public company. Accordingly, Rocket will need to obtain substantial additional funding in connection with its continuing operations. If Rocket is unable to raise capital when needed or on acceptable terms, Rocket could be forced to delay, reduce or eliminate certain of its licensing activities, its research and development programs or other operations.

Rocket's operations have consumed significant amounts of cash since inception. As of June 30, 2018, Rocket's cash, cash equivalents and investments was $171.5 million. Rocket's future capital requirements will depend on many factors, including:

- the timing of enrollment, commencement, completion and results of Rocket's clinical trials, including Rocket's current clinical trials for Fanconi Anemia;
- the results of Rocket's preclinical studies for Rocket's current product candidates and any subsequent clinical trials;
- the scope, progress, results and costs of drug discovery, laboratory testing, preclinical development and clinical trials, if any, for Rocket's internal product candidates;
- the costs associated with building out additional laboratory and manufacturing capacity, if any;
- the costs, timing and outcome of regulatory review of Rocket's product candidates;
- the costs of future activities, including product sales, medical affairs, marketing, manufacturing and distribution, for any of Rocket's product candidates for which Rocket receives marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing its intellectual property rights and defending any intellectual property-related claims;
- Rocket's current licensing agreements or collaborations remaining in effect;
- Rocket's ability to establish and maintain additional licensing agreements or collaborations on favorable terms, if at all;
- the extent to which Rocket acquires or in-licenses other product candidates and technologies; and
- the costs associated with being a public company.

Many of these factors are outside of Rocket's control. Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and Rocket may never generate the necessary data or results required to obtain regulatory and marketing approval and achieve product sales. In addition, Rocket's product candidates, if approved, may not achieve commercial success. Accordingly, Rocket will need to continue to rely on additional financing to achieve its business objectives.

To the extent that additional capital is raised through the sale of equity or equity-linked securities, the issuance of those securities could result in substantial dilution for Rocket's current shareholders and the terms may include liquidation or other preferences that adversely affect the rights of Rocket's current shareholders. Adequate additional financing may not be available to Rocket on acceptable terms, or at all. Rocket also could be required to seek funds through arrangements with partners or otherwise that may require Rocket to relinquish rights to its intellectual property, its product candidates or otherwise agree to terms unfavorable to Rocket.

Rocket's limited operating history may make it difficult for Rocket to evaluate the success of its business to date and to assess Rocket's future viability.

Rocket's operations to date have predominantly focused on organizing and staffing its company, business planning, raising capital, acquiring its technology, administering and expanding its gene therapy platforms, identifying potential product candidates, undertaking research, preclinical studies and clinical trials of its product candidates and establishing licensing arrangements and collaborations. Rocket has not yet completed clinical trials of its product candidates, obtained marketing approvals, manufactured a commercial-scale product or conducted sales and marketing activities necessary for successful commercialization. Consequently, any predictions made about Rocket's future success or viability may not be as accurate as they could be if Rocket had a longer operating history.

In addition, as a new business, Rocket may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. Rocket expects to eventually transition from a company with a licensing and research focus to a company that is also capable of supporting clinical development activities and Rocket may need to transition to supporting commercial activities in the future. Rocket cannot guarantee that it will be successful in these transitions.

Rocket's ability to use its net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss ("NOL") carryforwards and other pre-change tax attributes to offset its post-change income may be limited. Rocket may experience ownership changes in the future. As a result, if Rocket earns net taxable income, Rocket's ability to use its pre-change net NOL carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to Rocket. Furthermore, Rocket's ability to use NOL carryforwards to offset U.S. federal taxable income in the future may be further limited by certain provisions set forth in The Tax Cuts and Jobs Act, which could potentially result in increased future tax liability to Rocket. In addition, at the state level, there may be periods during which the use of NOL carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As of December 31, 2017, Rocket had net operating losses of approximately $24.8 million for New York City tax purposes. As of December 31, 2017, Rocket had no unrecognized tax benefits or liabilities for uncertain tax positions. Rocket files income tax returns in the United States and New York State and New York City, but for the year ended December 31, 2017, did not report any income effectively connected with a U.S. trade or business.

As of December 31, 2017, Inotek had federal NOL carryforwards for income tax purposes of $127.1 million that will expire at various dates through 2037 and state NOL carryforwards of $83.4 million that will expire at various dates through 2037, available to reduce future federal and state income taxes, if any. As of December 31, 2017, Inotek had federal research and development tax credits of $5.2 million and state research and development tax credits of $0.8 million. The pre-change NOL carryforwards, although subject to an annual limitation, as well as any post-change NOL carryforwards, can be utilized in future years, provided that sufficient income is generated and no future ownership changes occur that may limit Inotek's NOL carryforwards. Additionally, the Reverse Merger on January 4, 2018 is expected to significantly limit utilization of Inotek's NOL carryforwards as the Reverse Merger was considered to be an ownership change, under Section 382 of the Code, though the actual amount of the NOL limitation has not yet been determined.

Rocket has never generated any revenue from product sales and may never be profitable.

Rocket's ability to generate revenue and achieve profitability depends on Rocket's ability, alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory, pricing and reimbursement approvals necessary to commercialize its product candidates. Rocket does not anticipate generating revenues from product sales for the foreseeable future, if ever. Rocket's ability to generate future revenues from product sales depends heavily on its success in:

- completing research and preclinical and clinical development of Rocket's product candidates;
- seeking and obtaining regulatory and marketing approvals for product candidates for which Rocket completes clinical studies;
- developing a sustainable, commercial-scale, reproducible, and transferable manufacturing process for Rocket's vectors and product candidates;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products and services to support clinical development and the market demand for Rocket's product candidates, if approved;
- launching and commercializing product candidates for which Rocket obtains regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales force, marketing and distribution infrastructure;
- obtaining sufficient pricing and reimbursement for Rocket's product candidates from private and governmental payors;
- obtaining market acceptance of Rocket's product candidates and gene therapy as a viable treatment option;
- addressing any competing technological and market developments;
- identifying and validating new gene therapy product candidates;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which Rocket may enter; and
- maintaining, protecting and expanding Rocket's portfolio of intellectual property rights, including patents, trade secrets and know-how.

Even if one or more of the product candidates that Rocket will develop is approved for commercial sale, Rocket anticipates incurring significant costs associated with commercializing any approved product candidate. Rocket's expenses could increase beyond expectations if Rocket is required by the FDA, the EMA, or other regulatory agencies, domestic or foreign, to perform clinical and other studies in addition to those that Rocket currently anticipates. Even if Rocket is able to generate revenues from the sale of any approved products, Rocket may not become profitable and may need to obtain additional funding to continue operations.

Risks Related to Product Regulatory Matters

Rocket's gene therapy product candidates are based on novel technology, which makes it difficult to predict the time and cost of product candidate development and subsequently obtaining regulatory approval. Currently, only a few gene therapy products have been approved in the United States and the European Union.

Rocket has concentrated its research and development efforts to date on a gene therapy platform, and Rocket's future success depends on the successful development of viable gene therapy product candidates. Rocket cannot guarantee that it will not experience problems or delays in developing current or future product candidates or that such problems or delays will not cause unanticipated costs, or that any such development problems or delays can be resolved. Rocket may also experience unanticipated problems or delays in developing Rocket's manufacturing capacity or transferring Rocket's manufacturing process to commercial partners, which may prevent Rocket from completing its clinical studies or commercializing its products on a timely or profitable basis, if at all.

In addition, the clinical study requirements of the FDA, the European Medicines Agency, ("EMA"), and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate vary substantially according to the type, complexity, novelty and intended use and market of the potential products. The regulatory approval process for novel product candidates such as Rocket's can be more expensive and take longer than for other, better known or more extensively studied pharmaceutical or other product candidates. Currently, only a few gene therapy products have received marketing authorization in the U.S. or the European Union, including Novartis' Kymriah, Kite Pharma's Yescarta, and Spark Therapeutics' Luxturna. It is therefore difficult to determine how long it will take or how much it will cost to obtain regulatory approvals for Rocket's product candidates in the United States, the European Union or other jurisdictions. Approvals by the EMA may not be indicative of what the FDA may require for approval. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approvals necessary to bring a potential product to market could decrease Rocket's ability to generate sufficient product revenue and Rocket's business, financial condition, results of operations and prospects could be materially harmed.

Regulatory requirements governing gene therapy products have evolved and may continue to change in the future. For example, FDA's Center for Biologics Evaluation and Research ("CBER") may require Rocket to perform additional nonclinical studies or clinical trials that may increase Rocket's development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of Rocket's gene therapy product candidates or lead to significant post-approval limitations or restrictions.

In addition, EMA's Committee for Advanced Therapies ("CAT") and other regulatory review committees and advisory groups and any new guidelines they promulgate may lengthen the regulatory review process, require us to perform additional studies, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of our product candidates or lead to significant post-approval limitations or restrictions. As we advance our product candidates, we will be required to consult with these regulatory and advisory groups, and comply with applicable guidelines. If we fail to do so, we may be required to delay or discontinue development of certain of our product candidates. These additional processes may result in a review and approval process that is longer than we otherwise would have expected. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product to market could decrease our ability to generate product revenue, and our business, financial condition, results of operations and prospects would be materially harmed.

Rocket may encounter substantial delays in commencement, enrollment or completion of Rocket's clinical trials or may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities, which could prevent Rocket from commercializing its current and future product candidates on a timely basis, if at all.

Before obtaining marketing approval from regulatory authorities for the sale of Rocket's current and future product candidates, Rocket must conduct extensive clinical trials to demonstrate the safety and efficacy of Rocket's product candidates. Clinical trials are expensive, time-consuming, and outcomes are uncertain.

To date, Rocket's experience with clinical trials has been limited. Rocket's only clinical programs to date have been performed under a physician-sponsored investigational new drug application, or IND, held by the Fred Hutchinson Cancer Research Center in Seattle, Washington, or Hutch, and under an IMPD, in Spain, sponsored by CIEMAT. The clinical trials performed by these sponsors are for a lentiviral treatment for Fanconi Anemia, a rare mutation of the FANC-A gene, which are still ongoing. Rocket intends to assume responsibility for or obtain the authority to reference the clinical trials performed under one or both of the IND and IMPD held by its collaborators, but has not completed any clinical trials to date. Rocket cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. A clinical trial failure can occur at any stage of testing.

Identifying and qualifying patients to participate in clinical trials of Rocket's product candidates is critical to Rocket's success. Rocket may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics, to complete clinical trials in a timely manner. Patient enrollment and trial completion is affected by numerous factors including:

- severity of the disease under investigation;
- design of the study protocol;
- size of the patient population;
- eligibility criteria for the study in question;
- perceived risks and benefits of the product candidate under study, including as a result of adverse effects observed in similar or competing therapies;
- proximity and availability of clinical study sites for prospective patients;
- availability of competing therapies and clinical studies;
- efforts to facilitate timely enrollment in clinical studies;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

In particular, each of the conditions for which Rocket plans to evaluate its current product candidates are rare genetic diseases with limited patient pools from which to draw for clinical studies. Additionally, the process of finding and diagnosing patients may prove costly. Finally, the treatment process requires that the cells be obtained from patients and then shipped to a transduction facility within the required timelines, and this may introduce unacceptable shipping-related delays to the process.

In addition, to the extent Rocket seeks to obtain regulatory approval for its product candidates in foreign countries, Rocket's ability to successfully initiate, enroll and complete a clinical study in any foreign country is subject to numerous risks unique to conducting business in foreign countries, including:

- difficulty in establishing or managing relationships with clinical research organizations ("CROs"), and physicians;
- different standards for the conduct of clinical trials;
- absence in some countries of established groups with sufficient regulatory expertise for review of AAV gene therapy protocols;
- Rocket's inability to locate qualified local partners or collaborators for such clinical trials; and
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatment.

If Rocket has difficulty enrolling a sufficient number of patients to conduct its clinical trials as planned, Rocket may need to delay, limit or terminate planned clinical trials, the occurrence of any of which would harm our business, financial condition, results of operations and prospects. Moreover, Rocket intends to rely on the nonclinical studies and clinical trials performed by Hutch and CIEMAT, and the FDA or the regulatory authority in any other country in which we decide to perform clinical trials or seek approval may not accept the results of the Hutch and CIEMAT studies and trials. Any inability to successfully complete preclinical studies and clinical trials could result in additional costs to Rocket or impair Rocket's ability to generate revenues from product sales, regulatory and commercialization milestones and royalties.

Rocket has not completed any clinical studies of its current product candidates. Initial results in Rocket's ongoing clinical studies may not be indicative of results obtained when these studies are completed. Furthermore, success in early clinical studies may not be indicative of results obtained in later studies.

Rocket's Fanconi Anemia gene therapy treatments are currently in clinical trials being conducted by Rocket's partners, Hutch and CIEMAT. Several of Rocket's other gene therapy programs are in the preclinical stages. Study designs and results from previous or ongoing studies and clinical trials are not necessarily predictive of future study or clinical trial results, and initial or interim results may not continue or be confirmed upon completion of the study or trial. Positive data may not continue or occur for subjects in Rocket's clinical studies or for any future subjects in Rocket's ongoing or future clinical studies and may not be repeated or observed in ongoing or future studies involving Rocket's product candidates. Furthermore, Rocket's product candidates may also fail to show the desired safety and efficacy in later stages of clinical development despite having successfully advanced through initial clinical studies. Rocket cannot guarantee that any of these studies will ultimately be successful or that preclinical or early stage clinical studies will support further clinical advancement or regulatory approval of Rocket's product candidates.

Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, regulatory delays or rejections may be encountered as a result of many factors, including changes in regulatory policy during the period of product development.

Even if Rocket successfully completes the necessary preclinical studies and clinical trials, Rocket cannot predict when, or if, Rocket will obtain regulatory approval to commercialize a product candidate and the approval may be for a more narrow indication than Rocket seeks.

Rocket cannot commercialize a product candidate until the appropriate regulatory authorities have reviewed and approved the product candidate. Rocket has not received approval from regulatory authorities in any jurisdiction to market any of its product candidates. Even if Rocket's product candidates meet their safety and efficacy endpoints in clinical trials, the regulatory authorities may not complete their review processes in a timely manner, issue a complete response letter, or ultimately, Rocket may not be able to obtain regulatory approval. In addition, Rocket may experience delays or rejections if an FDA Advisory Committee recommends disapproval or restrictions on use. In addition, Rocket may experience delays or rejections based upon additional government regulation from future legislation or administrative actions, or changes in regulatory authority policy during the period of product development, clinical trials and the review process. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that Rocket's data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of data obtained from preclinical and clinical testing could delay, limit or prevent the receipt of marketing approval for a product candidate.

Regulatory authorities also may approve a product candidate for more limited indications than requested or they may impose significant limitations in the form of narrow indications, warnings or Risk Evaluation and Mitigation Strategies ("REMS"). These regulatory authorities may require precautions or contra-indications with respect to conditions of use or they may grant approval subject to the performance of costly post-marketing clinical trials. In addition, regulatory authorities may not approve the labeling claims that are necessary or desirable for the successful commercialization of Rocket's product candidates. Any of the foregoing scenarios could materially harm the commercial prospects for Rocket's product candidates and materially harm its business, financial condition, results of operations and prospects.

Even if Rocket obtains regulatory approval for a product candidate, its products will remain subject to regulatory scrutiny.

Even if Rocket obtains regulatory approval in a jurisdiction, the applicable regulatory authority may still impose significant restrictions on the indicated uses or marketing of Rocket's product candidates or impose ongoing requirements for potentially costly post-approval studies, post-market surveillance or patient or drug restrictions. Additionally, the holder of an approved Biologics License Application, or BLA, is obligated to monitor and report adverse events and any failure of a product to meet the specifications in the BLA. The holder of an approved BLA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. FDA guidance advises that patients treated with some types of gene therapy undergo follow-up observations for potential adverse events for as long as 15 years. Advertising and promotional materials must comply with FDA rules and are subject to FDA review, in addition to other potentially applicable federal and state laws.

In addition, product manufacturers and their facilities are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with good manufacturing practices ("GMP"), current good tissue practice ("cGTP"), and adherence to commitments made in the BLA. If Rocket or a regulatory agency discovers previously unknown problems with a product such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If Rocket fails to comply with applicable regulatory requirements following approval of any of its product candidates, a regulatory agency may take a variety of actions, including:

- issue a warning letter asserting that Rocket is in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical studies;
- refuse to approve a pending marketing application, such as a BLA or supplements to a BLA submitted by Rocket;
- seize products; or
- refuse to allow Rocket to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require Rocket to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit Rocket's ability to commercialize its product candidates and generate revenues and could harm its business, financial condition, results of operations and prospects.

In addition, the FDA's policies, and those of comparable foreign regulatory authorities, may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of Rocket's product candidates. Rocket cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative actions, either in the U.S. or abroad. If Rocket is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if Rocket is not able to maintain regulatory compliance, Rocket may lose any marketing approval which Rocket may have obtained and Rocket may not achieve or sustain profitability, which would materially harm Rocket's business, financial condition, results of operations and prospects.

Rocket may never obtain FDA approval for any of its product candidates in the United States, and even if Rocket does, Rocket may never obtain approval for or commercialize any of its product candidates in any other jurisdiction, which would limit Rocket's ability to realize its full market potential.

In order to eventually market any of Rocket's product candidates in any particular foreign jurisdiction, Rocket must establish and comply with numerous and varying regulatory requirements regarding safety and efficacy on a jurisdiction-by-jurisdiction basis. Approval by the FDA in the United States, if obtained, does not ensure approval by regulatory authorities in other countries or jurisdictions. In addition, preclinical studies and clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not guarantee regulatory approval in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could result in difficulties and costs for Rocket and require additional preclinical studies or clinical trials which could be costly and time-consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of Rocket's products in those countries. The foreign regulatory approval process involves similar risks to those associated with FDA approval. Rocket does not have any product candidates approved for sale in any jurisdiction, including international markets, nor has Rocket attempted to obtain such approval. If Rocket fails to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approvals in international markets are delayed, Rocket's target market will be reduced and Rocket's ability to realize the full market potential of its products will be unrealized.

Rocket's product candidates may cause undesirable and unforeseen side effects or be perceived by the public as unsafe, which could delay or prevent their advancement into clinical trials or regulatory approval, limit the commercial potential or result in significant negative consequences.

Gene therapy is still a relatively new approach to disease treatment and adverse side effects could develop with Rocket's product candidates. There also is the potential risk of delayed adverse events following exposure to gene therapy products due to persistent biologic activity of the genetic material or other components of products used to carry the genetic material.

Possible adverse side effects that could occur with treatment with gene therapy products include an immunologic reaction soon after administration which could substantially limit the effectiveness and durability of the treatment. If certain side effects are observed in testing of Rocket's potential product candidates, Rocket may decide or be required to halt or delay further clinical development of its product candidates.

In addition to side effects caused by the product candidate, the administration process or related procedures associated with a given product candidate also can cause adverse side effects. If any such adverse events occur, Rocket's clinical trials could be suspended or terminated. Under certain circumstances, the FDA, the European Commission, the EMA or other regulatory authorities could order Rocket to cease further development of, or deny approval of, Rocket's product candidates for any or all targeted indications. Moreover, if Rocket elects, or is required, to not initiate or to delay, suspend or terminate any future clinical trial of any of its product candidates, the commercial prospects of such product candidates may be harmed and Rocket's ability to generate product revenues from any of these product candidates may be delayed or eliminated. Any of these occurrences may harm Rocket's ability to develop other product candidates, and may harm Rocket's business, financial condition and prospects significantly.

Furthermore, if undesirable side effects caused by Rocket's product candidate are identified following regulatory approval of a product candidate, several potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw approvals of such product candidate;
- regulatory authorities may require additional warnings on the label;
- Rocket may be required to change the way a product candidate is administered or conduct additional clinical trials; and
- Rocket's reputation may suffer.

Any of these occurrences may harm Rocket's business, financial condition and prospects significantly.

Rocket may be unable to obtain orphan drug designation or exclusivity for some product candidates. If Rocket's competitors are able to obtain orphan drug exclusivity for products that constitute the same drug and treat the same indications as its product candidates, Rocket may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities in some jurisdictions, including the U.S. and the European Union, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, the FDA may designate a product candidate as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as having a patient population of fewer than 200,000 individuals in the U.S., or a patient population greater than 200,000 in the U.S. where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the U.S. In the European Union, following the opinion of the EMA's Committee for Orphan Medicinal Products, the European Commission grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union. Additionally, orphan designation is granted for products intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug or biologic product.

Generally, if a product candidate with an orphan drug designation receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA or the European Commission from approving another marketing application for a product that constitutes the same drug treating the same indication for that marketing exclusivity period, except in limited circumstances. If another sponsor receives such approval before Rocket does (regardless of Rocket's orphan drug designation), Rocket will be precluded from receiving marketing approval for Rocket's product for the applicable exclusivity period. The applicable period is seven years in the U.S. and 10 years in the European Union. The exclusivity period in the U.S. can be extended by six months if the BLA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The exclusivity period in the European Union can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be revoked if any regulatory agency determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition.

Even if Rocket requests orphan drug designation for any of its product candidates, Rocket cannot guarantee that the FDA or the European Commission will grant any of its product candidates such designation. Additionally, the designation of any of Rocket's product candidates as an orphan product does not guarantee that any regulatory agency will accelerate regulatory review of, or ultimately approve, that product candidate, nor does it limit the ability of any regulatory agency to grant orphan drug designation to product candidates of other companies that treat the same indications as Rocket's product candidates prior to Rocket's product candidates receiving exclusive marketing approval.

Even if Rocket obtains orphan drug exclusivity for a product candidate, that exclusivity may not effectively protect the product candidate from competition because different drugs can be approved for the same condition. In the U.S., even after an orphan drug is approved, the FDA may subsequently approve another drug for the same condition if the FDA concludes that the latter drug is not the same drug or is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In the European Union, marketing authorization may be granted to a similar medicinal product for the same orphan indication if:

- the second applicant can establish in its application that its medicinal product, although similar to the orphan medicinal product already authorized, is safer, more effective or otherwise clinically superior;
- the holder of the marketing authorization for the original orphan medicinal product consents to a second orphan medicinal product application; or
- the holder of the marketing authorization for the original orphan medicinal product cannot supply sufficient quantities of orphan medicinal product.

Risks Related to Manufacturing, Development and Commercialization of Rocket's Product Candidates

Products intended for use in gene therapies are novel, complex and difficult to manufacture. Rocket could experience production problems that result in delays in its development or commercialization programs, limit the supply of its products or otherwise harm its business.

Rocket currently has development, manufacturing and testing agreements with third parties to manufacture supplies of its product candidates. Several factors could cause production interruptions, including equipment malfunctions, facility contamination, raw material shortages or contamination, natural disasters, disruption in utility services, human error or disruptions in the operations of suppliers.

Rocket's product candidates require processing steps that are more complex than those required for small molecule pharmaceuticals.

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

Any problems in Rocket's manufacturing process or the facilities with which Rocket contracts could make Rocket a less attractive collaborator for potential partners, including larger pharmaceutical companies and academic research institutions, which could limit Rocket's access to attractive development programs. Problems in third-party manufacturing processes or facilities also could restrict Rocket's ability to meet market demand for Rocket's products. Additionally, should Rocket manufacturing agreements with third parties be terminated for any reason, there may be a limited number of manufacturers who would be suitable replacements and it could take a significant amount of time to transition the manufacturing to a replacement.

Rocket may not successfully commercialize Rocket's drug candidates.

Rocket's gene therapy product candidates are subject to the risks of failure inherent in the development of pharmaceutical products based on new technologies, and Rocket's failure to develop safe, commercially viable products would severely limit Rocket's ability to become profitable or to achieve significant revenues. Rocket may be unable to successfully commercialize Rocket's product candidates because of several reasons, including:

- some or all of Rocket's product candidates may be found to be unsafe or ineffective or otherwise fail to meet applicable regulatory standards or receive necessary regulatory clearances;
- Rocket's product candidates, if safe and effective, may nonetheless not be able to be developed into commercially viable products;
- it may be difficult to manufacture or market its product candidates on a scale that is necessary to ultimately deliver its products to end-users;
- proprietary rights of third parties may preclude Rocket from marketing its product candidates; and
- third parties may market superior or equivalent drugs which could adversely affect the commercial viability and success of Rocket's product candidates.

Rocket's ability to successfully develop and commercialize its product candidates will substantially depend upon the availability of reimbursement funds for the costs of the resulting drugs and related treatments.

Market acceptance and sales of Rocket's product candidates may depend on coverage and reimbursement policies and health care reform measures. Decisions about formulary coverage as well as levels at which government authorities and third-party payors, such as private health insurers and health maintenance organizations, reimburse patients for the price they pay for Rocket's products as well as levels at which these payors pay directly for Rocket's products, where applicable, could affect whether Rocket is able to successfully commercialize these products. Rocket cannot guarantee that reimbursement will be available for any of its product candidates. Nor can Rocket guarantee that coverage or reimbursement amounts will not reduce the demand for, or the price of, its product candidates. Rocket has not commenced efforts to have its product candidates reimbursed by government or third-party payors. If coverage and reimbursement are not available or are available only at limited levels, Rocket may not be able to successfully commercialize its products. In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or the PPACA, was signed into law, and in recent years, numerous proposals to change the health care system in the U.S. have been made. These reform proposals include measures that would limit or prohibit payments for certain medical treatments or subject the pricing of drugs to government control. In addition, in many foreign countries, particularly the countries of the European Union, the pricing of prescription drugs is subject to government control. If Rocket's products are or become subject to government regulation that limits or prohibits payment for Rocket's products, or that subjects the price of Rocket's products to governmental control, Rocket may not be able to generate revenue, attain profitability or commercialize its products.

In addition, third-party payors are increasingly limiting both coverage and the level of reimbursement of new drugs. They may also impose strict prior authorization requirements and/or refuse to provide any coverage of uses of approved products 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 drugs. If Rocket is unable to obtain adequate levels of reimbursement for its product candidates, Rocket's ability to successfully market and sell its product candidates will be harmed. The manner and level at which reimbursement is provided for services related to Rocket's product candidates (e.g., for administration of Rocket's product to patients) is also important to successful commercialization of its product candidates. Inadequate reimbursement for such services may lead to physician resistance and limit Rocket's ability to market or sell its products.

Rocket faces intense competition and rapid technological change and the possibility that its competitors may develop therapies that are more advanced or effective than Rocket's, which may adversely affect Rocket's financial condition and its ability to successfully commercialize its product candidates.

Rocket is engaged in gene therapy for severe genetic and rare diseases, which is a competitive and rapidly changing field. Although Rocket is not currently aware of any gene therapy competitors addressing any of the same indications as those in Rocket's pipeline, Rocket may have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions.

Rocket's potential competitors may have substantially greater financial, technical and other resources, such as larger research and development staff, manufacturing capabilities, experienced marketing and manufacturing organizations. These competitors may succeed in developing, acquiring or licensing on an exclusive basis, products that are more effective or less costly than any product candidate that Rocket may develop, or achieve earlier patent protection, regulatory approval, product commercialization and market penetration than Rocket. Additionally, technologies developed by Rocket's competitors may render its potential product candidates uneconomical or obsolete, and Rocket may not be successful in marketing Rocket's product candidates against those of Rocket's competitors.

In addition, as a result of the expiration or successful challenge of Rocket's patent rights, Rocket could face increased litigation with respect to the validity and/or scope of patents relating to Rocket's competitors' products. The availability of Rocket's competitors' products could limit the demand, and the price Rocket is able to charge, for any products that Rocket may develop and commercialize, thereby causing harm to Rocket's business, financial condition, results of operations and prospects.

Rocket may not be successful in its efforts to build a pipeline of additional product candidates.

Rocket's business model is centered on applying its expertise in rare genetic diseases by establishing focused selection criteria to develop and advance a portfolio of gene therapy product candidates through development into commercialization. Rocket may not be able to continue to identify and develop new product candidates in addition to the pipeline of product candidates that its research and development efforts to date have resulted in. Even if Rocket is successful in continuing to build Rocket's pipeline, the potential product candidates that Rocket identifies may not be suitable for clinical development. If Rocket does not successfully develop and commercialize product candidates based upon its approach, Rocket will not be able to obtain product revenue in future periods, which would likely result in significant harm to Rocket's financial position and results of operations.

The success of Rocket's research and development activities, upon which Rocket primarily focuses, is uncertain.

Rocket's primary focus is on its research and development activities and the clinical testing and commercialization of its product candidates. Research and development was Rocket's most significant operating expense for the year ended December 31, 2017. Research and development activities, by their nature, preclude definitive statements as to the time required and costs involved in reaching certain objectives. Actual research and development costs, therefore, could significantly exceed budgeted amounts and estimated time frames may require significant extension. Cost overruns, unanticipated regulatory delays or demands, unexpected adverse side effects or insufficient therapeutic efficacy will prevent or substantially slow Rocket's research and development effort and Rocket's business could ultimately suffer. Rocket anticipates that it will remain principally engaged in research and development activities for an indeterminate, but substantial, period of time.

Risks Related to Third Parties

Rocket relies on third parties to conduct its preclinical studies and clinical trials and perform other tasks for Rocket. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory requirements, Rocket may not be able to obtain regulatory approval for or commercialize Rocket's product candidates and Rocket's business, financial condition and results of operations could be substantially harmed.

Rocket has relied upon and plans to continue to rely upon third parties, including contract research organizations, which we refer to as CROs, medical institutions, and contract laboratories to monitor and manage data for Rocket's ongoing preclinical and clinical programs. Nevertheless, Rocket maintains responsibility for ensuring that each of Rocket's clinical trials and preclinical studies is conducted in accordance with the applicable protocol, legal, regulatory, and scientific standards and Rocket's reliance on these third parties does not relieve Rocket of its regulatory responsibilities. Rocket and its vendors are required to comply with current requirements on GMP, good clinical practice, or GCP, and good laboratory practice, or GLP, which are a collection of laws and regulations enforced by the FDA, EMA or comparable foreign authorities for all of Rocket's drug candidates in clinical development.

Regulatory authorities enforce these regulations through periodic inspections of preclinical study and clinical trial sponsors, principal investigators, preclinical study and clinical trial sites, and other contractors. If Rocket or any of its vendors fails to comply with applicable regulations, the data generated in Rocket's preclinical studies and clinical trials may be deemed unreliable and the FDA, EMA or comparable foreign authorities may require Rocket to perform additional preclinical studies and clinical trials before approving Rocket's marketing applications. Rocket cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of Rocket's clinical trials comply with GCP regulations. In addition, Rocket's clinical trials must be conducted with products produced consistent with GMP regulations. Rocket's failure to comply with these regulations may require Rocket to repeat clinical trials, which would delay the development and regulatory approval processes.

If any of Rocket's relationships with these third parties, medical institutions, clinical investigators or contract laboratories terminate, Rocket may not be able to enter into arrangements with alternative CROs on commercially reasonable terms, or at all. In addition, Rocket's CROs are not its employees, and except for remedies available to Rocket under its agreements with such CROs, Rocket cannot control whether or not they devote sufficient time and resources to Rocket's ongoing preclinical and clinical programs.

If Rocket's CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to Rocket's protocols, regulatory requirements, or for other reasons, Rocket's clinical trials may be extended, delayed or terminated and Rocket may not be able to obtain regulatory approval for or successfully commercialize its product candidates. CROs may also generate higher costs than anticipated. As a result, Rocket's business, financial condition and results of operations and the commercial prospects for Rocket's product candidates could be materially and adversely affected, Rocket's costs could increase, and its ability to generate revenue could be delayed.

Switching or adding additional CROs, medical institutions, clinical investigators or contract laboratories involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work replacing a previous CRO. As a result, delays occur, which can materially impact Rocket's ability to meet its desired clinical development timelines. Though Rocket carefully manages its relationships with its CROs, Rocket cannot guarantee that Rocket will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on its business, financial condition or results of operations.

Rocket expects to rely on third parties to conduct some or all aspects of its drug product manufacturing, research and preclinical and clinical testing, and these third parties may not perform satisfactorily.

Rocket does not expect to independently conduct all aspects of its gene therapy production, product manufacturing, research and preclinical and clinical testing. Rocket currently relies, and expects to continue to rely, on third parties with respect to these items. In some cases, these third parties are academic, research or similar institutions that may not apply the same quality control protocols utilized in certain commercial settings.

Rocket's reliance on these third parties for research and development activities will reduce Rocket's control over these activities but will not relieve Rocket of its responsibility to ensure compliance with all required regulations and study protocols. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct Rocket's studies in accordance with regulatory requirements or Rocket's stated study plans and protocols, Rocket will not be able to complete, or may be delayed in completing, the preclinical and clinical studies required to support future product submissions and approval of its product candidates.

Generally, these third parties may terminate their engagements with Rocket at will upon notice. If Rocket needs to enter into alternative arrangements, it could delay Rocket's product development activities.

Reliance on third-party manufacturers entails risks to which Rocket would not be subject if Rocket manufactured the product candidates itself, including:

- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- reduced control as a result of using third-party manufacturers for all aspects of manufacturing activities;
- the risk that these activities are not conducted in accordance with Rocket's study plans and protocols;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to Rocket; and
- disruptions to the operations of its third-party manufacturers or suppliers caused by conditions unrelated to its business or operations, including the bankruptcy of the manufacturer or supplier.

Any of these events could lead to clinical study delays or failure to obtain regulatory approval, or impact Rocket's ability to successfully commercialize future products. Some of these events could be the basis for FDA action, including an injunction, recall, seizure or total or partial suspension of production.

Rocket may not be successful in finding strategic collaborators for continuing development of certain of its product candidates or successfully commercializing its product candidates.

Rocket may seek to establish strategic partnerships for developing and/or commercializing certain of Rocket's product candidates due to relatively high capital costs required to develop the product candidates, manufacturing constraints or other reasons. Rocket may not be successful in its efforts to establish such strategic partnerships or other alternative arrangements for its product candidates for several reasons, including because its research and development pipeline may be insufficient, Rocket's product candidates may be deemed to be at too early of a stage of development for collaborative effort or third parties may not view Rocket's product candidates as having the requisite potential to demonstrate efficacy or market opportunity. In addition, Rocket may be restricted under existing agreements from entering into future agreements with potential collaborators.

If Rocket is unable to reach agreements with suitable licensees or collaborators on a timely basis, on acceptable terms or at all, Rocket may have to curtail the development of a product candidate, reduce or delay its development program, delay its potential commercialization, reduce the scope of any sales or marketing activities or increase Rocket's expenditures and undertake development or commercialization activities at its own expense. If Rocket elects to independently fund development or commercialization activities, Rocket may need to obtain additional expertise and additional capital, which may not be available on acceptable terms or at all. If Rocket fails to enter into collaboration arrangements and does not have sufficient funds or expertise to undertake necessary development and commercialization activities, Rocket may not be able to further develop its product candidates and Rocket's business, financial condition, results of operations and prospects may be materially harmed.

The commercial success of any of Rocket's product candidates will depend upon its degree of market acceptance by physicians, patients, third-party payors and others in the medical community.

Ethical, social, legal and other concerns about gene therapy could result in additional regulations restricting or prohibiting Rocket's products. Even with the requisite approvals from the FDA in the United States, the EMA in the European Union and other regulatory authorities internationally, the commercial success of Rocket's product candidates will depend, in part, on the acceptance of physicians, patients and health care payors of gene therapy products in general, and Rocket's product candidates in particular, as medically beneficial, cost-effective and safe. Any product that Rocket commercializes may not gain acceptance by physicians, patients, health care payors and others in the medical community. If these products do not achieve an adequate level of acceptance, Rocket may not generate significant product revenue and may not become profitable. The degree of market acceptance of gene therapy products and, in particular, Rocket's product candidates, if approved for commercial sale, will depend on several factors, including:

- the efficacy and safety of such product candidates as demonstrated in preclinical studies and clinical trials;
- the potential and perceived advantages of product candidates over alternative treatments;
- the cost of Rocket's treatment relative to alternative treatments;
- the clinical indications for which the product candidate is approved by the FDA or the European Commission;
- patient awareness of, and willingness to seek, gene therapy;
- the willingness of physicians to prescribe new therapies;
- the willingness of physicians to undergo specialized training with respect to administration of Rocket's product candidates;
- the willingness of the target patient population to try new therapies;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA, EMA or other regulatory authorities, including any limitations or warnings contained in a product's approved labeling;
- relative convenience and ease of administration;
- the strength of marketing and distribution support;
- the timing of market introduction of competitive products;
- publicity concerning Rocket's products or competing products and treatments; and
- sufficient third-party payor coverage and reimbursement.

Even if a potential product displays a favorable efficacy and safety profile in preclinical studies and clinical trials, market acceptance of the product will not be fully known until after it is approved and launched. The failure of any of Rocket's product candidates to achieve market acceptance could materially harm Rocket's business, financial condition, results of operations and prospects.

RTW Investments, LP, Rocket's principal stockholder, may have the ability to significantly influence all matters submitted to stockholders for approval.

RTW Investments, LP ("RTW"), in the aggregate, beneficially owns approximately 39.15% of Rocket's outstanding shares of common stock. This concentration of voting power gives RTW the power to significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, RTW could significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets.

Risks Related to Personnel and Other Risks Related to Rocket's Business

Rocket's business could suffer if it loses the services of, or fails to attract, key personnel.

Rocket is highly dependent upon the efforts of the company's senior management, including Rocket's Chief Executive Officer, Gaurav Shah, MD; Rocket's Chief Medical Officer and Head of Clinical Development, Jonathan Schwartz, MD; and Rocket's Chief Operating Officer and Head of Development, Kinnari Patel, PharmD. The loss of the services of these individuals and other members of Rocket's senior management could delay or prevent the achievement of research, development, marketing, or product commercialization objectives. Rocket's employment arrangements with the key personnel are "at-will." Rocket does not maintain any "key-man" insurance policies on any of the key employees nor does Rocket intend to obtain such insurance. In addition, due to the specialized scientific nature of Rocket's business, Rocket is highly dependent upon its ability to attract and retain qualified scientific and technical personnel and consultants. In view of the stage of Rocket's organizational development and research and development programs, Rocket has restricted its hiring to research scientists, consultants and a small administrative staff and has made only limited investments in manufacturing, production, sales or regulatory compliance resources. There is intense competition among major pharmaceutical and chemical companies, specialized biotechnology firms and universities and other research institutions for qualified personnel in the areas of Rocket's operations, however, and Rocket may be unsuccessful in attracting and retaining these personnel.

Rocket may need to expand its organization and may experience difficulties in managing this growth, which could disrupt its operations.

As of August 1, 2018, Rocket had 27 full-time employees. As Rocket's business activities expand, Rocket may expand its full-time employee base and hire more consultants and contractors. Rocket's management may need to divert a disproportionate amount of its attention away from day-to-day activities and devote a substantial amount of time to managing these growth activities. Rocket may not be able to effectively manage the expansion of its operations, which may result in weaknesses in Rocket's infrastructure, operational setbacks, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Rocket's expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If Rocket's management is unable to effectively manage Rocket's growth, Rocket's expenses may increase more than expected, Rocket's ability to generate and/or grow revenues could be reduced and Rocket may not be able to implement its business strategy.

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

Rocket is exposed to the risk of fraud or other misconduct by its employees, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with the regulations of the FDA and non-U.S. regulators, provide accurate information to the FDA and non-U.S. regulators, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to Rocket. 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. Such misconduct could also involve the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to Rocket's reputation or could cause regulatory agencies not to approve Rocket's product candidates. Rocket has a code of business ethics and conduct applicable to all employees, but it is not always possible to identify and deter employee or third-party misconduct, and the precautions Rocket takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Rocket 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 Rocket, and Rocket is not successful in defending the company or asserting its rights, those actions could have a significant impact on Rocket's business, including the imposition of significant fines or other sanctions.

Rocket's internal computer systems, or those of its third-party collaborators or other contractors, may fail or suffer security breaches, which could result in a material disruption of Rocket's development programs.

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

Rocket may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that Rocket's employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Rocket employs individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including its competitors or potential competitors. Although Rocket endeavors to ensure that its employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for Rocket, Rocket may be subject to claims that Rocket or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of Rocket's employee's former employer or other third parties. Litigation may be necessary to defend against these claims. If Rocket fails in defending any such claims, in addition to paying monetary damages, Rocket may lose valuable intellectual property rights or personnel, which could adversely impact Rocket's business. Even if Rocket is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Given Rocket's commercial relationships outside of the United States, in particular in the European Union, a variety of risks associated with international operations could harm its business.

Rocket engages in various commercial relationships outside the United States and Rocket may commercialize its product candidates outside of the United States. In many foreign countries, it is common for others to engage in business practices that are prohibited by U.S. laws and regulations applicable to Rocket, including the Foreign Corrupt Practices Act. Although Rocket may implement policies and procedures specifically designed to comply with these laws and policies, there can be no assurance that Rocket's employees, contractors and agents will comply with these laws and policies. If Rocket is unable to successfully manage the challenges of international expansion and operations, Rocket's business and operating results could be harmed.

Rocket may be, and expect that it will be to the extent Rocket commercializes its product candidates outside the United States, subject to various risks associated with operating internationally, including:

- different regulatory requirements for approval of drugs and biologics in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- business interruptions resulting from geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires, or from economic or political instability; and
- greater difficulty with enforcing Rocket's contracts in jurisdictions outside of the United States.

These and related risks could materially harm Rocket's business, financial condition, results of operations and prospects.

Risks Related to Rocket's Intellectual Property

Rocket's rights to intellectual property for the development and commercialization of its product candidates are subject to the terms and conditions of licenses granted to Rocket by others.

Rocket is heavily reliant upon licenses to certain patent rights and proprietary technology from third parties that are important or necessary to the development of its technology and products, including technology related to Rocket's manufacturing process and Rocket's gene therapy product candidates. These and other licenses may not provide exclusive rights to use such intellectual property and technology in all relevant fields of use and in all territories in which Rocket may wish to license its platform or develop or commercialize its technology and products in the future. As a result, Rocket may not be able to prevent competitors from developing and commercializing competitive products in territories not included in all of its licenses.

Licenses to additional third-party technology that may be required for Rocket's licensing or development programs may not be available in the future or may not be available on commercially reasonable terms, or at all, which could materially harm Rocket's business and financial condition.

In some circumstances, Rocket may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain or enforce the patents, covering technology that Rocket licenses from third parties. If Rocket's licensors fail to maintain such patents, or lose rights to those patents or patent applications, the rights Rocket has licensed may be reduced or eliminated and Rocket's right to develop and commercialize any of its products that are the subject of such licensed rights could be impacted. In addition to the foregoing, the risks associated with patent rights that Rocket licenses from third parties will also apply to patent rights Rocket may own in the future.

Furthermore, the research resulting in certain of Rocket's licensed patent rights and technology was funded by the U.S. government. As a result, the government may have certain rights, or march-in rights, to such patent rights and technology. When new technologies are developed with government funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose Rocket's confidential information to third parties and to exercise march-in rights to use or allow third parties to use Rocket's licensed technology. The government can exercise its march-in rights if it determines that action is necessary because Rocket fails to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations or to give preference to U.S. industry. In addition, Rocket's rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in the U.S. Any exercise by the government of such rights could harm Rocket's competitive position, business, financial condition, results of operations and prospects.

If Rocket is unable to obtain and maintain patent protection for is products and related technology, or if the scope of the patent protection obtained is not sufficiently broad, Rocket's competitors could develop and commercialize products and technology similar or identical to Rocket's, and Rocket's ability to successfully commercialize its products may be harmed.

Rocket's success depends, in large part, on its ability to obtain and maintain patent protection in the U.S. and other countries with respect to its product candidates and its manufacturing technology. Rocket's licensors have sought and Rocket may intend to seek, to protect their respective proprietary position by filing patent applications in the U.S. and abroad related to many of their novel technologies and product candidates that are important to Rocket's business.

The patent prosecution process is expensive, time-consuming and complex, and Rocket may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, certain patents in the field of gene therapy that may have otherwise potentially provided patent protection for certain of Rocket's product candidates have expired or will soon expire. In some cases, the work of certain academic researchers in the gene therapy field has entered the public domain, which Rocket believes precludes its ability to obtain patent protection for certain inventions relating to such work. It is also possible that Rocket will fail to identify patentable aspects of its research and development output before it is too late to obtain patent protection.

Rocket is party to intellectual property license agreements with several entities, each of which is important to its business, and Rocket expects to enter into additional license agreements in the future. Rocket's patent portfolio includes patent applications in-licensed pursuant to those license agreements, and those agreements impose, and Rocket expects that future license agreements will impose, various diligence, development and commercialization timelines, milestone obligations, payments and other obligations on Rocket. If Rocket or its licensees fail to comply with Rocket's obligations under these agreements, or Rocket is subject to a bankruptcy, the licensor may have the right to terminate the license, in which event Rocket could lose certain rights provided by the licenses, including that Rocket may not be able to market products covered by the license. In addition, the patent rights that we have in-licensed from Hutch relate only to Hutch's "Prodigy" platform, a portable platform for hematopoietic stem/progenitor cell gene therapy, and not to RP-L101, Rocket's LVV-based program targeting FA that is in-licensed from Hutch.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has, in recent years, been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of Rocket's patent rights are highly uncertain. Pending and future patent applications may not result in patents being issued which protect Rocket's technology or product candidates or which effectively prevent others from commercializing competitive technologies and product candidates. Changes in either the patent laws or interpretation of the patent laws in the U.S. and other countries may diminish the value of Rocket's patent rights or narrow the scope of Rocket's patent protection.

While we believe our intellectual property allows us to pursue our current development programs, several companies and academic institutions are pursuing alternate approaches to gene therapy and have built intellectual property around these approaches and methods. For example, Institute Pasteur controls a patent family related to vector elements for lentiviral-based gene therapy. These patents relate to an element that improves nuclear localization. While these patents expire from 2019 to 2023, if our products were to launch before these dates, we may need to secure a license. In addition, Rocket may not be aware of all third-party intellectual property rights potentially relating to its technology and product candidates. Publications of discoveries in the scientific literature often lag the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing or, in some cases, not at all. Therefore, Rocket cannot be certain that Rocket was the first to make the inventions claimed in any owned or any licensed patents or pending patent applications, or that Rocket was the first to file for patent protection of such inventions.

Even if the patent applications Rocket licenses or may own in the future do issue as patents, they may not issue in a form that will provide Rocket with any meaningful protection, prevent competitors or other third parties from competing with Rocket or otherwise provide Rocket with any competitive advantage. Rocket's competitors or other third parties may avail themselves of safe harbor under the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Amendments) to conduct research and clinical trials and may be able to circumvent Rocket's patent rights by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and Rocket's patent rights may be challenged in the courts or patent offices in the U.S. and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which could limit Rocket's ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of its technology and product candidates. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, Rocket's intellectual property may not provide sufficient rights to exclude others from commercializing products similar or identical to Rocket's.

If Rocket breaches its license agreements, it could have a material adverse effect on Rocket's commercialization efforts for its product candidates.

If Rocket breaches any of the agreements under which Rocket licenses intellectual property relating to the use, development and commercialization rights to its product candidates or technology from third parties, Rocket could lose license rights that are important to its business. Licensing of intellectual property is of critical importance to Rocket's business and involves complex legal, business and scientific issues. Disputes may arise between Rocket and its licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement;
- whether and the extent to which Rocket technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- Rocket's right to sublicense patent and other intellectual property rights to third parties under collaborative development relationships;

- Rocket's diligence obligations with respect to the use of the licensed technology in relation to its development and commercialization of its product candidates, and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by Rocket's licensors and Rocket and its partners; and
- whether and the extent to which inventors are able to contest to the assignment of their rights to Rocket's licensors.

If disputes over intellectual property that Rocket has in-licensed prevent or impair Rocket's ability to maintain its current licensing arrangements on acceptable terms, Rocket may be unable to successfully develop and commercialize the affected product candidates. In addition, if disputes arise as to ownership of licensed intellectual property, Rocket's ability to pursue or enforce the licensed patent rights may be jeopardized. If Rocket or its licensors fail to adequately protect this intellectual property, Rocket's ability to commercialize its products could suffer.

Rocket may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights and Rocket may be unable to protect its rights to, or use, its technology.

If Rocket chooses to engage in legal action to prevent a third-party from using the inventions claimed in its patents or patents which Rocket licenses, that third-party has the right to ask the court to rule that these patents are invalid and/or should not be enforced against that third-party. These lawsuits are expensive and would consume time and other resources even if Rocket were successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are not valid and that Rocket does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of these patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe Rocket's rights to these patents.

Furthermore, a third-party may claim that Rocket is using inventions covered by the third-party's patent rights and may go to court to stop Rocket from engaging in its normal operations and activities, including making or selling its product candidates. These lawsuits are costly and could affect Rocket's results of operations and divert the attention of managerial and technical personnel. There is a risk that a court would decide that Rocket is infringing the third-party's patents and would order Rocket to stop the activities covered by the patents. In addition, there is a risk that a court will order Rocket to pay the other party damages for having violated the other party's patents. The biotechnology industry has produced a proliferation of patents, and it is not always clear to industry participants which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If Rocket is sued for patent infringement, Rocket would need to demonstrate that its products or methods of use either do not infringe the patent claims of the relevant patent and/or that the patent claims are invalid. Proving invalidity, in particular, is difficult since it requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Rocket's competitors have filed, and may in the future file, patent applications covering technology similar to Rocket's. Any such patent application may have priority over Rocket's in-licensed patent applications and could further require Rocket to obtain rights to issued patents covering such technologies. If another party has filed a U.S. patent application on inventions similar to Rocket's, Rocket may have to participate in an interference proceeding declared by the U.S. Patent and Trademark Office, to determine priority of invention in the U.S. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of Rocket's United States patent position with respect to such inventions.

Some of Rocket's competitors may be able to sustain the costs of complex patent litigation more effectively than Rocket can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on Rocket's ability to raise the funds necessary to continue its operations.

If Rocket is unable to protect the confidentiality of its trade secrets, its business and competitive position may be harmed.

In addition to the protection afforded by patents, Rocket relies upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain its competitive position. Rocket seeks to protect its proprietary technology and processes, in part, by entering into confidentiality agreements with its contractors, collaborators, employees and consultants. Nonetheless, Rocket may not be able to prevent the unauthorized disclosure or use of its technical know-how or other trade secrets by the parties to these agreements, however, despite the existence generally of confidentiality agreements and other contractual restrictions. Monitoring unauthorized uses and disclosures is difficult and Rocket does not know whether the steps Rocket has taken to protect its proprietary technologies will be effective. If any of the contractors, collaborators, employees and consultants who are parties to these agreements breaches or violates the terms of any of these agreements, Rocket may not have adequate remedies for any such breach or violation. As a result, Rocket could lose its trade secrets. Enforcing a claim that a third-party illegally obtained and is using its trade secrets, like patent litigation, is expensive and time consuming and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing or unwilling to protect trade secrets.

Rocket's trade secrets could otherwise become known or be independently discovered by Rocket's competitors. Competitors could purchase Rocket's product candidates and attempt to replicate some or all of the competitive advantages Rocket derives from its development efforts, willfully infringe Rocket's intellectual property rights, design around Rocket's protected technology or develop their own competitive technologies that fall outside of Rocket's intellectual property rights. If any of Rocket's trade secrets were to be lawfully obtained or independently developed by a competitor, Rocket would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with Rocket. If Rocket's trade secrets are not adequately protected or sufficient to provide an advantage over Rocket's competitors, Rocket's competitive position could be adversely affected, as could Rocket's business. Additionally, if the steps taken to maintain Rocket's trade secrets are deemed inadequate, Rocket may have insufficient recourse against third parties for misappropriating Rocket's trade secrets.

If Rocket is unable to obtain or protect intellectual property rights related to its product candidates, Rocket may not be able to compete effectively in its markets.

Rocket relies upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to its product candidates. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that Rocket owns or in-licenses may fail to result in issued patents with claims that cover its product candidates in the United States or in other foreign countries. There is no assurance that all of the potentially relevant prior art relating to patents and patent applications owned or in-licensed by Rocket has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover Rocket's product candidates, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed or invalidated. Furthermore, even if they are unchallenged, patents and patent applications owned or in-licensed by Rocket may not adequately protect Rocket's intellectual property, provide exclusivity for Rocket's product candidates or prevent others from designing around Rocket's claims. Any of these outcomes could impair Rocket's ability to prevent competition from third parties, which may have an adverse impact on Rocket's business.

If the patent applications Rocket holds or has in-licensed with respect to its programs or product candidates fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for Rocket's product candidates, it could dissuade companies from collaborating with it to develop product candidates, and threaten Rocket's ability to commercialize, future products. In addition to Rocket's existing patent application filings, Rocket expects to continue to file additional patent applications covering Rocket's product candidates. Further, Rocket intends to pursue additional activities to protect the patents, trade secrets and other intellectual property covering its product candidates. Rocket cannot offer any assurances about which, if any, patents will issue, the breadth of any such patent or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us could deprive Rocket of rights necessary for the successful commercialization of any product candidates that Rocket may develop. Further, if Rocket or the relevant licensor encounters delays in regulatory approvals, the period of time during which Rocket could market a product candidate under patent protection could be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, Rocket cannot be certain that Rocket or the relevant licensor was the first to file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications, an interference proceeding in the United States can be initiated by a third-party to determine who was the first to invent any of the subject matter covered by the patent claims of Rocket's applications. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available however the life of a patent, and the protection it affords, is limited. Even if patents covering Rocket's product candidates are obtained, once the patent life has expired for a product, Rocket may be open to competition from generic medications.

In addition to the protection afforded by patents, Rocket relies on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that Rocket elects not to patent, processes for which patents are difficult to enforce and any other elements of Rocket's product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. Rocket seeks to protect its proprietary technology and processes, in part, by entering into confidentiality agreements with its employees, consultants, scientific advisors and contractors. Rocket also seeks to preserve the integrity and confidentiality of its data and trade secrets by maintaining physical security of its premises and physical and electronic security of its information technology systems. While Rocket has confidence in these individuals, organizations and systems, agreements or security measures may be breached, and Rocket may not have adequate remedies for any breach. In addition, Rocket's trade secrets may otherwise become known or be independently discovered by competitors.

Although Rocket expects all of its employees and consultants to assign their inventions to Rocket, and all of Rocket's employees, consultants, advisors and any third parties who have access to its proprietary know-how, information or technology to enter into confidentiality agreements, Rocket cannot provide any assurances that all such agreements have been duly executed or that its trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to its trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of Rocket's trade secrets could impair its competitive position and may have a material adverse effect on its business. Additionally, if the steps taken to maintain Rocket's trade secrets are deemed inadequate, Rocket may have insufficient recourse against third parties for misappropriating its trade secret. In addition, others may independently discover Rocket's trade secrets and proprietary information. For example, the FDA, as part of its Transparency Initiative, is currently considering whether to make additional information publicly available on a routine basis, including information that Rocket may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all.

Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, Rocket may encounter significant problems in protecting and defending its intellectual property, both in the United States and abroad. If Rocket is unable to prevent material disclosure of the non-patented intellectual property related to its technologies to third parties, and there is no guarantee that Rocket will have any such enforceable trade secret protection, it may not be able to establish or maintain a competitive advantage in its market, which could materially adversely affect its business, results of operations and financial condition.

Third-party claims of intellectual property infringement may prevent or delay Rocket's development and commercialization efforts.

Rocket's commercial success depends in part on its avoiding infringement of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions, ex parte reexaminations, post-grant review, and *inter partes* review proceedings before the U.S. Patent and Trademark Office, or U.S. PTO, and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which Rocket is pursuing development candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that Rocket's product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that Rocket is employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of Rocket's product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that Rocket's product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of Rocket's technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of Rocket's product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block Rocket's ability to commercialize such product candidate unless Rocket obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of Rocket's formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patents may be able to block Rocket's ability to develop and commercialize the applicable product candidate unless Rocket obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making claims against Rocket may obtain injunctive or other equitable relief, which could effectively block Rocket's ability to further develop and commercialize one or more of its product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from Rocket's business. In the event of a successful claim of infringement against Rocket, Rocket may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign Rocket's infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

Rocket may not be successful in obtaining or maintaining necessary rights to gene therapy product components and processes for its development pipeline through acquisitions and in-licenses.

Presently Rocket has rights to the intellectual property, through licenses from third parties and under patents that Rocket owns, to develop its gene therapy product candidates. Because Rocket's programs may involve additional product candidates that may require the use of proprietary rights held by third parties, the growth of Rocket's business will likely depend in part on its ability to acquire, in-license or use these proprietary rights. In addition, Rocket's product candidates may require specific formulations to work effectively and efficiently and these rights may be held by others. Rocket may be unable to acquire or in-license any compositions, methods of use, processes or other third-party intellectual property rights from third parties that Rocket identifies. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that Rocket may consider attractive. These established companies may have a competitive advantage over Rocket due to their size, cash resources and greater clinical development and commercialization capabilities.

For example, Rocket sometimes collaborates with U.S. and foreign academic institutions to accelerate its preclinical research or development under written agreements with these institutions. Typically, these institutions provide Rocket with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such right of first negotiation for intellectual property, Rocket may be unable to negotiate a license within the specified time frame or under terms that are acceptable to it. If Rocket is unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking Rocket's ability to pursue its program.

In addition, companies that perceive Rocket to be a competitor may be unwilling to assign or license rights to it. Rocket also may be unable to license or acquire third-party intellectual property rights on terms that would allow it to make an appropriate return on its investment. If Rocket is unable to successfully obtain rights to required third-party intellectual property rights, Rocket's business, financial condition and prospects for growth could suffer.

If Rocket fails to comply with its obligations in the agreements under which Rocket licenses intellectual property rights from third parties or otherwise experiences disruptions to Rocket's business relationships with its licensors, Rocket could lose license rights that are important to its business.

Rocket is a party to a number of intellectual property license agreements that are important to its business and expect to enter into additional license agreements in the future. Rocket's existing license agreements impose, and Rocket expects that future license agreements will impose, various diligence, milestone payment, royalty and other obligations on Rocket. If Rocket fails to comply with its obligations under these agreements, or Rocket is subject to a bankruptcy, the licensor may have the right to terminate the license, in which event Rocket would not be able to market products covered by the license.

Rocket may need to obtain licenses from third parties to advance its research or allow commercialization of its product candidates, and it has done so from time to time. Rocket may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, Rocket may be required to expend significant time and resources to develop or license replacement technology. If Rocket is unable to do so, it may be unable to develop or commercialize the affected product candidates, which could harm its business significantly. Rocket cannot provide any assurances that third-party patents do not exist which might be enforced against its current product candidates or future products, resulting in either an injunction prohibiting its sales, or, with respect to its sales, an obligation on Rocket's part to pay royalties and/or other forms of compensation to third parties.

In many cases, patent prosecution of Rocket's licensed technology is controlled solely by the licensor. If Rocket's licensors fail to obtain and maintain patent or other protection for the proprietary intellectual property Rocket licenses from them, Rocket could lose its rights to the intellectual property or its exclusivity with respect to those rights, and its competitors could market competing products using the intellectual property. In certain cases, Rocket controls the prosecution of patents resulting from licensed technology. In the event Rocket breaches any of its obligations related to such prosecution, Rocket may incur significant liability to its licensing partners. Licensing of intellectual property is of critical importance to Rocket's business and involves complex legal, business and scientific issues and is complicated by the rapid pace of scientific discovery in Rocket's industry. Disputes may arise regarding intellectual property subject to a licensing agreement, including:

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

If disputes over intellectual property that Rocket has licensed prevent or impair Rocket's ability to maintain its current licensing arrangements on acceptable terms, Rocket may be unable to successfully develop and commercialize the affected product candidates.

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

Competitors may infringe Rocket's patents or the patents of Rocket's licensors. To counter infringement or unauthorized use, Rocket may be required to file infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of Rocket's or Rocket's licensors is not valid, is unenforceable and/or is not infringed, or may refuse to stop the other party from using the technology at issue on the grounds that Rocket's patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of Rocket's patents at risk of being invalidated or interpreted narrowly and could put Rocket's patent applications at risk of not issuing.

Interference proceedings provoked by third parties or brought by Rocket may be necessary to determine the priority of inventions with respect to Rocket's patents or patent applications or those of Rocket's licensors. An unfavorable outcome could require Rocket to cease using the related technology or to attempt to license rights to it from the prevailing party. Rocket's business could be harmed if the prevailing party does not offer it a license on commercially reasonable terms. Rocket's defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract Rocket's management and other employees. Rocket may not be able to prevent, alone or with its licensors, misappropriation of its intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of Rocket's confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of Rocket's common stock.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of Rocket's patent applications and the enforcement or defense of Rocket's issued patents.

On September 16, 2011, the Leahy-Smith America Invents Act, (the "Leahy-Smith Act"), was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law, including provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The U.S. PTO is currently developing regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the "first to file" provisions, which were enacted on March 16, 2013. However, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of Rocket's business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of Rocket's patent applications and the enforcement or defense of Rocket's issued patents, all of which could have a material adverse effect on Rocket's business and financial condition.

Rocket may be subject to claims challenging the inventorship or ownership of its patents and other intellectual property.

Rocket may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in its patents or other intellectual property. Rocket has had in the past, and it may also have in the future, ownership disputes arising, for example, from conflicting obligations of consultants or others who are involved in developing Rocket's product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If Rocket fails in defending any such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on Rocket's business. Even if Rocket is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

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

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the U.S. PTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. Rocket and, to its knowledge, its licensors have systems in place to remind them to pay these fees, and Rocket and, to its knowledge, its licensors employ outside firms and rely on their respective outside counsel to pay these fees due to non-U.S. patent agencies. The U.S. PTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. Rocket and, to its knowledge, its licensors employ reputable law firms and other professionals to help them comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, Rocket's competitors might be able to enter the market and this circumstance would have a material adverse effect on Rocket's business.

Issued patents covering Rocket's product candidates could be found invalid or unenforceable if challenged in court.

If Rocket or one of Rocket's licensing partners initiated legal proceedings against a third-party to enforce a patent covering one of Rocket's product candidates, the defendant could counterclaim that the patent covering Rocket's product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including patent eligible subject matter, 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. PTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation or amendment to Rocket's or its licensing partners' patents in such a way that they no longer cover Rocket's product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, Rocket cannot be certain that there is no invalidating prior art, of which Rocket and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, Rocket would lose at least part, and perhaps all, of the patent protection on its product candidates. Such a loss of patent protection would have a material adverse impact on Rocket's business.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing Rocket's ability to protect its products.

As is the case with other biotechnology companies, Rocket's success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involve both technological and legal complexity, and therefore obtaining and enforcing biotechnology patents is costly, time-consuming and inherently uncertain. In addition, the United States has recently enacted and is currently implementing wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to Rocket's 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. PTO, the laws and regulations governing patents could change in unpredictable ways that would weaken Rocket's ability to obtain new patents or to enforce its existing patents and patents that it might obtain in the future.

Rocket may not be able to protect its intellectual property rights throughout the world.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and Rocket's 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, Rocket may not be able to prevent third parties from practicing its inventions in all countries outside the United States, or from selling or importing products made using Rocket's inventions in and into the United States or other jurisdictions. Competitors may use Rocket's technologies in jurisdictions where it has not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where Rocket has patent protection, but enforcement is not as strong as that in the United States. These products may compete with Rocket's products and its patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
None.

Item 3. Defaults Upon Senior Securities
None.

Item 4. Mine Safety Disclosures
Not applicable.

Item 5. Other Information
None.

Item 6. Other Information

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger and Reorganization, dated as of September 12, 2017, by and among Inotek Pharmaceuticals Corporation, Rocket Pharmaceuticals, Ltd. and Rome Merger Sub (1)
3.1	Seventh Amended and Restated Certificate of Incorporation of Rocket Pharmaceuticals, Inc., effective as of February 23, 2015 (2)
3.2	Certificate of Amendment (Reverse Stock Split) to the Seventh Amended and Restated Certificate of Incorporation of the Registrant, effective as of January 4, 2018 (3)
3.3	Certificate of Amendment (Name Change) to the Seventh Amended and Restated Certificate of Incorporation of the Registrant, effective January 4, 2018 (3)
3.4	Certificate of Amendment to the Seventh Amended and Restated Certificate of Incorporation of the Registrant, effective as of June 25, 2018. (4)
3.5	Amended and Restated By-Laws of Rocket Pharmaceuticals, Inc., effective as of March 29, 2018 (5)
4.1	Form of Common Stock Certificate of Rocket Pharmaceuticals, Inc. (3)
4.2	Base Indenture, dated as of August 5, 2016, by and between Inotek Pharmaceuticals Corporation and Wilmington Trust, National Association (6)
4.3	First Supplemental Indenture, dated as of August 5, 2016, by and between Inotek Pharmaceuticals Corporation and Wilmington Trust, National Association (6)
4.4	Form of 5.75% Convertible Senior Note due 2021 (6)
10.1#	Rocket Pharmaceuticals, Inc. Second Amended and Restated 2014 Stock Option and Incentive Plan (4)
10.2*#	Form of Incentive Stock Option Agreement (Employees)
10.3*#	Form of Non-Qualified Stock Option Agreement (Employees)
10.4*#	Form of Non-Qualified Stock Option Agreement (Non-Employee Directors)
10.5*#	Form of Non-Qualified Stock Option Agreement (Consultants)
10.6*	Agreement of Lease, dated as of June 6, 2018, by and between Rocket Pharmaceuticals, Inc. and ESRT Empire State Building, L.L.C.
10.7*	Amendment No. 1 to the Lease Agreement, dated as of June 28, 2018, by and between Rocket Pharmaceuticals, Ltd. and ARE-East River Science Park, LLC
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Link Document.

* Filed herewith.

\# Indicates management contract or compensatory plan.

(1) Filed as an Exhibit to the Company's current report on Form 8-K (001-36829), filed with the SEC on September 13, 2017, and incorporated herein by reference.

(2) Filed as an Exhibit to the Company's annual report on Form 10-K (001-36829), filed with the SEC on March 31, 2015, and incorporated herein by reference.

(3) Filed as an Exhibit to the Company's current report on Form 8-K (001-36829), filed with the SEC on January 5, 2018, and incorporated herein by reference.

(4) Filed as an Exhibit to the Company's current report on Form 8-K (001-36829), filed with the SEC on June 25, 2018, and incorporated herein by reference.

(5) Filed as an Exhibit to the Company's registration statement on Form 8-K, (001-36829), filed with the SEC on April 4, 2018, and incorporated herein by reference.

(6) Filed as an Exhibit to the Company's current report on Form 8-K (001-36829), filed with the SEC on August 5, 2016, and incorporated herein by reference.

SIGNATURES

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

ROCKET PHARMACEUTICALS, INC.

August 14, 2018 By: /s/ Gaurav Shah, MD

Gaurav Shah, MD
President, Chief Executive Officer and Director
(Principal Executive Officer)

August 14, 2018 By: /s/ John Militello

John Militello
Controller
(Principal Financial and Accounting Officer)

Exhibit 10.2

INCENTIVE STOCK OPTION AGREEMENT
FOR EMPLOYEES
UNDER ROCKET PHARMACEUTICALS, INC.
AMENDED AND RESTATED 2014 STOCK OPTION AND INCENTIVE PLAN

Name of Optionee:	[•]
Number of Option Shares:	[*Total number of shares underlying the Stock Option*]
Option Exercise Price per Share:	[*Exercise price per share equal to the Fair Market Value of a share of common stock RCKT, determined by the last reported sale price of a share of RCKT's common stock as reported on the NASDAQ Global Market as of the Grant Date*]
Grant Date:	[*Date of grant of the Stock Option (for a new employee, typically his/her start date)*]
Expiration Date:	**[***No more than 10 years from Grant Date***]**

Pursuant to the Rocket Pharmaceuticals, Inc. Amended and Restated 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Rocket Pharmaceuticals, Inc., a Delaware corporation (the "Company"), hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value $0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan.

1. Exercisability Schedule. No portion of the Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in the Plan) to accelerate the exercisability schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains an employee of the Company or a Subsidiary (as defined in the Plan) on such dates:

Incremental Number of Option Shares Exercisable	**Exercisability Date**
_____ (__%)	_____
_____ (__%)	_____
_____ (__%)	_____
_____(__%)	_____
_____(__%)	_____

Once exercisable, the Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise**.**

(a) The Optionee may exercise the Stock Option only in the following manner: from time to time on or prior to the Expiration Date, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

(b) Payment of the purchase price for the Option Shares (the "Option Purchase Price") may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the Option Purchase Price, provided that, in the event that the Optionee chooses to pay the Option Purchase Price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or (iv) a combination of (i), (ii) and (iii) above. Payment instruments will be received subject to collection.

(c) The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full Option Purchase Price, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the Option Purchase Price by previously owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(d) The shares of Stock purchased upon exercise of the Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to the Stock Option unless and until the Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(e) The minimum number of shares with respect to which the Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which the Stock Option is being exercised is the total number of shares subject to exercise under the Stock Option at the time.

(f) Notwithstanding any other provision hereof or of the Plan, no portion of the Stock Option shall be exercisable after the Expiration Date.

3. Termination of Employment. If the Optionee's employment by the Company or a Subsidiary is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's employment terminates by reason of the Optionee's death, then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the Optionee's death and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee's employment terminates by reason of the Optionee's permanent and total Disability (as defined herein), then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the determination of such Disability by the Administrator and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier. "Disability" means, as determined by the Administrator in its discretion exercised in good faith, the Optionee's inability to engage in the activities required by the Optionee's position at the Company by reason of any medically determinable and documented physical or mental impairment which can reasonably be expected to result in death or to last for a continuous period of not less than 24 months. A determination of Disability may be made by a physician selected or approved by the Administrator and, in this respect, Optionee shall submit to an examination by such physician upon request by the Administrator.

(c) Termination for Cause. If the Optionee's employment terminates for Cause (as defined herein), (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on such date, for a period of two business days from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect. "Cause" means, unless otherwise provided in an employment agreement between the Company and the Optionee, a determination by the Administrator that the Optionee shall be dismissed as a result of: (i) any material breach by the Optionee of any agreement between the Optionee and the Company; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of the Optionee's permanent and total Disability) by the Optionee of the Optionee's duties to the Company.

(d) Other Termination. If the Optionee's employment terminates for any reason other than the Optionee's death, the Optionee's total and permanent Disability or Cause, and unless otherwise determined by the Administrator, (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on such date, for a period of three months from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's employment shall be conclusive and binding on the Optionee and his or her representatives or legatees.

The Optionee acknowledges that he or she may be required to exercise the Stock Option within a limited period of time following the date of termination of his or her employment with the Company in order to comply with the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, (the "Code") applicable to "incentive stock options" (as defined therein).

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, the Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meanings specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Acceleration of Vesting. Notwithstanding any provision of the Plan or this Agreement to the contrary, if a Sale Event (as defined in the Plan) occurs and the Optionee's service as an employee of the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause or by the Optionee for Good Reason (as defined herein) within 12 months following the Sale Event, 100% of the shares subject to the Stock Option shall become immediately vested and exercisable. "Good Reason" means without the Optionee's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Optionee describing the applicable circumstances (which notice must be provided by the Optionee within ninety (90) days of the Optionee's knowledge of the applicable circumstances), of one or more of the following: (a) any material, adverse change in the Optionee's duties, responsibilities, authority, title, or reporting structure; (b) a material reduction in the Optionee's base salary or bonus opportunity; or (c) a geographical relocation of the Optionee's principal office location by more than fifty (50) miles.

7. Status of the Stock Option. The Stock Option is intended to qualify as an "incentive stock option" under Section 422 of the Code, but the Company does not represent or warrant that the Stock Option qualifies as such. The Optionee should consult with his or her own tax advisors regarding the tax effects of the Stock Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. To the extent any portion of the Stock Option does not so qualify as an "incentive stock option," such portion shall be deemed to be a non-qualified stock option. If the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any Option Shares within the one-year period beginning on the date after the transfer of such shares to him or her, or within the two-year period beginning on the day after the grant of the Stock Option, he or she will so notify the Company within 30 days after such disposition.

8. Tax Withholding. The Optionee shall, not later than the date as of which the exercise of the Stock Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the minimum required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Optionee a number of shares of Stock with an aggregate Fair Market Value (as defined in the Plan) that would satisfy the minimum withholding amount due.

9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to the Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

11. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Optionee: (a) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (b) waives any privacy rights the Optionee may have with respect to the Relevant Information; (c) authorizes the Relevant Companies to store and transmit such information in electronic form; and (d) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its offices (with the address as of the Grant Date set forth in the signature page hereto) and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

(*Signatures follow.*)

ROCKET PHARMACEUTICALS, INC.

By:

Name:

Title:

Address: 430 East 29th Street, Suite 1040
New York, NY 10016, U.S.A

This Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: _____

_____
Optionee's Signature

Optionee's name and address:

_____

_____

_____

(*Signature Page to Incentive Stock Option Agreement*)

Exhibit 10.3

NON-QUALIFIED STOCK OPTION AGREEMENT
FOR EMPLOYEES
UNDER ROCKET PHARMACEUTICALS, INC.
AMENDED AND RESTATED 2014 STOCK OPTION AND INCENTIVE PLAN

Name of Optionee:	[•]
Number of Option Shares:	[*Total number of shares underlying the Stock Option*]
Option Exercise Price per Share:	[*Exercise price per share equal to the Fair Market Value of a share of common stock RCKT, determined by the last reported sale price of a share of RCKT's common stock as reported on the NASDAQ Global Market as of the Grant Date*]
Grant Date:	[*Date of grant of the Stock Option (for a new employee, typically his/her start date)*]
Expiration Date:	**[***No more than 10 years from Grant Date***]**

Pursuant to the Rocket Pharmaceuticals, Inc. Amended and Restated 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Rocket Pharmaceuticals, Inc., a Delaware corporation (the "Company"), hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value $0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. The Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of the Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in the Plan) to accelerate the exercisability schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains an employee of the Company or a Subsidiary (as defined in the Plan) on such dates:

Incremental Number of Option Shares Exercisable	**Exercisability Date**
_____ (__%)	_____
_____ (__%)	_____
_____ (__%)	_____
_____(__%)	_____
_____(__%)	_____

Once exercisable, the Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise the Stock Option only in the following manner: from time to time on or prior to the Expiration Date, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares (the "Option Purchase Price") may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the Option Purchase Price, provided that, in the event that the Optionee chooses to pay the Option Purchase Price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value (as defined in the Plan) that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full Option Purchase Price, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the Option Purchase Price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of the Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to the Stock Option unless and until the Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which the Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which the Stock Option is being exercised is the total number of shares subject to exercise under the Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of the Stock Option shall be exercisable after the Expiration Date.

3. Termination of Employment. If the Optionee's employment by the Company or a Subsidiary is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's employment terminates by reason of the Optionee's death, then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the Optionee's death and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee's employment terminates by reason of the Optionee's permanent and total Disability (as defined herein), then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the determination of such Disability by the Administrator and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier. "Disability" means, as determined by the Administrator in its discretion exercised in good faith, the Optionee's inability to engage in the activities required by the Optionee's position at the Company by reason of any medically determinable and documented physical or mental impairment which can reasonably be expected to result in death or to last for a continuous period of not less than 24 months. A determination of Disability may be made by a physician selected or approved by the Administrator and, in this respect, Optionee shall submit to an examination by such physician upon request by the Administrator.

(c) Termination for Cause. If the Optionee's employment terminates for Cause (as defined herein), (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on such date, for a period of two business days from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect. "Cause" means, unless otherwise provided in an employment agreement between the Company or a Subsidiary and the Optionee, a determination by the Administrator that the Optionee shall be dismissed as a result of: (i) any material breach by the Optionee of any agreement between the Optionee and the Company; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of the Optionee's permanent and total Disability) by the Optionee of the Optionee's duties to the Company.

(d) Other Termination. If the Optionee's employment terminates for any reason other than the Optionee's death, the Optionee's total and permanent Disability or Cause, and unless otherwise determined by the Administrator, (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on the date of termination, for a period of 12 months from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's employment shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, the Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meanings specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Acceleration of Vesting. Notwithstanding any provision of the Plan or this Agreement to the contrary, if a Sale Event (as defined in the Plan) occurs and the Optionee's service as an employee of the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause or by the Optionee for Good Reason (as defined herein) within 12 months following the Sale Event, 100% of the shares subject to the Stock Option shall become immediately vested and exercisable. "Good Reason" means the occurrence, without the Optionee's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Optionee describing the applicable circumstances (which notice must be provided by the Optionee within ninety (90) days of the Optionee's knowledge of the applicable circumstances), of one or more of the following: (a) any material, adverse change in the Optionee's duties, responsibilities, authority, title or reporting structure; (b) a material reduction in the Optionee's base salary or bonus opportunity; or (c) a geographical relocation of the Optionee's principal office location by more than fifty (50) miles.

7. Tax Withholding. The Optionee shall, not later than the date as of which the exercise of the Stock Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the minimum required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Optionee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum withholding amount due.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to the Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Optionee (a) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (b) waives any privacy rights the Optionee may have with respect to the Relevant Information; (c) authorizes the Relevant Companies to store and transmit such information in electronic form; and (d) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Notices. Notices hereunder shall be mailed or delivered to the Company at its offices (with the address as of the Grant Date set forth in the signature page hereto) and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

(*Signatures follow.*)

ROCKET PHARMACEUTICALS, INC.

By: _____

Name:

Title:

Address: 430 East 29th Street, Suite 1040
New York, NY 10016, U.S.A

This Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: _____

_____
Optionee's Signature

Optionee's name and address:

_____

_____

_____

(*Signature Page to Non-Qualified Stock Option Agreement for Employees*)

Exhibit 10.4

NON-QUALIFIED STOCK OPTION AGREEMENT
FOR NON-EMPLOYEE DIRECTORS
UNDER ROCKET PHARMACEUTICALS, INC.
AMENDED AND RESTATED 2014 STOCK OPTION AND INCENTIVE PLAN

Name of Optionee:	[•]
Number of Option Shares:	[*Total number of shares underlying the Stock Option*]
Option Exercise Price per Share:	[*Exercise price per share equal to the Fair Market Value of a share of common stock RCKT, determined by the last reported sale price of a share of RCKT's common stock as reported on the NASDAQ Global Market as of the Grant Date*]
Grant Date:	[*Date of grant of the Stock Option*]
Expiration Date:	**[***No more than 10 years from Grant Date***]**

Pursuant to the Rocket Pharmaceuticals, Inc. Amended and Restated 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Rocket Pharmaceuticals, Inc., a Delaware corporation (the "Company"), hereby grants to the Optionee named above, who is a director of the Company ("Director") but is not an employee of the Company, an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value $0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above, subject to the terms and conditions set forth herein and in the Plan. The Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of the Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in the Plan) to accelerate the exercisability schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains in service as a member of the Board (as defined in the Plan) on such dates:

Incremental Number of Option Shares Exercisable	**Exercisability Date**
_____ (__%)	_____
_____ (__%)	_____
_____ (__%)	_____
_____(__%)	_____
_____(__%)	_____

Once exercisable, the Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise the Stock Option only in the following manner: from time to time on or prior to the Expiration Date, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

(b) Payment of the purchase price for the Option Shares (the "Option Purchase Price") may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the Option Purchase Price, provided that, in the event that the Optionee chooses to pay the Option Purchase Price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value (as defined in the Plan) that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

(c) The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full Option Purchase Price, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the Option Purchase Price by previously owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(d) The shares of Stock purchased upon exercise of the Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to the Stock Option unless and until the Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(e) The minimum number of shares with respect to which the Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which the Stock Option is being exercised is the total number of shares subject to exercise under the Stock Option at the time.

(f) Notwithstanding any other provision hereof or of the Plan, no portion of the Stock Option shall be exercisable after the Expiration Date.

3. Termination of Service. If the Optionee's service as a Director terminates, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's service as a Director terminates by reason of the Optionee's death, then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the Optionee's death and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee's service as a Director terminates by reason of the Optionee's permanent and total Disability (as defined herein), then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the determination of such Disability by the Administrator and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier. "Disability" means, as determined by the Administrator in its discretion exercised in good faith, the Optionee's inability to engage in the activities required by the Optionee's position at the Company by reason of any medically determinable and documented physical or mental impairment which can reasonably be expected to result in death or to last for a continuous period of not less than 24 months. A determination of Disability may be made by a physician selected or approved by the Administrator and, in this respect, Optionee shall submit to an examination by such physician upon request by the Administrator.

(c) Removal for Cause. If the Optionee is removed as a Director for Cause (as defined herein), (i) any portion of the Stock Option outstanding on the date of removal may be exercised, to the extent exercisable on such date, for a period of two business days from the date of removal or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of removal shall terminate immediately and be of no further force or effect. "Cause" means, unless otherwise provided in a director service agreement between the Company and the Optionee, a determination by the Administrator that the Optionee was removed as a Director as a result of: (i) any material breach by the Optionee of any agreement between the Optionee and the Company; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of the Optionee's permanent and total Disability) by the Optionee of the Optionee's duties to the Company.

(d) Other Termination. If the Optionee's service as a Director terminates for any reason other than the Optionee's death, the Optionee's total and permanent Disability or Cause, and unless otherwise determined by the Administrator, (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on such date, for a period of six months from the date the Optionee ceased to be a Director or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's service as a Director shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, the Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meanings specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Acceleration of Vesting. Notwithstanding any provision of the Plan or this Agreement to the contrary, upon the consummation of a Sale Event (as defined in the Plan), the Stock Option shall become immediately vested and exercisable with respect to 100% of the shares subject to the Option.

7. No Obligation to Continue as a Director. Neither the Plan nor this Agreement confers upon the Optionee any rights with respect to continuance as a Director.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to the Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Optionee: (a) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (b) waives any privacy rights the Optionee may have with respect to the Relevant Information; (c) authorizes the Relevant Companies to store and transmit such information in electronic form; and (d) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

10. Notices. Notices hereunder shall be mailed or delivered to the Company at its offices (with the address as of the Grant Date set forth in the signature page hereto) and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

(*Signatures follow.*)

ROCKET PHARMACEUTICALS, INC.

By: _____

Name:

Title:

Address: 430 East 29th Street, Suite 1040
New York, NY 10016, U.S.A

This Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: _____

_____
Optionee's Signature

Optionee's name and address:

_____

_____

_____

(*Signature Page to Non-Qualified Stock Option Agreement for Non-Employee Directors*)

Exhibit 10.5

NON-QUALIFIED STOCK OPTION AGREEMENT
FOR NON-EMPLOYEE CONSULTANTS
UNDER ROCKET PHARMACEUTICALS, INC.
AMENDED AND RESTATED 2014 STOCK OPTION AND INCENTIVE PLAN

Name of Optionee:	[•]
Number of Option Shares:	[*Total number of shares underlying the Stock Option*]
Option Exercise Price per Share:	[*Exercise price per share equal to the Fair Market Value of a share of common stock RCKT, determined by the last reported sale price of a share of RCKT's common stock as reported on the NASDAQ Global Market as of the Grant Date*]
Grant Date:	[*Date of grant of the Stock Option (for a new consultant, typically his/her start date)*]
Expiration Date:	**[***No more than 10 years from Grant Date***]**

Pursuant to the Rocket Pharmaceuticals, Inc. Amended and Restated 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Rocket Pharmaceuticals, Inc., a Delaware corporation (the "Company"), hereby grants to the Optionee named above, who is a Consultant (as defined in the Plan) of the Company, an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value $0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. The Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of the Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in the Plan) to accelerate the exercisability schedule hereunder, the Stock Option shall become vested and exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains in service to the Company or a Subsidiary (as defined in the Plan) as a Consultant on such dates:

Incremental Number of Option Shares Exercisable	**Exercisability Date**
_____ (__%)	_____
_____ (__%)	_____
_____ (__%)	_____
_____(__%)	_____
_____(__%)	_____

Once exercisable, the Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise the Stock Option only in the following manner: from time to time on or prior to the Expiration Date, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares (the "Option Purchase Price") may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the Option Purchase Price, provided that, in the event that the Optionee chooses to pay the Option Purchase Price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value (as defined in the Plan) that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full Option Purchase Price, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the Option Purchase Price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of the Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to the Stock Option unless and until the Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which the Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which the Stock Option is being exercised is the total number of shares subject to exercise under the Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of the Stock Option shall be exercisable after the Expiration Date.

3. Termination of Service. If the Optionee's service as a Consultant to the Company or a Subsidiary terminates, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's service as a Consultant terminates by reason of the Optionee's death, then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the Optionee's death and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Optionee's service as a Consultant terminates by reason of the Optionee's permanent and total Disability (as defined herein), then any unvested portion of the Stock Option shall become fully vested and exercisable as of the date of the determination of such Disability by the Administrator and the Stock Option may thereafter be exercised by the Optionee's legal representative or legatee for a period of 12 months from such date or until the Expiration Date, if earlier. "Disability" means, as determined by the Administrator in its discretion exercised in good faith, the Optionee's inability to engage in the activities required by the Optionee's position at the Company by reason of any medically determinable and documented physical or mental impairment which can reasonably be expected to result in death or to last for a continuous period of not less than 24 months. A determination of Disability may be made by a physician selected or approved by the Administrator and, in this respect, Optionee shall submit to an examination by such physician upon request by the Administrator.

(c) Termination for Cause. If the Optionee's service as a Consultant terminates for Cause (as defined herein), (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on such date, for a period of two business days from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect. "Cause" means, unless otherwise provided in a consulting agreement between the Company or a Subsidiary and the Optionee, a determination by the Administrator that the Optionee shall be dismissed as a result of: (i) any material breach by the Optionee of any agreement between the Optionee and the Company; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of the Optionee's permanent and total Disability) by the Optionee of the Optionee's duties to the Company.

(d) Other Termination. If the Optionee's service as a Consultant terminates for any reason other than the Optionee's death, the Optionee's total and permanent Disability or Cause, and unless otherwise determined by the Administrator, (i) any portion of the Stock Option outstanding on the date of termination may be exercised, to the extent exercisable on the date of termination, for a period of 12 months from the date of termination or until the Expiration Date, if earlier, and (ii) any portion of the Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's service as a Consultant shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, the Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meanings specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. The Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Acceleration of Vesting. Notwithstanding any provision of the Plan or this Agreement to the contrary, if a Sale Event (as defined in the Plan) occurs and the Optionee's service as a Consultant to the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause or by the Optionee for Good Reason (as defined herein) within 12 months following the Sale Event, 100% of the shares subject to the Stock Option shall become immediately vested and exercisable. "Good Reason" means the occurrence, without the Optionee's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Optionee describing the applicable circumstances (which notice must be provided by the Optionee within ninety (90) days of the Optionee's knowledge of the applicable circumstances), of one or more of the following: (a) any material, adverse change in the Optionee's duties, responsibilities, authority, title or reporting structure; (b) a material reduction in the Optionee's base salary or bonus opportunity; or (c) a geographical relocation of the Optionee's principal office location by more than fifty (50) miles.

7. Tax Withholding. The Optionee shall, not later than the date as of which the exercise of the Stock Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the minimum required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Optionee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum withholding amount due.

8. No Obligation to Continue as a Consultant or Service Provider. Neither the Plan nor this Agreement confers upon the Optionee any rights with respect to continuance as a Consultant or other service provider to the Company or a Subsidiary.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to the Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Optionee (a) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (b) waives any privacy rights the Optionee may have with respect to the Relevant Information; (c) authorizes the Relevant Companies to store and transmit such information in electronic form; and (d) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Optionee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Notices. Notices hereunder shall be mailed or delivered to the Company at its offices (with the address as of the Grant Date set forth in the signature page hereto) and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

(*Signatures follow.*)

ROCKET PHARMACEUTICALS, INC.

By: _____

Name:

Title:

Address: 350 Fifth Avenue, Suite 7530
New York, NY 10118, U.S.A

This Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: _____

_____
Optionee's Signature

Optionee's name and address:

_____

_____

_____

(*Signature Page to Non-Qualified Stock Option Agreement for Consultants*)

Exhibit 10.6

AGREEMENT OF LEASE

ESRT EMPIRE STATE BUILDING, L.L.C., Landlord

and

ROCKET PHARMACEUTICALS, INC., Tenant

Premises:	Room/Suite 7530 The Empire State Building 350 Fifth Avenue New York, New York 10118
Date:	As of June __, 2018

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EXHIBIT A – Floor Plan of Premises
EXHIBIT B – ESRT High Performance Design and Construction Guidelines
EXHIBIT C – Cleaning Specifications
RIDER – Rules and Regulations

AGREEMENT OF LEASE, made as of this _____ day of June, 2018 (this "Lease"), between ESRT EMPIRE STATE BUILDING, L.L.C., a Delaware limited liability company, with an address c/o ESRT Management, L. L. C., 111 West 33rd Street, New York, New York 10120, hereinafter referred to as "Landlord" and ROCKET PHARMACEUTICALS, INC., a Delaware limited liability company, with an address at The Alexandria Center for Life Science, 430 East 29th Street, Suite 1040, New York, New York 10016, hereinafter referred to as "Tenant".

WITNESSETH:

WHEREAS, Landlord wishes to demise and let unto Tenant and Tenant desires to hire and take from Landlord, on the terms and subject to the conditions set forth herein, the premises located on the portion of the seventy-fifth (75th) floor in the building that is known as The Empire State Building and by the street address of 350 5th Avenue, New York, New York 10118 (such building, the "Building"), identified as Room/Suite 7530, as more particularly shown on Exhibit "A" attached hereto and made a part hereof (such premises being referred to herein as the "Premises"; the Building together with the plot of land and the tax parcel on which the Building is constructed or installed, the "Real Property").

NOW, THEREFORE, in consideration of the Premises, and other good and valuable consideration, the mutual receipt and legal sufficiency of which the parties hereto hereby acknowledge, Landlord and Tenant hereby covenant and agree as follows:

1. **DEMISE, TERM AND USE**

A. Subject to the terms of this Lease, Landlord hereby demises and lets to Tenant and Tenant hereby hires and takes from Landlord the Premises for the term to commence on the date Landlord delivers vacant and exclusive possession of the Premises to Tenant (such date, the "Commencement Date"), and to end on the last day of the calendar month during which the day immediately preceding the date that is three (3) years after the Rent Commencement Date (as hereinafter defined) occurs (the "Fixed Expiration Date"), unless the same shall sooner terminate pursuant to terms hereof or pursuant to law (the Fixed Expiration Date, or such earlier date that the term of this Lease terminates pursuant to the terms hereof or pursuant to law being referred to herein as the "Expiration Date"; the term commencing on the Commencement Date and ending on the Expiration Date being referred to herein as the "Term"). For all purposes of this Lease, the parties agree that the rentable square foot area of the Premises is six thousand six hundred eighty-four (6,684) rentable square feet.

B. Tenant shall use the Premises solely as general, administrative and executive offices for the conduct of Tenant’s business, and for lawful purposes reasonably incidental thereto and for no other purpose. Without limiting the generality of the foregoing, it is expressly understood that no portion of the Premises shall be used as, by or for (a) a telemarketing agency or call center, (b) the conduct of any retail or wholesale trade or services (including, without limitation, any business with, or which is open to, the general public on an off-the-street retail basis), (c) a travel or tourist agency, (d) an employment agency, executive search firm or similar enterprise, labor union, school, or vocational training center (except for incidental and occasional training of Tenant's employees who are employed at the Premises), (e) a commercial document reproduction or offset printing service, (f) any Governmental Authority (as such term is defined in Article 15 hereof) or embassy or consular office of any country or other quasi-autonomous or sovereign organization or any Person (as hereinafter defined), organization, association or other agency immune from service or suit in the courts of the State of New York or the assets of which may be exempt from execution by Landlord in any action for damages, (g) a kitchen, cafeteria or restaurant or otherwise for the sale, storage, warming, service or consumption of food or beverages in any manner whatsoever (except that Tenant may store, prepare, and serve food and beverages, by reasonable means consistent with typical pantry use (including, without limitation, by means of customary vending machines), for consumption by such Tenants' employees and guests), (h) a firm whose principal business is real estate brokerage, (i) the business of renting office or desk space, (j) a factory of any kind, or for any manufacturing purpose, (k) any use to which increased security costs or insurance premiums payable by Landlord may be attributed, (l) a payroll office or check cashing operation, (m) any medical use or purpose whatsoever, including without limitation, use as a pharmacy or clinic (or other facility performing medical, therapeutic or rehabilitative procedures of any type or providing counseling of any kind); it being expressly understood that the Premises may not be used for patient visits, consultations, exams or evaluations of any type (psychological, physical, etc.), (n) clinical and/or experimental or pharmaceutical research, (o) a laboratory of any kind (including, without limitation, a research or pharmaceutical laboratory), (p) focus groups, (q) a film, radio or video production or broadcasting studio, (r) gaming or gambling, or any pornographic or obscene purpose, (s) any commercial sex establishment, any pornographic, obscene, nude or semi-nude performances, modeling or sexual conduct of any kind, (t) public assembly, (u) showrooms of any kind or (v) any use which has an adverse impact on the Building, any Building system or any other Building tenant. The term "Person" shall mean any natural person or persons or any legal form of association, including, without limitation, a partnership, a limited partnership, a corporation, and/or a limited liability company.

2. **RENT**

A. General:

(i) Tenant agrees to pay all Rental (as hereinafter defined) as herein provided at the office of Landlord or at such other place as Landlord may designate, in lawful money of the United States of America that is legal tender of all debts and dues, public or private, at the time of payment, and without any notice (except as may be specifically set forth herein), credit, abatement (except as may be specifically set forth herein), set-off, deduction or reduction whatsoever.

(ii) The term "Additional Rent" shall mean any and all amounts, sums, fees or other charges payable by Tenant to Landlord hereunder specifically including, without limitation, Escalation Rent (as defined below) but specifically excluding Fixed Annual Rent (as hereinafter defined) and use and occupancy charges following any holdover. Unless otherwise expressly set forth herein, Additional Rent shall be due within thirty (30) days after Landlord gives Tenant notice thereof. Landlord shall have the same rights and remedies provided herein or by law with respect to Tenant's non-payment of Additional Rent as it has with respect to Tenant's non-payment of Fixed Annual Rent.

(iii) The term "Applicable Rate" shall mean, at any particular time, the lesser of (x) four hundred (400) basis points above the Base Rate (as defined below) at such time, and (y) the maximum rate permitted by applicable law at such time.

(iv) The term "Base Rate" shall mean the rate of interest announced publicly from time to time by JP Morgan Chase Bank, N.A., or its successor, as its "prime lending rate" (or such other term as may be used by JP Morgan Chase Bank, N.A. (or its successor), from time to time, for the rate presently referred to as its "prime lending rate").

(v) The term "Escalation Rent" shall mean the Additional Rent payable pursuant to Sections 2.C. and 2.D. hereof.

(vi) The term "Rental" shall mean collectively, Additional Rent and Fixed Annual Rent.

(vii) The term "Rent Commencement Date" shall mean, the date which is the thirtieth (30^{th}) day following the Commencement Date.

B. Fixed Annual Rent:

(i) The annual fixed rent for the Premises (the annual fixed rent payable hereunder for the Premises at any particular time being referred to herein as the "Fixed Annual Rent") shall be an amount equal to Four Hundred Sixty-Seven Thousand Eight Hundred Eighty and 00/100 Dollars ($467,880.00) per annum for the period commencing on the Commencement Date through and including the Fixed Expiration Date ($38,990.00 per month); it being understood and agreed, that if no Default (as such term is defined in Article 5 hereof) has occurred and is then continuing, the Fixed Annual Rent for the period commencing on the Commencement Date and ending on the day immediately preceding the Rent Commencement Date shall be abated; it being expressly acknowledged and agreed however, that Tenant shall continue to be responsible for paying all Rental (specifically including, without limitation, any and all charges for electricity) without any credit, set off, deduction or reduction during the aforesaid period.

(ii) Tenant shall pay to Landlord Fixed Annual Rent in advance commencing on the Rent Commencement Date (subject to Section 2.B.(i) hereof) and on the first (1st) day of each month thereafter throughout the Term, in equal monthly installments, without notice, credit, set off, deduction, counterclaim or reduction (except to extent otherwise expressly set forth herein).

(iii) Simultaneously with Tenant's execution hereof, Tenant shall pay to Landlord an amount equal to Thirty-Eight Thousand Nine Hundred Ninety and 00/100 Dollars ($38,990.00), which Landlord shall apply to the Fixed Annual Rent first becoming due hereunder.

(iv) Should the date on which Tenant is obligated to commence paying Fixed Annual Rent hereunder occur on any day other than the first day of a month, then (i) the Fixed Annual Rent due hereunder for the calendar month during which such date occurs shall be adjusted appropriately based on the number of days in such calendar month and (ii) subject to Section 2.B.(iii) hereof, Tenant shall pay to Landlord such amount (adjusted as aforesaid for such calendar month) on such date. Provided that no Default has occurred and is then continuing, if the Expiration Date is not the last day of a calendar month, then the Fixed Annual Rent due hereunder for the calendar month during which the Expiration Date occurs shall be adjusted appropriately based on the number of days in such calendar month.

C. Operating Expense Escalations:

(i) Tenant shall pay to Landlord, as Additional Rent, operating expense escalations in accordance with this Section 2.C.

(ii) The following terms shall have the following meanings:

(a) The term "Base Expenses" shall mean the Expenses (defined below) for the Base Expense Year.

(b) The term "Base Expense Year" shall mean the calendar year 2018.

(c) The term "Comparative Year" shall mean each calendar year commencing on or after January 1, 2019, in which occurs any part of the Term.

(d) The term "Expenses" shall mean the total of all costs and expenses paid, incurred or borne by or on behalf of Landlord in insuring, maintaining, repairing, managing and operating the Real Property and providing services therein, including, but not limited to, the costs and expenses incurred for and with respect to: steam and any other fuel; water rates and sewer rents; air-conditioning; ventilation; heating; water and sprinkler systems, life and safety systems for the Building; cleaning (unless and to the extent Tenant is required to contract separately for such cleaning), by contract or otherwise; window washing (interior and exterior) (if and to the extent such service is provided at the Building); elevators, escalators; porter and matron service (if and to the extent such service is provided at the Building); Building electric current (Building electric current shall be deemed, for the purposes of this Section 2.C, to mean all electricity purchased for the Building, except that the parties acknowledge and agree that for the purposes of calculating Additional Rent under this Section 2.C and irrespective of the actual allocation of electric service between leasable space and other portions of the Building and Building systems, fifty (50%) percent of the Building's payment to the utility company or companies for the provision, supply and distribution to the Building of electricity shall be deemed to be payment for Building electric current); protection and security; lobby decoration; repairs, replacements and improvements which are appropriate for the continued operation of the Building in the same or an improved manner as the Building is operated on the date hereof (subject to Section 2.C.(iii) hereof); expenses (other than capital expenses excluded below) for application fees, consulting, legal, architectural and engineering fees and inspection charges incurred in connection with obtaining, maintaining, renewing and/or improving any environmental rating or certification for the Building or any component part thereof or equipment or apparatus used therein (such as LEED (Leadership in Energy and Environmental Design), Green Globes or Energy Star); maintenance; painting of non-tenant areas; fire, extended coverage, boiler and machinery, sprinkler, apparatus, public liability and property damage insurance, rental and plate glass insurance and any insurance required by a mortgagee or other holder of a Superior Interest (as hereinafter defined); management fees; supplies, wages, salaries, disability benefits, pensions, hospitalization, retirement plans and group insurance respecting employees of Landlord or Landlord's managing agent and the wages, salaries, and benefits of employees for whom Landlord reimburses such agent, up to and including the Building manager (including a pro rata share only of such wages and benefits of employees, including Landlord's engineer, who are employed at more than one building, which pro rata share shall be determined by Landlord and shall be based upon Landlord's reasonable estimate of the percentage of time spent by such employees at the Real Property); uniforms and working clothes for such employees and the cleaning thereof and expenses imposed pursuant to Requirements (as such term is defined in Article 15 hereof) or to any collective bargaining agreement with respect to such employees; workmen's compensation insurance, payroll, social security, unemployment and other similar taxes with respect to such employees; contributions to any business improvement district association (whether currently existing or hereinafter established) not deemed to be Real Estate Taxes; build-out and other maintenance and operating costs for any daycare center, conference center, health club, eating establishment, library and any other common amenities from time to time constructed, created or designated; legal, accounting and other fees paid to professionals and consultants retained by or on behalf of Building management and not excluded pursuant to the following paragraph; and association fees or dues payable to professional associations such as the Real Estate Board of New York, Inc. and other associations organized to promote the interests of commercial landlords.

Expenses shall exclude or have deducted from them, as the case may be and as shall be appropriate:

(1) Real Estate Taxes and Excluded Amounts;

(2) expenses related to leasing space (including, without limitation, leasing commissions, the cost of tenant improvements (or allowances that Landlord provides to a tenant therefor), legal fees, rent concessions, takeover expenses, and advertising expenses);

(3) managing agents' fees or commissions in excess of the rates then customarily charged for Building management for buildings of like class and character;

(4) executives' salaries above the grade of Building or general manager;

(5) debt service under any mortgage loan or rent under any underlying or ground lease of the Building;

(6) subject to the terms of Section 2.C.(iii) hereof, the cost of any repairs, replacements or improvements to the Building that are required to be capitalized by generally accepted accounting principles ("GAAP");

(7) amounts received by Landlord through proceeds of insurance to the extent the proceeds are compensation for expenses which were previously included in Expenses hereunder;

(8) cost of repairs or replacements incurred by reason of fire or other casualty to the extent to which Landlord is compensated therefor through proceeds of insurance, or which are necessitated by the exercise of the right of eminent domain;

(9) advertising and promotional expenditures that are paid or incurred for the Building;

(10) legal, auditing and other third-party fees incurred in connection with actual or anticipated litigation with any Building tenant or group of tenants to enforce any provision of their respective lease;

(11) the incremental cost of furnishing services such as overtime HVAC (as hereinafter defined) to any tenant at such tenant's expense; costs incurred in performing work or furnishing services for individual tenants (including this Tenant) at such tenant's expense; and costs of performing work or furnishing services for tenants other than this Tenant at Landlord's expense to the extent that such work or service is in excess, on a per rentable square foot basis, of any work or service Landlord is obligated to furnish to this Tenant at Landlord's expense;

(12) interest, penalties and late charges that in either case are paid or incurred as a result of late payments made by Landlord or by reason of Landlord's failure to comply with Requirements (to the extent that Landlord is required to comply with such Requirements pursuant to the terms hereof);

(13) costs incurred by Landlord to remedy presently existing conditions at the Building in respect of which a Governmental Authority has issued a notice of violation on or prior to the date hereof;

(14) costs incurred by Landlord which result from Landlord’s breach of this Lease or Landlord’s negligence or willful misconduct;

(15) costs that Landlord incurs in organizing or maintaining in good standing the entity that constitutes Landlord, or in authorizing Landlord to do business in the jurisdiction where the Building is located; and

(16) expenses that Landlord incurs in selling, purchasing, financing or refinancing the Real Property.

(e) The "Expense Statement" shall mean a statement in writing issued by Landlord or the Building's managing agent from time to time during the Term, setting forth the amount payable by Tenant for a specified Comparative Year pursuant to Section 2.C.(v) below.

(f) The term "Tenant's Expense Share" shall mean twenty-three hundredths percent (0.23 %).

(iii) If (i) Landlord makes an improvement to the Building or the land upon which the Building is constructed, or a replacement of equipment at the Building or the land upon which the Building is constructed, in either case, in connection with the maintenance, repair, management or operation thereof, (ii) GAAP requires Landlord to capitalize the cost of such improvement or such replacement, and (iii) such improvement or replacement is made (a) to comply with a Requirement, (b) in lieu of repairs, or (c) for the purpose of saving or reducing Expenses (such as, for example, an improvement that reduces labor costs or an improvement that saves energy costs), then Landlord shall have the right to include in Expenses the amount that amortizes the cost of such improvement or such replacement, together with interest on the unamortized portion thereof that is calculated at the Base Rate from the time of Landlord's having incurred said expenditure, in equal annual installments over the shorter of (x) the useful life of such improvement or such equipment as determined in accordance with GAAP, (y) 10 years, or (z) the Payback Period (as defined below) (in any case, until the cost of such improvement or such equipment is amortized fully); provided, however, that for any such improvement or replacement that Landlord makes in lieu of a repair (and that Landlord does not make to comply with a Requirement or for the purpose of saving or reducing Expenses), the aforesaid amount that Landlord includes in Base Expenses or any particular Comparative Year shall not exceed the cost of the repairs that Landlord would have otherwise made if Landlord did not make such improvement or replacement, as reasonably estimated by Landlord. Notwithstanding anything to the contrary contained in this Lease, Landlord shall have the right, in Landlord's sole discretion, to exclude from Expenses the costs of certain non-recurring capital expenditures and/or the costs of certain non-recurring repairs (including the then remaining unamortized costs of any such non-recurring expenditure or repair incurred prior to the Term) which Landlord would otherwise have the right to include in Expenses pursuant to the terms of this Article 2; it being understood and agreed, however, that if Landlord elects to exclude any such costs, the same shall be excluded from the Base Expense Year and any subsequent Comparative Years occurring during the Term. As used herein, the term "Payback Period" means the length of time (expressed in months) obtained by multiplying (x) the quotient of (i) the aggregate costs of any such capital improvement, divided by (ii) the Projected Annual Savings, times (y) twelve (12). By way of example: if the aggregate costs of such capital improvement are $2,000,000 and the Projected Annual Savings are $500,000, then the simple payback period for such capital improvement is forty-eight (48) months. The term "Projected Annual Savings" means the anticipated or estimated average annual savings (whether or not actually realized) in Expenses (subject to reasonable assumptions and qualifications of the Building's operating costs (such as utility costs, steam costs, etc.), determined using commonly applied engineering methods by an independent engineer selected by Landlord.

(iv) If during all or part of the Base Expense Year or any Comparative Year, Landlord shall not furnish any particular item(s) of work or service (which would constitute an Expense hereunder) to portions of the Building due to the fact that such portions are not occupied or leased, or because such item of work or service is not required or desired by the tenant of such portion, or such tenant is itself obtaining and providing such item of work or service, or for other reasons, then, for the purposes of computing the Additional Rent payable under this Section 2.C, the amount of the Base Expenses and/or the Expenses for any such Comparative Year, as applicable, shall be increased by an amount equal to the Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such item of work or services that had not been provided to such portion of the Real Property; it being understood and agreed that if Landlord increases the Expenses for a particular Comparative Year as contemplated herein, Landlord shall also increase the Base Expenses by such amount.

(v) Tenant shall pay the Expense Payment (as hereinafter defined) to Landlord as Additional Rent in accordance with the terms of this Section 2.C.(v). The term "Expense Payment" shall mean an amount equal to the product obtained by multiplying (A) the excess (if any) of (i) the Expenses for such Comparative Year, over (ii) the Base Expenses, by (B) Tenant's Expense Share. Landlord shall have the right to give a statement to Tenant from time to time pursuant to which Landlord sets forth Landlord's good faith estimate of the Expense Payment for a particular Comparative Year (any such statement that Landlord gives to Tenant being referred to herein as a "Prospective Expense Statement"; one-twelfth (1/12th) of the Expense Payment shown on a Prospective Expense Statement being referred to herein as the "Monthly Expense Payment Amount"). If Landlord gives to Tenant a Prospective Expense Statement, Tenant shall pay to Landlord, as Additional Rent, on account of the Expense Payment due hereunder for such Comparative Year, the Monthly Expense Payment Amount, on the first (1st) day of each subsequent calendar month for the remainder of such Comparative Year (without Landlord being required to send any further notice thereof), unless and until a new adjustment of the Expense Payment becomes effective pursuant to the provisions of this Section 2.C.(v) based upon Landlord's issuance of an updated Expense Statement. Tenant shall pay the Monthly Expense Payment Amount in the same manner as the monthly installments of the Fixed Annual Rent hereunder. If Landlord gives Tenant a Prospective Expense Statement after the first (1st) day of the applicable Comparative Year to which it relates, then Tenant shall also pay to Landlord, within thirty (30) days after the date that Landlord gives the Prospective Expense Statement to Tenant, an amount equal to the excess of (I) the product obtained by multiplying (x) the Monthly Expense Payment Amount, by (y) the number of calendar months that have theretofore elapsed during such Comparative Year, over (II) the aggregate amount theretofore paid by Tenant to Landlord on account of the Expense Payment for such Comparative Year.

(vi) Following the expiration of the Base Expense Year and each Comparative Year, Landlord shall submit to Tenant an Expense Statement setting forth the Base Expenses, and the Expense Payment, if any, due to Landlord from Tenant for such Comparative Year under this Section 2.C (i.e., a true-up statement). Within thirty (30) days after Landlord’s rendering of such Expense Statement, Tenant shall pay to Landlord as part of the Expense Payment for the Comparative Year to which such Expense Statement relates, an amount equal to the excess (if any) of the Expense Payment for such Comparative Year, as set forth in the Expense Statement, over the Expense Payment previously collected from Tenant for such Comparative Year pursuant to the terms of this Section 2.C. Provided that no Default has occurred and is then continuing, if the Expense Payment for any Comparative Year, as set forth in the true-up statement, shall be less than the amount of the Expense Payment previously paid by Tenant pursuant to this Section 2.C for such Comparative Year, the difference shall be credited against amounts thereafter payable by Tenant pursuant to this Section 2.C. If (x) Tenant is entitled to a credit pursuant to this subparagraph (vi), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit (less any amounts that may then remain due and payable pursuant to the terms of this Lease) on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). Notwithstanding the foregoing to the contrary, Landlord shall have no obligation to credit or refund to Tenant any amounts paid hereunder which were paid by or on behalf of a Person other than Tenant (i.e. a predecessor tenant under this Lease).

(vii)

(a) Any Expense Statement that Landlord gives to Tenant shall be binding upon Tenant conclusively unless, within thirty (30) days after the date that Landlord gives Tenant such Expense Statement, Tenant gives a notice (an "Audit Notice") to Landlord objecting to such Expense Statement which notice shall specify the particular respects in which Tenant objects to such Expense Statement. Tenant's right to give an Audit Notice (and conduct the audit contemplated by this subparagraph 2.C.(vii)) shall survive the Expiration Date (to the extent that the Expiration Date occurs earlier than the thirtieth (30th) day after the date that Landlord gives the applicable Expense Statement to Tenant). Tenant shall have the right to audit the Base Expenses as contemplated by this subparagraph 2.C.(vii) only after receiving the first Expense Statement that sets forth the Base Expenses, and, accordingly, once Tenant's right to so audit the Base Expenses lapses, Tenant shall not have the right to thereafter audit the Base Expenses, notwithstanding that the Base Expenses are included in the calculation of the Expense Payment for Comparative Years. If Tenant gives an Audit Notice to Landlord, then, subject to the terms of this subparagraph 2.C.(vii), Tenant may examine Landlord's books and records relating to such Expense Statement to determine the accuracy thereof, provided that (x) Tenant commences such audit within ninety (90) days following the date Tenant gives Landlord an Audit Notice and (y) such audit is completed within one hundred twenty (120) days following the date Tenant gives Landlord an Audit Notice. Time shall be of the essence with respect to all time periods set forth in this Section 2.C.(vii). Tenant may perform such examination on reasonable advance notice to Landlord, at reasonable times, in Landlord's office or, at Landlord's option, at the office of Landlord's managing agent or accountants; it being expressly understood that Tenant shall not be permitted to copy, reproduce or otherwise transcribe any portion of Landlord's books and records. Tenant shall not have the right to conduct an audit of Landlord's books and records as described in this subparagraph Section 2.C. (vii) during the period that a monetary default or material non-monetary default has occurred and is continuing. Tenant shall have the right to conduct such examination using Tenant's own employees. Tenant, in performing such examination, shall also have the right to be accompanied by a certified public accountant from one of the "big-4" firms of certified public accountants (or their successors), or, at Tenant's option, a certified public accountant from a reputable firm that is reasonably acceptable to Landlord; provided, however, that Tenant shall not be entitled to be so accompanied by any certified public accountant unless Tenant and such certified public accountant certify to Landlord in a written instrument that is reasonably satisfactory to Landlord that the compensation being paid by Tenant to such certified public accountant is not conditioned or otherwise contingent (in whole or in part) on the extent of any reduction in the Expense Payment that derives from such examination. Tenant shall not have the right to conduct any such audit unless and until Tenant delivers to Landlord an executed confidentiality agreement, in a form reasonably designated by Landlord, signed by Tenant and Tenant's certified public accountant to which such books and records are proposed to be disclosed, pursuant to which Tenant and such certified public accountants agree to maintain the information obtained from such examination in confidence (subject, however, to the disclosure of the information that Tenant or Tenant's certified public accountant derive from such examination as required by law or to Tenant's counsel or other professional advisors that, in either case, agree to maintain such information in confidence).

(b) If it is determined ultimately that (i) Landlord, in an Expense Statement, overstated the Expense Payment, and (ii) Tenant overpaid the Expense Payment for a particular Comparative Year, then Tenant shall be entitled to credit the amount of such overpayment of the Expense Payment against the Fixed Annual Rent thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Fixed Annual Rent pursuant to this subparagraph (vii)(b), and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit (less any amounts that may then remain due and payable pursuant to the terms of this Lease) on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date).

(c) Pending the resolution of any audit contemplated in this subparagraph (vii), Tenant shall pay the Expense Payment to Landlord in accordance with the Expense Statement furnished by Landlord.

D. Tax Escalation. Tenant shall pay to Landlord, as Additional Rent, tax escalation in accordance with this Section 2.D.

(i) For the purposes of this Section 2.D, the following definitions shall apply:

(a) The term "Applicable Tax Rate" shall mean the real estate tax rate for any fiscal Tax Year (or portion thereof) of the City of New York applicable to the Real Property for the purpose of computing Real Estate Taxes.

(b) The term "Base Year Taxes" shall mean the Real Estate Taxes payable for the Base Tax Year determined by applying the Applicable Tax Rate to the Base Tax Year Assessment.

(c) The term "Base Tax Year" shall mean the second (2^{nd}) half of the Tax Year commencing on July 1, 2017 and ending on June 30, 2018 and the first (1^{st}) half of the Tax Year commencing on July 1, 2018 and ending on June 30, 2019 (i.e. the 2018 calendar year).

(d) The term "Base Tax Year Assessment" means the average of the taxable assessed values (i.e. the lesser of the actual assessment and the transitional assessment designated by the City of New York) (without taking into account any abatement, exemption or credit) of the Real Property for the Base Tax Year.

(e) The term "Comparative Tax Year" shall mean the second (2^{nd}) half of the Tax Year commencing on July 1, 2018 and ending on June 30, 2019 and the first (1^{st}) half of the Tax Year commencing on July 1, 2019 and ending on June 30, 2020 (i.e. the 2019 calendar year) and each subsequent calendar year thereafter.

(f) The term "Comparative Year Assessment" shall mean the average of the taxable assessed values (without taking into account any abatement, exemption or credit) of the Real Property for the relevant Comparative Tax Year for which Additional Rent under this Section 2.D is being calculated.

(g) The term "Comparative Year Taxes" shall mean the Real Estate Taxes payable for the Comparative Tax Year determined by applying the Applicable Tax Rate to the Comparative Year Assessment.

(h) The term "Excluded Amounts" shall mean (w) any taxes imposed on Landlord's income, (x) franchise, estate, inheritance, capital stock, excise, excess profits, gift, payroll or stamp taxes imposed on Landlord, (y) any transfer taxes or mortgage taxes that are imposed on Landlord in connection with the conveyance of the Real Property or granting or recording a mortgage lien thereon, and (z) any other similar taxes imposed on Landlord.

(i) The term "Real Estate Taxes" shall mean the total of all taxes, fees and special or other assessments levied, assessed or imposed at any time by any Governmental Authority upon or against the Real Property (including, without limitation, (x) any taxes, fees and assessments that are levied based on the use of water or energy by Landlord and/or the Building and (y) business improvements, district taxes, fees and/or assessments with respect to or imposed upon Landlord and/or the Real Property), any tax or assessment levied, assessed or imposed at any time by any Governmental Authority in connection with the receipt of income or rents from said Real Property to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against said Real Property, and all costs incurred by Landlord to contest any assessment of the Real Property or any tax, charge, or other imposition levied against it (unless such costs are passed through to Tenant pursuant to Section 2.D.(ii)(c) below). Notwithstanding the foregoing, Real Estate Taxes shall be calculated without taking into account (i) any discount that Landlord receives by virtue of any early payment of Real Estate Taxes, (ii) any penalties or interest that the applicable Governmental Authority imposes for the late payment of such real estate taxes or assessments, (iii) any abatement, exemption or credit of Real Estate Taxes to which the Real Property is entitled to, or (iv) any Excluded Amounts; provided, however, that if, due to a future change in the method of taxation or in the taxing authority, or for any other reason, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profits, sales, use, occupancy, gross receipts or rental tax), is imposed upon the Real Property, the owner thereof, or the occupancy, rents or income derived therefrom, in substitution in whole or in part for the Real Estate Taxes, or in lieu of additions to or increases of said Real Estate Taxes (whether or not the enabling legislation states that such tax is in substitution in whole or in part for the Real Estate Taxes, or in lieu of additions to or increases of said Real Estate Taxes), then such other tax or assessment to the extent substituted shall be included within the definition of Real Estate Taxes for the purposes hereof. As to special assessments which are payable over a period of time extending beyond the Term, only a pro rata portion thereof covering the portion of the Term unexpired at the time of the imposition of such assessment, shall be included in Real Estate Taxes. If by law, any assessment may be paid in installments, then, for the purposes hereof (i) such assessment shall be deemed to have been payable in the maximum number of installments permitted by law and (ii) there shall be included in Real Estate Taxes, for each Comparative Tax Year in which such installments may be paid, the installments of such assessment so becoming payable during such Comparative Tax Year, together with interest payable during such Comparative Tax Year in respect of any such installment.

(j) The term "Tax Year" means each period from July 1 through June 30 (or such other period as hereinafter may be duly adopted by the Governmental Authority then imposing Real Estate Taxes as its fiscal year for real estate tax purposes).

(k) The term "Tenant's Tax Share" shall mean twenty-three hundredths percent (0.23%).

(ii)

(a) Before or after the start of each Comparative Tax Year, Landlord shall furnish to Tenant a statement of the Comparative Year Taxes, and a statement of the Real Estate Taxes payable during the Base Tax Year. If the Comparative Year Taxes exceed the Base Year Taxes, Additional Rent for such Comparative Tax Year, in an amount equal to Tenant's Tax Share of the excess, shall be due from Tenant to Landlord, and such Additional Rent shall be payable by Tenant to Landlord in equal monthly installments each equal to one-twelfth (1/12th) of Tenant's Tax Share of the excess of the relevant Comparative Year Taxes over the Base Year Taxes, each payable with the monthly installment of Fixed Annual Rent. If such statement is tendered to Tenant after the commencement of any Comparative Tax Year, Tenant shall pay to Landlord within thirty (30) days after such statement is tendered, a lump sum equal to the product resulting from multiplying Tenant's Tax Share of such excess of the Comparative Year Taxes over the Base Year Taxes, by a fraction the numerator of which is the number of full and partial months elapsed from the commencement of the relevant Comparative Tax Year and the denominator of which is twelve (12). Thereafter, Tenant shall commence paying the monthly installments of such Additional Rent with the next installment of Fixed Annual Rent next due and continue paying the same on a monthly basis in accordance with the terms hereof until a subsequent statement with respect thereto is rendered by Landlord.

(b) Should the Base Year Taxes be reduced by final determination of legal or administrative proceedings, settlement or otherwise, then the Base Year Taxes shall be correspondingly revised, the Additional Rent theretofore paid or payable hereunder for all Comparative Tax Years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord as Additional Rent, within thirty (30) days after being billed therefor, any deficiency between the amount of such Additional Rent as theretofore computed and the amount thereof due as the result of such recomputations.

(c) If Tenant shall have made a payment of Additional Rent under this Section 2.D and Landlord shall receive during the Term a refund of any portion of the Real Estate Taxes paid for any Comparative Tax Year after the Base Tax Year on which such payment of Additional Rent shall have been based, as a result of a reduction of such Real Estate Taxes by final determination of legal proceedings, settlement or otherwise, Landlord shall, promptly after receiving the refund, credit to Tenant, Tenant's Tax Share of the refund less Tenant's Tax Share of expenses (including attorneys', consultants' and appraisers' fees) incurred by Landlord in connection with any such application, settlement, negotiation or proceeding (unless previously included in Real Estate Taxes for the Comparative Tax Year to which such expenses relate). If prior to the payment of taxes for any Comparative Tax Year, Landlord shall have obtained a reduction of that Comparative Tax Year's assessed valuation of the Real Property, and therefore of said taxes, then the Real Estate Taxes for that Comparative Tax Year shall be deemed to include the amount of Landlord's expenses in obtaining such reduction in assessed valuation, including attorneys', consultants' and appraisers' fees. If (i) Tenant is entitled to a credit pursuant to this subparagraph (c), and (ii) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit (less any amounts that may then remain due and payable pursuant to the terms of this Lease) on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord's obligation to make such payment shall survive the Expiration Date). Notwithstanding the foregoing to the contrary, Landlord shall have no obligation to credit or refund to Tenant any amounts paid hereunder which were paid by or on behalf of a Person other than Tenant (i.e. a predecessor tenant under this Lease).

(d) INTENTIONALLY DELETED.

(iii) Tenant hereby agrees to comply and cooperate with Landlord's efforts, if any, to obtain any current or future tax incentive benefits, exemptions or abatements which Landlord may now or hereafter be entitled to at law or otherwise.

E. No Right to Apply Security: Tenant shall not have the right to apply any security deposited to assure Tenant's faithful performance of Tenant's obligation hereunder to the payment of any installment of Fixed Annual Rent or Additional Rent.

F. No Reduction in Fixed Annual Rent, Etc.: In no event shall the Fixed Annual Rent under this Lease be reduced by virtue of any decrease in the amount of any Additional Rent payment under this Article or any other provision of this Lease.

G. Failure to Pay Rental in Full: If Landlord receives from Tenant any payment less than the total Rental then due and owing pursuant to this Lease, Tenant hereby waives its right, if any, to designate the items to which such payment shall be applied and agrees that Landlord in its sole discretion may apply such payment in whole or in part to any Fixed Annual Rent, Escalation Rent, or any other item of Rental payable hereunder or to any combination thereof then due and payable hereunder; it being understood and agreed that the foregoing shall not limit or impair Landlord's rights or remedies in the event of any Default.

H. Payment of Rental by Another Person: Unless Landlord shall otherwise expressly agree in writing, acceptance of any portion of the Rental from any Person other than Tenant shall not relieve Tenant of any of its other obligations under this Lease, including the obligation to pay other Rental, and Landlord shall have the right at any time, upon notice to Tenant, to require Tenant (rather than someone other than Tenant) to pay the Rental payable hereunder directly to Landlord. Furthermore, such acceptance of Rental shall not be deemed to constitute an assignment of this Lease, a subletting of the Premises or Landlord's consent to an assignment of this Lease or a subletting or other occupancy of the Premises by any Person other than Tenant, nor a waiver of any of Landlord's rights or Tenant's obligations under this Lease.

I. Partial Comparative Year: If the Commencement Date shall occur during a Comparative Year or a Comparative Tax Year commences prior to the Term, then the Additional Rent due under any paragraph of this Article 2 for such first Comparative Year or Comparative Tax Year (as the case may be) shall be prorated based upon the length of time that the Term will be in existence during such first Comparative Year or Comparative Tax Year, as the case may be. Subject to the provisions of Article 6 hereof, if the Expiration Date is not the last day of a Comparative Tax Year or the last day of a Comparative Year, then upon the Expiration Date, the Additional Rent due under any paragraph of this Article 2 shall be prorated based upon the length of time that the Term will be in existence during such Comparative Year or Comparative Tax Year, as the case may be and such prorated amount shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid. Landlord shall, as soon as reasonably practicable, compute the Additional Rent due from Tenant, as aforesaid, which computations shall either be based on the particular Comparative Year's or Comparative Tax Year's actual figures or be estimated based upon the most recent statements theretofore prepared by Landlord and furnished to Tenant as may be required under any paragraph in this Article. If an estimate is used, then Landlord shall cause statements to be prepared on the basis of the particular Comparative Year's or Comparative Tax Year's actual figures promptly after they are available, and thereupon, Landlord and Tenant shall make appropriate adjustments of any estimated payments theretofore made.

3. **ELECTRICITY**

A. Subject to the terms hereof, the parties agree that electricity distribution to the Premises shall be on a "submetering" basis. Landlord shall be responsible for the cost and installation of a submeter or submeters measuring Tenant’s demand for and consumption of, electricity in the Premises. Landlord, at Landlord’s sole cost and expense shall maintain such submeter or submeters in good working order during the Term; provided, however, if, at any time during the Term, (i) Tenant (or any Person claiming by, through or under Tenant) performs Alterations (as hereinafter defined) that require modifications to the aforesaid submeter or submeters that Landlord installs, or that require a supplemental submeter or supplemental submeters, to be installed or (ii) if the need for any maintenance or repairs to the aforesaid submeter or submeters are necessitated by Tenant’s acts (including, without limitation, Alterations), omissions, negligence or willful misconduct, or the acts (including, without limitation, Alterations), omissions, negligence or willful misconduct of any Person claiming by, through, or under Tenant, then, in any case, Landlord shall perform such modification, or the installation of such supplemental submeter or submeters, or such maintenance or repair, as the case may be, at Tenant's sole cost and expense, and Tenant shall reimburse Landlord for Landlord's actual out-of-pocket costs within thirty (30) days following receipt of Landlord's invoice therefor which invoice shall include reasonable supporting documentation for the charges set forth therein.

B. INTENTIONALLY DELETED.

C. **Submetering**:

(i) For the purposes of this Section 3.C., the following definitions shall apply:

(a) "Landlord's Cost" for redistributed electricity means the product of (1) Landlord's Cost Rates for the relevant Utility Billing Period multiplied by (2) Tenant's electricity consumption (i.e., energy and demand) based on the meter readings referred to below.

(b) "Landlord's Cost Rates" means the sum of "Landlord's Electricity Consumption Cost" and "Landlord's Electricity Demand Cost".

(c) "Landlord's Electricity Consumption," for any given Utility Billing Period means the number of kilowatt-hours of electricity consumed in and for the Building (including common areas, tenantable areas and mechanical areas) during said Utility Billing Period, as indicated on the applicable utility bills.

(d) "Landlord's Electricity Consumption Cost," (Landlord's cost per KWH) for any given Utility Billing Period means the amount arrived at by dividing (x) Landlord's KWH cost, as imposed by the utility company (inclusive of any taxes, including any taxes included in the computation of said utility bills) for Landlord's Electricity Consumption for said Utility Billing Period, inclusive of any fuel adjustments or rate adjustments contained in said utility bill allocable to Landlord's Electricity Consumption, by (y) Landlord's Electricity Consumption (KWH) as indicated on said bills.

(e) "Landlord's Electricity Demand" for any given Utility Billing Period means the number of kilowatts of electricity demanded in and for the Building (including, without limitation, common areas, tenantable areas and mechanical areas) during said Utility Billing Period, as indicated on the applicable utility bill.

(f) "Landlord's Electricity Demand Cost" (Landlord's Cost per KW) for any given Utility Billing Period means the amount arrived at by dividing (x) Landlord's KW cost, as imposed by the utility company (inclusive of any taxes, including any taxes included in the computation of said utility bill) for Landlord's Electricity Demand for said Utility Billing Period, inclusive of any rate adjustments allocable to Landlord's Electricity Demand (provided that same have not been included in the computation of Landlord's Electricity Consumption Cost), by (y) Landlord's Electricity Demand (KW) as indicated on said bill.

(g) "Utility Billing Period" means the respective period of electricity consumption and demand for which Landlord is charged on each successive bill from the utility company furnishing electricity to the Building.

(ii) Tenant shall be entitled to use the electrical capacity that serves the Premises on the Commencement Date (which shall be the maximum electric service Landlord shall be obligated to redistribute to the Premises) (the "Maximum Capacity"). If and so long as Landlord provides electricity to the Premises on a submetering basis, Tenant covenants and agrees to purchase the same from Landlord or Landlord's designated agent at Landlord's Cost plus eight percent (8%) thereof.

Where more than one meter measures the service of Tenant in the Building, the KWH and KW recorded by each meter shall be added and the aggregate shall be billed as if measured by a single meter. Bills therefor shall be rendered at such times as Landlord may elect and the amount, as computed from a meter or meters and determined by a reputable electrical consultant, selected by Landlord ("Landlord's Electrical Consultant") in accordance with this Article 3, shall be deemed to be, and be paid as, Additional Rent. For purposes of determining Landlord's Electricity Consumption Cost and Landlord's Electricity Demand Cost, each amount appearing on any utility bill for demand, energy, fuel or rate adjustments shall be taken into account (where it cannot be determined from the utility bill whether such amount relates to consumption or to demand, it shall be deemed to relate to demand). If any submeter shall measure Tenant and any other tenant's consumption of electricity, the cost of all such electricity consumption shall be allocated among Tenant and all other tenants whose electricity consumption is being measured by such submeter based upon the ratio of rentable square feet (as measured using the same methodology as used to calculate the rentable square feet in the Premises for the purposes of this Lease) in each of the Premises and those portions of such other tenants' premises served by such submeter bears to the total number of rentable square feet served by such submeter.

(iii) If the submeter or submeters to measure Tenant's KW and KWH has not or have not been installed, connected and/or is not or are not yet functioning, Tenant shall pay for the distribution of electric power and use of Landlord's facilities to provide electrical power to the Premises, a charge equal to the amount that results from (a) multiplying One and 50/100 Dollars ($1.50) by the number of rentable square feet within the Premises, (b) dividing such result by 365 and (c) multiplying the result of (b) by the number of days until the date on which the appropriate submeter(s) are installed, connected and functioning; provided, however, that if Tenant fails to connect the applicable submeter or submeters on or prior to the date which is thirty (30) days after the date that Tenant moves into the Premises, the aforesaid amount of One and 50/100 Dollars ($1.50) shall be increased to Three and 25/100 Dollars ($3.25) from and after such thirty (30) day period until the submeters are connected. On the Commencement Date, a submeter measuring Tenant's demand for and consumption of electricity in Suite 7530 will be installed, connected and functioning.

D. **General Conditions**:

(i) All determinations (which may be presented or communicated in the form of an invoice, report, survey or letter notification to Tenant) by Landlord's Electrical Consultant pursuant to Section 3.B.(ii) hereof shall be binding and conclusive on Tenant from and after the delivery of a copy of each presentation or communication of the relevant determination to Tenant, unless, within fifteen (15) days after delivery thereof, time being of the essence, Tenant notifies Landlord that Tenant disputes such determination (such notice, an "Electricity Dispute Notice"). If Tenant so disputes any such determination, within thirty (30) days following the date Tenant gives Landlord the Electricity Dispute Notice, Tenant shall, at Tenant's own cost and expense, obtain from a reputable, independent electrical consultant Tenant's own determination in accordance with the provisions of this Article 3 and deliver a copy of such determination (showing all calculations, data and describing all assumptions and criteria used to make such determination) to Landlord. Tenant's consultant and Landlord's Electrical Consultant then shall seek to agree on the disputed items set forth in the Electricity Dispute Notice. If they cannot agree within thirty (30) days after the day Tenant gives Landlord Tenant's determination as provided above, Landlord and Tenant shall choose a third reputable electrical consultant, whose cost shall be shared equally by the parties, to make similar determinations that shall be controlling. If Landlord and Tenant cannot agree on such third consultant within ten (10) days, then either party may apply to the Supreme Court in the County of New York for such appointment. TENANT AGREES THAT IF TENANT SHALL FAIL TO DISPUTE WITHIN THE AFORESAID FIFTEEN (15) DAY PERIOD ANY DETERMINATION BY LANDLORD'S ELECTRICAL CONSULTANT, OR SHALL FAIL TO COMPLY WITH ANY OTHER TIME PERIOD SET FORTH IN THIS SECTION 3.D (E.G., THE THIRTY (30) DAY PERIOD TO DELIVER TENANT'S OWN DETERMINATION AS AFORESAID), TIME BEING OF THE ESSENCE, TENANT SHALL HAVE IRREVOCABLY AND CONCLUSIVELY WAIVED THE RIGHT TO DISPUTE THE RELEVANT DETERMINATION,. THE FACT THAT LANDLORD'S ELECTRICAL CONSULTANT IS OR HAS BEEN EMPLOYED BY OR IS OR HAS BEEN RETAINED BY LANDLORD OR LANDLORD'S AFFILIATES TO PERFORM SERVICES FOR IT OR THEM (AND IRRESPECTIVE OF HOWEVER LONG SUCH RELATIONSHIP MAY HAVE EXISTED), SHALL NOT BE A REASON TO DISPUTE (OR BE A DEFENSE TO) ANY DETERMINATION MADE BY SUCH LANDLORD'S ELECTRICAL CONSULTANT OR DISQUALIFY LANDLORD'S CONSULTANT FROM PERFORMING ANY ACT OR SERVICE CONTEMPLATED BY THIS ARTICLE 3.

(ii) As a condition to Tenant's right to initiate and maintain any such dispute of any such determination, bill or charge made or rendered by or for the benefit of Landlord, Tenant shall pay to Landlord the amount of Additional Rent in accordance with the determinations made by Landlord's Electrical Consultant or pursuant to any other Landlord's bill until any such dispute has been finally determined in accordance with procedures specified in this Section 3.D. If the controlling determinations differ from Landlord's Electrical Consultant or Landlord's bill or charge, then the parties shall promptly make adjustment for any deficiency owed by Tenant or overage paid by Tenant. Notwithstanding anything to the contrary contained herein, Tenant shall not have the right to initiate any dispute hereunder during the period that a monetary default or material non-monetary default has occurred and is continuing.

(iii) Subject to the provisions of this Article 3 and Article 45 hereof, Tenant may, at Tenant's option, purchase from Landlord or its agents all lamps and bulbs used in the Premises; it being understood that regardless of whether Tenant elects to purchase such lamps and bulbs from Landlord or such other provider, Tenant shall pay for any and all costs of installation thereof and any and all such lamps and bulbs shall not exceed the wattage requirements of the existing light fixtures in the Premises.If all or part of the submetering Additional Rent payable in accordance with this Article 3 becomes uncollectable or reduced or refunded by virtue of any Requirements, the parties agree that, at Landlord's option, in lieu of submetering Additional Rent, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultants' fees and other redistribution costs, the Fixed Annual Rent shall be increased by an "alternative charge" which shall be a sum equal to Three and 25/100 Dollars ($3.25) per rentable square foot of the Premises per year, changed in the same percentage as any increases in the cost to Landlord for electricity for the entire Building subsequent to April 30 of the year in which this Lease is dated because of electric rate or service classification or market price changes, as hereinabove provided. Notwithstanding anything herein set forth to the contrary, Additional Rent under this Article shall commence on the date that Landlord tenders possession of the Premises to Tenant.

(iv) Subject to Article 22 and Section 42.G. hereof, Landlord shall not be liable to Tenant for any failure or defect in the supply or character of electricity furnished to the Building, except to the extent that such failure or defect results from Landlord's negligence or willful misconduct. Tenant covenants and agrees that at all times its use of electric current shall never exceed (x) the Maximum Capacity or (y) the capacity of existing feeders to the Building or the risers or wiring installation. Tenant agrees not to connect any additional electrical equipment to the Building electric distribution system which shall increase consumption or demand beyond the Maximum Capacity, and the capacity and rating of the electrical system directly servicing the Premises. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates, or other methods of billing, electricity purchases and the redistribution thereof, and fluctuations in the market price of electricity, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such change. Notwithstanding anything to the contrary contained in this Section 3.D, in no event is the submetering Additional Rent, or any "alternative charge", to be less than an amount equal to the total of Landlord's payments to public utilities and/or others for the electricity consumed by Tenant (and any taxes on Landlord's purchase of the same or on redistribution of same) plus eight percent (8%).

(v) Notwithstanding anything to the contrary contained in this Lease, Landlord reserves the right to terminate the furnishing of electricity on a submetering basis, at any time if and to the extent required by applicable Requirements, in which event Landlord shall notify Tenant thereof and Tenant shall make application directly to the public utility and/or other providers for Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose and only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections necessary to enable Tenant to obtain electric current directly from such utility shall be installed at Tenant's sole cost and expense, subject to and in accordance with all applicable provisions of this Lease; it being expressly understood that Landlord shall have no obligations or liability with respect to any such meters, risers, or other equipment or connections. Only rigid conduit or electricity metal tubing (EMT) will be allowed. If Landlord is required by any Requirement to discontinue furnishing electricity to the Premises as contemplated by this Lease, then this Lease shall continue in full force and effect and shall be unaffected thereby, except that from and after the effective date of any such Requirement or such later date that Landlord discontinues providing electricity to Tenant, as the case may be, (x) Landlord shall not be obligated to furnish electricity to the Premises, and (y) Tenant shall not be obligated to pay to Landlord the charges for electricity as described in this Article 3.

(vi) Landlord may, from time to time, following the expiration of the twelfth (12th) full month of the Term (but not more frequently than three (3) times in any ninety (90) day period), cause Landlord's Electrical Consultant to determine Tenant's electrical requirements for the Premises over the twelve (12) months immediately preceding each such determination. If Landlord's Electrical Consultant shall determine that Tenant's maximum demand at any time shall not have exceeded the Maximum Capacity (the difference between the Maximum Capacity and such highest demand being the "excess electrical capacity"), then Landlord may, in its sole discretion and at its sole cost and expense, at any time following the fifteenth (15th) day after giving Tenant notice (hereinafter referred to as the "Electric Recapture Notice") of Landlord's intent to do so, reduce the available electric service to the Premises so that the service to be provided shall be not less (but need not be more) than the capacity represented by the highest demand recorded or determined to have been required by Tenant during such twelve (12) month period, unless Tenant shall have objected to such reduction in the manner hereinafter provided within such fifteen (15) day period, time being of the essence. The Electric Recapture Notice shall be (a) given not later than six (6) months following the determination of such excess electrical capacity and (b) accompanied by an explanation in reasonable detail of how the determination of such excess electrical capacity was made. Any objection to such reduction of all or any portion of excess electrical capacity shall be in writing specifying in reasonable detail the reasons for such objection, including, without limitation, calculations of Tenant's electrical requirements prepared by a licensed electrical engineer. Any such dispute shall be resolved pursuant to the dispute resolution provisions of Section 3.D.(i) above. If it then shall be determined that excess electrical capacity exists, then Landlord may then forthwith take such steps as it deems appropriate to effect such reduction in electric service. Such reduction may be effected by Landlord replacing or otherwise changing any component of the electrical system serving the Premises. From and after the date of such reduction, the Maximum Capacity shall be deemed reduced by the excess electrical capacity for all purposes of this Lease; provided, however, that if Tenant subsequently demonstrates to Landlord's reasonable satisfaction (as evidenced by a load letter prepared by an electrical consultant reasonably acceptable to Landlord) that it requires electrical capacity in excess of that then being provided by Landlord to Tenant, then Landlord, at Landlord's sole cost and expense, shall again make available to Tenant, at Landlord's sole cost and expense, the additional electricity demonstrated by Tenant to be required by it, subject, however, to the Maximum Capacity that Landlord has agreed to provide pursuant to this Article 3. Tenant acknowledges that the purpose of this subsection (vi) is to foster conservation of electric consumption in the Building and to reserve electric capacity in the Building for future planning and leasing and that Landlord's recapturing such excess capacity is a reasonable means to accomplish such goals. Notwithstanding anything contained herein to the contrary, if at any time the electrical service available to the Premises shall exceed the Maximum Capacity, Landlord may at any time (without being subject to dispute and irrespective of Tenant's actual use or peak demand) reduce the electric service available to the Premises, provided that the electric service shall not be less than the Maximum Capacity. If such required electric service shall also result in excess electrical capacity, Landlord may further reduce such electric service pursuant to the terms of the preceding provisions of this subsection (vi). Nothing contained in this Section 3.D.(vi) (including, without limitation, references herein to excess electricity) shall be construed to grant Tenant permission or any rights to use any electrical capacity in excess of the Maximum Capacity; it being understood and agreed that, at Landlord's option, the same shall constitute a default hereunder.

(vii) Tenant acknowledges that amounts payable pursuant to this Article 3 are not intended merely to reimburse Landlord for Landlord's actual costs.

(viii) Notwithstanding anything herein set forth to the contrary, if permitted by Requirements, Landlord may (x) contract separately with one or more other providers to provide one or more of the component services which together make up the entire package of electric service (e.g., transmission, generation, distribution and ancillary services) to the Building or (y) make other arrangements to transmit, generate and/or distribute electricity to satisfy all or a portion of the requirements of the Building (any such other provider or Landlord (or Landlord's designee), if Landlord makes such arrangements, as the case may be, is hereinafter referred to as an "Alternative Service Provider"); provided, however, that in either event, (i) the charges imposed by such Alternative Service Provider shall be included in the calculation of Landlord's Electricity Consumption Cost and Landlord's Electricity Demand Cost to the extent that such charges do not exceed the charges that Landlord would have otherwise incurred if Landlord had made arrangements to satisfy all of the Building's electrical requirements from a local electrical energy distribution company and a competitive energy provider (such costs that Landlord would have otherwise incurred "Market Electricity Costs"); it being understood and agreed, however that to the extent such Alternative Service Provider reduces Landlord's Cost below Market Electricity Costs, Landlord shall have the right to bill Tenant and Tenant shall continue to pay to Landlord, the Market Electricity Costs, i.e., Landlord shall have no obligation to pass through such savings to Tenant pursuant to this Article 3 and (ii) references throughout this Lease to "utility company" or the "public utility" shall be deemed to refer to such Alternative Service Provider. If Landlord elects to contract with another Alternative Service Provider, Tenant shall cooperate with Landlord and each such Alternative Service Provider to effect any change to the method or means of providing and distributing electricity service to the Premises or any other portion of the Building by reason of such change in the provision of electricity. Such cooperation shall include but not be limited to providing Landlord or any such Alternative Service Provider and either of their respective designees access to the Premises and to all wiring, conduit, lines, feeders, cable, electricity panel boxes and any other component of the electrical distribution system within or adjacent to the Premises. Subject to Article 22 and Section 42.G. hereof, Landlord shall not be liable to Tenant for any loss or damage or expense which Tenant may sustain or incur if such change shall interfere with Tenant's business except to the extent that loss or damage or expense results from Landlord's negligence or willful misconduct, nor shall any such interference, change, interruption, constitute an actual or constructive eviction of Tenant.

(ix) Landlord reserves the right to require Tenant, at Tenant's sole cost and expense, to install a separate submeter or submeter(s) on any high electrical load consuming equipment (e.g. heavy server loads connected to an uninterrupted power supply) to separately measure Tenant's demand for and consumption of electricity in connection therewith; it being understood that if any such separate submeter is required, Landlord shall notify Tenant thereof and Tenant shall install the same within sixty (60) days following receipt of such notice. If Tenant fails to install the same, Landlord shall have the right to install the same, at Tenant's sole cost and expense, and Tenant shall reimburse Landlord for all of Landlord's actual out-of-pocket costs incurred in connection therewith within thirty (30) days following receipt of Landlord's invoice therefor. For the avoidance of any doubt, Tenant shall continue to pay for Tenant's demand for and consumption of electricity in connection with any such high electrical load consuming equipment as contemplated in Section 3.C. hereof.

4. ASSIGNMENT AND SUBLETTING

A. Tenant, for itself, its heirs, distributees, executors, administrators, legal representatives, successors and assigns, expressly covenants that it shall not assign, mortgage or encumber this Lease, nor underlet, or suffer or permit the Premises or any part thereof to be used or occupied by others, without the prior written consent of Landlord in each instance, which consent Landlord may withhold for any or no reason whatsoever, except as may hereinafter be provided. Subject to Sections 4.H. and 4.J. hereof, the direct or indirect transfer of the beneficial or record ownership of (a) a majority of the issued and outstanding capital stock of any corporate tenant or subtenant of this Lease or (b) a majority of the total equity or voting interests or rights in any partnership or limited liability company tenant or subtenant or any other form of entity or organization, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, or the conversion of a tenant or subtenant entity to another form of entity, including, without limitation, a limited liability company or a limited liability partnership, or a transfer of Control (as hereinafter defined) of any entity shall, in each case, be deemed an assignment of this Lease or of such sublease. Notwithstanding the foregoing to the contrary, the transfer of outstanding capital stock of any corporate tenant, for purposes of this Article, shall not include any sale of such stock effected through the "over-the-counter market" or through any recognized stock exchange by persons other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended. Subject to Section 4.I hereof, the merger or consolidation of a tenant or subtenant, whether a corporation, partnership, limited liability company or other form of entity or organization, shall be deemed an assignment of this Lease or of such sublease. If this Lease be assigned, or if the Premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, undertenant or occupant, and apply the net amount collected to the Rental herein reserved, but no assignment, underletting, occupancy or collection shall be deemed a waiver of the provisions hereof, the acceptance of the assignee, undertenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting. In no event shall any permitted subtenant assign or encumber its sublease or further sublet all or any portion of its sublet space, or otherwise suffer or permit the sublet space or any part thereof to be used or occupied by others, without Landlord's prior written consent in each instance. A modification, amendment or extension of a sublease shall be deemed a sublease. No assignment or subletting shall be made by the legal representatives of Tenant or by any person to whom Tenant's interest under this Lease passes by operation of law, except in compliance with the provisions of this Article 4. For the purposes of this Article, an "interest" shall mean an estate, license, easement, use, profit or other claim with respect to real property or a right to participate, directly or indirectly, through one or more intermediaries, nominees, trustees or agents, in the decision making respecting any entity or other organization or any of the profits, losses, dividends, distributions, income, gain, losses or capital of any entity or other organization.

B.

(i) Except as otherwise expressly set forth in Sections 4.F, G, H and I hereof, if Tenant desires to assign this Lease or to sublet all or any portion of the Premises, it shall first submit in writing to Landlord the documents described in Section 4.C below, and shall offer in writing, (a) with respect to a prospective assignment, to assign this Lease to Landlord (or its designee) without any payment of moneys or other consideration therefor, or, (b) with respect to a prospective subletting, to sublet to Landlord (or its designee) the portion of the Premises involved (hereinafter referred to as the "Leaseback Area") for the term specified by Tenant in its proposed sublease (subject to the last sentence of this Section 4.B.(i)), and at the lesser of (x) Tenant's proposed sublease rental (including provisions relating to escalation rents) and (y) the Fixed Annual Rent and Escalation Rent payable under this Lease, and in each case, on the same terms, covenants and conditions, as are contained herein and as are allocable and applicable to the portion of the Premises to be covered by such subletting. The offer shall specify the date when the Leaseback Area will be made available to Landlord (or its designee), which date shall be in no event earlier than sixty (60) days nor later than one hundred eighty (180) days following the acceptance of the offer. If an offer of sublease is made, and if the proposed sublease term expires during the last twelve (12) months of the Term, Landlord shall have the right to extend the term of the proposed sublease through the day immediately preceding the Fixed Expiration Date.

(ii) Landlord shall have a period of thirty (30) days from the receipt of such offer to either accept or reject the same; it being understood and agreed, however, that the aforesaid time period shall not commence unless and until Landlord has received all documents and information required under Section 4.C. below. If Landlord shall accept such offer (a) Tenant shall then execute and deliver to Landlord, or to anyone designated or named by Landlord, an assignment or sublease, as the case may be, in either case in a form reasonably satisfactory to Landlord's counsel, and which is subject to the terms of Section 4.B.(iii) hereof and (b) Tenant, on demand, shall pay to Landlord or its managing agent (as Landlord shall elect) an amount equal to all of the costs (including, without limitation, the free rent, the brokerage commissions, and any work costs or work contributions) which would have been incurred by Tenant in connection with the proposed transfer but for Landlord's acceptance of such offer.

(iii) If a sublease with Landlord or its designee is so made it shall expressly:

(a) permit Landlord or its designee, at Landlord's option, to make further subleases of all or any part of the Leaseback Area and to make and authorize any and all changes, alterations, installations and improvements in such space as necessary or desirable, including, without limitation, the changes, alterations, installations and improvements if any, that the proposed sublease contemplated would be made to prepare the Premises (or the applicable portion thereof involved in the proposed sublease) for the transferee's initial occupancy or otherwise (such changes, alterations, installations and improvements contemplated in the proposed sublease, the "Proposed Sublease Alterations");

(b) provide that Tenant will at all times permit reasonably appropriate means of ingress to and egress from the Leaseback Area;

(c) negate any intention that the estate created under such sublease be merged with any other estate held by either of the parties;

(d) provide that Landlord (or its designee) shall accept the Leaseback Area "as is" except that Landlord (or its designee), at Tenant's expense, shall perform all such work and make all such Alterations (as hereinafter defined) as may be required to physically separate the Leaseback Area from the remainder of the Premises (including, without limitation, separation of building systems and associated wiring, duct work and piping) and to permit lawful occupancy unless Tenant otherwise pays Landlord for the cost of such work, as contemplated in Section 4.B.(ii) hereof, in which event Landlord shall perform such work, at Landlord's own cost and expense, and

(e) provide that at the expiration of the term of such sublease, Tenant will accept the Leaseback Area in its then existing condition "as-is", casualty and ordinary wear and tear excepted and subject to the obligations of Landlord (or its designee) to restore only those changes, alterations, installations and improvements other than the Proposed Sublease Alterations, if any, made by Landlord or its designee; it being expressly understood that subject to and in accordance with the provisions of Article 8 hereof, Tenant shall, at Tenant's sole cost and expense, remove any Proposed Sublease Alterations that Landlord or its designee elected to perform together with any and all demising walls erected in the Premises to separately demise the Leaseback Area and repair and restore in good and workmanlike manner any damage to the Premises and/or the Building caused by such removal.

(iv) Subject to the foregoing, performance by Landlord, or its designee, under a sublease of the Leaseback Area shall be deemed performance by Tenant of any similar obligation under this Lease and any default under any such sublease shall not give rise to a default under a similar obligation contained in this Lease, nor shall Tenant be liable for any default under this Lease or deemed to be in default hereunder if such default is occasioned by or arises from any act or omission of the subtenant under such sublease or is occasioned by or arises from any act or omission of any occupant holding under or pursuant to any such sublease.

C. If Tenant requests Landlord's consent to a specific assignment or subletting, or in any other circumstance where Tenant is required to provide the information described in this Section 4.C, Tenant shall submit in writing to Landlord (i) the name and address of the proposed assignee or subtenant, (ii) a duly executed counterpart of the proposed agreement of assignment or sublease, (iii) reasonably satisfactory information as to the nature and character of the business of the proposed assignee or subtenant, and as to the nature of its proposed use of the space, (iv) a detailed calculation confirming the amount of profit, if any, that applicable sublease or assignment is expected to generate as contemplated in Section 4.J. hereof, or in the alternative, written certification that the applicable sublease or assignment will not generate any such profit and (v) banking, financial or other credit information relating to the proposed assignee or subtenant reasonably sufficient to enable Landlord to determine the financial responsibility and character of the proposed assignee or subtenant.

D. Notwithstanding anything to the contrary set forth herein, if Landlord shall not have accepted Tenant's offer, as provided in Section 4.B hereof, then Landlord shall not unreasonably withhold, condition or delay its consent to Tenant's request for consent to a specific assignment or subletting provided that:

(i) any such sublease expressly provides that the subtenant shall comply with all applicable terms and conditions of this Lease to be performed by Tenant hereunder and any assignment of this Lease shall contain an assumption by the assignee of all of the obligations of Tenant under this Lease;

(ii) Tenant shall not advertise (but may list with brokers) its space for assignment or subletting at a rental rate lower than the greater of (a) the prevailing rental rate set by Landlord for comparable space in the Building, or, if there is no comparable space, the prevailing rental rate reasonably determined by Landlord, and (b) the rental rate then being paid by Tenant to Landlord;

(iii) the proposed subtenant or assignee or any Affiliate of the proposed subtenant or assignee, does not lease or occupy any space in the Building;

(iv) the proposed subtenant or assignee or any Affiliate of the proposed subtenant or assignee has not dealt with Landlord or its Affiliates or any agent thereof (directly or through a broker) with respect to space in the Building during the twelve (12) months immediately preceding Tenant's request for Landlord's consent;

(v) the proposed subtenant or assignee is not an advocacy group of any kind or affiliated with or related to any advocacy group;

(vi) no monetary or material non-monetary default has occurred and is then continuing;

(vii) the proposed subtenant or assignee is engaged in and will conduct business in a manner which is in keeping with the standards and the general character of the Building and the business of such proposed subtenant or assignee will not violate any then existing restrictive covenant or use restriction contained in any lease or other agreement affecting the Building;

(viii) if the proposed transfer is a sublease, the proposed sublease demises the entire rentable area of the Premises;

(ix) the proposed assignee or subtenant has a financial standing that is reasonably satisfactory to Landlord;

(x) if the proposed transfer is a sublease, the sublease term shall expire at least one (1) day prior to the Fixed Expiration Date;

(xi) the proposed assignee or subtenant will not use the Premises for any use other than the uses expressly permitted pursuant to Article 1 hereof;

(xii) any sublease shall provide that such sublease is subject and subordinate to the terms of this Lease and if this Lease is terminated for any reason whatsoever, Landlord, at Landlord's option may take over all of the right, title and interest of the transferor under the sublease and the transferee, at Landlord's option, shall attorn to Landlord and perform for Landlord’s benefit all the terms, covenants and conditions of such sublease as if such sublease were a direct lease between Landlord and such subtenant provided however, Landlord shall not be (1) liable for any act or omission of the transferor under such sublease (except for any such acts or omissions that (x) continue after the date that Landlord succeeds to the interest of the transferor under such sublease, and (y) may be remedied by providing a service or performing a repair), (2) subject to any defense or offsets which the transferee may have against the transferor that accrue prior to the date that Landlord succeeds to the interest of the transferor, (3) bound by any previous payment that the transferee made to the transferor more than thirty (30) days in advance of the date that such payment was due, (4) bound by any obligation to make any payment to or on behalf of the transferee that accrues prior to the date that Landlord succeeds to the interest of the transferor under such sublease, (5) bound by any obligation to perform any work or to make improvements to the Premises, or the applicable portion thereof demised by such sublease (other than the obligation to perform maintenance, repairs or restoration that in each case first becomes necessary from and after the date that Landlord succeeds to the interest of the transferor under such sublease), (6) bound by any amendment or modification of such sublease made without Landlord's consent, and (7) bound to return the transferee's security deposit, if any, until such deposit has come into Landlord's actual possession and the transferee is entitled to such security deposit pursuant to the terms of such sublease (the requirements of a proposed sublease as set forth in this Section 4.D.(xii) being collectively referred to herein as the "Basic Sublease Provisions"). If this Lease shall be rejected pursuant to Section 365 of the Bankruptcy Code (as hereinafter defined) or any similar or successor statute, such rejection shall be treated by the subtenant as a termination of the Term notwithstanding any contrary interpretation given by law to such rejection and the provisions of this Section 4.D.(xii) shall be applicable thereto; and

(xiii) the applicable transferor and transferee executes and delivers to Landlord a consent to the applicable sublease or assignment in a form reasonably designated by Landlord.

E. Notwithstanding anything to the contrary set forth in this Lease, no assignment of less than all of Tenant's interest in this Lease and no sublease or license of less than the entire rentable area of the Premises shall be permitted under any circumstance.

F. Notwithstanding anything to the contrary contained herein (but subject to the provisions of Sections 4.E. above and 4.S. below), Tenant shall have the right to assign Tenant's entire interest under this Lease to an Affiliate of Tenant without (i) Landlord's prior approval, (ii) Landlord having the rights set forth in Section 4.B. above (offer back provisions) and (iii) Tenant being required to pay the amounts set forth in Section 4.K below (profit sharing), provided that in each case (w) no monetary or material non-monetary default has occurred and is then continuing as of the effective date of any such assignment, (x) Tenant gives notice thereof to Landlord, not later than the tenth (10^{th}) Business Day prior to the effective date of any such assignment together with an instrument, duly executed by Tenant and the aforesaid Affiliate, in form reasonably satisfactory to Landlord, to the effect that such Affiliate assumes all of the obligations of Tenant under this Lease to the extent arising from and after the effective date of such assignment, (y) Tenant, together with the copy of such assignment, provides Landlord with evidence that such entity constitutes an Affiliate of Tenant, and (z) the Net Worth Requirement (as hereinafter defined) is satisfied. The term "Affiliate" shall mean an individual or an entity that (x) Controls, (y) is under the Control of, or (z) is under common Control with, the individual or entity in question. The term "Control" shall mean the direct or indirect ownership of more than fifty (50%) percent of the outstanding voting stock of a corporation or other majority equity interest if not a corporation and the possession of power to direct or cause the direction of the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or by contract. The term "Net Worth Requirement" shall mean the requirement that Tenant has provided to Landlord, not later than the tenth (10th) Business Day prior to the effective date of the applicable assignment, an audited balance sheet for Tenant and the assignee that in either case is dated no earlier than the last day of the most recently ended fiscal quarter (or the last day of the fiscal quarter that immediately precedes the most recently ended fiscal quarter, if the applicable assignment occurs less than sixty (60) days after the last day of the most recently ended fiscal quarter) and that reflects that the assignee's tangible net worth immediately following the effective date of the proposed assignment, as determined in accordance with GAAP, is (or will be immediately following the effective date of the proposed assignment) equal to or greater than the greater of (I) the tangible net worth of Tenant on the Commencement Date and (II) the tangible net worth of Tenant on the most recent balance sheet, as aforesaid.

G. Notwithstanding anything to the contrary contained herein (but subject to the provisions of Sections 4.E. above and 4.S. below), Tenant shall have the right to sublease or license the Premises to an Affiliate of Tenant, without (i) Landlord's prior approval, (ii) Landlord having the rights set forth in Section 4.B. above (offer back provisions) and (iii) Tenant being required to pay the amounts set forth in Section 4.K below (profit sharing), provided that in each case, (w) no monetary or material non-monetary default has occurred and is then continuing as of the effective date of any such sublease or license, as the case may be, (x) Tenant gives to Landlord a copy of such sublease or license, not later than the tenth (10th) Business Day prior to the effective date of any such sublease or license, (y) Tenant, with such copy of such sublease or license, provides Landlord with reasonable evidence to the effect that the Person to which Tenant is so subleasing or licensing the Premises constitutes an Affiliate of Tenant, and (z) such sublease includes the Basic Sublease Provisions.

H. Notwithstanding anything to the contrary contained herein (but subject to the provisions of Sections 4.E. above and 4.S. below), the assignment of Tenant's entire interest under this Lease in connection with the sale of all or substantially all of the assets of Tenant shall be permitted without (i) Landlord's prior approval, (ii) Landlord having the rights set forth in Section 4.B. above (offer back provisions) and (iii) Tenant being required to pay the amounts set forth in Section 4.K below (profit sharing), provided that in each case (i) no monetary or material non-monetary default has occurred and is then continuing as of the effective date of any such assignment, (ii) Tenant gives to Landlord, not later than the tenth (10^{th}) Business Day prior to the date of any such assignment is consummated, an instrument, duly executed by the Tenant and such assignee, in form reasonably satisfactory to Landlord, to the effect that such assignee assumes all of the obligations of Tenant to the extent arising under the Lease from and after the effective date of such assignment, (iii) such sale of all or substantially all of the assets of Tenant is not principally for the purpose of transferring Tenant's interest in this Lease, and (iv) the Net Worth Requirement is satisfied.

I. Notwithstanding anything to the contrary contained herein (but subject to the provisions of Sections 4.E. above and 4.S. below), the merger or consolidation of Tenant into or with another Person shall be permitted without (i) Landlord's prior approval, (ii) Landlord having the rights set forth in Section 4.B. above (offer back provisions) and (iii) Tenant being required to pay the amounts set forth in Section 4.K. below (profit sharing), provided that in each case (w) no monetary or material non-monetary default has occurred and is then continuing as of the effective date of any such merger or consolidation, (x) Tenant gives Landlord notice of such merger or consolidation not later than the tenth (10^{th}) Business Day prior to the date such merger or consolidation is anticipated to be consummated (unless prohibited by Requirements), (y) such merger or consolidation is not principally for the purpose of transferring Tenant's interest in this Lease, and (z) the Net Worth Requirement is satisfied; it being understood and agreed that the surviving entity shall be deemed the assignee for all purposes of the Net Worth Requirement and the merger or consolidation, as the case may be, shall be deemed the assignment.

J. Notwithstanding anything to the contrary contained herein (but subject to the provisions of Sections 4.E. above and 4.S. below), the direct or indirect transfer of shares or equity interests in Tenant (including, without limitation, the issuance of treasury stock, or the creation or issuance of a new class of stock, in either case in the context of an initial public offering or in the context of a subsequent offering of equity securities) shall be permitted without (i) Landlord's prior approval and (ii) Tenant being required to pay the amounts set forth in Section 4.K below (profit sharing), provided that in each case (w) no Default has occurred and is then continuing as of the effective date of any such transfer, (x) such transfer is not principally for the purpose of transferring the interest of Tenant under this Lease, (y) Tenant gives Landlord notice of such transfer not later than the tenth (10th) Business Day after the occurrence thereof, and (z) Tenant, within ten (10) Business Days after the date that such transfer occurs, provides Landlord with reasonable evidence that the requirement described in clause (x) has been satisfied (except that Tenant shall not be required to comply with this clause (z) to the extent that such direct or indirect transfer of shares or equity interests is accomplished through the public "over-the-counter" securities market or through any recognized stock exchange).

K. If Landlord shall not have accepted any required Tenant's offer pursuant to Section 4.B and/or Tenant effects any assignment or subletting, then except as otherwise expressly set forth herein, Tenant thereafter shall pay to Landlord a sum equal to fifty percent (50%) of (i) any rent or other consideration (including, without limitation, sums for fixtures, furniture, equipment and other personal property) paid to Tenant by any subtenant or assignee which (after deducting the reasonable out-of-pocket costs, if any, in effecting the assignment or sublease, including reasonable alteration costs, commissions and legal fees, which costs shall be amortized on a straight line basis over the term of the sublease or then remaining term of this Lease if the applicable transfer is an assignment) is in excess of the Rental allocable strictly on a *per* square foot basis (calculated by dividing aggregate consideration by the number of rentable square feet in the area so subleased, without regard to any other allocation of value, which is then being paid by Tenant to Landlord pursuant to the terms hereof with respect to the same area, allocable strictly on a *per* square foot basis utilizing the same methodology which Landlord is then using in the Building to determine space measurements), and (ii) any other net profit or gain realized by Tenant from any such subletting or assignment. All sums payable hereunder by Tenant shall be payable to Landlord as Additional Rent upon receipt thereof by Tenant.

L. Notwithstanding any subletting to any subtenant and/or acceptance of Rental by Landlord from any subtenant, Tenant shall and will remain fully liable for the payment of the Fixed Annual Rent, Additional Rent and any other charge due and to become due hereunder and for the performance of all of the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be observed and performed and for all of the acts and omissions of any licensee, subtenant, or any other person claiming under or through any subtenant that shall be in violation of any of the obligations of this Lease, and any such violation shall be deemed to be a violation by Tenant.

M. The original named Tenant covenants that, notwithstanding any assignment or transfer whether or not in violation of the provisions hereof, and notwithstanding the acceptance of Fixed Annual Rent and/or Additional Rent by Landlord from an assignee, transferee or any other party, the original named Tenant shall not be released and shall remain fully liable for the payment of the Rental and for the other obligations of this Lease on the part of Tenant to be performed or observed.

N. If Landlord shall decline to give consent to any proposed assignment or sublease, or if Landlord shall exercise Landlord's option under Section 4.B of this Article, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all losses, liabilities, costs and expenses (including reasonable attorneys' fees) resulting from any claims that may be made against Landlord by the proposed assignee or subtenant or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease. This provision shall survive the expiration or sooner termination of the Term. Tenant shall pay to Landlord on demand Landlord's costs (including, without limitation, legal, architectural and engineering fees) incurred in connection with reviewing Tenant's request for any such consent.

O. The joint and several liability of Tenant and any immediate or remote successor in interest to Tenant, and the due performance of the obligations of this Lease on Tenant's part to be performed or observed, shall not be discharged, released or impaired in any respect by any agreement or stipulation made by Landlord extending the time of, or modifying any of the obligations of, this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of this Lease.

P. Neither the listing of a name other than that of Tenant named herein, whether on the doors of the Premises, the Building directory or otherwise, nor the issuance of an ID badge or Building pass, shall vest any right or interest in this Lease or the Premises, and shall not be deemed to be the consent of Landlord to any assignment or transfer of this Lease, to any sublease or licensing of the Premises, or to any use or occupancy thereof by anyone other than Tenant named herein.

Q. Under no circumstance may this Lease be assigned or the Premises be sublet in whole or in part to a Prohibited Person (as defined in Article 48).

R. The term "Tenant" when used in this Article shall include the originally denominated Tenant and each proximate or remote assignee thereof or successor in interest thereto. Wherever in this Article Tenant or any other person is required to provide Landlord with banking, financial or other credit information such information shall include, without limitation, a balance sheet (in reasonable detail, listing all assets and liabilities and prepared in accordance with generally accepted accounting principles) of each relevant party to the transaction in question certified to Landlord by an independent certified public accountant.

S. Notwithstanding anything to the contrary contained herein, Tenant shall not, and Tenant shall not permit any other party permitted to occupy the Premises pursuant to this Article 4 to, enter into any lease, sublease, license, concession or other agreement for use or occupancy of the Premises or any portion thereof which provides for a rental or other payment for such use or occupancy based in whole or in part on the net income or profits derived by any person or entity from the property leased, occupied or used, or which would require the payment of any consideration that would not qualify as "rents from real property," as that term is defined in Section 856(d) of the Internal Revenue Code of 1986, as amended.

T. Notwithstanding anything to the contrary set forth in this Article 4 or elsewhere in this Lease, the Premises shall not be separately demised to any occupant (whether by Tenant, or any other Person claiming by, through or under Tenant).

5. **INSOLVENCY & DEFAULT**

A. This Lease shall terminate automatically upon the occurrence of any Insolvency Event (as hereinafter defined). The term "Insolvency Event" shall mean any of the following events: (i) a Tenant Obligor (as hereinafter defined) commences or institutes any case, proceeding or other action (a) seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or (ii) a Tenant Obligor makes a general assignment for the benefit of creditors; or (iii) any case, proceeding or other action is commenced or instituted against a Tenant Obligor (a) seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, which in either of such cases (I) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect, and (II) remains undismissed for a period of sixty (60) days; or (iv) any case, proceeding or other action is commenced or instituted against a Tenant Obligor seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (v) a Tenant Obligor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (i), (ii), (iii), or (iv) above; or (vi) a trustee, receiver or other custodian is appointed for any substantial part of a Tenant Obligor's assets, and such appointment is not vacated or stayed within fifteen (15) Business Days. The term "Tenant Obligor" shall mean (a) Tenant, (b) any Person that comprises Tenant (if Tenant is comprised of more than one (1) Person), (c) any partner in Tenant (if Tenant is a general partnership), (d) any general partner in Tenant (if Tenant is a limited partnership), (e) any Person that has guaranteed all or any part of the obligations of Tenant hereunder, and (f) any Person that previously constituted Tenant hereunder. If this Lease terminates pursuant to this Section 5.A, then (I) Tenant shall immediately quit and surrender the Premises, and (II) Tenant shall nonetheless remain liable for all of its obligations hereunder, as provided in Article 6 hereof.

B. If (i) Tenant is not the Person that constituted Tenant initially, and (ii) either (I) this Lease is disaffirmed or rejected pursuant to the Bankruptcy Code, or (II) this Lease terminates by reason of occurrence of an Insolvency Event, then, subject to the terms of this Section 5.B, the Persons that constituted Tenant hereunder previously, including, without limitation, the Person that constituted Tenant initially (each such Person that previously constituted Tenant hereunder (but does not then constitute Tenant hereunder), and with respect to which Landlord exercises Landlord's rights under this Section 5.B, being referred to herein as a "Predecessor Tenant") shall (1) pay to Landlord the aggregate Rental that is then due and owing by Tenant to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (2) enter into a new lease, between Landlord, as landlord, and the Predecessor Tenant, as tenant, for the Premises, and for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Fixed Expiration Date, at the same Fixed Annual Rent and upon the then executory terms that are contained in this Lease, except that (a) the Predecessor Tenant's rights under the new lease shall be subject to the possessory rights of Tenant under this Lease and the possessory rights of any Person claiming by, through or under Tenant or by virtue of any statute or of any order of any court, and (b) such new lease shall require all defaults existing under this Lease to be cured by the Predecessor Tenant with reasonable diligence. Landlord shall have the right to require the Predecessor Tenant to execute and deliver such new lease on the terms set forth in this Section 5.B only by giving notice thereof to the Predecessor Tenant within thirty (30) days after Landlord receives notice of any such disaffirmance or rejection (or, if this Lease terminates by reason of Landlord making an election to do so, then Landlord may exercise such right only by giving such notice to the Predecessor Tenant within thirty (30) days after this Lease so terminates). If the Predecessor Tenant defaults in its obligation to enter into said new lease for a period of ten (10) days following Landlord's request therefor, then, in addition to all other rights and remedies by reason of such default, either at law or in equity, Landlord shall have the same rights and remedies against such Predecessor Tenant as if such Predecessor Tenant had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of such Predecessor Tenant's default thereunder. The term "Bankruptcy Code" shall mean 11 U.S.C. Section 101 et seq., or any statute of similar nature and purpose.

C. The term "Default" shall mean any of the following events: (i) if any installment of Fixed Annual Rent or Additional Rent or any other payment due hereunder is not paid when due and such failure continues for five (5) Business Days after the date Landlord gives Tenant notice thereof; provided, however, that if (x) Tenant fails to pay any installment of Fixed Annual Rent or Additional Rent or any other payment due hereunder when due, (y) Tenant has theretofore failed to pay at least three (3) installments of Fixed Annual Rent or Additional Rent or any other payments of any amounts due hereunder (or any combination thereof totaling three (3) late or missed payments) when due during the immediately preceding period of twelve (12) months and (z) Landlord has given Tenant notice(s) of any kind (e.g. invoices showing past due balance, late notice, rent demand or notice of default) of Tenant's aforesaid failures to pay such amounts when due during such period, then Tenant's failure to pay any subsequent installment of Fixed Annual Rent or Additional Rent or any other payment due hereunder (which shall be deemed to be a persistent default or behavior) shall constitute an automatic Default (without Landlord being required to give Tenant notices of such failure and an opportunity to cure such Default as aforesaid); (ii) intentionally deleted; (iii) Tenant defaults in respect of Tenant's obligations under Section 8.F.(ii) and such default continues for more than three (3) days following notice thereof; (iv) Tenant defaults in respect of Tenant's obligations under Article 9, and/or Article 13 hereof and such default continues for more than five (5) Business Days following notice thereof; (v) an Insolvency Event occurs; (vi) if Tenant's interest under this Lease (or a subtenant's interest under a sublease that Tenant consummates in accordance with Article 4 hereof) devolves upon or passes to any other Person, whether by operation of law, or otherwise, except as expressly permitted in Article 4 hereof, and such transfer is not reversed within ten (10) days after the date such transfer occurs; (vii) if Tenant shall default beyond any grace period under any other lease, license or occupancy agreement between Tenant and Landlord; (viii) if Tenant shall have made a material misrepresentation herein; (ix) if Tenant fails to comply with the provisions of Articles 32 and/or 43 hereof; and/or (x) unless otherwise specified elsewhere in this Lease, if Tenant defaults in the observance or performance of any other covenant of this Lease on Tenant's part to be observed or performed and Tenant fails to remedy such default within twenty (20) days after Landlord gives Tenant notice thereof, except that if (a) such default cannot be remedied using reasonable diligence during such period of twenty (20) days, (b) Tenant takes reasonable steps during such period of twenty (20) days to commence Tenant's remedying of such default, and (c) Tenant diligently and continuously prosecutes Tenant's remedying of such default to completion, then a Default shall not occur by reason of such default. For all purposes of this Lease other than Section 5.D. and Article 6 hereof, the term "Default" as referred to in this Section 5.C. shall be deemed to include Tenant's failure to pay any item of Rental following receipt of a rent demand therefor and the lapse of any cure period specified therein.

D. If (i) a Default (other than an Insolvency Event) occurs, and Landlord, at any time thereafter, at Landlord's option, gives a notice to Tenant stating that this Lease and the Term shall expire and terminate on the fifth (5^{th}) day after the date that Landlord gives Tenant such notice, or (ii) an Insolvency Event occurs, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as of the fifth (5^{th}) day after the date that Landlord gives Tenant such notice, or on the date that the Insolvency Event occurs, as the case may be, without the need for any further act as if such date were the Fixed Expiration Date, and Tenant immediately shall quit and surrender the Premises, but Tenant shall nonetheless remain liable for all of its obligations hereunder, and Landlord may institute summary or other proceedings to repossess the Premises or re-enter and take possession of the Premises by the exercise of self-help (which Tenant hereby expressly consents to) or any other means permitted by law. TENANT HEREBY EXPRESSLY WAIVES THE BENEFITS OF ANY LAW, STATUTE OR OTHER LEGAL AUTHORITY REQUIRING A PERIOD OF TIME (SUCH AS 5 DAYS) TO BE ADDED TO THE TIME REQUIRED HEREIN TO BE GIVEN FOR NOTICES.

6. **REMEDIES AND DAMAGES**.

A. Tenant, on its own behalf and on behalf of all Persons claiming by, through or under Tenant, including all creditors, does hereby waive any and all rights which Tenant and all such Persons might have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (i) Tenant has been dispossessed by a judgment or by warrant of any court or judge, or (ii) any re-entry by Landlord, or (iii) any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination is by operation of law or pursuant to the provisions of this Lease. The words "re-enter," "re-entry" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings and include, without limiting the foregoing, Landlord's resort to self-help, self-help being expressly permitted hereby.

B. In the event of a breach or threatened breach by Tenant, or any Persons claiming by, through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to (i) enjoin or restrain such breach, (ii) invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not provided in this Lease for such breach, and (iii) seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease.

C. If a Default occurs and this Lease and the Term terminate as provided in Article 5 hereof or by or under any summary proceeding or any action or proceeding, then in any of said events:

(i) Tenant shall immediately quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may, without prejudice to any other remedy which Landlord may have, (x) re-enter the Premises or any part thereof, without notice, either by summary proceedings, or by any other applicable action or proceeding, or by lawful force (without being liable to indictment, prosecution or damages therefor), (y) repossess the Premises and dispossess Tenant and any other Persons from the Premises, and (z) remove any and all of their property and effects from the Premises; and

(ii) Landlord, at Landlord's option, may relet the whole or any portion or portions of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Fixed Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine; provided, however, that Landlord shall have no obligation to relet the Premises or any part thereof and shall not be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting. Any such refusal or failure on Landlord's part shall not relieve Tenant of any liability under this Lease or otherwise affect any such liability. Landlord, at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

D. If this Lease and the Term shall terminate and come to an end as provided in Article 5 hereof, or by or under any summary proceeding or any other action or proceeding, then, in any of said events, then Tenant shall pay to Landlord, on demand, and Landlord shall be entitled to recover:

(i) all Rental payable under this Lease by Tenant to Landlord (x) to the date that this Lease terminates, or (y) to the date of re-entry upon the Premises by Landlord, as the case may be;

(ii) the excess of (x) the Rental for the period which otherwise would have constituted the unexpired portion of the Term, over (y) the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of clause (ii) of Section 6.C. hereof for any part of such period, but subject to Section 6.E. hereof (such excess being referred to herein as a "Deficiency"), as damages (it being understood and agreed that (I) such net amount described in clause (y) above shall be calculated by deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease, Landlord's re-entry upon the Premises and such reletting, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, including without limitation, advertising expenses; (II) any such Deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Annual Rent or Escalation Rent (as the case may be), and (III) Landlord shall be entitled to recover from Tenant each monthly Deficiency as it arises, and no action or proceeding to collect the amount of the Deficiency for any month shall prejudice Landlord's right to collect the Deficiency for any subsequent month by a similar action or proceeding); and

(iii) regardless of whether Landlord has collected any monthly Deficiency as aforesaid, and in lieu of any further Deficiency, as and for liquidated and agreed final damages, an amount equal to the excess (if any) of (x) the Rental for the period which otherwise would have constituted the unexpired portion of the Term (commencing on the date immediately succeeding the last date with respect to which a Deficiency, if any, was collected), over (y) the then fair and reasonable net effective rental value of the Premises for the same period (which is calculated by (I) deducting from the fair and reasonable rental value of the Premises the expenses that Landlord would reasonably expect to incur in reletting the Premises, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Premises for such reletting, and (II) taking into account the time period that Landlord would reasonably require to consummate a reletting of the Premises to a new tenant), both discounted to present value at the Base Rate. Any such valuation of the then fair and reasonable net effective rental value of the Premises made by Landlord which is based upon a valuation made by any of the ten (10) largest (as measured by gross leasable square feet for which leasing commissions were earned during the most recent calendar year preceding the date of Tenant’s default) brokerage/leasing companies in the City of New York shall be conclusive and binding upon Tenant and not subject to review by any court or arbitration panel.

E. If the Premises, or any part thereof, are relet together with other space in the Building, then the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of Section 6.D hereof. In no event shall Tenant be entitled to a credit or repayment for re-rental income which exceed the sums payable by Tenant hereunder or which covers a period after the original Term. Nothing contained in this Article 6 shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any applicable statute or rule of law, or of any sums or damages to which Landlord may be lawfully entitled in addition to the damages set forth in Section 6.D hereof.

F. The exercise of any remedy under this Lease whether in this Article 6 or elsewhere shall not preclude Landlord from simultaneously therewith or subsequent thereto, exercising any and all other remedies permitted by law or in equity, including without limitation, self-help. Any and all such remedies are deemed to be cumulative and non-exclusive. Landlord need not apply any security hereunder to cure a default by Tenant as a condition precedent to exercising any other right or remedy and the application of any such security shall not preclude the exercise of any other remedy.

G. The provisions of this Article 6 shall survive the Expiration Date.

7. **LANDLORD'S COSTS.**

A. If Tenant shall default in performing any covenant or condition of this Lease, Landlord may, in addition to the rights heretofore set forth in Articles 5 and 6, exercise any other remedy provided in this Lease, at law or in equity and/or perform the same for the account of Tenant, and if Landlord, in connection therewith, or in connection with any default by Tenant, makes any expenditures or incurs any obligations for the payment of money, including, but not limited, to attorneys' fees and disbursements, Tenant shall pay to Landlord an amount equal to such expenditures so paid and/or the obligations so incurred together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such expenditures or obligations, within thirty (30) days after Landlord gives to Tenant an invoice therefor (it being understood and agreed that Landlord shall have the right to collect such amount from Tenant as Additional Rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date).

B. Tenant shall pay to Landlord an amount equal to the actual costs (including, but not limited, to reasonable attorneys' fees and disbursements) that Landlord incurs in defending successfully against a claim made by Tenant (or any other Person claiming by, through or under Tenant) against Landlord that relates to this Lease in a legal action or proceeding, together with interest thereon calculated at the Applicable Rate from the date that Landlord incurs such costs, within five (5) days after Landlord gives to Tenant an invoice therefor (it being understood and agreed that (i) Landlord shall have the right to collect such amount from Tenant as Additional Rent to the extent that Landlord incurs such costs during the Term and as damages to the extent that Landlord incurs such costs after the Expiration Date, and (ii) the amount that Landlord has the right to collect from Tenant under this Section 7.B. shall be adjusted appropriately to reflect the extent to which Landlord is successful in such legal proceeding).

C. The provisions of this Article 7 shall survive the Expiration Date.

8. **ALTERATIONS**

A. Except as otherwise provided in this Article 8, no Alterations shall be made without the prior written consent of Landlord, and then only with such materials as shall be approved by Landlord. Notwithstanding the foregoing to the contrary, Tenant may make Decorative Alterations (as hereinafter defined) without Landlord's prior written consent subject to the terms of this Article 8.

B. (i) The term "Alterations" shall mean alterations, installations, improvements, additions or other physical changes, in each case, in or to the Premises that are made by, or on behalf of Tenant or any other Person claiming by, through or under Tenant (or otherwise engaged by or on behalf of Tenant or any other Person claiming by, through or under Tenant).

(ii) The term "Decorative Alterations" shall mean Alterations that constitute merely decorative and cosmetic changes to the Premises (such as, for example, the installation of carpeting or other customary floor coverings or painting or the installation of customary wall coverings) that in each case do not involve electrical, plumbing or mechanical connections or require any permits from any Governmental Authority; it being understood and agreed, however, that Decorative Alterations shall specifically exclude window film/glass film and white boards.

(iii) The term "Initial Installation Work " shall mean the Alterations, if any, to prepare the Premises for Tenant's initial occupancy.

(iv) The term "Specialty Alterations" shall mean Alterations that (a) perforate a floor slab in the Premises or a wall that encloses the core of the Building, (b) require the reinforcement of a floor slab in the Premises, (iii) consist of the installation of a raised flooring system, (c) consist of the installation of a vault or other similar device or system that is intended to secure the Premises or a portion thereof in a manner that exceeds the level of security that a reasonable Person uses for ordinary office space, (d) involve material plumbing connections (such as kitchens, showers and executive bathrooms), or (e) constitute non-customary office installations.

(v) The term "Tenant's Property" shall mean Tenant's personal property (other than non-movable fixtures and built-ins), including, without limitation, Tenant's movable fixtures, movable partitions, telephone equipment, computer equipment, furniture, furnishings and decorations.

C. Subject to the terms of this Article 8, Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Alteration provided that such Alteration (i) is not visible from the outside of the Building at street level, (ii) does not affect adversely any part of the Building, (iii) does not require any alterations, installations, improvements, additions or other physical changes to be performed in or made to any portion of the Building other than the Premises, (iv) does not affect any Building system, (v) does not reduce the value or utility of the Building, (vi) does not affect the structure of the Building and does not require the installation of floor support or other structural support, (vii) does not impede Landlord's access to Reserved Areas (as hereinafter defined) in any material respect, and (viii) does not violate (or require any amendment to) or render invalid the certificate of occupancy for the Building or any part thereof (any Alteration that satisfies the requirements described in clauses (i) through (viii) above being referred to herein as a "Basic Alteration"). Nothing in this Section 8.C. limits the provisions of Section 8.H. hereof.

D.

(i) Tenant shall not perform any Alteration (other than Decorative Alterations) unless Tenant first gives to Landlord a notice thereof (an "Alterations Notice") that (a) refers specifically to this Section 8.D., (b) includes three (3) copies of the plans and specifications for the proposed Alteration (including, without limitation, layout, architectural, mechanical and structural drawings, to the extent applicable) that contain sufficient detail for Landlord and Landlord's consultants to reasonably assess the proposed Alteration, and that are otherwise suitable for filing, stamped and certified by an architect or engineer duly licensed in the State of New York and approved by Landlord and (c) indicates whether Tenant considers the proposed Alterations to constitute a Basic Alteration. Tenant acknowledges and agrees that specific delivery requirements apply with respect to Alterations Notices, as set forth in Article 28 hereof.

(ii) Landlord shall have the right to (a) disapprove any plans and specifications for a particular Alteration in part, (b) reserve Landlord's approval of items shown on such plans and specifications pending Landlord's review of other plans and specifications that Tenant is otherwise required to provide to Landlord hereunder, and (c) condition Landlord's approval of such plans and specifications upon Tenant's making revisions to the plans and specifications or supplying additional information (which Landlord shall have the right to request only reasonably if the applicable Alteration constitutes a Basic Alteration). Nothing contained in this Section 8.D.(ii) limits the provisions of Section 8.C. hereof.

(iii) Tenant acknowledges that (a) the review of plans or specifications for an Alteration by or on behalf of Landlord, or (b) the preparation of plans or specifications for an Alteration by Landlord's architect or engineer (or any architect or engineer designated by Landlord), is solely for Landlord's benefit, and, accordingly, Landlord makes no representation or warranty that such plans or specifications comply with any Requirements or are otherwise adequate or correct.

E.

(i) All Alterations (other than Decorative Alterations) shall be performed in accordance with the plans and specifications therefor as approved by Landlord. No Alteration(s) may result in the reduction of any environmental rating for the Building which may now or hereafter be made, such as any rating made pursuant to LEED (Leadership in Energy and Environmental Design), Green Globes or Energy Star.

(ii) All Alterations shall be performed (x) in a good and workmanlike manner and (y) subject to and in accordance with all Building rules and regulations (including the specific rules and regulations governing construction, and the rules and regulations governing materials and finishes criteria adopted by Landlord for the Building) as the same may be amended from time to time, all applicable Requirements, and all other applicable provisions of this Lease (including, without limitation, the ESRT High Performance Design and Construction Guidelines set forth on Exhibit "B" attached hereto and made a part hereof, as the same may be amended from time to time). In performing any Alterations, Tenant shall use, to the fullest extent feasible, materials from sustainable sources. Tenant shall not bring or permit any Person engaged by or on behalf of Tenant or any Person claiming by, through or under Tenant, to bring any hazardous materials into the Premises or the Building.

(iii) Tenant, at Tenant's sole cost and expense, prior to the commencement of any Alteration(s), shall obtain all permits, approvals and certificates required by any Governmental Authorities in connection therewith and provide copies thereof to Landlord's property management team for the Building; it being expressly understood however, that Landlord shall designate the expeditor to be used by Tenant to obtain any required certifications and "self-certification" procedures shall not be accepted.

(iv) Prior to performing any Alteration (and for the duration of the performance thereof), Tenant shall maintain on behalf of its contractors (of any tier) and vendors or cause its contractors (of any tier) and vendors to maintain the following insurance, (a) worker's compensation and disability insurance in amounts not less than the statutory limits required by Requirements (covering all persons to be employed by Tenant, and Tenant's contractors, subcontractors, and vendors in connection with such Alteration); (b) commercial general liability insurance (covering bodily injury including death, personal injury and property damage), in each case in customary form, and in amounts that are not less than Five Million Dollars ($5,000,000) per occurrence and in the annual policy aggregate with respect to general contractors and Three Million Dollars ($3,000,000) per occurrence and in the annual policy aggregate with respect to subcontractors (or such higher amounts as Landlord may reasonably elect given the scope of the particular Alteration); it being understood and agreed that the foregoing insurance shall be required in addition to Tenant's Liability Policy; (c) builder's risk insurance in an amount reasonably satisfactory to Landlord; and (d) commercial automobile liability insurance if the contractor or vendor uses a vehicle at the Real Property, covering all vehicles with a minimum combined single limit of One Million Dollars ($1,000,000). The policies set forth in (b) through (d) of this Section 8.E.(iv) shall be endorsed to name the specific Landlord Parties designated by Landlord or Landlord’s representative as additional insureds (the “Designated Landlord Parties”). A contractor’s or vendor’s liability shall in no way be limited by the amount of insurance recovery or the amount of insurance in force, or available, or required by any provisions of this Lease. The limits listed above are minimum requirements only. The liabilities of any contractor or vendor shall survive and not be terminated, reduced or otherwise limited by any expiration or termination of such insurance coverage. Prior to the start of any such Alterations and prior to the expiration of any policy, Tenant shall deliver to Landlord certificates of insurance (on a form reasonably acceptable to Landlord) along with copies of endorsements naming the Designated Landlord Parties as additional insureds. Neither approval nor failure to disapprove insurance furnished by the contractor or vendor shall relieve the contractor, its subcontractors or vendors from responsibility to provide insurance as required herein. In addition, prior to commencing the performance of any Alterations, upon Landlord's request, Tenant shall deliver performance bond and a payment bond that covers Tenant's obligation to pay the applicable contractor and the applicable contractor's obligation to pay its subcontractors (in either case issued by a surety company and in an amount and form reasonably satisfactory to Landlord), or such other security that Landlord deems acceptable, in Landlord's sole discretion.

(v) Notwithstanding anything herein set forth to the contrary, within thirty (30) days after Substantial Completion (as hereinafter defined) of any Alteration, Tenant, at Tenant's own cost and expense, shall deliver to Landlord (a) hard copies of the final "as-built" record drawings of the Alteration which indicate accurately the layout and systems of the Premises together with a furniture plan, if available; it being understood and agreed that Tenant shall also require its architect to load and maintain such record drawings in CAD and portable document format (or in another electronic format so designated by Landlord), (b) a summary by trade of the costs incurred in performing such work and such other records as Landlord may require to document such costs, all certified (if so requested by Landlord) by a reputable, independent certified public accountant, (c) evidence reasonably satisfactory to Landlord that Tenant has obtained all required final approvals from applicable Governmental Authorities in connection with the Alterations, including, without limitation, letters of completion from the New York City Department of Buildings for all work permits Tenant has obtained in connection with the performance of the Alteration, (d) to the extent applicable, any owner and/or maintenance manuals and any warranties received by Tenant in connection with the Alterations and (e) final, unconditional waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations.

(vi) No demolition, trenching, or welding shall be permitted between the hours of 7:00 a.m. and 6:00 p.m. on Business Days; it being expressly understood, however, that core drilling is not permitted. If the performance of any other Alterations during the aforesaid time periods interferes with or interrupts the maintenance, repair, management or operation of the Building in any material respect or interferes with or interrupts the use and occupancy of the Building by other tenants in the Building in any material respect, then Landlord shall have the right to require Tenant to perform such Alteration at such other times that Landlord designates from time to time.

(vii) As used throughout this Lease, the term "Substantial Completion" or words of similar import shall mean that the applicable work has been substantially completed in accordance with the applicable plans and specifications, if any, it being agreed that (i) such work shall be deemed substantially complete notwithstanding the fact that minor or insubstantial details of construction or demolition, mechanical adjustment or decorative items remain to be performed, and (ii) with respect to work that is being performed in the Premises, such work shall be deemed substantially complete only if the incomplete elements thereof do not interfere materially with Tenant's use and occupancy of the Premises for the conduct of business.

F.

(i) All Alterations shall be performed only under the supervision of a licensed architect that Landlord approves, which approval Landlord shall not unreasonably withhold, condition or delay. All work shall be performed with union labor having the proper jurisdictional qualifications and only by contractors, subcontractors, mechanics, engineers and laborers approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay; it being understood and agreed, however, that (x) if an Alteration affects any structural portion of the Building, any Building system, or any portion of the Building outside of the Premises, Landlord (if Landlord has consented thereto) shall have the right to designate (i) the engineer that designs the applicable Alteration (or the portion thereof that affects such structural portion of the Building, Building system, or portion of the Building outside of the Premises), and (ii) the contractors, subcontractors and/or laborers that performs the Alteration (or the portion thereof that affects such structural portion of the Building, Building system, or portion of the Building outside of the Premises), provided that any such engineer, contractor, subcontractor or laborer, as applicable, charges rates that are reasonably competitive with engineers, contractors, subcontractors or laborers (as applicable) of comparable skill and experience operating within the vicinity of the Building. If Landlord and Tenant cannot agree on whether the prices being charged by the engineer, contractor, subcontractor or laborer (as applicable) designated by the Landlord are reasonably competitive to those charged by such other engineers, contractors, subcontractors or laborers (as applicable), Landlord or Tenant may submit such dispute to a Streamlined Arbitration Proceeding (as hereinafter defined) pursuant to Article 41 hereof.

(ii) If (a) Tenant employs, or permits the employment of, any contractor, subcontractors, engineer, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, and regardless of whether Landlord has approved such contractor, subcontractor, mechanic, or laborer, (b) such employment interferes or causes any conflict with other contractors, subcontractors, engineers, mechanics or laborers engaged in the maintenance, repair, management or operation of the Building or any adjacent property owned or managed by Landlord, and (c) Landlord gives Tenant notice thereof (which notice may be given verbally to the Person employed by Tenant with whom Landlord's representative ordinarily discusses matters relating to the Premises), then Tenant shall cause all contractors, subcontractors, mechanics or laborers causing such interference or conflict to leave the Building promptly and shall take such other immediate action as may be reasonably necessary to resolve such conflict.

(iii) In any case under this Article 8 or any other provision of this Lease it shall be required that Landlord's consent is required for the use or employment of any contractor, subcontractor, vendor or other supplier of labor or material, Tenant acknowledges and agrees that any such consent shall under no circumstance be deemed a warranty, assurance or guarantee that such contractor, subcontractor, vendor or supplier is qualified for the work or engagement for which Tenant is retaining such contractor, vendor or supplier or that the work, services or materials being provided shall be in compliance with Tenant's plans and specifications or comply with Requirements or that any work shall be performed in a workmanlike fashion free of any defect. Tenant specifically disclaims and waives any right, claim or cause of action against Landlord based upon any such contractor, vendor or supplier's defective work, material or service or failure to perform any work in accordance with any agreement, Requirement or professional standard. The provisions of this Section 8.F.(iii) shall be controlling whether or not any consent by Landlord to any such contractor, subcontractor, vendor or supplier contains any such or similar disclaimer or waiver of liability or any such contractor, vendor or supplier is related to Landlord or its managing agent.

G. Tenant shall pay to Landlord, as Additional Rent, the reasonable, actual out-of-pocket costs and expenses incurred by Landlord in connection with any Alterations (including without limitation, the actual out-of-pocket costs and expenses that Landlord incurs in reviewing the plans and specifications for any such Alterations and inspecting the progress of such Alterations) within thirty (30) days after Landlord gives Tenant an invoice therefore together with reasonable supporting documentation for the charges set forth therein. If (I) as a result of any Alterations, any alterations, installations, improvements, additions or other physical changes are required to be performed (x) to any Building systems, or (y) in order to comply with any Requirements, to any portion of the Building other than the Premises (any such alterations, installations, improvements, additions or changes being referred to herein as an "Additional Change"), and (II) such Additional Change would not otherwise have had to be performed or made at such time, then (a) Landlord may perform such Additional Change, and (b) Tenant shall pay to Landlord the reasonable out-of-pocket costs thereof, as Additional Rent, within thirty (30) days after Landlord gives to Tenant an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Landlord shall seek to accomplish any such Additional Change in a manner that minimizes the cost thereof to the extent reasonably practicable. Landlord shall give Tenant reasonable advance notice of Landlord's performance of the Additional Change (which notice (notwithstanding the provisions of Article 28 hereof to the contrary) may be provided verbally or via electronic mail by any member of Landlord's property management team to Tenant's representative with whom Landlord's property management team ordinarily discusses matters pertaining to the Premises).

H. Notwithstanding anything to the contrary contained in this Lease, (i) under no circumstances may Tenant or any other Person claiming by, through or under Tenant, install roll down gates and/or any other kind of exterior gates in or about the Premises or the Building or any exterior portion thereof and (ii) Tenant shall install on the windows of the Premises only the curtains, blinds, shades, or screens that Landlord designates reasonably.

I. Subject to the provisions of Article 27 hereof, Tenant shall not affix any sign, logo, emblem, banner, plaque or symbol on any exterior window, on any door opening on to a corridor, on any exterior wall demising the Premises or on or about any portion of the Premises in such a fashion as any sign, logo, emblem, banner, plaque or symbol is visible beyond the Premises.

J. (i) Subject to the terms hereof, Tenant acknowledges and agrees that on the Expiration Date, the Premises must be in the same condition as existing on the Commencement Date, subject to ordinary wear and tear and casualty. On or prior to the Expiration Date, Tenant shall remove, at Tenant's sole cost and expense, Tenant's Property from the Premises, and all Alterations (other than paint, carpet and Qualified Alterations (as hereinafter defined)) if any, made to the Premises during the Term; it being understood and agreed that Tenant, at Tenant's sole cost and expense, shall repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal and such restoration work shall be performed subject to and in accordance with the provisions of this Article 8. Any Tenant's Property, and/or any Alterations that remain in the Premises after the Expiration Date shall be deemed to be the property of Landlord (with the understanding, however, that Tenant shall remain liable to Landlord for any default of Tenant in respect of Tenant's obligations under this Section 8.J) and Landlord shall have the right to remove such Tenant's Property and/or such Alterations and restore such damage, at Tenant's sole cost and expense; it being understood and agreed that Tenant shall pay the costs thereof as Additional Rent, upon demand. The provisions of this Section 8.J shall survive the Expiration Date.

(ii) Prior to Tenant's performance of any Alteration, Tenant shall have the right to request (simultaneously with Tenant's submission to Landlord of an Alterations Notice) that Landlord advise Tenant if Tenant shall be required to remove (or pay the cost to remove) such Alteration upon the Expiration Date or earlier termination of the Term, provided, however, that such request shall state in bold capital letters as follows: **"LANDLORD TO ADVISE TENANT IF TENANT SHALL BE OBLIGATED TO REMOVE THE ALTERATION(S) DESCRIBED HEREIN AT THE EXPIRATION OR EARLIER TERMINATION OF THE TERM AND LANDLORD'S FAILURE TO RESPOND TO THIS ALTERATIONS REMOVAL REQUEST WITHIN FIFTEEN (15) BUSINESS DAYS SHALL BE DEEMED TO INDICATE THAT LANDLORD SHALL REQUIRE REMOVAL OF THE ALTERATION(S) DESCRIBED HEREIN."** Landlord shall have the right to require removal of the applicable Alteration(s) upon the expiration or earlier termination of the Term in Landlord's sole discretion. If (i) Tenant makes any such request, and (ii) Landlord advises Tenant in writing that removal shall not be required, then Landlord shall not have the right to require Tenant to remove (or pay the cost to remove) such Alteration upon the Expiration Date or earlier termination of the Term (any such Alteration which Tenant shall not be required to remove (or to pay the cost of removal) as aforesaid being referred to herein as a "Qualified Alteration"); it being understood that Landlord's failure to respond to such request shall be deemed to indicate that Tenant, at Tenant's sole cost and expense, is required to remove the Alterations described in the applicable Alterations Notice upon the expiration or earlier termination of the Term.

K. Tenant hereby acknowledges and agrees that if any Alterations are discontinued or abandoned, then promptly following Landlord's request therefor, Tenant shall, at Tenant's sole cost and expense, cause all of its contractors and subcontractors (of any level), architects, engineers, designers and consultants, as the case may be, to remove any and all plans and specifications for the applicable Alterations from filings with any Governmental Authorities and otherwise cooperate reasonably with Landlord in connection with closing out the applicable work.

L. Notwithstanding anything to the contrary contained herein, including, without limitation, the provisions of Section 8.J. hereof, if and to the extent that any telecom equipment and/or wiring, white boards or window film or glass film are installed in or about the Premises, then on or prior the Expiration Date, Tenant, at Tenant's sole cost and expense, shall remove such installations, and repair any damage to the Premises or the Building caused by such removal; it being understood and agreed that the provisions of this Article 8 shall govern with respect to the installation and/or removal of any such items. In the event that Tenant fails to comply with the provisions of this Section 8.L, Landlord shall have the right to remove such Tenant's Property and Alterations and restore such damage, at Tenant's sole cost and expense; it being understood and agreed that Tenant shall pay the costs thereof as Additional Rent, upon demand and Tenant shall remain liable to Landlord for any default of Tenant in respect of Tenant's obligations hereunder. The provisions of this Section 8.L shall survive the Expiration Date.

9. **LIENS**

Tenant shall not permit any materials or equipment that are incorporated as fixtures into the Premises in connection with any Alterations to be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement. Notwithstanding the foregoing, Tenant shall discharge of record any mechanic's lien or other lien that is filed against the Real Property for work claimed to have been done for, services performed for, or for materials claimed to have been furnished to, Tenant (or any Person claiming by, through or under Tenant) within ten (10) days after Tenant has received notice thereof, at Tenant's expense, by payment or filing the bond required by law. Nothing contained in this Article 9 (x) limits Tenant's right to challenge the claim that is made by the Person that files such a lien, provided that Tenant discharges such lien of record as aforesaid, or (y) obligates Tenant to discharge of record any lien that derives from Landlord's acts or omissions.

10. **REPAIRS**

A. Subject to the terms of this Article 10 and to Articles 11, 14 and 31 hereof, Tenant, at Tenant’s expense, shall take good care of the Premises (including, without limitation, (i) the fixtures and equipment that are installed in the Premises on or after the Commencement Date, (ii) the Alterations, and (iii) the systems within the Premises that distribute heat, ventilation, and air-conditioning ("HVAC"), electricity and water within the Premises). Tenant shall make all repairs to the Premises as and when needed to preserve the Premises in good condition, except for reasonable wear and tear, obsolescence and damage for which Tenant is not responsible pursuant to the provisions of Article 11 hereof. Notwithstanding anything herein to the contrary set forth, Tenant shall not commit waste or cause any damage to any portion of the Building irrespective of whether within or without the Premises. Tenant shall perform any repairs required to be performed by Tenant pursuant to this Article 10 in accordance with the provisions of Article 8 hereof, including, without limitation, Sections 8.C. and 8.F. thereof. Nothing contained in this Section 10.A shall require Tenant to perform any repairs to the Premises that are Landlord's obligation to perform under Section 10.B hereof. All repairs made by Tenant as contemplated by this Section 10.A shall be in conformity with the standards applicable to comparable office buildings in Manhattan. Tenant shall give Landlord prompt notice of any defective condition in the Building or in any Building system located in, servicing or passing through the Premises.

B. Subject to the terms of this Article 10 and to Articles 11, 14 and 31 hereof, Landlord shall maintain and make all necessary repairs to and replacements of (i) the part of the Building systems which provide electricity, HVAC and water service to the Premises (but not to the distribution portions of such Building systems located within the Premises), (ii) the structural portions of the Building, (iii) the roof of the Building, (iv) the sidewalks that are adjacent to the Building, (v) the exterior walls of the Premises, (vi) the exterior perimeter windows of the Premises, and (vii) the public portions of the Building, in each case, in conformance with standards applicable to comparable office buildings in Manhattan. Nothing contained in this Section 10.B requires Landlord to maintain or repair the systems within the Premises that distribute electricity, HVAC (except that, subject to the provisions of Article 31 hereof, Landlord shall maintain and repair the A/C Equipment at Tenant's sole cost and expense) and water within the Premises. Landlord shall have no obligation to employ contractors or labor at overtime or premium pay rates in connection with Landlord's making repairs as contemplated by this Article 10.

C. Notwithstanding the provisions of Section 10.A. hereof and Section 10.B. hereof to the contrary, (I) all damage or injury to the Premises or to any other part of the Building and Building systems, whether requiring structural or nonstructural repairs, to the extent caused by or resulting from the acts or omissions of Tenant (or any Person claiming by, through or under Tenant), or Alterations made by or on behalf of Tenant, shall be repaired, at Tenant’s sole cost and expense, (x) by Tenant, to the reasonable satisfaction of Landlord, if Tenant is obligated to perform such repair pursuant to Section 10.A. hereof, or (y) by Landlord, if Tenant is not otherwise obligated to perform such repair pursuant to Section 10.A. hereof, in which case, Tenant shall reimburse Landlord for all actual out-of-pocket costs incurred in connection with the performance of any such repairs as Additional Rent within thirty (30) days following receipt of Landlord's invoice therefor and such obligation shall survive the Expiration Date and (II) all damage or injury to the Premises, whether requiring structural or nonstructural repairs, to the extent caused by or resulting from negligence or willful misconduct of Landlord, or Landlord's entry into the Premises for purposes of making repairs or replacements made as contemplated in Article 19 hereof, shall be repaired, at Landlord’s sole cost and expense, by Landlord to the reasonable satisfaction of Tenant; provided, however, that nothing contained in this Section 10.C. limits the provisions of Section 42.G. hereof.

11. **CASUALTY; DESTRUCTION**

A. Tenant shall give Landlord prompt notice of any fire or other casualty in or to the Premises. Subject to the terms of this Article 11, if the Premises (including Alterations that Tenant has theretofore completed in accordance with Article 8 hereof) are damaged by fire or other casualty, then, subject to the provisions of this Article 11, Landlord shall diligently repair the damage, with such modifications required to comply with Requirements, to substantially the condition which existed immediately prior to such fire or other casualty; it being understood and agreed that (i) Landlord shall have the right to make such modifications to the Premises required to comply with Requirements, (ii) Landlord shall have no liability to Tenant for Landlord's failure to commence any such repair to the extent Tenant fails to give such notice to Landlord of such fire or other casualty and (iii) Landlord shall not be required to repair or restore any of Tenant's Property or any Specialty Alteration. From and after the date of such fire or casualty until such repairs which are required to be performed by Landlord are Substantially Completed, the Fixed Annual Rent and the Escalation Rent payable pursuant to Article 2 hereof shall be reduced in the proportion which the area of the part of the Premises which is not usable by Tenant bears to the total area of the Premises immediately prior to such casualty. Landlord shall not be obligated to repair any damage to, or to replace, any Alterations if Landlord's insurer fails to make insurance proceeds available to Landlord to cover the cost of repairing such Alterations (excluding Landlord's deductible) by reason of the failure of Tenant to have notified Landlord of the completion of such Alterations and the cost thereof or to have maintained adequate records with respect to such Alterations. In the event of a fire or casualty which affects a portion of the Premises only, Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the balance of the Premises in making any repairs pursuant to this Article 11. If the Premises (including any Alterations) are damaged by fire or other casualty, at any time prior to the completion of the Initial Installation Work if any, then Landlord's obligation to repair the Premises (and any Alterations) shall be limited to (x) the part of the Building Systems serving the Premises on the Commencement Date, but not the distribution portions of such Building Systems located within the Premises, (y) the floor and ceiling slabs of the Premises, and (z) the exterior walls of the Premises, all to substantially be the same condition which existed on the Commencement Date, in each case with any modifications required to comply with Requirements. Landlord shall not be obligated to restore the Premises as provided in this Section 11.A. to the extent that this Lease terminates by reason of such fire or other casualty subject to and in accordance with the terms of this Article 11.

B. If (i) the Premises are rendered wholly or substantially untenantable by fire or other casualty and if Landlord shall decide not to restore the Premises, or (ii) if the Building shall be so damaged that Landlord shall decide to demolish it or to not rebuild it (whether or not the premises have been damaged), then, in either event, Landlord may terminate this Lease by giving Tenant notice thereof on or prior to the ninetieth (90th) day following such damage. If Landlord elects to terminate this Lease as aforesaid, then the Term shall expire upon a date set by Landlord, but not sooner than the tenth (10th) day after Landlord gives such notice and Tenant, on such date, shall vacate and surrender possession of the Premises to Landlord in accordance with the provisions of Article 12 hereof.

C. Subject to the terms of this Section 11.C, if the Premises are substantially damaged by a fire or other casualty that occurs during the period of twelve (12) months immediately preceding the Fixed Expiration Date, then either Landlord or Tenant may elect to terminate this Lease by notice given to the other party within thirty (30) days after such fire or other casualty occurs. If either party makes such election, then the Term shall expire on the tenth (10^{th}) day after the notice of such election is given, and, accordingly, Tenant, on or prior to such tenth (10^{th}) day, shall vacate the Premises and surrender the Premises to Landlord in accordance with Article 12 hereof. For purposes of this Section 11.C, the term "substantially damaged" shall mean that in Landlord's reasonable judgment: (a) a fire or other casualty precludes Tenant from using more than thirty percent (30%) of the Premises for the conduct of its business, and (b) Tenant's inability to so use the Premises (or the applicable portion thereof) is reasonably expected to continue until at least the earlier to occur of (i) the Fixed Expiration Date, and (ii) the ninetieth (90th) day after the date that such fire or other casualty occurs.

D. Upon the termination of this Lease under this Article 11, the Rental shall be apportioned as of the date of such termination and any prepaid portion of Fixed Annual Rent and Escalation Rent that relates to the period after the date that the abatement of Fixed Annual Rent and Escalation Rent as described in Section 11.A. hereof becomes effective shall be refunded promptly by Landlord to Tenant less any amounts that may be then be due and payable by Tenant pursuant to the terms of this Lease, including, without limitation, any sums due pursuant to Articles 5 and 6 hereof (and Landlord's obligation to make such refund shall survive the Expiration Date).

E. Tenant shall have no right to cancel this Lease by virtue of a fire or other casualty except to the extent specifically set forth herein. This Article 11 is intended to constitute an "express agreement to the contrary" for purposes of Section 227 of the New York Real Property Law.

12. **END OF TERM**

Subject to Article 8 hereof, Tenant shall surrender the Premises to Landlord on the Expiration Date in good order and condition, except for reasonable wear and tear and damage by fire or other casualty, and Tenant shall remove all of its property and Alterations. Tenant agrees that any personal property remaining in the Premises following the Expiration Date shall for all purposes be deemed abandoned and Landlord shall be free to dispose of such property, at Tenant's sole cost and expense, in any manner Landlord deems desirable. Landlord may retain or assign any salvage or other residual value of such property. In consideration of Landlord’s disposing of such property, Tenant shall reimburse Landlord or pay to Landlord any cost that Landlord may incur in disposing of such property within ten (10) days after demand therefor. Tenant shall indemnify, defend and save Landlord harmless against all costs, claims, loss or liability resulting from delay or failure by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant arising directly or indirectly from such delay. If vacant and exclusive possession of the Premises is not surrendered to Landlord on the Expiration Date, then Tenant shall pay to Landlord on account of use and occupancy of the Premises, for each month (or any portion thereof) during which Tenant (or a Person claiming by, through or under Tenant) holds over in the Premises after the Expiration Date, an amount equal to one hundred fifty percent (150%) of the aggregate Rental that was payable under this Lease during the last month of the Term, except that Tenant shall pay an amount equal to two hundred percent (200%) of the aggregate Rental that was payable under this Lease during the last month of the Term for the period commencing on the thirtieth (30th) day of such holdover period; it being understood and agreed, however, that if Tenant pays Expenses or Real Estate Taxes on any basis other than a monthly basis, Landlord shall have the right to calculate the amount of such payments on a monthly basis for purposes of calculating the aforesaid amounts. The parties recognize and agree that Landlord expects to perform major renovations and alterations to the Premises and/or the Building after the Expiration Date and, accordingly, the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord on the Expiration Date, in addition to any rights or remedies Landlord may have hereunder or at law, without in any manner limiting Landlord’s right to demonstrate and collect any damages suffered by Landlord and arising from Tenant’s failure to surrender the Premises as provided herein, and in addition to the sum payable to Landlord described above, Tenant shall pay to Landlord, any and all damages, consequential, direct or indirect, incurred by Landlord as a result of Landlord’s inability to commence demolition, construction, alterations or renovations to the Premises and/or the Building immediately after the Expiration Date, specifically including, without limitation, (1) increased fees for engineers, architects, contractors, subcontractors, mechanics, laborers or expeditors, (2) increased fees for obtaining permits, applications, certificates, or plans and specifications, (3) increased costs for materials and equipment as a result of the delay, (4) any loss of rent from subsequent tenants that derive from Tenant’s failure to timely vacate the Premises or (5) any penalties payable by Landlord to subsequent tenants that derive from Landlord's inability to timely deliver the Premises (or any portion thereof) to such subsequent tenants to the extent such delay arises from, or in connection with, Tenant's failure to timely vacate the Premises. Anything in this Lease to the contrary notwithstanding, the acceptance of any Rental shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding, and the preceding sentence shall be deemed to be an agreement expressly "providing otherwise" within the meaning of Section 232-c of the Real Property Law of the State of New York and any successor law of like import. Tenant expressly waives, for itself and for any person claiming through or under the Tenant, any rights which the Tenant or any such Person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any successor law of like import then in force in connection with any holdover summary proceedings which the Landlord may institute. The obligations set forth in this Article 12 shall survive the Expiration Date.

13. **SUBORDINATION AND ESTOPPEL, ETC.**

A. This Lease and Tenant's rights hereunder are and shall be subject and subordinate to any and all master leases of the Real Property, ground or underlying leases and subleases and to all mortgages, building loan agreements, leasehold mortgages, spreader and consolidation agreements and other similar documents and instruments together with all renewals, modifications, spreaders, consolidations, replacements, extensions, assignments, and refinancings thereof and to all advances made or hereafter made thereunder (hereinafter referred to individually, as a "Superior Interest" and collectively, as "Superior Interests"), which may now or hereafter affect such leases or subleases or the Real Property of which the Premises form a part and to. This Article shall be self-operative and no further instrument of subordination shall be necessary. In confirmation of such subordination, Tenant shall within ten (10) days after written request execute any instrument in recordable form that Landlord or the holder of any Superior Interest may request. In the event that any ground or underlying lease is terminated, or any mortgage foreclosed, this Lease shall not terminate or be terminable by Tenant unless Tenant was specifically named in any termination or foreclosure judgment or final order for the purposes of terminating this Lease or the interest of Tenant in the Premises.

B. Any holder of a Superior Interest may elect that this Lease shall have priority over such Superior Interest and, upon notification by such holder of a Superior Interest to Tenant, this Lease shall be deemed to have priority over such Superior Interest, whether this Lease is dated prior to or subsequent to the date of such Superior Interest. In the event that any master lease or any other ground or underlying lease is terminated as aforesaid, or if the interests of Landlord under this Lease are transferred by reason of or assigned in lieu of foreclosure or other proceedings for enforcement of any mortgage, or if the holder of any mortgage acquires a lease in substitution therefor, or if the holder of any Superior Interest shall otherwise succeed to Landlord's estate in this Lease or the Building, or the rights of Landlord under this Lease, then Tenant will, notwithstanding anything to the contrary in Section 13.A above, at the option of the lessor under any such master lease or other ground or underlying lease, the holder of any other Superior Interest or such purchaser, assignee or lessee, as the case may be, to be exercised in writing, (i) attorn to it and perform for its benefit all the terms, covenants and conditions of this Lease on the Tenant's part to be performed with the same force and effect as if said lessor, mortgagee or such purchaser, assignee or lessee, were the landlord originally named in this Lease, or (ii) enter into a new lease with said lessor, mortgagee or such purchaser, assignee or lessee, as landlord, for the remaining Term and otherwise on the same terms, conditions and rentals as herein provided. The foregoing provisions shall inure to the benefit of any such successor landlord, shall apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any Superior Interest, shall be self-operative upon any such request and no further instrument shall be required to give effect to said provisions; provided, however, that upon request of any such successor landlord, Tenant shall promptly execute and deliver, from time to time, any instrument in recordable form that any successor landlord may reasonably request to evidence and confirm the foregoing provisions of this Section 13.B, in form and content reasonably satisfactory to each such successor landlord, acknowledging such attornment and setting forth the terms and conditions of its tenancy. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the then executory terms of this Lease except that such successor landlord shall not be: (a) liable for any previous act or omission or negligence of any prior landlord under this Lease (including, without limitation, Landlord); (b) subject to any counterclaim, demand, defense, deficiency, credit or offset which Tenant might have against any prior landlord under this Lease (including, without limitation, Landlord); (c) bound by any modification, amendment, cancellation or surrender of this Lease, unless such modification, cancellation, surrender shall have been approved in writing by the successor landlord; (d) bound by any payment of Rental made by Tenant to a prior landlord (including, without limitation, the then defaulting landlord) more than thirty (30) days in advance of the date such payment is due (other than Escalation Rent that Tenant pays in advance pursuant to Article 2 hereof) except to the extent that such successor landlord actually receives payment thereof, (e) bound by any security deposit, cleaning deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord under this Lease (including, without limitation, Landlord), unless such payments have been received by the successor landlord; or (f) bound by any agreement of any landlord under this Lease (including, without limitation, Landlord) with respect to the completion of any improvements affecting the Premises, the Building, the land or any part thereof or for the payment or reimbursement to Tenant of any contribution to the cost of the completion of any such improvements.

C. If the then current term of any master, ground or other underlying lease to which this Lease is subordinate shall expire prior to the Fixed Expiration Date, then, unless (i) the term of such ground or other underlying lease, as the case may be, shall have been extended, which extension Landlord may arbitrarily decline to enter into or (ii) the holder of any Superior Interest shall elect, in writing, to have Tenant attorn to it, the Term shall expire on the date of the expiration of any master, ground or other underlying lease to which this Lease is subordinate, notwithstanding the later termination date herein above set forth. If any such master, ground or other underlying lease is renewed or if the holder of any Superior Interest shall elect, in writing, to have Tenant attorn to it, then the Term shall not expire as herein above set forth and, Tenant shall attorn to the holder of such Superior Interest on the terms and conditions set forth in Section 13.B above for attornment.

D. From time to time, Tenant, on ten (10) days' prior written request by Landlord, time being of the essence, will deliver to Landlord and the holder of any Superior Interest a statement in writing (on which any person to whom it is addressed or certified may rely) certifying that this Lease is unmodified and is in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and identifying the modifications) and the dates to which the Rental has been paid, the amounts of Fixed Annual Rent and Escalation Rent, stating the Fixed Expiration Date and whether any renewal option exists (and if so, the terms thereof), stating whether any defense or counterclaim to the payment of any Rental exists, whether any allowance or work is due to Tenant from Landlord, stating whether or not the Landlord is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Tenant may have knowledge, stating whether any bankruptcy case has been commenced with respect to Tenant, and containing such other information as the holder of any Superior Interest may request. Nothing contained herein will be deemed to impair any right, privilege or option of the holder of any Superior Interest.

E. If, in connection with obtaining, continuing or renewing financing or refinancing for the Building, the land and/or any leasehold estate of Landlord under any master, ground or underlying lease, the lender shall request reasonable modifications to this Lease as a condition to such financing or refinancing, Tenant will not unreasonably withhold, condition, delay or defer its consent thereto, provided that such modifications do not materially and adversely increase the obligations of Tenant hereunder (except, to the extent that Tenant may be required to give notices of any defaults by Landlord to such lender with the granting of such additional time for such curing as may be required for such lender to get possession of the said building and/or land) or materially and adversely affect the leasehold interest hereby created or the rights of Tenant thereunder.

F. If any act or omission by Landlord shall give Tenant the right, immediately or after the lapse of time, to cancel or terminate this Lease or to claim a partial or total eviction, Tenant shall not exercise any such right until: (i) it shall have given written notice of such act or omission to each holder of any Superior Interest of which it has written notice, and (ii) a reasonable period for remedying such act or omission shall have elapsed following such notice (which reasonable period shall be equal to the period to which Landlord would be entitled under this Lease to effect such remedy, plus an additional thirty (30) day period), provided such holder or lessor shall, with reasonable diligence, give Tenant notice of its intention to remedy such act or omission and shall commence and continue to act upon such intention.

14. CONDEMNATION

A. Subject to the terms of this Article 14, in the event that the entire Building, Real Property or Premises shall be lawfully condemned or taken in any manner for any use or purpose, this Lease and the Term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title (hereinafter referred to as the "date of taking").

B. If only a part of the Building or the Real Property is so condemned or taken and not the entire Premises, then (i) except as hereinafter provided, this Lease shall be and remain unaffected by such condemnation or taking and the Term shall continue in force and effect, but if a part of the Premises is included in the part of the Building or Real Property so acquired or condemned, then, from and after the date of the vesting of title, (x) the Fixed Annual Rent shall be reduced in the proportion which the area of the part of the Premises so acquired or condemned bears to the total area of the Premises immediately prior to such condemnation or taking, (y) Tenant's Tax Share shall be redetermined based upon the proportion which the rentable area of the Premises remaining after such acquisition or condemnation bears to the rentable area of the Building remaining after such condemnation or taking; and (z) the Tenant's Expense Share shall be redetermined based upon the proportion which the rentable area of the Premises remaining after such condemnation or taking bears to the rentable area of the Building (excluding any retail portion thereof) remaining after such condemnation or taking, (ii) if at least twenty-five percent (25%) of the rentable area of the Building is affected thereby, then Landlord may give to Tenant, within sixty (60) days following the date that Landlord receives notice of vesting of title, a notice of termination of this Lease; and (iii) if the part of the Building or the Real Property so condemned or acquired contains more than twenty-five (25%) percent of the rentable area of Premises immediately prior to such condemnation or taking, or, if by reason of such condemnation or taking, Tenant no longer has reasonable means of access to the Premises as determined by Landlord, in Landlord's reasonable discretion, then Tenant shall have the right to terminate this Lease by giving notice thereof to Landlord on or prior the sixtieth (60^{th}) day after Tenant receives notice of the taking. Landlord shall promptly give Tenant copies of any notice received from the condemning authority as to vesting. If Landlord or Tenant gives any such notice to terminate this Lease, then this Lease and the Term shall come to an end and expire upon the thirtieth (30th) day after the date that such notice is given. If this Lease shall not be terminated as a result of a partial taking, if any part of the Premises not so taken is damaged, Landlord, at Landlord's own expense, but subject to the extent of the net proceeds (after deducting reasonable expenses including attorneys' and appraisers' fees and any sums payable to the holder of a Superior Interest) of the award, shall perform the work necessary to restore the damaged portion thereof to substantially the same condition existing immediately prior to the taking with reasonable diligence. Tenant shall be entitled to a proportionate abatement of Fixed Annual Rent and Escalation Rent for that portion of the Premises which is being so restored and which is not usable during the period commencing on the date such damage occurred and ending on the earlier of the date such restoration is Substantially Complete and the date on which such portion of the Premises is used by Tenant.

C. Upon the termination of this Lease and the Term pursuant to the provisions of Section 14.A or 14.B. hereof, the Fixed Annual Rent and Escalation Rent shall be apportioned and any prepaid portion of Fixed Annual Rent and Escalation Rent for any period after such date (less any amounts that may then remain due and payable pursuant to the terms of this Lease) shall be refunded by Landlord to Tenant (and the obligation to make such refund shall survive the Expiration Date).

D. Subject to Section 14.E. hereof, Landlord shall be entitled to receive the entire award for any condemnation or taking of all or any part of the Real Property. Tenant shall have no claim against Landlord or any condemning authority or entity for, nor shall Tenant make any claim for, the value of any unexpired portion of Term and Tenant hereby expressly assigns to Landlord all of its right in and to such award. Nothing contained in this Section 14.D. shall preclude Tenant from making a separate claim in any condemnation proceedings, for the then value of any Tenant's fixtures or personal property included in such taking, and for any moving expenses, provided that such proceedings do not result in a reduction in Landlord's award.

E. If the whole or any part of the Premises is acquired or condemned temporarily during the Term for any use or purpose, then the Term shall not be reduced or affected in any way and, accordingly, Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement. Tenant shall be entitled to receive for itself any award or payments for such use; provided, however, that if the acquisition or condemnation is for a period extending beyond the Term, such award or payment shall be apportioned equitably between Landlord and Tenant. Tenant, at Tenant’s sole cost and expense, shall make Alterations (subject to and in accordance with all applicable provisions of this Lease) to restore the Premises to the condition existing prior to any such temporary acquisition or condemnation.

15. **REQUIREMENTS OF LAW**

A.

(i) Tenant, at Tenant's sole cost and expense, shall comply with all Requirements (as hereinafter defined) applicable to the Premises, including, without limitation, (i) Requirements that are applicable to the performance of Alterations, (ii) Requirements that become applicable by reason of Alterations having been performed, (iii) Local Law 88 of the City of New York for the year 2009, or a similar or successor local law thereto ("Local Law 88"), (iv) Requirements applicable to recycling of waste generated or stored by Tenant or any Person claiming by, through or under Tenant and (iv) Requirements that are applicable by reason of the specific nature or manner of use of the Premises or type of business operated by Tenant (or any other Person claiming by, through or under Tenant) in the Premises.

(ii) The term "Requirements" shall mean, collectively, (i) all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and directives and executive orders of all Governmental Authorities, and of any applicable fire rating bureau, or any other body exercising similar functions, as the same may be amended from time to time and (ii) all requirements that the issuer of Landlord's property insurance policy imposes (including, without limitation, any such requirements that such issuer requires as the basis for the premium that such issuer charges Landlord for Landlord's property policy), provided that such requirements that the issuer of Landlord's property policy imposes are reasonably consistent with the requirements imposed by reputable insurers of comparable properties in The City of New York.

(iii) The term "Governmental Authority" shall mean the United States of America, the State of New York, the City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, or any quasi-governmental authority, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

(iv) Landlord may elect to perform, at Tenant’s sole cost and expense, any work necessary to comply with Requirements as required pursuant to Section 15.A.(i) hereof and Tenant shall reimburse Landlord for the actual out-of-pocket costs of performing the same within thirty (30) days following receipt of Landlord's invoice therefor which invoice shall include reasonable supporting documentation for the charges set forth therein.

B. Tenant at its expense shall not use the Premises in a manner which shall increase the rate of fire insurance of Landlord or of any other tenant, over that in effect prior to this Lease. If Tenant's use of the Premises increases the fire insurance rate, Tenant shall reimburse Landlord for all such increased costs. That the Premises are being used for the purpose set forth in Article 1 hereof shall not relieve Tenant from the foregoing duties, obligations and expenses.

C. By way of supplementing and not in limitation of the preceding provisions of this Article 15, if the Building or any portion thereof (i) is now subject to, or Landlord shall hereafter subject the Building or any portion thereof to, any easement, covenant or restriction to (a) preserve or regulate the historical nature or landmark status thereof, (b) designate it as a historical building, historical site or landmark or (c) incorporate it in any historical, landmark or other similar district or (ii) is now or hereafter becomes subject to any Requirement designating it a historical building, historical site, landmark or incorporating it in any historical, landmark or other similar district, whereby, in any such case, any Alteration or change in its physical appearance shall be subject to regulation or approval by any Governmental Authority or other third party, Tenant shall not take or suffer any action that would have the effect of violating any such easement, covenant, restriction or Requirement.

16. CERTIFICATE OF OCCUPANCY

Tenant will at no time use or occupy the Premises in violation of any certificate of occupancy issued for or statute governing the use of the Building. Nothing contained herein constitutes Landlord's covenant, representation or warranty that the Premises or any part thereof lawfully may be used or occupied for any particular purpose or in any particular manner.

17. POSSESSION

Tenant waives any right to rescind this Lease under Section 223-a of the New York Real Property Law or any successor statute of similar nature and purpose then in force and further waives the right to recover any damages which may result from Landlord’s failure for any reason to deliver possession of the Premises to Tenant on the Commencement Date. The provisions of this Article are intended to constitute an "express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law. If Tenant takes possession of the Premises, or otherwise enters therein, for any reason prior to the Commencement Date with Landlord's prior written approval thereof, all of the terms, covenants and conditions of this Lease shall be applicable to such possession or entry (specifically, including without limitation, the provisions of Article 21 hereof); it being expressly understood that the foregoing shall not be construed to permit Tenant to access or otherwise take possession of the Premises prior to the Commencement Date.

18. **QUIET ENJOYMENT**

Landlord covenants that if Tenant pays the Rental when due and payable and timely performs all of Tenant's other obligations under this Lease, Tenant may peaceably and quietly enjoy the Premises, subject to the terms, covenants and conditions of this Lease and to any master lease and other Superior Interests. The willful infliction of damage on any property or the intentional interference with the quiet enjoyment by any other occupant of the Building shall be deemed to be a conditional limitation of the Term. Tenant shall not create any nuisance or other disturbance within the Building.

19. **RIGHT OF ENTRY**

A. Tenant shall provide Landlord, from time to time, with the keys to the Premises (or with the appropriate means to access the Premises using Tenant's electronic security systems). Landlord, its employees, designees and/or its agents shall have the right to enter or pass through the Premises at all times, by master key, by reasonable lawful force or otherwise, (a) to examine the same, (b) to exhibit the Premises to prospective purchasers, tenants, investors, mortgagees, and/or the holders of any Superior Interest, (c) to make such repairs, installations, improvements, alterations or additions to the Building (whether or not the work to be performed is within the Premises or for its benefit) or the Premises, as may be required by Requirements or as Landlord may deem necessary or, for any reason, desirable, (d) to perform any work permitted or expressly required by the terms of this Lease, (e) to take back an insubstantial portion of the Premises as may be reasonably required for such repairs, installations, improvements, alterations or additions, (f) to gain access to Reserved Areas and/or (g) to take into and store within and upon the Premises all material that may be used in connection with any such repair, installation, improvement, alteration or addition work. Such entry, storage, work or taking back of a portion of the Premises in connection with any of the purposes set forth herein shall not constitute an eviction (whether actual or constructive) of Tenant, in whole or in part, or breach of the covenant of quiet enjoyment, shall not be grounds for any abatement of rent, and shall not impose any liability on Landlord to Tenant by reason of inconvenience or injury to Tenant's business or to the Premises. Notwithstanding the foregoing to the contrary, Landlord will repair the Premises to the extent that the necessity for such repair derives from Landlord's access to the Premises as contemplated in this Article 19. Subject to Section 42.G. hereof, Landlord will remain liable to Tenant for personal injury or property damage that derives from Landlord's negligence or willful misconduct in connection with any entry upon the Premises. Tenant shall permit Landlord to erect and maintain pipes, ducts and conduits in and through the Premises. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction, and without incurring any liability to Tenant, to change the arrangement and/or location of entrances or passageways, windows, corridors, elevators, stairs, toilets, or other public parts of the Building, and/or to change the name or number by which the Building is known. The Premises shall not include (i) the exterior walls of the Building, (ii) the demising walls of the Premises (except for the interior face thereof), (iii) set-backs, balconies, terraces and roofs that are adjacent to the Premises, (iv) the windows and the portions of all window sills outside same, and (v) space that is now or hereafter used for Building systems or other purposes associated with the operation, repair, management or maintenance of the Real Property, including, without limitation, shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, mechanical rooms (except for mechanical rooms that exclusively serve the Premises), plumbing facilities, service closets and areas above any hung ceiling, and Landlord hereby reserves all rights to such parts of the Building (the areas described in clauses (iii) and (v) above together with any mechanical rooms that exclusively serve the Premises being collectively referred to herein as the "Reserved Areas").

B. Without further consent by Tenant, except as set forth in the proviso at the end of this sentence, Landlord, its managing agent or Landlord’s designee may, after reasonable written or oral notice, at reasonable times, enter the Premises (whether prior or subsequent to the Commencement Date) to take photographs of the interior thereof (which may also include either or both of Tenant’s name and logo) for use in print and electronic marketing materials for any one or more of the Building, Landlord, Landlord’s managing agent or any affiliate thereof, provided, however that Landlord may use Tenant’s name in such photographs only with Tenant’s prior written consent, which consent Tenant may not unreasonably withhold, condition or delay. Notwithstanding the foregoing, no such material shall contain the image or likeness of any individual without first obtaining such individual’s consent thereto. Tenant represents and warrants that the use of such photographs will not violate any copyright or trademark rights of any person with respect to the design, furnishing, layout or construction of the Premises.

20. **VAULT SPACE**

Anything contained in any plan or blueprint to the contrary notwithstanding, no vault or other space not within the Building property line is demised hereunder. Any use of such space by Tenant shall be deemed to be pursuant to a license, revocable at will by Landlord, without diminution of the Rental payable hereunder. If Tenant shall use such vault space, any fees, taxes or charges made by any Governmental Authority for such space shall be paid by Tenant.

21. **INDEMNITY**

The term "Landlord Parties" shall mean collectively, Landlord, Landlord's managing agent, each holder of a Superior Interest and each of their respective partners, members, managers, officers, directors, employees, principals, trustees and agents. The term "Landlord Party" shall mean any of the foregoing individually. To the fullest extent of the law, Tenant shall indemnify, defend and hold the Landlord Parties harmless from and against any and all claims, demands, liability, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) arising from or in connection with: (a) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations hereunder; (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person claiming under or through Tenant; (c) any act, omission or negligence of Tenant or any of its subtenants, assignees or licensees or its or their partners, principals, directors, officers, agents, invitees, employees, guests, customers or contractors (of any tier); (d) any accident, injury or damage occurring in or about the Premises; (e) the performance by Tenant (or any Person on behalf of Tenant, or any Person claiming by, through, or under, Tenant, including, without limitation, any Person engaged by or on behalf of Tenant) of any Alteration in, to or about the Premises, including, without limitation, the failure of Tenant or any such Person to obtain any permit, authorization or license or failure to pay in full any contractor, subcontractor or materialmen performing such Alteration; (f) a misrepresentation made by Tenant hereunder (including, without limitation, a misrepresentation of Tenant under Article 40 hereof);and (g) any mechanics lien filed, claimed or asserted in connection with any Alteration or any other work, labor, services or materials done for or supplied to, or claimed to have been done for or supplied to Tenant, or any Person claiming through or under Tenant. Tenant shall not be required to indemnify the Landlord Parties, and hold the Landlord Parties harmless, in either case as aforesaid, to the extent that it is finally determined that the negligence or willful misconduct of a Landlord Party contributed to the loss or damage sustained by the Person making the claim against Landlord. If any claim, action or proceeding is brought against any of the Landlord Parties for a matter covered by this indemnity, Tenant, upon notice from the indemnified person or entity, shall defend such claim, action or proceeding with counsel reasonably satisfactory to Landlord and the indemnified person or entity. The parties intend that the Landlord Parties (other than Landlord) shall be third-party beneficiaries of this Section 21.A. The provisions of this Article 21 shall survive the Expiration Date.

22. **INABILITY TO PERFORM; LIMITATION OF LIABILITY**

A. Subject to Articles 11 and 14 hereof, this Lease and the obligation of Tenant to pay Rental hereunder and to perform all of Tenant's other covenants shall not be affected, impaired or excused, and Landlord shall not have any liability to Tenant, to the extent that Landlord is unable to perform Landlord's covenants under this Lease by reason of any cause beyond Landlord's control, including without limitation (i) strikes, (ii) labor troubles, (iii) governmental pre-emption in connection with a national emergency, (iv) any Requirement, (v) conditions of supply or demand, (vi) conditions affected by, or actions (including without limitation any evacuation or closure of the Building) taken by Landlord or others reasonably intended to assure the health, security or safety of the Building or any person in response to, war, any act of terrorism or violence (even if not directed at the Building or any occupant thereof), or other national, state or municipal emergency (whether or not officially proclaimed by any Governmental Authority), (vii) the occurrence of an act of God, or (vii) unavailability of power or any disruption of electrical or any other utility service (such events collectively, "Unavoidable Delays"); provided, however, that Landlord shall not have the right to claim under this Section 22.A. that Landlord's failure to have funds available to make a payment of money constitutes an excuse for Landlord's performance of an obligation of Landlord hereunder.

B. Landlord shall have the right, without incurring any liability to Tenant, to stop any service because of accident or emergency, or for repairs, alterations or improvements, necessary or desirable in the judgment of Landlord to the Building or the Premises, until such repairs, alterations or improvements shall have been completed.

C. The Landlord Parties (other than Landlord) shall not be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder. The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Real Property and the proceeds thereof (including, without limitation, proceeds of a sale or refinancing of Landlord's interest in the Real Property, casualty insurance proceeds, and condemnation awards). Tenant shall not look to any property or assets of Landlord (other than Landlord's interest in the Real Property and such proceeds thereof) in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

D. The Landlord Parties (other than Landlord) shall not be liable to Tenant for any loss or damage to person, property or business. Landlord shall not be liable to Tenant for any loss or damage to person, property or business, unless due to the negligence or willful misconduct of Landlord (it being understood and agreed that the provisions of Section 42.G. hereof shall apply with respect to any such liability). The Landlord Parties shall not be liable for any damage to property of Tenant or of others entrusted to employees of the Building nor for the loss of or damage to any property of Tenant by theft or otherwise.

23. CONDITION OF PREMISES

Tenant expressly acknowledges that it has inspected the Premises and is fully familiar with the physical condition thereof. Subject to Article 10 hereof, (a) Tenant shall accept possession of the Premises in the condition that exists on the Commencement Date "as is," and (b) Landlord shall have no obligation to perform any work or make any installations in order to prepare the Building or the Premises for Tenant's occupancy. Tenant acknowledges that except as expressly set forth herein, Landlord has made no representations or promises with respect to the Building, the Real Property or the Premises.

24. CLEANING

A. Subject to the terms of this Lease, Landlord shall cause the Premises to be cleaned on Business Days in accordance with cleaning specifications (set forth on Exhibit "C" annexed hereto and made part hereof), provided they are kept in order by Tenant. Landlord, its cleaning contractor and their employees shall have after-hours access to the Premises and the use of Tenant's light, power and water in the Premises as may be reasonably required for the purpose of cleaning the Premises. Tenant shall pay to Landlord, as Additional Rent, the reasonable costs incurred by Landlord in removing from the Building any of Tenant's refuse and rubbish to the extent exceeding the amount of refuse and rubbish usually generated by a tenant that uses the Premises for ordinary office purposes.

B. Tenant acknowledges that it has been advised that the cleaning contractor for the Building may be a subdivision or affiliate of Landlord. Tenant agrees to employ said contractor, or such other contractor as Landlord may from time to time designate, for any additional cleaning services such as waxing, polishing and other maintenance cleaning, rubbish removal and similar work in or to the Premises and/or Tenant's furniture, fixtures and equipment, provided that the prices charged by said contractor are reasonably competitive with the prices charged by other contractors of comparable skill and experience operating within the vicinity of the Building for comparable work. Tenant agrees that under no circumstance shall it employ any other cleaning and maintenance contractor, nor any individual, firm or organization for such purposes other than Landlord's contractor without Landlord's prior written consent, which may be withheld for any reason.

C. Tenant, at Tenant's expense, shall exterminate the Premises against infestation by insects and vermin, regularly, and whenever there is evidence of infestation, in both cases, in a manner reasonably acceptable to Landlord. Tenant shall engage Landlord's designated contractor to perform such extermination services, provided that the prices charged by said contractor are reasonably competitive with the prices charged by other contractors of comparable skill and experience operating within the vicinity of the Building for comparable work.

D. In each instance where Tenant is obligated to engage Landlord's designated contractor for a particular service, as contemplated in this Article 24, if Landlord and Tenant cannot agree on whether the prices being charged by the applicable contractor designated by Landlord are reasonably competitive to those charged by such other contractors, Landlord or Tenant may submit such dispute to a Streamlined Arbitration Proceeding (as hereinafter defined) pursuant to Article 41 hereof. While such dispute is pending resolution and as a condition to its initiation and the maintenance thereof, Tenant shall pay the charges billed by Landlord or its designated contractor, as the case may be; it being understood and agreed, that following resolution of any such dispute, such charges shall be adjusted as determined in such Streamlined Arbitration Proceeding.

25. **JURY WAIVER**, **DAMAGES**

THE PARTIES HERETO HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY REQUIREMENTS, TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF SUCH PARTIES AGAINST THE OTHER WITH RESPECT TO ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR FOR THE ENFORCEMENT OF ANY REMEDY, WHETHER PURSUANT TO STATUTE, IN CONTRACT OR TORT, AND IRRESPECTIVE OF THE NATURE OR BASIS OF THE CLAIM INCLUDING BREACH OF AN OBLIGATION TO MAKE ANY PAYMENT, FRAUD, DECEIT, MISREPRESENTATION OF FACT, FAILURE TO PERFORM ANY ACT, NEGLIGENCE, MISCONDUCT OF ANY NATURE OR VIOLATION OF STATUTE, RULE, REGULATION OR ORDINANCE. IF LANDLORD COMMENCES AGAINST TENANT ANY SUMMARY PROCEEDING OR OTHER ACTION TO RECOVER POSSESSION OF THE PREMISES OR TO RECOVER ANY RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING OR ACTION (EXCEPT TO THE EXTENT THAT APPLICABLE LAW PRECLUDES TENANT FROM ASSERTING SUCH COUNTERCLAIM IN ANOTHER PROCEEDING), AND SHALL NOT SEEK TO CONSOLIDATE SUCH PROCEEDING WITH ANY OTHER ACTION WHICH MAY HAVE BEEN OR WILL BE BROUGHT IN ANY OTHER COURT BY TENANT. TENANT HEREBY WAIVES ANY AND ALL CLAIMS AGAINST LANDLORD FOR LANDLORD'S UNREASONABLY WITHHOLDING, UNREASONABLY CONDITIONING OR UNREASONABLY DELAYING ANY CONSENT OR APPROVAL REQUESTED BY TENANT IN CASES WHERE LANDLORD EXPRESSLY AGREED HEREIN NOT TO UNREASONABLY WITHHOLD, UNREASONABLY CONDITION OR UNREASONABLY DELAY SUCH CONSENT OR APPROVAL; IT BEING UNDERSTOOD AND AGREED THAT TENANT’S SOLE REMEDY THEREFOR BEING AN ACTION OR PROCEEDING FOR SPECIFIC PERFORMANCE, INJUNCTION OR DECLARATORY JUDGMENT. LANDLORD SHALL HAVE NO LIABILITY FOR ANY CONSEQUENTIAL, INDIRECT OR PUNITIVE DAMAGES THAT ARE SUFFERED BY TENANT OR ANY PERSON CLAIMING BY, THROUGH OR UNDER TENANT.

26. **NO WAIVER**, **CONSTRUCTIVE EVICTION, SURVIVAL OF OBLIGATIONS, ETC**.

A. No act or omission of Landlord or its agents (including, without limitation, the exercise of the rights set forth in Section 22.B. hereof) shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any compensation or to any abatement or diminution of the Rental, or relieve Tenant from any of Tenant's obligations under this Lease, or impose any liability upon Landlord or any of the Landlord Parties by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise. If a court of competent jurisdiction shall determine that the provisions of the preceding sentence shall not be enforceable, it is conclusively presumed that Tenant shall have reasonable access to the Premises notwithstanding the temporary suspension of elevator service to any floor on which the Premises are located if access thereto can be obtained by walking no more than two (2) flights up or down to the affected floor. No act or omission of Landlord or its agents shall constitute acceptance of a surrender of the Premises, except a writing signed by Landlord. The delivery of keys to Landlord or its agents shall not constitute a termination of this Lease or a surrender of the Premises. Acceptance by Landlord of less than the Rental herein provided shall at Landlord's option be deemed on account of earliest Rental remaining unpaid. No endorsement on any check, or letter accompanying rent, shall be deemed an accord and satisfaction, and such check may be cashed without prejudice to Landlord. No waiver of any provision of this Lease shall be effective, unless such waiver be in writing signed by Landlord. FOR THE AVOIDANCE OF DOUBT, NO COURSE OF CONDUCT (FOR HOWEVER LONG IT MAY HAVE CONTINUED) THAT MAY HAVE DEVIATED FROM THE EXPRESS TERMS OF THIS LEASE OR CHANGE IN THE COURSE OF CONDUCT (HOWEVER LONG THE PREVIOUS COURSE OF CONDUCT MAY HAVE CONTINUED) OF LANDLORD (SUCH AS THE ACCEPTANCE OF LATE PAYMENT OF RENT WITHOUT COMPELLING PAYMENT OF A LATE CHARGE OR INSTITUTING ANY LEGAL PROCEEDING) SHALL BE DEEMED TO BE A WAIVER OR AMENDMENT OF ANY TERM OF THIS LEASE AND SHALL BE CONSTRUED SOLELY AS A TEMPORARY AND NON-BINDING ACCOMMODATION OF TENANT AT TENANT’S REQUEST AND MADE WITHOUT PREJUDICE TO LANDLORD’S RIGHTS AND REMEDIES. This Lease contains the entire agreement between the parties, and no modification thereof shall be binding unless in writing and signed by the party concerned.

B. Tenant shall comply with the rules and regulations set forth in the Rider attached hereto and made a part hereof, and any reasonable modifications thereof or additions thereto. Landlord shall not be liable to Tenant for the violation of such rules and regulations by any other tenant. Landlord shall not enforce any rule or regulation against Tenant in a discriminatory manner.

C. Failure of Landlord to enforce any provision of this Lease, or any rule or regulation, shall not be construed as the waiver of any subsequent violation of a provision of this Lease, or any rule or regulation. This Lease shall not be affected by nor shall Landlord in any way be liable for the closing, darkening or bricking up of windows in the Premises or the relocation or alteration of any corridor to the Premises, for any reason, including as the result of construction on any property of which the Premises are not a part or by Landlord's own acts. No easement for light and air is conveyed by this Lease.

D. Landlord's and Tenant's obligation to make any and all adjustments and payments required by this Lease, including, without limitation, the adjustments and payments referred to in Articles 2 and 3 hereof, shall survive any expiration, termination or cancellation of this Lease, except as otherwise expressly provided by written agreement between Landlord and Tenant.

E. Any delay or failure of Landlord in billing or tendering any invoice or statement provided for in any provision of this Lease for all or any portion of any amount payable pursuant to this Lease (whether denominated Additional Rent or otherwise), including, without limitation, any provision of Article 2 or Article 3 hereof (including, without limitation, any statement, invoice, bill, or notice of cost of living adjustment, operating expense escalation, tax escalation, or fuel and/or rate adjustment), shall not constitute a waiver of or in any way impair (i) Landlord's right to bill Tenant at any subsequent time (during or subsequent to the Term), retroactively for the entire amount so unbilled (which previously unbilled amount shall be payable within thirty (30) days after demand therefor), and to collect any such amount or (ii) Tenant's continuing obligation to pay the same hereunder, which obligation shall survive the Expiration Date.

27. **OCCUPANCY AND USE BY TENANT; SIGNAGE**

A. Tenant shall not obstruct or permit the obstruction of the light, halls, areas, roof, stairway or entrances to the Building.

B.

(i) Except as otherwise expressly permitted herein, Tenant will not affix, erect or inscribe any signage, lettering, projections, awnings, signals or advertisements or notices of any kind to any part of the Premises, including the inside or outside of the windows or doors thereof, or the Building or any portion thereof; it being understood and agreed that Tenant shall not have the right to use any window in the Premises for any sign or other display that is designed principally for advertising or promotion.

(ii) Tenant will not paint the outside of the doors thereof or the inside or outside of the windows thereof. Any signage, lettering, projections, awnings, signals, advertisements, or notices which shall be exhibited, inscribed, painted or affixed by or on behalf of Tenant in violation of the provisions of this Section 27.B may be removed by Landlord and the cost of any such removal shall be paid by Tenant as Additional Rent.

(iii) Following Tenant's request therefor (which request may only be made one time and may only be made during the first sixty (60) days of the Term), Landlord, at Tenant's sole cost and expense, shall install Building standard signage containing Tenant's name only (the "Entry Door Signage"), on or affixed to the entry doors to the Premises. Tenant shall reimburse Landlord for Landlord's actual out-of-pocket costs incurred in connection therewith within thirty (30) days following receipt of Landlord's invoice therefor. Upon installation of any Entry Door Signage, such signage shall not be removed, changed or otherwise modified in any way without Landlord's prior written approval and the removal, change or modification of the Entry Door Signage or any lettering contained therein shall be performed solely by Landlord, at Tenant's sole cost and expense. Notwithstanding the foregoing to the contrary, if the Building standard signage program for the Building or the floor on which the Premises is located changes during the Term from the Building standard signage program in effect and applicable thereto on the date hereof, Landlord reserves the right, at Landlord's own cost and expense, to remove the existing Entry Door Signage and replace the same with the signage containing Tenant's name only which replacement signage shall conform to the then current Building standard signage program in effect for the Building or the floor on which the Premises is located. Entry Door Signage shall constitute an Alteration for all purposes of this Lease.

C.

(i) If Tenant shall install a wireless intranet, Internet, communications network or "Wi-Fi" (or other iteration thereof) capability (any of the foregoing being hereinafter referred to as a "Network") within the Premises, such Network shall be for the use by and only by Tenant and its employees subject to the terms hereof. No antennas shall be installed on any roof or setback of the Building or anywhere else on the exterior of the Building in connection with the Network or otherwise.

(ii) Tenant shall not solicit, suffer, or permit other tenants or occupants of the Building to use the Network or any other communications service, including, without limitation, any wired or wireless Internet service that passes through, is transmitted through, or emanates from the Premises.

(iii) Tenant agrees that Tenant's communications equipment and the communications equipment of Tenant's service providers and contractors retained to service the Premises including, without limitation, any switches, or other equipment (collectively, "Tenant's Communications Equipment") shall be of a type and, if applicable, a frequency, that will not cause radio frequency, electromagnetic, or other interference to any other party or any equipment of any other party including, without limitation, Landlord, other tenants, or occupants of the Building or any other party, in violation of FCC specifications concerning radio frequency interference (hereinafter referred to as "RFI"). In the event that Tenant's Communications Equipment causes or is believed to cause any such prohibited RFI, upon receipt of notice from Landlord of such interference, Tenant will take all steps necessary to correct and eliminate the interference. If the prohibited RFI is not eliminated within twenty-four (24) hours (or a shorter period if Landlord believes a shorter period to be appropriate) then, upon request from Landlord, Tenant shall shut down Tenant's Communications Equipment pending resolution of the interference, with the exception of intermittent testing upon prior notice to and with the approval of Landlord. No Network, or Tenant's Communication Equipment may be installed in any lobby, corridor, building common area or any other area not within the exclusive control of Tenant.

(iv) Tenant acknowledges that Landlord has granted and/or may grant lease rights, licenses, and other rights to various other tenants and occupants of the Building and to telecommunications service providers.

28. **NOTICES**

A. Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications that a party desires or is required to give to the other party under this Lease shall (1) be in writing, (2) be deemed sufficiently given if (a) delivered by hand (against a signed receipt), (b) sent by registered or certified mail (return receipt requested), or (c) sent by a nationally-recognized overnight courier (with verification of delivery), and (3) be addressed in each case:

If to Tenant prior to the Commencement Date:

Rocket Pharmaceuticals, Inc.
The Alexandria Center for Life Science
430 East 29th Street, Suite 1040
New York, New York 10016

If to Tenant on or after the Commencement Date:

Rocket Pharmaceuticals, Inc.
The Empire State Building
350 5th Avenue, Suite 7530
New York, New York 10118, or

If to Landlord:

ESRT Empire State Buildnig
c/o ESRT Management, L.L.C.
The Empire State Building
350 5th Avenue, Concourse Suite 100
Attn: Property Manager

and

Empire State Realty Trust, Inc.
111 West 33rd Street
New York, New York 10120
Attn: Lease Administration Department

with copies of any default notice only to:

Empire State Realty Trust, Inc.
111 West 33rd Street
New York, New York 10120
Attn: Legal- Leasing

with a copy of any Alterations Notice also to:

ESRT Empire State Building, L.L.C.
c/o ESRT Management, L.L.C.
The Empire State Building
350 Fifth Avenue, Concourse Suite 100
New York, New York 10118
Attn: Project Manager

and

via electronic mail to Landlord with a request for a "Read Receipt", sent to the attention of Mr. Patrick Philbin, at PPhilbin@empirestaterealtytrust.com; it being understood and agreed that the copy of the plans included with such electronic transmission of the Alterations Notice must be legible both electronically and when printed,

or to such other address or addresses as Landlord or Tenant may designate from time to time on at least ten (10) Business Days of advance notice given to the other in accordance with the provisions of this Article 28. Any such bill, statement, demand, notice, request or other communication shall be deemed to have been rendered or given (x) on the date that it is hand delivered, as aforesaid, or (y) three (3) days after being sent by registered or certified mail or (z) one (1) Business Day after being sent by nationally recognized overnight courier. Notwithstanding anything to the contrary contained herein, an Alterations Notice shall be deemed given on the later to occur of (i) the applicable date specified in the immediately preceding sentence and (y) the date on which Tenant receives a "Read Receipt" on Tenant's electronic transmission thereof. TENANT HEREBY EXPRESSLY WAIVES THE BENEFITS OF ANY LAW, STATUTE OR OTHER LEGAL AUTHORITY REQUIRING A PERIOD OF TIME (SUCH AS 5 DAYS) TO BE ADDED TO THE TIME REQUIRED HEREIN TO BE GIVEN FOR NOTICES.

B. Notwithstanding the foregoing, (i) all bills, statements, notices, demands, requests and other communications from Landlord to Tenant pursuant to Article 2 or Article 3 and any notices changing any of the addresses set forth herein, may be given, at Landlord’s option, by regular first class United States mail or via electronic mail sent to the party to whom Landlord's representative was so instructed to send such bills, statements, notices, demands, requests and other communications and (ii) bills and statements issued by Landlord and/or Landlord's agents or representatives, may be sent in the manner specified herein without copies to any other party. Tenant acknowledges and agrees that if any notices of default or demands for the payment of Rental or performance of any other obligations hereunder that are sent to the address(es) set forth herein are returned as undeliverable, then such notices and demands may thereafter be sent or delivered to the Premises and, notwithstanding that Tenant may have another office or place of business (of which Landlord may have knowledge) or may have vacated the Premises, delivery of any such notice or demand or delivery of service of process to the Premises shall be sufficient for all purposes (including, without limitation, obtaining jurisdiction over and entry of judgement against Tenant) in any action or proceeding.

C. Landlord hereby authorizes and appoints as Landlord’s agents, the then current property manager, the then current managing agent of the Building, if any, and any attorney retained by Landlord at any time, jointly and severally, to act on Landlord’s behalf to make demands on and give notices to Tenant hereunder, including without limitation, (i) demands for payment of Rental, performance of any obligation, or curing of any default, (ii) notices of Default or notices of termination of this Lease, and (iii) all other notices that may be required by Requirements or this Lease in connection with or as a predicate to any action or proceeding whether for rent, possession of the Premises or enforcement of any other right or remedy. Tenant acknowledges and agrees that (x) such managing agent and attorney, either together or individually, are authorized to give such notices and (y) Tenant shall not (and hereby waives the right to) contest such authorization on the grounds that any such notice was not given by Landlord or raise any defense to any action or proceeding predicated on any allegation of lack of such authorization. No notice given by such agent or attorney shall be required to state or evidence the authority for giving the same, and it shall be conclusively presumed that any notice from any such managing agent or attorney was properly authorized.

D. This Article 28 has been specifically negotiated between the parties hereto.

29. **WATER**

Tenant shall not use water other than for ordinary drinking, cleaning, and pantry uses. If Tenant uses water for any purpose in addition to ordinary drinking, cleaning, or pantry purposes, then Landlord may install a water meter at Tenant’s expense and thereby measure Tenant’s water consumption for all such additional purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and through the duration of Tenant’s occupancy Tenant shall keep said meter and equipment in good working order and repair at Tenant’s own cost and expense. Tenant shall pay Landlord for water consumed as shown on said meter, as additional rent, calculated at the cost imposed on Landlord by the public utility. Tenant shall make such payment to Landlord not later than the tenth (10th) day after the date that Landlord gives Tenant an invoice therefor. Tenant shall pay the sewer rent, charge or any other tax, rent, levy or charge which now or hereafter is imposed in connection with any such metered consumption.

30. **SPRINKLER SYSTEM**

If there shall be a sprinkler system in the Premises for any period during the Term, if such sprinkler system is damaged by any act or omission of Tenant or its agents, employees, licensees or visitors, Tenant shall restore the system to good working condition at its own expense. Supplementing Article 15 and not in lieu thereof, if the New York Board of Fire Underwriters, the New York Fire Insurance Exchange, the Insurance Services Office, any successor to any of them, any other organization hereafter performing any function of any of them or any Governmental Authority requires the installation or any alteration or other modification to a sprinkler system (including any alteration or modification necessary to obtain the full allowance for a sprinkler system in the fire insurance rate of Landlord) by reason of Tenant's occupancy or use of the Premises or any Alterations therein, or for any other reason, Tenant shall make such installation or alteration or other modification promptly and in accordance with the provisions of Article 8 hereof, and at its own expense. Landlord may elect to perform, at Tenant's sole cost and expense, any work necessary to comply with this Article 30 and Tenant shall reimburse Landlord for the actual out-of-pocket costs of performing the same within thirty (30) days following receipt of Landlord's invoice therefor which invoice shall include reasonable supporting documentation for the charges set forth therein.

31. **HEAT AND AIR-CONDITIONING**.

A. Landlord shall furnish heat to the Premises during Business Hours (as hereinafter defined) during the cold season in each year.

B. During the Term, Tenant may use any air conditioning equipment and appurtenances located in and/or servicing the Premises (hereinafter referred to collectively as the "A/C Equipment"), for normal office usage during the Business Hours during the cooling season for each year. Subject to Article 10 hereof, Landlord shall, at Tenant's cost and expense, inspect, maintain, repair and replace as necessary, the A/C Equipment and Tenant shall reimburse Landlord, as Additional Rent, for all of Landlord's out-of-pocket costs incurred in connection therewith within thirty (30) days following receipt of Landlord's invoice therefor; it being understood that the costs incurred by Landlord to inspect, maintain, repair and/or replace the A/C Equipment shall be reasonably competitive in the market for comparable work. The A/C Equipment is and shall remain the property of Landlord. In no event shall Tenant have any right to remove the A/C Equipment. Tenant shall not abuse the A/C Equipment and shall operate the A/C Equipment only in accordance with the operating instructions that may accompany such equipment and the design and performance specifications therefor; it being understood and agreed that upon the Expiration Date, the A/C Equipment (including all material components thereof) must be in good working order and to the extent the A/C Equipment (or any material component thereof) is not in good working order Tenant shall reimburse Landlord upon demand for any and all costs incurred by Landlord to repair or replace the same following the Expiration Date and this obligation shall survive the Expiration Date. Tenant shall not install any supplemental or additional air conditioning units of any kind in the Premises; it being expressly understood and agreed that Landlord shall have no obligation to maintain, repair or replace any supplemental systems (regardless of whether such supplemental systems are located in the Premises on the Commencement Date). Notwithstanding the preceding provisions of this paragraph, if air-conditioning is provided to the Premises by means of a central system or package or other units that also provide air-conditioning to any portion of the Building other than the Premises, Landlord shall maintain, repair, and replace the same as hereinabove provided, but the charges for such services shall be prorated among all tenants who are the recipients of such services based upon the ratio of rentable square feet leased to each recipient of such service and the aggregate rentable square feet serviced by such A/C Equipment.

C. In no event shall Landlord be required to furnish heat, air-conditioning or ventilation at times other than Business Hours during the cold and cooling seasons, respectively (such other times, "Overtime Periods"). Notwithstanding the foregoing, upon Tenant's request, Landlord shall provide HVAC services to the Premises during Overtime Periods at Landlord's then existing schedule of rates for such services during Overtime Periods for tenants in the Building, provided that Tenant shall give notice to Landlord requesting such services not later than 2:00 P.M. on the Business Day immediately preceding the day on which Tenant requires HVAC during Overtime Periods.

32. **LETTER OF CREDIT**

A. Simultaneously with Tenant's execution hereof, Tenant shall deliver to Landlord an unconditional, irrevocable Letter of Credit (the "Letter of Credit") that (i) is in the amount of Nine Hundred Thirty-Five Thousand Seven Hundred Sixty and 00/100 Dollars ($935,760.00), (ii) is in a form that is reasonably acceptable to Landlord, (iii) is issued for an initial term of not less than one (1) year and automatically renews for periods of not less than one (1) year unless the issuer thereof otherwise advises Landlord on or prior to the forty-fifth (45th) day before the applicable expiration date, (iv) allows Landlord the right to draw thereon in part from time to time or in full, (v) names Landlord as the beneficiary thereof and is issued from the account of Tenant, (vi) is transferable by Landlord without cost (with any and all fees associated therewith being for the account of Tenant and the effectiveness of such transfer shall not be conditioned upon the payment of such fees), and (vii) is issued by, or drawn on, a bank that (a) is insured by the Federal Deposit Insurance Corporation (b) has either a Standard & Poor's long term rating of at least "AA-" or a Moody's long term rating of at least "Aa3" (or, if Standard & Poor's or Moody's, as the case may be, hereafter ceases the publication of ratings for banks, a rating of a reputable rating agency as reasonably designated by Landlord that most closely approximates a Standard & Poor's long term rating of "AA-" or Moody's long term rating of "Aa3", as applicable, as of the date hereof), (c) has not been declared insolvent or placed into receivership in either case by the Federal Deposit Insurance Corporation or another governmental entity that has regulatory authority over such bank, and (d) that either (I) has an office in the city where the Building is located at which Landlord can present the Letter of Credit for payment, or (II) has an office in the United States and allows Landlord to draw upon the Letter of Credit without presenting a draft in person (such as, for example, by submitting a draft by fax or overnight delivery service) (the aforesaid requirements for the bank that issues the Letter of Credit being collectively referred to herein as the "Bank Requirements"). In no event shall the Letter of Credit have a final expiration date occurring any earlier than the date which is sixty (60) days after the Fixed Expiration Date.

B. If (a) Default occurs and is continuing, or (b) Tenant fails to vacate the Premises and surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date, then Landlord may present the Letter of Credit for payment and apply the proceeds thereof (i) to the payment of any Fixed Annual Rent, Additional Rent or any other sums hereunder that then remain unpaid, or (ii) to any damages to which Landlord is entitled hereunder and that Landlord incurs by reason of such Default or Tenant's aforesaid failure to vacate the Premises or surrender possession thereof in accordance with the terms of this Lease upon the Expiration Date. If Landlord so applies any part of the proceeds of the Letter of Credit, then Tenant, upon demand, shall provide Landlord with a replacement Letter of Credit so that Landlord has the full amount of the required security at all times during the Term. If at any time during the Term the issuer of the Letter of Credit shall cease to satisfy the Bank Requirements or such issuer shall be placed on the Federal Deposit Insurance Corporation’s "Watch List,", Tenant shall, within five (5) days after notice from Landlord, replace such Letter of Credit with a new Letter of Credit issued by a banking organization that satisfies the Bank Requirements and the other criteria set forth in this Article 32. If Tenant fails to do so, then Landlord, in addition to Landlord's other rights at law, in equity or as otherwise set forth herein, shall have the right to present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 32). If such Letter of Credit is not honored, Tenant within five (5) days after notice that the Letter of Credit was not honored, shall replace the Letter of Credit with a cash security deposit (it being agreed that Landlord shall have the right to use, apply and transfer such cash security in the manner described in this Article 32). Time shall be of the essence with respect to the time periods set forth in this Section 32.B If Tenant shall default in performing any such obligation under this Section 32.B, the same shall be deemed an automatic Default hereunder neither requiring any further notice for Landlord to terminate the Term nor susceptible of being cured by Tenant. Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. The provisions of this Section 32.B shall survive the Expiration Date. Nothing contained in this Section 32.B limits Landlord's rights or remedies in equity, at law, or as otherwise set forth herein.

C. Tenant, at Tenant's expense, shall cause the issuer of the Letter of Credit to amend the Letter of Credit to name a new beneficiary thereunder in connection with Landlord's assignment of Landlord's rights under this Lease to a Person that succeeds to Landlord's interest in the Real Property; it being understood and agreed that if Landlord incurs any cost or expense in connection with the transfer of the Letter of Credit, Tenant shall promptly pay to Landlord, on demand and as Additional Rent hereunder, all such costs and expenses paid by Landlord to the issuer of the Letter of Credit in connection with any such transfer. The provisions of this Section 32.C shall survive the Expiration Date.

D. If Tenant fails to provide Landlord with a replacement Letter of Credit that complies with the requirements of this Article 32 on or prior to the thirtieth (30th) day before the expiration date of the Letter of Credit that is then expiring, then Landlord may present the Letter of Credit for payment and retain the proceeds thereof as security in lieu of the Letter of Credit (it being agreed that Landlord shall have the right to use, apply and transfer such proceeds in the manner described in this Article 32). Tenant shall reimburse Landlord for any reasonable costs that Landlord incurs in so presenting the Letter of Credit for payment within thirty (30) days after Landlord submits to Tenant an invoice therefor. Landlord also shall have the right to so present the Letter of Credit and so retain the proceeds thereof as security in lieu of the Letter of Credit at any time from and after the thirtieth (30th) day before the Expiration Date if the Letter of Credit expires earlier than the sixtieth (60th) day after the Fixed Expiration Date.

E. Provided that Tenant performs all of the obligations of Tenant hereunder, Landlord shall return to Tenant the Letter of Credit (to the extent not theretofore presented for payment in accordance with the terms hereof) promptly following the Expiration Date. Landlord's obligations under this Section 32.E shall survive the Expiration Date.

33. **RENT CONTROL**

In the event the Fixed Annual Rent or Additional Rent or any part thereof provided to be paid by Tenant under the provisions of this Lease during the Term shall become uncollectable or shall be reduced or required to be reduced or refunded by virtue of any Requirement, or the orders, rules, codes or regulations of any organization or entity formed pursuant to Requirements, whether such organization or entity be public or private, then Landlord, at its option, may at any time thereafter, terminate this Lease, by not less than thirty (30) days' written notice to Tenant, on a date set forth in said notice, in which event this Lease and the Term shall terminate and come to an end on the date fixed in said notice as if the said date were the date originally fixed herein for the termination of the Term. Landlord shall not have the right to so terminate this Lease if Tenant within such period of thirty (30) days shall in writing lawfully agree that the rentals herein reserved are a reasonable rental and agree to continue to pay said rentals, and if such agreement by Tenant shall then be legally enforceable by Landlord.

34. **SHORING**

Tenant shall permit any person authorized to make an excavation on land adjacent to the Building containing the Premises to do any work within the Premises necessary to preserve the wall of the Building from injury or damage, and Tenant shall have no claim against Landlord for damages or abatement of Rental by reason thereof.

35. **EFFECT OF CONVEYANCE, ETC.**

If the Building shall be sold, transferred or leased, or the lease thereof transferred or sold, Landlord shall be relieved of all future obligations and liabilities hereunder and the purchaser, transferee or tenant of the Building shall be deemed to have assumed and agreed to perform all such obligations and liabilities of Landlord hereunder. In the event of such sale, transfer or lease, Landlord shall also be relieved of all existing obligations and liabilities hereunder, provided that the purchaser, transferee or tenant of the Building assumes in writing or is deemed to have assumed by operation of law or otherwise, such obligations and liabilities.

36. **RIGHTS OF SUCCESSORS AND ASSIGNS; PARTIAL INVALIDITY**

This Lease shall bind and inure to the benefit of the heirs, executors, administrators, successors, and, except as otherwise provided herein, the assigns of the parties hereto. If any provision of any Article of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of that Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of said Article and of this Lease shall be valid and be enforced to the fullest extent permitted by Requirements.

37. **CAPTIONS**

The captions herein are inserted only for convenience, and are in no way to be construed as a part of this Lease or as a limitation of the scope of any provision of this Lease.

38. **LEASE SUBMISSION**

A. Landlord and Tenant agree that this Lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind Landlord or Tenant unless and until Landlord and Tenant have executed and unconditionally delivered to the other a fully executed counterpart of this Lease.

B. If Tenant is a corporation, partnership, limited liability company or other form of organization or association, Tenant represents and warrants that each individual executing this Lease on behalf of Tenant is duly authorized to do so, that Tenant is a duly formed and validly existing entity and that Tenant has full right and authority to execute and deliver this Lease.

39. **ELEVATORS AND LOADING**

A. Except in the event of an emergency or as otherwise provided in and subject to the terms of this Lease, Landlord shall provide passenger elevator service twenty-four (24) hours a day, seven (7) days a week and freight elevator service on a non-exclusive basis 8:00 a.m. to 5:00 p.m. during all Business Days. Any use of freight elevator service on other days and times (collectively, "Freight Overtime Periods") shall be on a first-come, "as available" basis and shall be scheduled in advance with Landlord, and Tenant shall pay Landlord's customary building standard charge therefor. Notwithstanding the foregoing, Landlord shall provide Tenant, at no additional cost to Tenant, with up to sixteen (16) hours of freight elevator service during Freight Overtime Periods solely for use in connection with Tenant's move-in and any furniture delivery occurring within the first (1st) sixty (60) days immediately following the Commencement Date to the Premises, which freight elevator use shall be scheduled on such days and during such hours (in no less than four (4) hour blocks of time) as is scheduled in advance with, and reasonably approved by, Landlord's property management team for the Building. Tenant expressly acknowledges and agrees that any portion of such hours allotted to Tenant for free freight elevator service during Freight Overtime Periods which are remaining after Tenant's completion of Tenant's initial move to the Premises shall be deemed forfeited and that in no event shall any such hours be applied to Tenant's use of the freight elevator service in connection with the ordinary conduct of Tenant's business. There shall be no major loading or unloading in the Building between 8:00 a.m. and 6:00 p.m. on Business Days. Tenant acknowledges it has been advised that, subject to availability, and on a first come "as-available" basis, the freight elevators servicing the Building can be used from 8:00 a.m. to 5:00 p.m. on Business Days for less than truck load deliveries which will not unreasonably interfere with use of the freight elevator by or on behalf of Landlord and the other tenants of the Building.

B. It is the intention of Landlord to maintain in the Building, operatorless automatic control elevators. However, Landlord may, at its option, maintain in the Building either manually operated elevators or operatorless automatic control elevators or part one and part the other, and Landlord shall have the right from time to time during said term, to change, in whole or in part, from one to the other without notice to Tenant and without such change in any way constituting an eviction of Tenant or affecting the obligations of Tenant hereunder or incurring any liability to Tenant hereunder.

40. **BROKERAGE**

Tenant represents and warrants that it neither consulted nor negotiated with any broker or finder with regard to the Premises other than Byrnam Wood, LLC ("Broker") and Jones Lang LaSalle Brokerage Inc. ("Landlord's Agent"). Tenant agrees to indemnify, defend and save Landlord harmless from and against any claims for fees or commissions from any Person other than Broker and Landlord's Agent claiming to have dealt with Tenant in connection with the Premises and/or this Lease. Landlord agrees to pay any commission or fee owing to Broker and Landlord's Agent pursuant to separate agreements with Broker and Landlord's Agent. Nothing in this Article 40 shall be construed to be a third party beneficiary contract.

41. **ARBITRATION**

The term "Streamlined Arbitration Proceeding" shall mean a binding arbitration proceeding conducted in The City of New York under the Streamlined Arbitration Rules & Procedures of JAMS (or its successor); provided, however, that with respect to any such arbitration, (i) the list of arbitrators referred to in Rule 12(d) of JAMS Streamlined Arbitration Rules & Procedures shall be returned within five (5) Business Days from the date of service; (ii) the parties shall notify JAMS (or its successor) by telephone, within four (4) Business Days, of any objections to the arbitrator appointed and, subject to clause (vii) below, shall have no right to object if the arbitrator so appointed was on the list submitted by JAMS (or its successor) and was not struck in accordance with Rule 12(d) as modified by clause (i) above; (iii) the parties shall be notified of the hearing date four (4) Business Days in advance of the hearing; (iv) the hearing shall be held within seven (7) Business Days after the appointment of the arbitrator; (v) the arbitrator shall have no right to award damages or vary, modify or waive any provision of this Lease; (vi) the decision of the arbitrator shall be final and binding on the parties; and (vii) the arbitrator shall not have been employed by either party (or their respective Affiliates) during the period of three (3) years prior to the date of the Streamlined Arbitration Proceeding. The arbitrator shall determine the extent to which each party is successful in such Streamlined Arbitration Proceeding in addition to rendering a decision on the dispute submitted. If the arbitrator determines that one (1) party is entirely unsuccessful, then such party shall pay all of the fees of such arbitrator. If the arbitrator determines that both parties are partially successful, then each party shall be responsible for such arbitrator's fees only to the extent such party is unsuccessful (e.g., if Landlord is eighty percent (80%) successful and Tenant is twenty percent (20%) successful, then Landlord shall be responsible for twenty percent (20%) of such arbitrator's fees and Tenant shall be responsible for eighty percent (80%) of such arbitrator's fees).

42. **INSURANCE**

A. At all times during the Term, Tenant shall maintain, at Tenant’s expense, the following insurance coverage:

(i) an insurance policy for Tenant's Property and the Specialty Alterations, in either case to the extent insurable under "all-risk" property insurance policies, covering the perils listed in the current edition of the Insurance Services Office, Inc. ("ISO"), special causes of loss form CP 10 30 (or equivalent manuscript language) including, without limitation, coverage for acts of terrorism (if such coverage for acts of terrorism is available on commercially reasonable terms), in an amount equal to one hundred percent (100%) of the replacement value thereof (subject, however, at Tenant’s option, to a reasonable deductible) (the insurance policy described in this clause (i) being referred to herein as "Tenant's Property Policy"); Tenant's Property Policy shall include business interruption insurance that is sufficient in amount to pay the Fixed Annual Rent and the Escalation Rent due hereunder for a period of at least one (1) year;

(ii) a policy of commercial general liability insurance on an occurrence basis, providing coverage that is at least as broad as the current edition of IS0 Form CG 00 01(or equivalent manuscript language) ("Tenant's Liability Policy") with minimum limits of $5,000,000 per occurrence for bodily injury (or death), personal injury and/or damage to property;

(iii) a commercial automobile liability policy covering any vehicle that Tenant brings upon the Real Property (regardless of whether Tenant owns or hires such vehicle) with a combined single limit of not less than One Million Dollars ($1,000,000) (such policy being referred to herein as "Tenant's Auto Policy");

(iv) worker’s compensation insurance in statutory limits, and New York State disability insurance as required by Requirements, covering all employees; and

(v) such other coverage in such amounts as Landlord may reasonably require with respect to the Premises, its use and occupancy and the conduct or operation of business therein.

Landlord may, from time to time, but not more frequently than once every year, adjust the minimum limits set forth above. Tenant shall not obtain any property insurance (under Tenant's Property Policy or otherwise) that covers the property that is covered by Landlord's Property Policy.

B. All insurance policies to be maintained as set forth above (i) shall be issued by companies of recognized responsibility, licensed and admitted to do business in the State of New York, reasonably acceptable to Landlord, and maintaining a rating of A/XII or better in Best's Insurance Reports-Property-Casualty (or an equivalent rating in any successor index adopted by Best's or its successor), (ii) shall provide that they may not be canceled or modified unless Landlord and all additional insureds thereunder are given at least thirty (30) days prior written notice of such cancellation or modification, except that such period of thirty (30) days may be reduced to no less than ten (10) days for non-payment of premium and (iii) shall be primary and non-contributory in all respects. Tenant's Property Policy and Tenant's Liability Policy shall name Tenant as the insured. Tenant's Liability Policy (including, without limitation, any policy that Tenant obtains as described in Section 42.D. hereof) and Tenant's Auto Policy shall be endorsed to name the Designated Landlord Parties as additional insureds thereunder. Tenant's Property Policy shall contain a provision that no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. If Tenant receives any notice of cancellation or any other notice from the insurance carrier which may adversely affect the coverage of the insureds under Tenant's Property Policy or Tenant's Liability Policy, then Tenant shall immediately deliver to Landlord a copy of such notice. Tenant's Liability Policy shall have no exclusions limiting liability assumed under an insured's contract (including, without limitation, tort liability of another assumed by the insured in a business contract).

C. Prior to the Commencement Date, Tenant shall deliver to Landlord certificates of insurance for the insurance coverage required by Paragraph 42.A and copies of the endorsements to such policies designating the Designated Landlord Parties as additional insureds. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord certificates of renewal at least ten (10) days before the expiration of any existing policy. Under no circumstances shall Landlord be obligated to advise Tenant of Tenant's failure to procure or maintain any insurance required hereunder.

D. Tenant has the right to satisfy Tenant's obligation to carry Tenant's Liability Policy with an umbrella insurance policy. Tenant has the right to satisfy Tenant's obligation to carry Tenant's Property Policy with a blanket insurance policy.

E. Tenant's liability hereunder is not limited to the amount of Tenant's insurance recovery, to the amount of insurance that Tenant maintains in force, to the amount of insurance that Tenant is required to maintain in accordance with the terms of this Article 42, or to the amount of any insurance that Tenant is required to carry, or that Tenant is permitted to carry, under applicable Requirements. Landlord's review of, or approval of, any insurance that Tenant carries shall not limit Tenant's obligation to carry the insurance that this Article 42 requires Tenant to carry.

F. Subject to the terms of this 42.F., Landlord shall obtain and keep in full force and effect covering the Building, to the extent insurable on commercially reasonable terms under then available standard forms of "all-risk" insurance policies, covering the perils listed in the current edition of the ISO special causes of loss form CP 10 30 including, without limitation, coverage for acts of terrorism (if such coverage for acts of terrorism is available on commercially reasonable terms), in such amount as Landlord deems prudent and commercially reasonable (such insurance being referred to herein as "Landlord's Property Policy"). Tenant acknowledges that (i) Landlord's Property Policy may encompass rent insurance, and (ii) Landlord may also obtain a commercial general liability insurance policy. Landlord shall not be liable to Tenant for any failure to insure any Alterations unless Tenant notifies Landlord of the completion of such Alterations and the cost thereof, and maintains adequate records with respect to such Alterations to facilitate the adjustment of any insurance claims with respect thereto. Landlord shall have the right to provide that the coverage of Landlord's Property Policy is subject to a reasonable deductible. Tenant shall cooperate with Landlord and Landlord's insurance companies in the adjustment of any claims for any damage to the Building or the Alterations. Landlord shall not be required to carry insurance on Tenant's Property or the Specialty Alterations. Landlord shall not be required to carry insurance against, nor shall Landlord have any liability to Tenant for, any loss suffered by Tenant due to the interruption of Tenant's business.

G. Tenant shall obtain an appropriate clause in, or endorsement on, Tenant's Property Policy and Landlord shall obtain an appropriate clause in, or endorsement on Landlord's Property Policy pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery. Landlord and Tenant also agree that, having obtained such clauses or endorsements of waiver of subrogation or consent to a waiver of right of recovery, they shall not make any claim against or seek to recover from the Landlord Parties or the Tenant Parties (as the case may be) for any loss or damage to its property or the property of others resulting from fire or other hazards covered by Landlord's Property Policy or Tenant's Property Policy (as the case may be) (with the understanding, therefore, that the party that sustains such loss or damage shall not have a claim against the other party to reimburse the party that sustains such loss or damage for the amount of such party's deductible or self-insured retention); provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by and be coextensive with the terms and provisions of the waiver of subrogation clause or endorsements or clauses or endorsements consenting to a waiver of right of recovery.

43. **CHANGE OF LOCATION**

A. Subject to the terms of this Article 43, Landlord shall have the absolute and unqualified right (the "Relocation Right"), at any time and from time to time during the Term, to relocate Tenant from the Premises (the Premises from which Tenant is being relocated, the "Old Premises") to other space in the Building (for purposes of this Article 43 only, hereinafter referred to as the "Substitute Space") with a rentable area that approximately corresponds to the rentable area of the Premises (irrespective of any change in definition pursuant to Article 49 hereof); provided, however, (a) to the extent the same does not already exist, Landlord, at Landlord's expense, shall construct in the Substitute Space, an interior installation that is as comparable as reasonably practicable to the existing interior installation in the Old Premises (i.e., the Alterations and finishes that Landlord shall install in the Substitute Space shall be as comparable as reasonably practicable to the Alterations and finishes which exist in the Old Premises as of the date that Landlord gives Tenant the Relocation Notice) (such work, "Landlord's Relocation Work"), and (b) Landlord shall reimburse Tenant for the reasonable costs incurred by Tenant in (i) physically relocating from the Old Premises to the Substitute Space (the "Moving Costs") and (ii) removing Tenant's telecommunications and computer systems from the Old Premises and re-installing such systems in the Substitute Space (the "Telecommunications Relocation Costs"), to the extent that such costs are reasonably competitive with the prices charged by other movers and/or telecommunications vendors of comparable skill and experience operating within the vicinity of the Building for comparable work; it being understood and agreed that Landlord shall reimburse Tenant for such costs within thirty (30) days after Tenant's request therefor and Tenant's submission to Landlord of an invoice therefor which invoice shall include reasonable supporting documentation for the charges set forth therein or, at Tenant's option, Landlord shall pay such charges directly to Tenant's vendors provided that Tenant so instructs Landlord in writing together with the submission of such invoice. Notwithstanding the foregoing, Landlord shall have no obligation whatsoever to reimburse Tenant (or to pay such costs, as the case may be) if Tenant fails to comply with the provisions of this Article 43 or if a Default has occurred and is then continuing. Landlord shall assist Tenant with facilitating and coordinating the physical relocation. Tenant shall cooperate with Landlord in connection with designing Landlord's Relocation Work (to the extent applicable) so that the Alterations and finishes thereto shall be as comparable to the existing Alterations in the Old Premises as is reasonably practicable. Tenant shall not be required to remove any Alterations from the Old Premises in connection with any relocation pursuant to this Article 43. From and after the Relocation Effective Date (as hereinafter defined), except as otherwise expressly set forth herein, all of the terms, provisions, covenants and conditions contained in this Lease (including, without limitation, the obligation to pay Fixed Annual Rent and all Additional Rent as heretofore set forth) shall continue in full force and effect, except that the Premises shall be and be deemed to be such Substitute Space, with the same force and effect as if the Substitute Space were originally specified in this Lease as the Premises hereunder.

B. Landlord shall exercise the Relocation Right by giving notice thereof (a "Relocation Notice") to Tenant at least ninety (90) days prior to the date Landlord reasonably anticipates the aforesaid relocation shall be effective (such date, the "Anticipated Relocation Date"). The Relocation Notice shall specify and designate the Anticipated Relocation Date. Landlord will provide Tenant with notice (the "Relocation Effective Notice") of the date that Landlord's Relocation Work is Substantially Complete (to the extent applicable) and the Substitute Space is actually available for Tenant's occupancy (which shall not be any earlier than the Anticipated Relocation Date). Tenant will vacate the Old Premises and surrender vacant and exclusive possession thereof on or before the date that is five (5) days after the date that Landlord gives Tenant the Relocation Effective Notice (the date by which Tenant is required to so vacate the Old Premises, the "Relocation Effective Date"). On the Relocation Effective Date, the Lease, with respect to the Old Premises only, shall terminate as if the Relocation Effective Date were the Expiration Date with respect to the Old Premises; it being expressly understood that if Tenant shall fail to vacate the Old Premises on or prior to the Relocation Effective Date, (i) Tenant shall be deemed a holdover tenant and the provisions of Article 12 shall be applicable with respect thereto and the same shall automatically constitute a Default hereunder without any notice to Tenant and (ii) in addition to and not in limitation of any of Landlord's rights hereunder, at law or in equity, Landlord shall have the right to relocate Tenant's Property from the Premises to the Substitute Space; it being expressly understood that in any such event, Tenant is hereby deemed to have consented thereto and Tenant hereby releases and relieves Landlord from any and all liability arising from or in connection with such relocation (including, without limitation, any claims of constructive eviction and any and all claims pertaining to property damage).

C. In connection with Landlord's exercise of the Relocation Right, Landlord and Tenant shall, promptly at the request of either party, execute and deliver an agreement in recordable form specifying such substitution of space and the effective date thereof; it being understood and agreed that the failure to do so shall not have any impact on Landlord's right to relocate Tenant as set forth herein, or the determination of the Relocation Effective Date.

D. Subject to the terms hereof, in the event that Landlord exercises the Relocation Right and delivers a Relocation Notice to Tenant with an Anticipated Relocation Date which occurs during the last twelve (12) months of the Term, Tenant shall have the right to terminate this Lease ("Tenant's Termination Right"), effective as of the Anticipated Relocation Date, by providing Landlord with notice within ten (10) Business Days of Tenant's receipt of the Relocation Notice from Landlord (time being of the essence); it being understood and agreed that if the Anticipated Relocation Date in the Relocation Notice occurs on a date which is prior to the date which is (12) months before the Fixed Expiration Date, Tenant shall not have any right to terminate this Lease. If Tenant exercises Tenant's Termination Right as provided in this Section 43.D, then Tenant, on the Anticipated Relocation Date, shall vacate the Premises and surrender the Premises to Landlord in accordance with the terms of this Lease that govern Tenant's obligations upon the expiration or earlier termination of the Term and the Anticipated Relocation Date shall be deemed the Expiration Date for purposes of this Lease. For the avoidance of any doubt, in the event that Tenant fails to vacate the Premises on or prior to the Anticipated Relocation Date, the provisions of Article 12 shall be applicable with respect thereto. Notwithstanding anything to the contrary contained herein, Tenant's Termination Right shall apply only during the initial term of this Lease (i.e. during the period commencing on the Commencement Date and ending on the Fixed Expiration Date); it being understood and agreed that if this Lease is subsequently renewed or extended, the provisions of this Section 43.D. shall not apply from and after the third (3rd) anniversary of the Rent Commencement Date. Tenant acknowledges and agrees that the nothing contained herein shall be deemed to grant Tenant any option to renew or extend the Lease.

44. LATE CHARGES

If Tenant fails to pay any item of Rental on or prior to the fifth (5th) Business Day after the date that such payment is due, then Tenant shall pay to Landlord, in addition to such item of Rental, as a late charge and as liquidated damages, an amount equal to interest at the Applicable Rate on the amount unpaid, computed from the date such payment was due through and including the date of payment. Tenant acknowledges that the payment of Rental after the date when first due shall result in loss and injury to Landlord the exact amount of which is not susceptible of reasonable calculation and that the aforesaid amount(s) of late charge represents a reasonable estimate of such losses and injury under the circumstances, especially after taking into account the grace period hereby afforded Tenant before such late charge is to be imposed. The amounts payable pursuant to this Article 44 shall be in addition to, and without prejudice to, any of Landlord's rights and remedies hereunder at law and equity for non-payment or late payment of Rental (including, without limitation, the right to institute a proceeding under Article 7 of the Real Property Actions and Proceedings Law). Nothing contained in this Article 44 limits Landlord's rights and remedies, by operation of law or otherwise, after the occurrence of a Default. No failure by Landlord to insist upon the strict performance by Tenant of Tenant's obligation to pay liquidated damages as provided in this Article shall constitute a waiver by Landlord of its right to enforce the provisions of this Article in any instance thereafter occurring. If Landlord receives only a portion of the amount due for any month, Landlord may, at its option, elect to apply such payment first to Rental and then to late charges notwithstanding any contrary direction from Tenant. The provisions of this Article 44 shall not be construed in any way to extend the grace periods or notice periods provided for elsewhere in this Lease.

45. **LEED COMPLIANCE AND RECYCLING.**

A. Tenant shall cooperate with any and all efforts by Landlord to obtain and maintain LEED, Green Globes, Energy Star (or similar) certifications for the Building. Tenant covenants and agrees not to take any action or do anything that may reduce any environmental rating for the Building which may now or hereafter be made, such as any rating made pursuant to LEED, Green Globes, Energy Star (or similar programs).

B. Tenant shall comply with and participate in Landlord's recycling program for the Building, if any, as from time to time implemented with respect to all recyclable waste generated or stored in the Premises and if Landlord shall not have implemented such a program, Tenant shall promptly implement one for such recyclable waste, subject to and in accordance with Article 15 hereof.

46. **LEASE FULLY NEGOTIATED**

In construing this Lease, it shall be deemed to be a document fully negotiated and drafted jointly by counsel to Landlord and counsel to Tenant and the authorship of any term or provision hereof shall not be deemed germane to its meaning. The existence or non-existence in any prior draft hereof of any term or provision whether included herein or not shall not be relevant to the establishment of the intent of the parties hereto or the meaning of any term or provision hereof and may not be used as evidence to establish any such intent or meaning.

47. **SMOKING RESTRICTIONS**

There shall be no smoking within the Premises or any other portion of the Building.

48. **ANTI-TERRORISM REQUIREMENTS**

Tenant represents and warrants that (a) neither Tenant nor any person, group or entity who owns any direct or indirect beneficial interest in Tenant or any of them, is listed on the list maintained by the United States Department of the Treasury, Office of Foreign Assets Control (commonly known as the OFAC List) or otherwise qualifies as a terrorist, Specially Designated National and Blocked Person or a person with whom business by a United States citizen or resident is prohibited (each referred to herein as a "Prohibited Person"); (b) neither Tenant nor any person, group or entity who owns any direct or indirect beneficial interest in Tenant or any of them is in violation of any anti-money laundering or anti-terrorism statute, including, without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, U.S. Public Law 107-56 (commonly known as the USA PATRIOT Act), and the related regulations issued thereunder, including temporary regulations, and Executive Orders (including, without limitation, Executive Order 13224) issued in connection therewith, all as amended from time to time; and (c) neither Tenant nor any person, group or entity who owns any direct or indirect interest in Tenant is acting on behalf of a Prohibited Person. Tenant shall indemnify and hold Landlord harmless from and against all claims, damages, losses, risks, liabilities and costs (including fines, penalties and legal costs) arising from any misrepresentation in this Article 48 or Landlord's reliance thereon. Tenant's obligations under this Article 48 shall survive the Expiration Date.

49. **CONDOMINIUM PROVISIONS**

A. Landlord reserves (and Tenant acknowledges that Landlord has) the right to convert (or join or acquiesce in the conversion of) the Building or Real Property to condominium form of ownership (hereinafter referred to as a "Conversion") of which the Premises may, in the sponsor's and Landlord's sole discretion, constitute all or a portion of a condominium unit (hereinafter referred to as the "Unit"). If the Building is converted to condominium form of ownership, then this Lease shall not be affected thereby and shall continue in full force and effect, except as follows:

(i) Except as otherwise specifically set forth herein, references to the Building or Real Property shall be deemed to be references to the Unit;

(ii) Rents based upon increases in Expenses and/or Real Estate Taxes shall be payable upon the following terms:

(a) Tenant's Tax Share and/or Tenant's Expense Share, as the case may be**,** shall be recomputed as a decimal fraction carried to four places beyond the decimal point by dividing the rentable square feet of the Premises by the rentable square feet of the Unit (as each such area is determined by Landlord in its reasonable judgment);

(b) Expenses shall include all expenses and all charges, assessments and special assessments payable by the owner of or attributable to the Unit pursuant to the condominium's declaration of condominium, its bylaws or resolution of the board of managers or condominium association having jurisdiction of the Unit, including without limitation, common charges;

(c) Base Expenses and Base Year Taxes shall be recomputed by Landlord using its reasonable judgment to allocate to the Unit the actual Expenses and Real Estate Taxes as would have been allocated to the Unit for the Base Expense Year and Base Tax Year had the condominium then been in existence and such amounts as Landlord shall have determined shall be deemed the Base Expenses and the Base Year Taxes, respectively; and

(d) If any such conversion shall be effective on a date that is not the first day of a relevant comparative year, Additional Rent for increases in Expenses and Real Estate Taxes, as the case may be, shall be calculated for the periods before and following the effective date of such conversion according to the appropriate methodology for such period and accordingly prorated for each such period.

B. Regardless of whether or not Tenant may have a sufficient interest in the Real Property pursuant to Requirements to require its consent to the declaration of condominium, its bylaws, floor plans or any other document required to effect a Conversion (hereinafter collectively referred to as "Condominium Documents") and all applications and filings involved in the Conversion, Tenant does hereby specifically waive such rights, and if such rights cannot be waived, does hereby consent to such matters in advance and to the Conversion itself to create a condominium form of ownership for the Building (herein referred to as a "Condominium").

C. In the event of a Conversion in which the Premises are converted into one or more separately saleable units, Tenant does hereby agree in advance to attorn to any purchaser of any unit(s) which shall consist of the Premises and recognizes such purchaser as landlord under the terms and provisions of this Lease and no further consent of Tenant shall be required as long as the purchaser of any such unit(s) agrees in writing to honor the rights and obligations of Tenant hereunder.

D. This Lease shall be subordinate to all Condominium Documents. Upon such Conversion, if the Condominium Documents provide for the performance by the Condominium of any obligations that would have been Landlord's obligations under this Lease, Landlord will cause the board of managers of the Condominium or the owner of the Unit of which the Premises are a part to perform such obligations, but in no event shall any rights or remedies of Tenant hereunder be diminished, conditioned or negated or its obligations increased by such operation of the Condominium Documents. It is expressly understood and agreed that the Premises are intended to be a part of the Condominium, and to be subject to the Condominium Documents. Tenant agrees that the aforesaid subordination shall be self-operative without the need for any further action but Tenant shall execute and deliver such documents as Landlord may require to confirm or further effect such subordination. If the Condominium shall be formed, Tenant shall not perform any act, or fail to perform any act, if such performance or failure to perform would be a violation of, or cause Landlord to be in default under, any of the Condominium Documents. During the Term, Tenant agrees to be bound by all of the terms contained in the Condominium Documents that pertain to an occupant of the Condominium Unit of which the Premises form a part or of the common elements of such Condominium, except if and to the extent that compliance with such terms and obligations shall be Landlord's obligation pursuant to one or more express provisions of this Lease and in no event shall Tenant be responsible for common charges or maintenance payments under the Condominium Documents, except as hereinabove provided. Tenant agrees to observe all of the rules and regulations of the Condominium. Tenant expressly agrees that the board of managers of the Condominium and/or the Unit of which the Premises form a part (each, a "Board"), as applicable, shall have the power to enforce against Tenant (and each and every immediate and remote assignee or subtenant of Tenant) the terms of the Condominium Documents, if the actions of Tenant (or such assignee or subtenant) shall be in breach of the Condominium Documents, to the extent that the same would entitle the applicable Board to enforce the terms of the Condominium Documents against Landlord.

E. Notwithstanding anything to the contrary contained elsewhere in this Lease, any provision of this Lease that requires Landlord to "cause the Board" to provide services or perform any other act shall be deemed to require Landlord to use commercially reasonable efforts to cause the Board to do the same but Landlord shall not be liable to Tenant for any failure in performance resulting from the failure in performance by the Board, Landlord's obligations hereunder are accordingly conditional where such obligations require such parallel performance by the Board, provided that Landlord shall, at Tenant's cost and expense, expeditiously and diligently use commercially reasonable efforts to enforce such rights as Landlord may have against the Board under the Condominium Documents for the benefit of Tenant upon Tenant's written request therefor (and to forward to the Board any notices or requests for consent as Tenant may reasonably request), but nothing herein shall require Landlord to institute any legal action or proceeding or arbitration to enforce the Board's obligations. Landlord agrees that the Condominium declaration recorded for the Building shall obligate the Board to perform Landlord's maintenance, repair and replacement obligations hereunder that relate to "common elements" or shall give the Landlord access and the privilege to perform the same.

50. **NO OTHER SERVICES.**

Landlord shall provide no services not specifically set forth in this Lease.

51. **ADDITIONAL DEFINITIONS/MISCELLANEOUS**

"Business Days" shall mean all days, except Saturdays, Sundays, and all days celebrated as holidays under union contracts applicable to the Building. "Business Hours" shall mean 8:00 A.M. to 6:00 P.M. on Business Days. The words "herein," "hereof," "hereto," "hereunder" and similar words shall be interpreted as being references to this Lease as a whole and not merely the clause, paragraph, Section or Article in which such word appears. The words "shall" and "will" are interchangeable, each imposing a mandatory obligation upon the party to whom such verb applies. The words "include" and "including" shall be interpreted to mean "including, without limitation." Wherever appropriate in this Lease, personal pronouns shall be deemed to include the other genders and the singular or plural of any defined term or other word shall, as the context may require, be deemed to include, as the case may be, either the singular or the plural. References herein to "Building systems" or "systems of the Building" shall mean the service systems of the Building, including, without limitation, the mechanical, gas, steam, electrical, sanitary, HVAC, elevator, plumbing, telecommunications (including cellular data) systems and life-safety systems of the Building. All Article and paragraph and subsection references set forth herein shall, unless the context otherwise specifically requires, be deemed references to the Articles, paragraphs and subsections of this Lease. Whenever Tenant shall submit to Landlord any plan, agreement or other document for Landlord's consent or approval, Tenant agrees to pay Landlord as Additional Rent, on demand, an administrative fee equal to the sum of the reasonable fees of any architect, consultants engineer or attorney employed by Landlord to review said plan, agreement or document and Landlord's administrative costs for same. Tenant shall also reimburse Landlord for any such fees or administrative costs incurred by Landlord in connection with any marketing of the Premises for assignment or subletting (or re-letting or early surrender) conducted at Tenant's request, which request may be made by electronic mail; it being expressly understood that neither the foregoing nor any efforts by Landlord to so market the Premises shall be construed or relied upon by Tenant as imposing any obligation on Landlord to so market or relet the Premises or to accept any early surrender of this Lease or the Premises from Tenant or to operate as a waiver of any of Landlord's rights and remedies pursuant to this Lease, at law or in equity. No advertising of any kind or other public statement by or on behalf of Tenant shall refer to the Building or this Lease, unless first approved in writing by Landlord. Notwithstanding anything to the contrary contained in this Lease, in each and every instance where Tenant is responsible to pay out-of-pocket costs and/or attorneys' fees, costs and/or expenses incurred by or on behalf of Landlord, if and to the extent that Landlord engages in-house counsel to handle any such matters, Landlord shall be deemed to have incurred the same out-of-pocket costs and/or attorneys' fees, costs or expenses which Landlord would have otherwise incurred had Landlord engaged outside counsel to handle such matters and Tenant shall remit such amounts to Landlord as Additional Rent, or as damages, as the case may be, as otherwise contemplated herein. References to Landlord as having no liability to Tenant or being without liability to Tenant shall mean that, except as otherwise provided in this Lease, Tenant is not entitled to terminate this Lease, or to claim actual or constructive eviction, partial or total, or to receive any abatement or diminution of rent, or to be relieved in any manner of any of its other obligations hereunder, or to be compensated for loss or injury suffered or to enforce any other kind of liability whatsoever against Landlord under or with respect to this Lease or with respect to tenant's use or occupancy of the Premises. The term "termination of this Lease" or any variant thereof shall mean the "termination of the Term."

52. **MEMORANDUM OF LEASE**

Tenant shall not record this Lease. Tenant shall not record a memorandum of this Lease. Landlord shall have the right to record a memorandum of this Lease. If Landlord submits to Tenant a memorandum hereof that is in reasonable form, then Tenant shall execute, acknowledge and deliver such memorandum promptly after Landlord's submission thereof to Tenant.

53. **APPLICABLE LAW**

A. This Lease shall be deemed to have been made in New York County, New York, and shall be construed in accordance with the laws of New York. ALL ACTIONS OR PROCEEDINGS RELATING, DIRECTLY OR INDIRECTLY, TO THIS LEASE SHALL BE LITIGATED ONLY IN COURTS LOCATED WITHIN THE COUNTY OF NEW YORK. LANDLORD AND TENANT, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, HEREBY SUBJECT THEMSELVES TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN SUCH COUNTY. TENANT HEREBY WAIVES THE RIGHT TO RAISE ANY DEFENSE BASED UPON INCONVENIENT FORUM OR MAKE ANY PLEA OR MOTION SEEKING TO REMOVE ANY CASE TO ANOTHER VENUE.

54. **USE OF BUILDING NAME AND IMAGE**

Tenant acknowledges and agrees that Landlord owns the name and image of the Empire State Building and the good will symbolized by such name and image. Tenant, therefore, shall not use or suffer the use by any affiliate, employee or agent of the name or image of the Empire State Building in any advertisement or other publication, irrespective of the medium or in any trademark, servicemark or trade name, without the prior written consent of Landlord in each instance. Breach of the terms of this paragraph shall be deemed to be a material default under this Lease. Notwithstanding any other rights or remedies that may exist in law, Landlord shall be entitled to enforce the provisions of this paragraph by injunctive or other form of equitable relief. Tenant’s obligations and Landlord’s rights under this paragraph shall survive the expiration or sooner termination of the term hereof. Landlord hereby consents to Tenant’s use of only the name Empire State Building on Tenant’s business stationery solely to identify its address, for only so long as Tenant is a tenant in the building and not in default of any material obligation on its part to be performed hereunder.

55. **COUNTERPARTS**

This Lease may be executed in one (1) or more counterparts, each of which counterpart shall be an original and all such executed counterparts shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart. Delivery of an executed counterpart of this Lease by facsimile or electronic transmission in a Portable Document Format ("PDF") or other digital format shall be equally effective as manual delivery of an executed counterpart of this Lease, and each such counterpart, whether delivered manually, by facsimile or PDF or such other digital format shall be deemed an original. Any party delivering an executed counterpart of this Lease by facsimile or PDF or other digital format shall also manually deliver an executed counterpart of this Lease; however the failure to do so shall have no effect on the validity, enforceability or binding nature and effect of this Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

LANDLORD:

ESRT EMPIRE STATE BUILDING, L.L.C.

By: ESRT Empire State Building Parent, L.L.C., as its sole member

By: ESRT Empire State Building G-Parent, L.L.C., as its sole member

By: Empire State Realty OP, L.P., as its sole member

By: Empire State Realty Trust, Inc., as its general partner

By: _____
Thomas P. Durels
Executive Vice President, Real Estate

ROCKET PHARMACEUTICALS, INC.

By: _____
Name:
Title:

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Within New York State)

STATE OF _____)
: ss.:
COUNTY OF _____)

On the _____ day of _____, in the year 2018, before me, the undersigned personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

UNIFORM FORM CERTIFICATE OF ACKNOWLEDGMENT
(Outside of New York State).

STATE OF _____)
: ss.:
COUNTY OF _____)

On the _____ day of _____, in the year 2018, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in _____. (Insert the city or other political subdivision and the state or country or other place the acknowledgment was taken.)

(Signature and office of individual
taking acknowledgment)

EXHIBIT A

to Lease

between

ESRT EMPIRE STATE BUILDING, L.L.C., Landlord

and

ROCKET PHARMACEUTICALS, INC., Tenant

Floor Plan of Premises

Note that this plan is annexed to and made a part of this Lease solely to indicate the approximate shape and location of the Premises. All measures, dimensions and distances are not to scale. The depiction herein does not constitute a warranty or representation of any kind, and nothing herein should be construed as a representation as to any specific tenancy, construction, access, or the quality or quantity of Landlord's title to the Building.

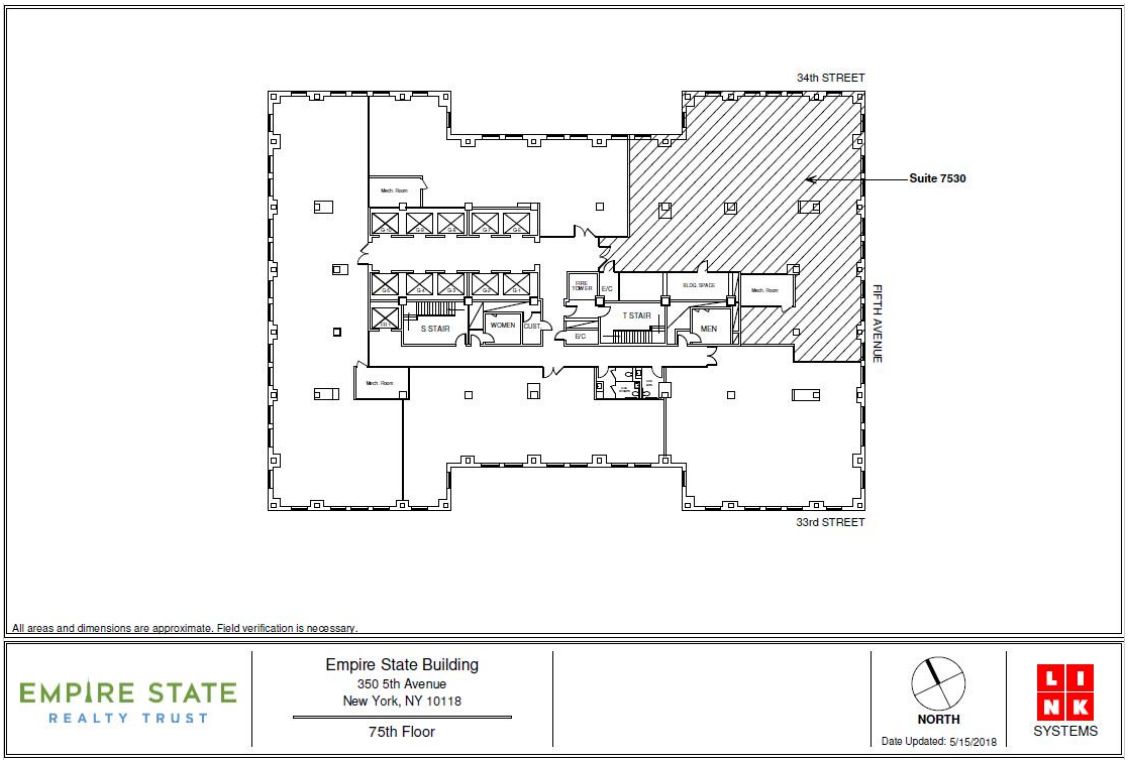

EXHIBIT B

to Lease

between

ESRT EMPIRE STATE BUILDING, L.L.C., Landlord

and

ROCKET PHARMACEUTICALS, INC., Tenant

ESRT High Performance Design and Construction Guidelines

Energy Efficiency:

For office spaces, the ASHRAE/IESNA 90.1 2013 and NYCECC standard is 0.9 W/SF. This may be achieved through efficient lighting design, use of low wattage fixtures and reflective surfaces as well as LED task lights and day-lighting optimization strategies.

Per NYCECC, daylight-responsive controls complying with Section C405.2.3.1 shall be provided to control the electric lights within 15 feet of windows and under skylights (ASHRAE 90.1-2013 requirements are similar).

Per NYCECC (and ASHRAE 90.1-2013), occupant sensor controls shall be installed to control lights in the following space types:

1. Classrooms/lecture/training rooms
2. Conference/meeting/multipurpose rooms
3. Copy/print rooms
4. Lounges
5. Employee lunch and break rooms
6. Private offices
7. Restrooms
8. Storage rooms
9. Janitorial closets
10. Locker rooms
11. Other spaces 300 square feet or less that are enclosed by floor-to-ceiling height partitions
12. Warehouses
13. Open Plan Offices

Per NYCECC (and ASHRAE 90.1-2013), occupant sensor controls shall automatically turn off lights within 20 minutes of all occupants leaving the space, be manual on or controlled to automatically turn the lighting on to no more than 50% power, and shall incorporate a manual control to allow occupants to turn lights off.

Per NYCECC (and ASHRAE 90.1-2013), each area of the building that is not provided with occupant sensor controls shall be provided with time switch controls.

Per NYCECC, internally illuminated exit signs shall not be more than 5 watts per side.

Per NYCECC, HVAC equipment shall meet the minimum efficiency requirements of Tables C403.2.3 when tested and rated in accordance with the applicable test procedure.

Per NYCECC, the supply of heating and cooling energy to each zone shall be controlled by individual thermostatic controls capable of responding to temperature within the zone. Where humidification or dehumidification or both is provided, at least one humidity control device shall be provided for each humidity control system. Where a zone has a separate heating and a separate cooling thermostatic control located within the zone, a limit switch, mechanical stop, or direct digital control system with software programming shall be provided with the capability to prevent the heating set point from exceeding the cooling set point and to maintain a deadband in accordance with Section C403.2.4.1.2.

Per NYCECC, multiple-zone VAV systems with direct digital control of individual zone boxes reporting to a central control panel shall have automatic controls configured to reduce outdoor air intake flow below design rates in response to changes in system ventilation efficiency (Ev) as defined by the New York City Mechanical Code.

Per NYCECC, demand control ventilation (DCV) shall be provided for spaces larger than 500 square feet and with an average occupant load of 25 people per 1,000 square feet of floor area (as established in Table 403.3 of the New York City Mechanical Code) and shall be served by systems with one or more of the following: 1. An air-side economizer, 2. Automatic modulating control of the outdoor air damper, 3. A design outdoor airflow greater than 3,000 cfm.

Right size equipment based on efficient lighting and plug loads (As stated in the plug load section below target lighting and plug load of 2.0-2.5 Watts per square foot or less of connected load).

Per NYCECC (and ASHRAE 90.1-2013), design loads associated with heating, ventilating and air conditioning of the building shall be determined in accordance with ANSI/ASHRAE/ACCA Standard 183. If heating and cooling are provided by a single piece of equipment and are controlled by separate thermostats or sensors means will be provided to prevent the heating set point from exceeding the cooling set point minus any applicable proportional band. Means can include limit switches, mechanical stops, or software programming for DDC systems.

Per NYCECC, static pressure sensors used to control VAV fans shall be located such that the controller set points is not greater than 1.2 inches w.c. (200 Pa). Where this results in one or more sensors being located downstream of major duct splits, not less than one sensor shall be located on each major branch to ensure that static pressure can be maintained in each branch.

Per NYCECC (and ASHRAE 90.1-2013), design loads associated with heating, ventilating and air conditioning of the building shall be determined in accordance with ANSI/ASHRAE/ACCA Standard 183. If heating and cooling are provided by a single piece of equipment and are controlled by separate thermostats or sensors means will be provided to prevent the heating set point from exceeding the cooling set point minus any applicable proportional band. Means can include limit switches, mechanical stops, or software programming for DDC systems.

Specify CFC-free refrigerants. Montreal Protocol called for a complete phase-out of CFC-based refrigerants by 1995 and HCFCs by 2030. Do not use CFC-based refrigerants in new HVAC&R systems.

Per NYCECC, water-heating equipment and hot water storage tanks shall meet the requirements of Table C404.2.

Per ASHRAE 90.1-2013, receptacles greater than or equal to 50% of all 125 volt 15- and 20-amp receptacles shall be automatically controlled in: private offices, conference rooms, rooms used primarily for printing and/or copying functions, break rooms, classrooms, individual workstations. This also applies to 25% of modular furniture circuits. Controlled receptacles must be visually marked to differentiate from uncontrolled receptacles and uniformly distributed throughout the space.

Per NYCECC, commissioning and functional performance testing of the building mechanical systems, service water heating systems, and electrical power and lighting systems is required. HVAC systems shall be balanced in accordance with ASHRAE 111, “Testing, Adjusting, and Balancing of Building HVAC Systems” or other accepted engineering standards as approved by the department. Air and water flow rates shall be measured and adjusted to deliver final flow rates within the tolerances provided in the product specifications. Test and balance activities shall include air system and hydronic system balancing.

Additional Efficiency Package Options

Per NYCECC, Tenant Spaces shall comply with at least one of the following:

1. More efficient HVAC performance in accordance with Section C406.2.
2. Reduced lighting power density system in accordance with Section C406.3.
3. Enhanced lighting controls in accordance with Section C406.4.
4. On-site supply of renewable energy in accordance with Section C406.4.
5. High-efficiency service water heating in accordance with Section C406.7.

Reduce lighting power density from ASHRAE/IESNA 90.1-2013 standards by at least 10% and up to or exceeding 35%.

Consider dimming and tuning throughout. All lighting shall be commissioned and tuned to optimize energy savings.

Implement lighting controls, including daylight dimming controls for at least 50% of lighting load and occupancy sensors for at least 75% of connected lighting load.

Tie in lighting controls to base building BMS for energy data reporting and monitoring.

Install local instantaneous hot water heaters.

Where possible, install heating, ventilation and air conditioning systems that comply with the efficiency requirements outlined in the New Building Institute’s Advanced Buildings™ Core Performance™ Guide Sections 1.4: Mechanical System Design, 2.9: Mechanical Equipment Efficiency and 3.10: Variable Speed Control.

For the tenant fit-out spaces, provide as applicable:

- a separate control zone for each solar exposure and interior space
- controls capable of sensing space conditions and modulating the HVAC system in response to space demand for all private offices and other enclosed spaces (e.g., conference rooms, classrooms)

The system should be capable of modulating AHU and zone minimum supply volume below 0.30 cfm/ft2 (1.52 L/m2) of supply volume for standard VAV terminals, or below 22.5% of the peak design flow rate for fan powered VAV boxes).

Where possible, tie in radiators to VAV box controls and BMS.

Target lighting and plug load of 2.0-2.5 Watts per square foot or less of connected load.

Submeter and pay for utilities based on usage. Submeter HVAC, plug loads, and lighting loads separately.

Implement Demand Controlled Ventilation through the use of CO2 sensors in densely occupied areas throughout the space (CO2 monitors must be between 3 and 6 feet above the floor) and in the return air stream to the Air Handling Unit serving the space and tie in to controls.

If possible, specify HCFC-free refrigerants.

Reduce plug loads by specifying equipment and appliances including, without limitation: computers, monitors, printers, refrigerators, dishwashers, water coolers, commercial food service equipment, copiers, and A/V and IT equipment) that meet or exceed Energy Star requirements.

Implement plug load management strategies including occupancy sensors, outlet-based controls, and/or software programs. This measure is to be implemented if the simple payback period is demonstrated to be five years or less based on projected savings and estimated cost subject to Empire State Realty Trust (ESRT) review.

Perform commissioning of energy systems within the space (including, without limitation, lighting, HVAC and electrical) to ensure design optimizes performance and systems are constructed and function per efficient design.

Water Efficiency

Specify WaterSense fixtures for any fixture type that is eligible:

- Water closet rate target is 1.38 GPF
- Urinal flow rate target is 0.08 GPF
- Pantry sink flow rate target is 1.0 GPM and include specification for an aerator
- Lavatory faucet flow rate target is 0.35-0.5 GPM.
- Shower flow rate target is 1.5 GPM.

Major water users are required to have submeters on water lines serving commercial cooking facilities, commercial laundry facilities, commercial gyms or spas, swimming pools, evaporative cooling towers and boilers serving buildings greater than six stories. All rooftop water tanks must be provided with a high water level alarm.

Materials and Resources

Per NYC Department of Sanitation, recyclable materials must include mixed paper, corrugated cardboard, glass, plastics, and metals. Take appropriate measures for the safe collection, storage, and disposal of two of the following: batteries, mercury-containing lamps, and electronic waste.

Any entity (other than residents) in a building which is generating waste must notify their employees, customers, clients, etc., about what and how to separate materials for recycling by:

- posting one or more signs in common areas routinely visited; and/or
- placing containers labeled with what to recycle.

Divert construction waste from landfills through aggressive recycling and donation programs. Develop and implement a construction demolition waste management plan. Include target recycling and diversion percentages (75%) in waste hauler contracts.

Post construction, provide dedicated clearly labeled areas for the collection and storage of recyclable materials.

Specify recycled content materials whenever possible, which may include, without limitation, gypsum board, acoustical tiles, carpet and carpet backing.

Specify regionally produced and extracted materials (within a 100 mile radius) whenever possible.

Specify rapidly renewable resources whenever possible, including, without limitation, bamboo, wool, linoleum and cork. Products must meet the Sustainable Agriculture Standard.

Specify and use wood products certified by the Forest Stewardship Council (FSC).

Indoor Environmental Quality

Monitor delivery of outside air to ensure indoor air quality and outdoor airflow compliance with ASHRAE 62.1-2013 and ASHRAE 55 requirements.

Smoking and vaping shall not be permitted indoors.

Implement Construction Indoor Air Quality Management Plans during performance of work and prior to occupancy to minimize the presence and spread of air pollutants.

Consider conducting indoor air quality testing after construction is complete and prior to occupancy to demonstrate that contaminant maximum concentrations are not exceeded.

Consider installing an air purification system and IEQ monitoring. An example is an air purification system designed to increase bi-polar ionization levels in the interior areas, which would provide cleaner air reducing particles, spores, odors and microorganism levels such as bacteria, mold and viruses. The monitoring system could be designed to measure and track the following parameters: CO2, PM2.5, TVOC, illumination, noise, temperature, and relative humidity. The monitoring system could ensure no or negligible ozone production.

Specify and install low-emitting (low or no Volatile Organic Compounds) adhesives, sealants, paints, coatings, flooring systems, ceiling systems, composite wood and agrifiber products, systems furniture and seating. Specify and install composite wood and agrifiber products and associated adhesives to contain no added urea-formaldehyde (NAUF).

Design and build to offer occupants control of lighting (task lights at workstations). For at least 90% of individual occupant spaces, provide individual lighting controls that enable occupants to adjust the lighting to suit their individual tasks and preferences, with at least three lighting levels or scenes. For all shared multi-occupant spaces have in place multi-zone control systems that enable occupants to adjust the lighting to meet group needs and preferences, lighting for any presentation or projection wall must be separately controlled, and switches or manual controls must be located in the same space as the controlled luminaires.

Design and build to offer occupants control of temperature (for example. under-floor air diffusers). Provide individual thermal comfort controls for at least 50% of individual occupant spaces. Provide group thermal comfort controls for all shared multi-occupant spaces.

Design and build to optimize daylight and views for occupants, which may be achieved through a design that includes interior rather than perimeter offices, or perimeter offices with glass fronts if perimeter offices are a design requirement.

Achieve a direct line of sight to the outdoors via vision glazing for 75% of all regularly occupied floor area.

Consider furniture partitions to be 42” or lower in height in order to allow for access to daylight and views.

Additional privacy may be achieved through clear partition glass installed above the furniture panels.

For the avoidance of any doubt, nothing contained in these ESRT High Performance Design and Construction Guidelines shall be construed to modify the provisions of Article 1 of this Lease or impair any of Landlord's consent rights pursuant to Article 8 of this Lease.

EXHIBIT C

to Lease

between

ESRT EMPIRE STATE BUILDING, L.L.C., Landlord

and

ROCKET PHARMACEUTICALS, INC., Tenant

Cleaning Specifications

1. General
   All flooring swept nightly.
   All carpeted areas and rugs carpet-swept nightly and vacuum cleaned weekly.
   Wastepaper baskets emptied nightly (excluding kitchen and kitchenette areas and all so-called “wet” garbage) and damp dusted when necessary.
   All baseboards, chair rails and trim dusted nightly.
   Slopsink rooms cleaned nightly.

2. Lavatories (other than Tenant’s private and executive lavatories)
   All flooring swept and washed nightly.
   All basins, bowls, urinals and toilet seats (both sides) washed nightly.
   All partitions, tile walls, dispensers and receptacles dusted nightly.
   Paper towel and sanitary disposal receptacles emptied and cleaned nightly

3. High Dusting - Office Area
   Do all high dusting approximately quarterly, including the following:
   Dust all pictures, frames, charts, graphs and panel wall hangings not reached in nightly cleaning.
   Dust all vertical surfaces such as walls, partitions, ventilating louvers and other surfaces not reached in nightly cleaning.
   Dust all lighting fixtures (exterior only).
   Dust all overhead pipes, sprinklers, etc.
   Dust all Venetian blinds (if any) and window frames approximately once every two months.

4. Periodic Cleaning - Office Area
   Wipe clean all interior metal as necessary.
   Dust all door louvers and other ventilating louvers within reach weekly.

5. Periodic Cleaning - Lavatories (other than Tenant’s private and executive lavatories)
   Machine-scrub flooring when necessary.
   Wash all partitions, tile walls and enamel surfaces monthly with proper disinfectant when necessary.
   Dust exterior of lighting fixtures monthly.

6. Windows
   Clean outside perimeter windows, when necessary, approximately 2 times a year, weather and scaffold conditions permitting.

RIDER ANNEXED TO AND MADE A PART OF LEASE BETWEEN

ESRT EMPIRE STATE BUILDING, L.L.C., AS LANDLORD

AND ROCKET PHARMACEUTICALS, INC., AS TENANT

RULES AND REGULATIONS
REFERRED
TO IN THIS LEASE

In case of any conflict or inconsistency between any provisions of this Lease and any of the rules and regulations as originally or as hereafter adopted, the provisions of this Lease shall control.

1. No animals, bicycles or vehicles shall be brought into or kept in the Premises (except for (x) service animals, and (y) bicycles or other vehicles that Tenant has the right to bring into the Building in accordance with applicable Requirements, with the understanding, however, that Tenant shall bring such bicycles and other vehicles into the Building only in a manner that conforms with reasonable rules that Landlord establishes therefor in accordance with applicable Requirements).

2. Tenant shall not use the Premises in any manner that materially and unreasonably interferes with the use of any other portion of the Building for ordinary business purposes. Congregating, loitering, and/or sitting in common corridors is prohibited.

3. Tenant shall not permit any cooking (including barbequing) or objectionable odors in the Premises.

4. Tenant shall not at any time bring or store in the Premises any flammable, combustible or explosive substance, except for any such substances that are incidental to the use or maintenance of the Premises for ordinary office purposes or the performance of Alterations that are performed in accordance with the terms of this Lease.

5. Canvassing, soliciting and peddling in the Building are prohibited, and each tenant shall cooperate so as to prevent the same.

6. The toilet rooms and other water apparatus shall not be used for any purposes other than those, for which they were constructed or installed, and no feminine products, sweepings, rags, ink, chemicals or other unsuitable substances shall be thrown therein. With respect to the use of any common restrooms, all building occupants shall (w) properly discard waste in the appropriate waste receptacles, (x) flush toilets and/or urinals after use, (y) otherwise leave bathroom stalls and/or urinals and sinks in clean condition and (z) avoid creating any objectionable condition in such restrooms.

7. Tenant shall not throw anything out of doors, windows or skylights or into hallways, stairways or elevators, nor place food or objects on outside windowsills. Tenant shall not obstruct or cover the halls, stairways and elevators, or use them for any purpose other than ingress and egress to or from the Premises, nor shall skylights, windows, doors and transoms that reflect or admit light into the Building be covered or obstructed in any way.

8. Tenant shall not place a load upon any floor of the Premises in excess of the load per square foot, which such floor was designed to carry and which is allowed by Requirements. Landlord reserves the right to prescribe the weight and position of all safes and/or fireproof file cabinets in the Premises. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, only with Landlord's consent and in settings approved by Landlord to control weight, vibration, noise and annoyance.

9. Smoking or carrying lighted cigars, pipes or cigarettes, tobacco use and use of vapes anywhere in the Building (including, without limitation, directly in front of any entrance to the Building) is prohibited. The foregoing prohibition on tobacco use, includes without limitation, e-cigarettes, and chewing and/or dipping tobacco. Growing, manufacturing, administering, and distributing (including without limitation, any retail or wholesale sales or delivery), use or consumption of any cannabis, marijuana or cannabinoid product, compound or produce anywhere in the Building (including, without limitation, directly in front of any entrance to the Building) is prohibited. Tenant shall implement a policy that precludes its personnel from engaging in any of the foregoing activities and/or uses in the Building and shall use reasonable efforts to enforce such policy.

10. If the Premises are on the ground floor of the Building the tenant thereof at its expense shall keep the sidewalks and curb in front of the Premises clean and free from ice, snow, dirt and rubbish.

11. Tenant shall not move any heavy or bulky materials into or out of the Building without Landlord's prior written consent, and then only during such hours and in such manner as Landlord shall approve. If any material or equipment requires special handling, Tenant shall employ only persons holding a Master Rigger's License to do such work, and all such work shall comply with all Requirements. Landlord reserves the right to inspect all freight to be brought into the Building, and to exclude any freight which violates any rule, regulation or other provision of this Lease.

12. Tenant shall use (x) the passenger elevators only for purposes of transporting persons to and from the Premises and (y) the freight elevators only for purposes of transporting deliveries to and from the Premises. Landlord reserves the right to prescribe additional reasonable rules and regulations governing the use of elevators at the Building. Stairwells of the Building may only be used for purposes of ingress and egress to and from the Premises during an emergency.

13. Subject to Section 26.B. of this Lease, Tenant shall comply with the security procedures that Landlord reasonably adopts from time to time for the Building. Tenant acknowledges that Landlord's security procedures may include, without limitation, (x) Landlord's denying entry to the Building by any person who does not present a Building pass or who does not comply with Landlord's procedures regarding the registration of visitors to the Building, and (y) procedures governing the inspection of freight that arrives at the loading facilities and/or service entrances for the Building. Tenant shall be responsible for the acts of all persons to whom passes are issued at Tenant's request. Tenant shall subject all items being brought into the Building by or on behalf of Tenant (including, without limitation, packages, boxes, bags, handbags, attaché cases, and suitcases) to inspection by Landlord or Landlord's designee. Landlord may refuse entry into the Building to any Person who refuses to cooperate with such inspection or who is carrying any item which has a reasonable likelihood of being dangerous to persons or property.

14. No advertising of any kind or other public statement by or on behalf of Tenant or any person or entity claiming by, through or under Tenant shall refer to this Lease, or the Building (or otherwise depict the Building in any way) without Landlord's prior written consent.

15. No article shall be fastened to, or holes drilled or nails or screws driven into, the ceilings, walls, doors or other portions of the Premises, nor shall any part of the Premises be painted, papered or otherwise covered, or in any way marked or broken, without the prior written consent of Landlord.

16. No existing locks shall be changed, nor shall any additional locks or bolts of any kind be placed upon any door or window by Tenant, without the prior written consent of Landlord. At the termination of this Lease, Tenant shall deliver to Landlord all keys for any portion of the Premises or Building. Before leaving the Premises at any time, Tenant shall close all windows and close and lock all doors.

17. Tenant, at Tenant's expense, shall operate its interior lights for the employees of Landlord during the period that such employees make repairs in the Premises or perform cleaning services in accordance with the terms of this Lease.

18. The use in the Premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

19. Furniture may not block perimeter induction units or radiators. Furniture must be a minimum of 18" from perimeter induction units or radiators.

20. Hand trucks and hand carts may only be used in areas of the Building specifically designated by Landlord provided that in either case, the same are equipped with rubber tires and side guards. In no event may hand trucks and/or hand carts be used in any lobbies or passenger elevators of the Building.

21. Tenant shall not take any action to override, inhibit, preempt or otherwise reduce the efficacy of any energy efficiency or sustainability measures which may now or hereinafter may be implemented in the Building and/or the Premises.

22. Landlord shall have the right to require Tenant to (x) direct Persons who are delivering packages to the Premises to make delivery to an office in the Building that Landlord designates (in which case Landlord shall make arrangements for such packages to be delivered to Tenant using other personnel that Landlord engages), or (y) arrange for such Persons to be escorted by a representative of Tenant while such Person makes delivery to the Premises.

23. Active mail chutes cannot be covered or blocked; full access must be maintained at all times.

24. All doors opening on to corridors must be kept closed at all times and locked when the Premises are unoccupied.

25. Food may not be consumed in any public areas of the Building, including, without limitation, elevators, common corridors and/or lobbies.

26. Use of any common amenities at the Building (whether currently existing or hereinafter designated, constructed or created) shall be subject to the reasonable rules and regulations imposed thereon by Landlord.

Exhibit 10.7

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this "***Amendment***") is made as of [June __], 2018, by and between ARE-East River Science Park, LLC, a Delaware limited liability company ("***Landlord***"), and Rocket Pharmaceuticals, Ltd., a Cayman Islands corporation ("***Tenant***").

RECITALS:

A. Landlord and Tenant have entered into that certain Lease Agreement dated as of March 31, 2016 (the "***Original Lease***"). The Original Lease, as amended by this Amendment, shall sometimes collectively be referred to herein as the "***Lease***".

B. Pursuant to the Original Lease, Landlord leased to Tenant certain premises consisting of approximately 4,420 rentable square feet (the "***Premises***") in Suite 1010 ("***Suite 1010***") and Suite 1040 ("***Suite 1040***") of the building located at 430 East 29th Street, New York, New York, 10016, as more particularly described in the Lease. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

C. Tenant desires to surrender Suite 1040, consisting of approximately 2,475 rentable square feet (Suite 1040 being hereinafter referred to as the "***Surrender Premises***").

D. Landlord and Tenant desire to amend the Lease to, among other things, provide for the anticipated surrender of the Surrender Premises on or before the Surrender Date (as defined below).

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Certain Definitions**. As used in this Amendment:

(a) "***Condition Precedent***" shall mean the execution and delivery by a replacement tenant of a lease agreement for the Surrender Premises in form and substance satisfactory to Landlord, in each case, as determined by Landlord in its sole discretion.

(b) "***Condition Precedent Date***" shall mean the date on which the Condition Precedent has been satisfied; provided, that Landlord shall provide Tenant with written notice that the Condition Precedent has been satisfied within three (3) days of the occurrence thereof (such notice being hereinafter referred to as the "***Surrender Notice***").

(c) "***Surrender Date***" shall have the meaning set forth in the Surrender Notice.

2. **Premises**. As of the Surrender Date, the Premises demised under the Lease shall be amended to remove the Surrender Premises, and Exhibit A to the Lease shall be deleted in its entirety and replaced with Exhibit A attached hereto and incorporated herein by this reference.

3. **Base Rent**. Tenant shall continue to pay Base Rent for the entire Premises (including the Surrender Premises) as provided for in the Lease through the Condition Precedent Date. From and after the Condition Precedent Date, Tenant shall (i) no longer be required to pay Base Rent with respect to the Surrender Premises and (ii) continue paying Base Rent (as such term is amended by this Amendment), subject to the adjustments set forth in Section 4 of the Lease, as required under the Lease.

4. **Definitions**.

(a) As of the Condition Precedent Date, the following definitions contained in the Basic Lease Provisions of the Lease shall be amended and restated in their entirety as follows:

Base Rent:	$178,940 per annum, payable in advance in equal monthly installments of $14,911.67.
Base Term:	Beginning on the Commencement Date and ending seventy five (75) months from the first day of the first full calendar month of the Term (as defined in Section 2 hereof).
Tenant's Share:	0.465%.
Tenant's Share (SLA):	6.396%.

(b) As of the Surrender Date, the following definitions contained in the Basic Lease Provisions of the Lease shall be amended and restated in their entirety as follows:

Premises:	That portion of the Project, containing approximately 1,945 rentable square feet (as determined by Landlord and accepted for all purposes by Tenant), in Suite 1010 on the tenth (10th) floor in the 418,639 rentable square foot West Tower (the "***Building***") of the Alexandria Center for Life Science – New York City (collectively, together with the underlying land, related site improvements and the immediately adjacent East Tower, the "***Project***"), as shown on Exhibit A.
Security Deposit:	$89,470.00.

5. **Surrender of the Surrender Premises**. On or before the Surrender Date, Tenant shall vacate the Surrender Premises and deliver exclusive possession thereof to Landlord in broom clean condition, normal wear and tear excepted, and otherwise in the condition required by the terms of the Lease, including, but not limited to, Section 28 of the Lease.

6. **Security Deposit**. Within ten (10) days of the Surrender Date, Tenant shall deposit with Landlord a replacement Letter of Credit in the amount of the Security Deposit set forth in the Basic Lease Provisions (as amended by this Amendment) and otherwise in accordance with Section 6 of the Lease. Landlord shall return the existing Letter of Credit within ten (10) days of its receipt and acceptance of the replacement Letter of Credit delivered in accordance with the terms and conditions of this Section 6.

7. **Parking**. For the avoidance of doubt, as of the Surrender Date, the Surrender Premises shall not be included for purposes of calculating Tenant's pro rata share of parking under Section 10(a) of the Lease.

8. **Miscellaneous**.

(a) This Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Amendment may be amended only by an agreement in writing, signed by the parties hereto.

(b) This Amendment is binding upon and shall inure to the benefit of the parties hereto, their respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, assigns, heirs, successors in interest and shareholders.

(c) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto.

(d) Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "***Broker***") in connection with this transaction and that no Broker brought about this transaction. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this transaction.

(e) Except as amended and/or modified by this Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this Amendment. In the event of any conflict between the provisions of this Amendment and the provisions of the Lease, the provisions of this Amendment shall prevail. Whether or not specifically amended by this Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Amendment.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

TENANT:

ROCKET PHARMACEUTICALS, LTD., a Cayman Islands corporation

By: _____

Its: _____

LANDLORD:

ARE-EAST RIVER SCIENCE PARK, LLC, a Delaware limited liability company

By: Alexandria Real Estate Equities, L.P., a Delaware limited partnership, managing member

By: ARE-QRS Corp., a Maryland corporation, general partner

By: _____

Its: _____

Exhibit A

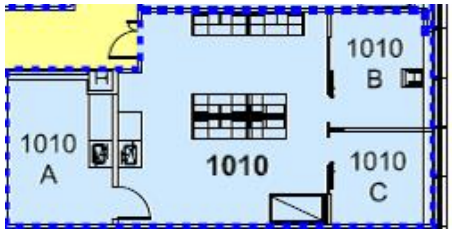

Exhibit 31.1

CERTIFICATIONS

I, Gaurav Shah, MD, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2018 of Rocket Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ Gaurav Shah, MD

Gaurav Shah, MD
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, John Militello, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2018 of Rocket Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ John Militello
John Militello
Controller
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Rocket Pharmaceuticals, Inc. (the "Company") for the period ended June 30, 2018, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to his knowledge:

1) the Report which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2018

/s/ Gaurav Shah, MD

Gaurav Shah, MD
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 14, 2018

/s/ John Militello

John Militello
Controller
(Principal Financial Officer)